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I, Ben Lock, the duly appointed and qualified Secretary of the Board of Regents, hereby certify that the above and foregoing is a true and correct copy of the Minutes of the Texas Tech University System Board of Regents meeting on August 7-8, 2008.

Ben Lock

Ben Lock
Secretary

Seal

RESOLUTION

Fact Finding Resolution Regarding the Appointment of Thomas Thompson, Ph.D. to the Texas-Israel Exchange Fund Board

WHEREAS, the Honorable Rick Perry, Governor of the State of Texas, has appointed Thomas Thompson, Ph.D., to the Texas-Israel Exchange Fund Board;

WHEREAS, *Texas Government Code*, Chapter 574, requires a finding of fact before an employee of one state agency may accept an offer to serve another state agency in a position of honor, trust or profit,

BE IT THEREFORE RESOLVED that the Board of Regents of the Texas Tech University System find and determine the following:

1. The service of Thomas Thompson, Ph.D., as a member of the Texas-Israel Exchange Fund Board is of benefit to the State of Texas and Texas Tech University.

2. The service of Thomas Thompson, Ph.D., as a member of the aforementioned body does not conflict with his position of employment at Texas Tech University.

3. Members of the Texas-Israel Exchange Fund Board serve without compensation but may be entitled to reimbursement for necessary travel and per diem incurred in the performance of their duties as members of the Texas-Israel Exchange Fund Board.

WITNESS MY HAND this ________ day of _________, ____.

BOARD OF REGENTS
TEXAS TECH UNIVERSITY SYSTEM

BY: ________________________________
Chairman

RESOLUTION

Fact Finding Resolution Regarding the Appointment of Donald Dyal, Ph.D. to the National Board of the Institute of Museum and Library Services

WHEREAS, Donald Dyal Ph.D., has been appointed to the National Board of the Institute of Museum and Library Services;

WHEREAS, *Texas Government Code*, Chapter 574, requires a finding of fact before an employee of a state agency may accept an offer to serve another state or federal agency in a position of honor, trust or profit,

BE IT THEREFORE RESOLVED that the Board of Regents of the Texas Tech University System find and determine the following:

1. The service of Donald Dyal, Ph.D., as a member of the National Board of the Institute of Museum and Library Services is of benefit to the United States of America and Texas Tech University.

2. The service of Donald Dyal, Ph.D., as a member of the aforementioned body does not conflict with his position of employment at Texas Tech University.

3. Members of the National Board of the Institute of Museum and Library Services serve without compensation but may be entitled to reimbursement for necessary travel and per diem incurred in the performance of his duties as a member of the board.

WITNESS MY HAND this ________ day of _________, ____.

BOARD OF REGENTS
TEXAS TECH UNIVERSITY SYSTEM

BY: ________________________________
Chairman

FUND EVALUATION

March 2008

Axiom International Investors

International All-Cap Equity

Strategy Basics

Asset Class	Int'l Large-Cap Stocks
Firm Location	Greenwich, CT
Strategy Assets ($Millions)	7,086
Firm Assets ($Millions)	10,656
Primary Vehicle	Commingled Trust
Investment Minimum ($)	5,000,000
Annual Fee (%)	1.00
Inception Date / Vehicle	February 2000/Commingled
Typical Number of Holdings	50 - 80
Annual Portfolio Turnover (%)	80 - 100
Primary Research Methodology	Fundamental

Firm Overview

Axiom International Investors LLC ("Axiom"), based in Greenwich Connecticut, is a privately-owned firm, specializing in managing international equity portfolios. An investment team led by Mr. Andrew Jacobson at Columbus Circle founded Axiom in 1998. The firm is 100% employee owned. Axiom manages $10.7 billion in assets among seven equity products, including $7.1 billion in the International All-Cap Equity strategy.

Investment Philosophy

Axiom's investment approach is rooted in the basic philosophy that companies who report better than expected operating results, or positive surprises relative to forecasts that are built into consensus expectations, will generally outperform. The primary emphasis is therefore to isolate those companies that are likely to exceed expectation by identifying and monitoring the key business drivers of each firm.

To that end, Axiom employs a bottom-up, growth-oriented investment discipline that relies on detailed fundamental stock analysis to identify companies that are improving more quickly than is generally expected and where the positive changes are not yet reflected in company valuations.

Investment Process

Axiom implements its investment discipline according to a highly systematic process of data collection, analysis, and portfolio construction. The investment process begins with a universe of over 5,500 non-US stocks that is narrowed by screening for stocks with market capitalizations greater than $250 million, sufficient trading liquidity (more than $1 million in daily trading volume), and covered by three or more brokerage analysts.

Axiom screens this list for companies with signs of earnings acceleration, using an in-house database. These new ideas are identified as a consequence of specific positive fundamental developments in a company's operations (e.g., favorable sales of a new product, new management, corporate restructuring).

Analysis of the key business drivers is the next step in the investment process. Axiom's focus at this step is on the direction and magnitude of changes in the key business drivers of a company:

- Company specific drivers such as product cycles and restructuring,
- Industry drivers such as supply and demand, pricing or the competitive environment,
- Secular trends such as alternative fuels or aging populations,
- Macroeconomic drivers including economic growth, inflation, and interest rates, and
- Country drivers such as political shifts or changes in the market' structure.

After determining what the key drivers of a company are, Axiom then determines what the consensus expectations are for each driver. Consensus expectations are derived from various sources such as sell side analysts, company management, customers, suppliers, and the trade press. Company visits are also included in the process, which is used as a cross check to their analysis. They do pay attention to value when selecting stocks, which helped in 2000 when the TMT bubble burst.

Each company selected for purchase is then rated based on two factors: "quality" and "dynamism". Quality includes an assessment of competitive position, capitalization, liquidity, and trading volume. Dynamism reflects the degree by which the company is exceeding general expectations in the results of their key business drivers mentioned above. Stocks are specifically ranked for both attributes, "A" to "E" on quality, and "3" to"-3" on dynamism.

In constructing the portfolio, Axiom seeks a balance between the two factors -- quality and dynamism. Controlling for quality keeps some names that do well when the market favors highly visible, larger cap names. Controlling for dynamism keeps names that do well when the market favors higher growth potential.

Investment guidelines allow the portfolio to hold up to 25% in the emerging markets; as a result, Axiom manages the International All-Cap Equity strategy to the MSCI All Country World Free ex-US index, which has roughly 17% in the emerging markets. The portfolio typically holds 50 to 80 stocks.

In the table below, the portfolio characteristics of the Axiom International All-Cap Equity portfolio are presented in comparison to the benchmark (All Country World Free ex-US index) as of March 31, 2008.

Comparative Statistics

	Axiom	MSCI ACWI ex-US
Average Capitalization ($M)	50,900	53,300
Median Capitalization ($M)	28,500	4,500
Yield (%)	3.44	3.13
Price/Earnings – Average	15.5	12.4
Price/Book	1.88	2.4

Key Investment Professionals

Messrs Andrew Jacobson and Bradley Amoils are Co-Portfolio Managers and have ultimate responsibility for the International All-Cap Equity strategy. Twelve research analysts support them in managing the strategy, conducting fundamental research on the companies within their area of assignment (region/sector) along with recommending both buy and sell candidates. The team also includes four traders.

The biographies of the two Co-Portfolio Managers and key decision-makers are listed below:

Mr. Andrew Jacobson, CFA, Chief Investment Officer

Mr. Jacobson heads up Axiom's investment team and is Co-Portfolio Manager for Non-US strategies. Prior to founding Axiom in 1998, he was Executive Vice President of Columbus Circle Investors, managing Columbus Circle's International Equity Fund. Prior to that, he worked as an analyst for Booz Allen & Hamilton's international investment advisory group, as well as for venture capitalists Apax Associates in Paris. He is a Chartered Financial Analyst and a member of the New York Society of Security Analysts. He holds a BA cum laude in Molecular Biology from Princeton and an MBA in Finance from the Wharton School of Business.

Mr. Bradley Amoils, Portfolio Manager

Mr. Amoils is the lead Portfolio Manager for Axiom's Global Equity strategy and is Co-Portfolio Manager for Non-U.S strategies. Prior to joining Axiom, he was Portfolio Manager at American Century Investments where he co-managed their global growth equity funds. Previously, he was a Research Analyst for international equities at Oppenheimer Funds, Inc. and a Research Analyst for international equities at Clay Finlay. A native of Johannesburg, South Africa, Mr. Amoils holds a BS in Laboratory Medicine and Immunology from University of Witwatersrand, South Africa and an MBA in Finance and International Business from Columbia Business School.

Investment Merits

Privately-Owned Investment Boutique

The firm is 100% employee owned -- ten shareholders – and thirty-six employees (20 investment professionals). We believe firms that are owned and controlled by management are more likely to look out for long-term client interests than those that are owned by outside shareholders because owner-managers have a greater incentive to look long term and are more stable.

In addition, Axiom is not involved in any wrap programs and does not use third party distributors. Rather, they are an institutional focused international equity manager with a solid list of institutional clients.

Solid Long-term Track Record

The International All-Cap Equity strategy has generated strong risk-adjusted returns since its inception. Over the last eight years through March 31, 2008, the strategy outperformed the benchmark (MSCI All Country World Free ex-US index) by an annualized 3.7 percentage points (7.8% vs. 4.1%), net of fees. However, the returns were achieved over this period with higher volatility relative to the benchmark (18.4% vs. 14.2%).

Asset Growth

In this area, Axiom has done an admirable job in controlling their asset growth and size. They closed the strategy to net new business in 2003, having reached their goal of accumulating net client contributions of $3 billion.

Since that time, Axiom has replaced assets that are withdrawn from the strategy by additional assets from existing clients and a limited number of new clients. As of March 31, 2008, the International All-Cap Equity strategy had $7.1 billion in assets. Most of the asset growth in recent years has come from market appreciation.

Good Fit for with a Value-Oriented Manager

We believe Axiom's growth-oriented approach is a good fit as a complement to a value-oriented approach. Because investor sentiment drives the market over the shorter term, price momentum and earnings acceleration are vital complements to fundamental driven valuation methodologies.

Concerns

Growth Style

In our view, the difficulty for this style is predicting the inflections points when earnings growth is shifting from acceleration to de-acceleration, which typically corresponds to a drop in share price. Growth managers, like most investors, are not immune to emotion, and at times, may fall in love with a stock story. Unfortunately, the slowdown in growth is typically not gradual but sharp. Failing to anticipate the shift, many growth managers remain invested when the price drops and price momentum turns negative.

However, we are comforted by Axiom's close attention to monitoring their active bets. They believe that the key to consistent performance is to understand the risks being taken and to seek small frequent gains from all components of the portfolio rather than large occasional gains from part of it, pairing back positions where they see them.

Investment Style in Down Markets

We would expect Axiom's growth-oriented strategy to perform less well in down markets relative to the benchmark. That being said, over its history, the strategy has roughly matched the benchmark during down markets. Specifically, the strategy, on average, has captured about 103% of the benchmark return in declining market environments, while capturing 115%, on average, in rising markets.

Emerging Market and Small Cap Exposure

Axiom is an aggressive growth manager with a mid-small cap bias (i.e. smaller market capitalization than the relevant benchmark). In addition, Axiom typically has exposure to emerging markets, such that its preferred benchmark is the MSCI World All Country Free ex-US index. Consequently, tracking error for the International All-Cap Equity strategy has been on the high side. Over the last five years through March 31, 2008, the annualized tracking error was ± 7.2%.

Recommendation

We recommend Axiom International All-Cap Equity for growth-oriented active international large-cap mandates.

Michael Binz, CFA
Senior Research Analyst

Int'l Large-Cap Equity Fund Evaluation

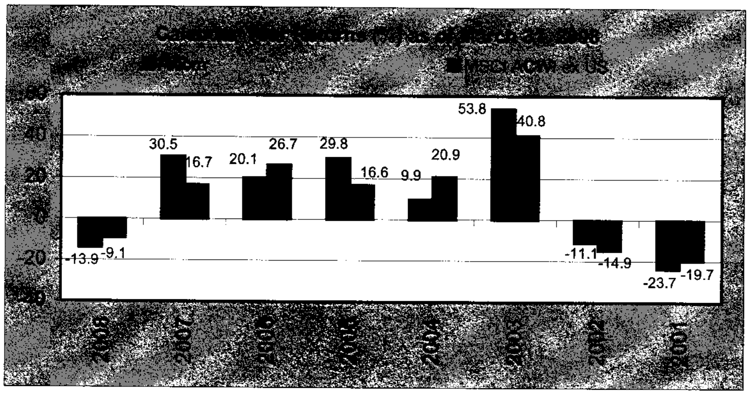
Axiom International Equity

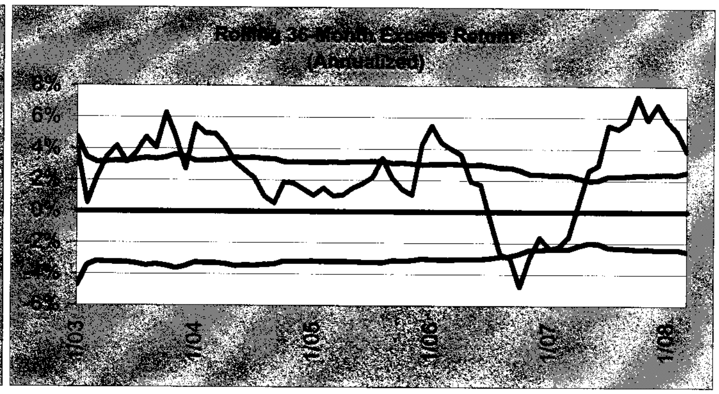
Performance Versus Benchmark as of March 31, 2008	
Inception Date: February 2000	
3-Year Excess Return vs. MSCI ACWI ex US (net) (%)	3.9
5-Year Excess Return vs. MSCI ACWI ex US (net) (%)	2.3
Since Inception Excess Return vs. MSCI ACWI ex US (net) (%)	3.2
Confidence Level for Skill (3 Years, %)	85
Confidence Level for Skill (5 Years, %)	78
Confidence Level for Skill (Since Inception, %)	87
Tracking Error vs. Index (5 Years, ± %)	7.2
Volatility vs. Index (5 Years, %)	16.7 vs. 12.1
R^2 to the Index (5 Years, %)	86

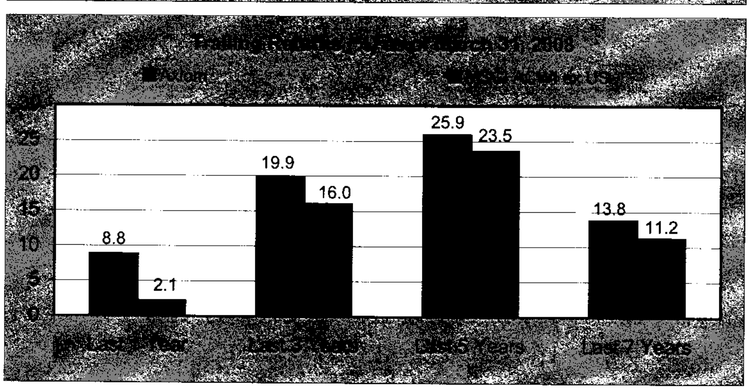
Peer Rankings[1]	Return (%tile)	Risk (%tile)	Number of Peers
3 Years	4	98	294
5 Years	8	99	271
7 Years	9	97	239

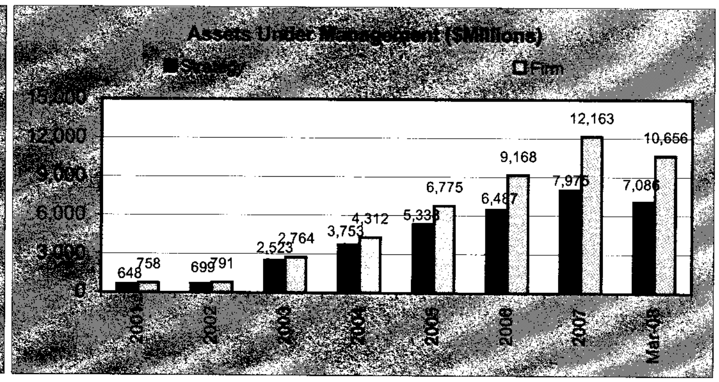
[1] The lower the number, the better the ranking

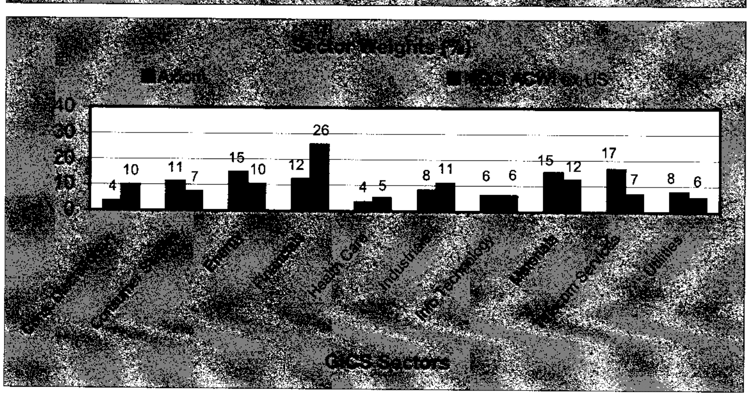
Excess Returns	
Frequency of Rolling 12-Month Outperformance (%)	63
Frequency of Rolling 36-Month Outperformance (%)	86
Worst 12-Month Excess Return (%)	-18.9

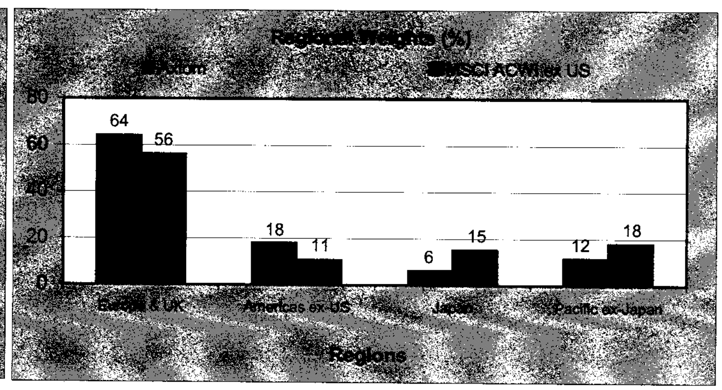












All data are as of March 31, 2008. Returns beyond one year and standard deviations are annualized. The fund's returns are net of fees for the minimum size separate account.

Michael Binz, CFA
Senior Research Analyst

FUND EVALUATION

March 2008

Silchester International

International Value Equity

Strategy Basics

Asset Class	Int'l Large-Cap Stocks
Firm Location	London, UK
Strategy Assets ($Millions)	21,220
Firm Assets ($Millions)	21,470
Primary Vehicle	Commingled Fund[1]
Investment Minimum ($)	10,000,000
Annual Fee (%)	1.00[2]
Inception Date / Vehicle	January 1995/Commingled
Typical Number of Holdings	125 - 150
Annual Portfolio Turnover (%)	20- 35
Primary Research Methodology	Fundamental

Firm Overview

Silchester International Investors Limited ("Silchester") is a private investment management firm established in 1994. The firm is 100% owned by current (83%) and former employees (17%). Silchester has 28 employees (24 in London and 4 in New York City) -- all but two are shareholders. The investment and administrative staff are located in London. The marketing and client service office is located in New York City.

They offer essentially just one investment strategy – International Value Equity. The International Value Equity currently has $21 billion in assets. In an effort to control its asset size, Silchester restricts the strategy's asset size to $5 billion in *net* client contributions. The current book value of net client contributions is $4.9 billion.

Investment Philosophy

Silchester is a bottom-up, fundamental value manager. They select stocks based both on value and quality. They believe, along with value, quality also matters, and an ideal investment is a good business, which is soundly financed, well managed, and available at an attractive price. Their investment approach first identifies cheaply priced securities and then conducts fundamental research to assess the quality – the soundness and the future prospects – of the underlying company.

Investment Process

The process consists of three steps: database screening to identify companies which meet the value criteria; financial analysis to determine the strength and liquidity of the balance sheet; and business analysis to evaluate the company's products, franchise, and management. Silchester does not rely on quantitative research as part of their investment process other than the initial valuation screening to identify companies that are selling at discounts.

Silchester screens a universe of approximately 2,700 companies, using several valuation metrics (based on earnings, cash flow, and book value). The valuation screens are performed on a monthly basis. Companies trading at valuation discounts are selected for further analysis.

The next step involves an assessment of the company's financial condition. This includes a restatement of the balance sheet and cash flow statements to filter out candidates with unacceptable financial characteristics – typically too much debt, debt that is too short-term in nature and/or insufficient free cash flow generation.

Companies that have passed these tests are then evaluated on various fundamental factors that include having a credible track record, being well capitalized, and having an able and honest management that run the business in the interests of the public shareholders.

Once a stock idea is identified, the research analyst then presents it at a weekly research meeting. Company proposals are submitted in writing and the conclusions are discussed and challenged during the meeting. Stephen Butt, Chief Investment Officer, Michael Cowan, Senior Portfolio Manager, and Tom Musto, Portfolio Manager, make the final decision on what is added or eliminated from the portfolio.

The portfolio typically has around 125 to 150 companies in the portfolio. As of December 31, 2007, the portfolio was comprised of 141 names. An additional 150 to 200 companies are typically on a reserve list and represent those that have been researched and are considered as potential investments. The investment guidelines allow up to 10% to be invested in companies located in the emerging markets and up to 10% in Canada.

The market capitalization minimum is currently $800 million. Annual turnover is relatively low -- historically been less than 30%. Currency hedging is used for defensive purposes only and not necessarily as a source of value. Currency hedging is limited to 20% of the portfolio's underlying value. In the table below the portfolio characteristics of the Silchester International Value Equity product are presented in comparison to the benchmark (MSCI EAFE index) as of March 31, 2008.

Comparative Statistics

	Silchester	MSCI EAFE
Average Capitalization ($M)	25,200	51,100
Median Capitalization ($M)	2,900	3,800
Yield (%)	3.6	3.4
Price/Earnings – Average	13.0	12.9
Price/Book	1.3	1.8
Debt/Equity (%)	22.2	37.8

[1] Silchester offers only commingled funds.

[2] Fee schedule (inclusive of custody, fund administration, legal, tax, and audit expenses) is as follows: 1.00% on the first $10 MM; 0.90% on the next $15 MM; 0.65% on the next $25 MM; 0.55% on the next $25 MM; 0.50% thereafter. There is a purchase and redemption fee of 0.75% and 0.50%, respectively, to cover trading costs.

Key Investment Professionals

Few lead portfolio managers in the international equity asset class have longer and more successful track records than Mr. Stephen Butt. He previously was at Morgan Stanley where he started their international equity strategy back in the mid 1980s, subsequently founding Silchester in 1994.

The investment team is relatively small, eight individuals including Mr. Butt, but well experienced. Each member of the team is a generalist and assesses companies across various markets and sectors. Over the years, turnover on the team has been minimal.

The biographies of the three founding partners and key decision-makers are listed below:

Mr. Stephen Butt -- Chairman and Chief Investment Officer

Mr. Butt chairs the Portfolio Implementation Group and is a senior member of the weekly investment meetings. Previously, he was President and Chief Investment Officer of Morgan Stanley Asset Management London (1985-1994). Prior to Morgan Stanley, he served as President of Hill Samuel International (1979-1985), which was a pioneer in providing international services to US institutions. Earlier in his career, Stephen spent time at NM Rothschild & Sons (1974-1979) and Philips & Drew (1972-1974). He is a graduate of Magdalen College, Oxford.

Mr. Michael Cowan – Managing Director and Senior Fund Manager

Mr. Cowan is a senior and permanent member of the Portfolio Implementation Group. Previously, he was a Principal at Morgan Stanley Asset Management London where he was responsible for the establishment and management of the Global investment program. Prior to Morgan Stanley, he was a Director at Lazard Investors (1979-1987) where he had responsibility for Pension and other Tax-exempt accounts. He started his investment career at NM Rothschild & Sons (1973-1979). He is a Fellow of the Securities Institute and a graduate of Churchill College, Cambridge.

Mr. Bertrand Le Pan de Ligny – Director of Research

Mr. Le Pan de Ligny, a Founding Partner, chairs the weekly investment meetings and oversees the screening process and helps direct the resources allocated to new ideas and monitor the maintenance research program. Previously, he was Vice President at Morgan Stanley Asset Management London (1993-1995) where he concentrated on European Equity Research. Prior to Morgan Stanley, he worked at two French industrial companies, Cartier International (1991-1992) and Bouygues (1989-1990). He is a graduate of the University of Paris and has an MBA from Ecole Centraledes Arts et Manufactures.

Manager Commentary

While asset growth can be an important signaling mechanism (everyone wants to be with a winner), we believe it can also be disruptive. To protect client interests managers must manage their growth in such a way that they ensure it does not disrupt clients, but rather benefits them. Moreover, as assets grow, it gets progressively harder to add value because of the impact of rising transaction costs. Managers can protect client interests by capping assets under management at levels which do not lead to disproportionately high transaction costs.

In this area, Silchester has done an admirable job in controlling their assets growth and size. At the inception of their firm, they instituted a policy that limits net client contributions to the International Value Equity strategy; consequently, they closed the strategy to net new business in 2000, having reached their goal of accumulating approximately $5 billion of net client contributions.

Since that time, Silchester has replaced assets that are withdrawn from the strategy by additional assets from existing clients and a limited number of new clients. As of March 31, 2008, the International Value Equity strategy had $4.9 billion in net client contributions and $22 billion in assets. Most of the asset growth in recent years has come from market appreciation.

Investment Merits

Solid Long-term Track Record

The International Value Equity strategy has generated strong risk-adjusted returns. Over the last ten years through March 31, 2008, the strategy returned an annualized 12.3% versus 6.2% for the benchmark (MSCI EAFE index). The returns were achieved over this period with lower volatility to the benchmark (12.4% vs. 14.7%).

Specialist Investment Firm

We like the fact that their sole focus is on managing one strategy – International Value Equity. By focusing solely on international equity investing, we believe they are able to develop unrivalled expertise in the asset class.

Mostly Employee-Owned Firm

All of the firm's employees, except two recent hires, are owners of the firm. Stephen Butt remains 50% shareholder, with Michael Cowan having the second largest stake at 20%. We believe firms that are owned and controlled by management are more likely to look out for long term client interests than those that are owned by outside shareholders because owner-managers have a greater incentive to look long term and are more stable.

Concerns

Investment Style in Speculative Markets Environments

Silchester utilizes a strict valuation methodology in constructing the portfolio. Growth measures, such as earning revisions, analyst upgrades, and price momentum, are not included in their approach; rather, they focus on identifying high quality stocks trading at cheap valuations. That said, investors should be aware that the International Value Equity strategy will likely struggle against the benchmark during periods of rapid earnings growth and price momentum.

Recommendation

We recommend Silchester International Value Equity for active international large-cap mandates.

Michael Binz, CFA
Senior Research Analyst

Int'l Large-Cap Equity Fund Evaluation

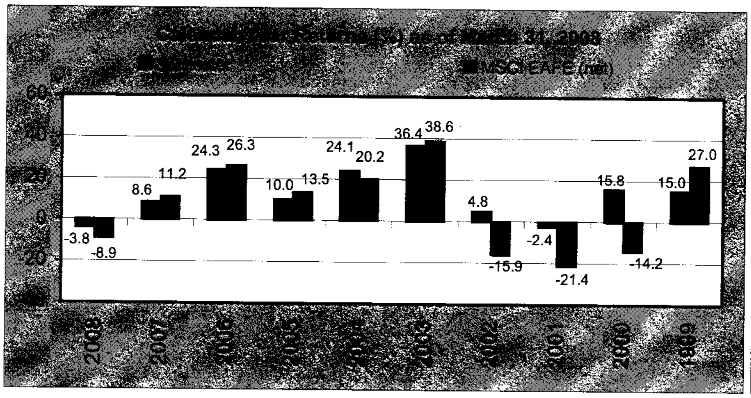
Silchester International Investors

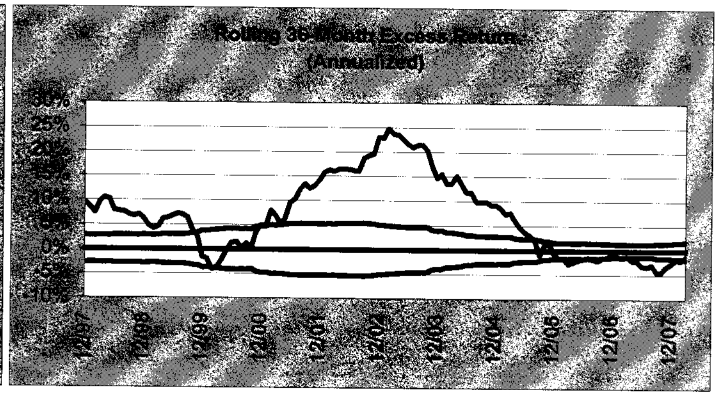
Performance Versus Benchmark as of March 31, 2008	
Inception Date: January 1995	
3-Year Excess Return vs. MSCI EAFE (net) (%)	-1.3
5-Year Excess Return vs. MSCI EAFE (net) (%)	-0.8
10-Year Excess Return vs. MSCI EAFE (net) (%)	6.1
Confidence Level for Skill (3 Years, %)	-
Confidence Level for Skill (5 Years, %)	-
Confidence Level for Skill (10 Years, %)	97
Tracking Error vs. Index (5 Years, ± %)	4.3
Volatility vs. Index (5 Years, %)	8.7 vs. 11.3
R^2 to the Index (5 Years, %)	89

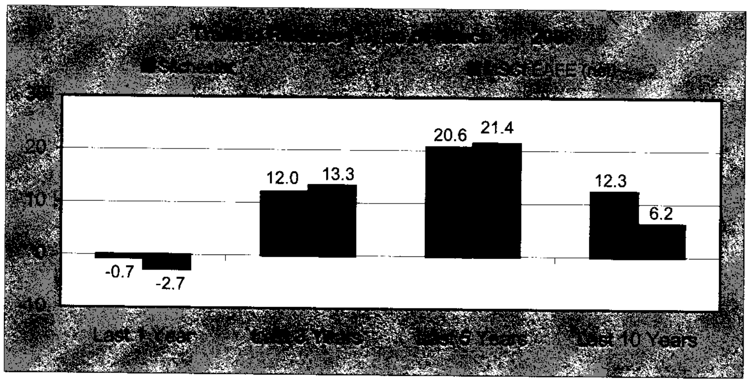
Peer Rankings[1]	Return (%tile)	Risk (%tile)	Number of Peers
3 Years	77	1	294
5 Years	56	1	271
10 Years	4	1	185

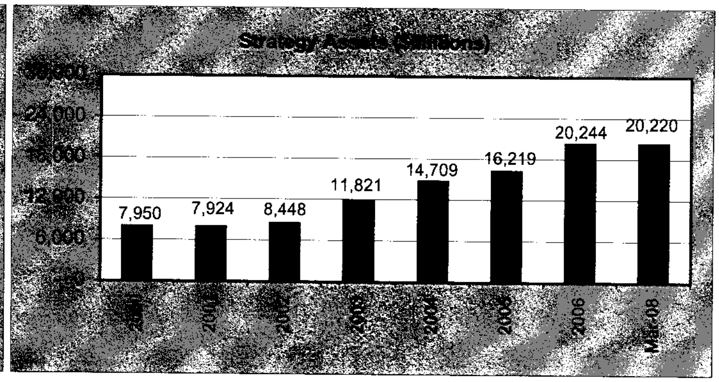
[1] The lower the number, the better the ranking

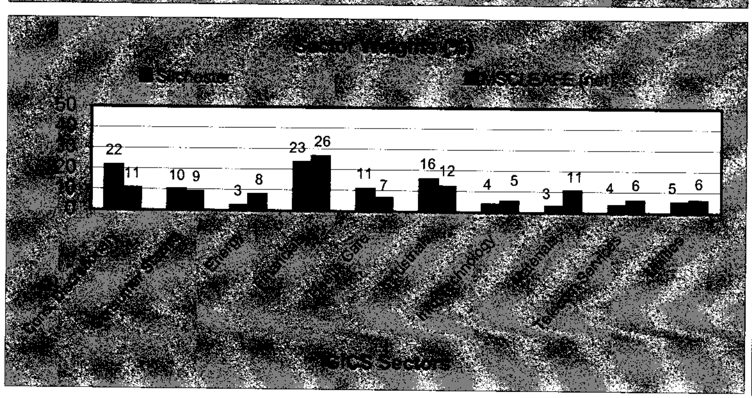
Excess Returns	
Frequency of Rolling 12-Month Outperformance (%)	65
Frequency of Rolling 36-Month Outperformance (%)	72
Worst 12-Month Excess Return (%)	-15.7

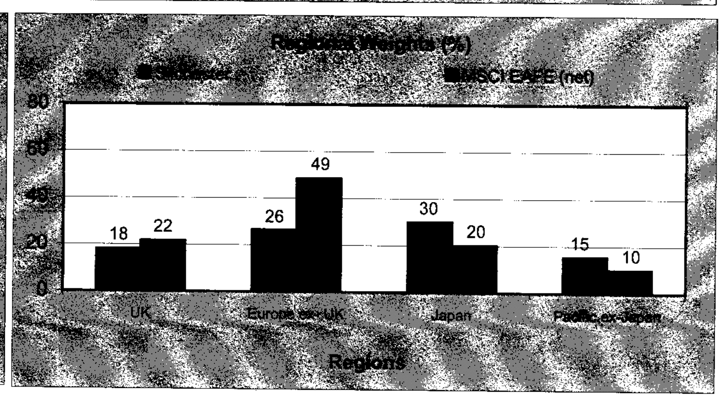












All data are as of March 31, 2008. Returns beyond one year and standard deviations are annualized. The fund's returns are net of fees for the minimum size separate account.

Michael Binz, CFA
Senior Research Analyst

TEXAS TECH UNIVERSITY SYSTEM

Texas Tech University System

Summary Operating Budgets
Fiscal Year 2009

Chief Financial Officers

TEXAS TECH UNIVERSITY SYSTEM

Texas Tech University System Administration

FY 2009 Proposed Budget

TEXAS TECH UNIVERSITY SYSTEM

Texas Tech University System Administration

- Budget Incorporates Angelo State University as a funding source. Funding Requirement Allocated Through a Pro-Rated Share Based Upon Total Budget.
- 2% Merit Raise
- System Administration Budget Is $166,380 Less Than FY 2008 or 1%

TEXAS TECH UNIVERSITY SYSTEM

Texas Tech University System Administration Major Changes

- Increase in Investment's Office to Prepare for an Eventual $1 Billion Long Term Portfolio
- Decrease in Facilitates Planning and Construction
  - Decrease in positions from 38 to 30
- Institutional Advancement
  - Budget to Prepare for Capital Campaign
  - Sufficient Reserve to Utilize as Required for Capital Campaign

TEXAS TECH UNIVERSITY SYSTEM

Texas Tech University System

FY 2009 Proposed Budget

TEXAS TECH UNIVERSITY SYSTEM

TEXAS TECH UNIVERSITY SYSTEM
BUDGET OVERVIEW
ALL FUNDS

FISCAL YEAR 2009

	ESTIMATED EXPENDITURES FY 2008	ESTIMATED EXPENDITURES FY 2009
TEXAS TECH UNIVERSITY SYSTEM ADMINISTRATION	$ 17,015,560	$ 16,849,180
TEXAS TECH UNIVERSITY	$ 580,499,591	$ 601,827,015
LESS SYSTEM FUNDING	$ (5,458,762)	$ (5,343,999)
TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER	$ 586,072,639	$ 610,011,794
LESS SYSTEM FUNDING	$ (4,001,964)	$ (4,152,210)
ANGELO STATE UNIVERSITY	$ 84,701,975	$ 93,611,494
LESS SYSTEM FUNDING		$ (281,370)
TOTAL	**$ 1,258,829,039**	**$ 1,312,521,904**
		$ 53,692,865
		4.27%

TEXAS TECH UNIVERSITY SYSTEM

Texas Tech University System Board of Regents

TEXAS TECH UNIVERSITY SYSTEM

Campaign Performance Report

Fundraising History by Campaign

Fiscal Year	Horizon Campaign 1996	1997	1998	1999	2000	2001	Path To Preeminence 2002	2003	2004	2005	Campaign "to be named" 2006	2007	2008 YTD 7/31/2008
Gifts	29,525,336	12,345,188	16,008,204	25,925,506	35,998,999	64,946,811	21,256,754	16,961,236	26,136,737	24,220,749	39,184,435	115,240,961	42,734,892
Pledge Commitments	25,971,889	36,332,777	22,306,718	25,763,584	26,277,792	20,413,397	18,519,233	17,347,507	16,995,336	36,560,206	29,900,212	33,133,685	43,463,590
	55,497,225	48,677,965	38,314,922	51,689,090	62,276,791	85,360,208	39,775,987	34,308,743	43,132,073	60,780,955	69,084,647	148,374,647	86,198,482
Planned Gifts	4,948,500	21,665,067	33,641,000	36,556,911	23,558,356	48,619,260	1,032,687	156,250	13,432,766	5,158,300	5,054,000	5,424,000	8,072,300
Total	**60,445,725**	**70,343,032**	**71,955,922**	**88,246,001**	**85,835,147**	**133,979,468**	**40,808,674**	**34,464,993**	**56,564,839**	**65,939,255**	**74,138,647**	**153,798,647**	**94,270,782**
Cumulative Campaign Totals	60,445,725	130,788,757	202,744,679	290,990,680	376,825,827	**510,805,295**	40,808,674	75,273,667	131,838,506	**188,403,345**	74,138,647	227,937,294	**322,208,076**

TEXAS TECH UNIVERSITY SYSTEM

Institutional Advancement Budget

	FY 2009
Operations	$3,656,587
Advancement Services	$1,704,079
TOTAL	**$5,360,666**

TEXAS TECH UNIVERSITY SYSTEM

TEXAS TECH UNIVERSITY
SYSTEM ADMINISTRATION

SUMMARY OPERATING BUDGET

FISCAL YEAR 2009

	Estimated Expenditures FY 2008	Estimated Expenditures FY 2009
EDUCATIONAL AND GENERAL	$ 5,511,235	$ 5,511,235
DESIGNATED	11,504,325	11,337,945
TOTAL	**$ 17,015,560**	**$ 16,849,180**
		$ (166,380)
		-0.98%

TEXAS TECH UNIVERSITY SYSTEM

Angelo State University

FY 2009 Proposed Budget

TEXAS TECH UNIVERSITY SYSTEM

Angelo State University

- $93.6 million, an increase of $8.9 million, or 10.52% over FY 2008
- Student Tuition and Fees Were Increased 5.8% from FY 2008.
- Funding for Additional Strategic Initiatives were identified: First Year Experience, Hispanic Serving Institution, Programs of Excellence, Leveraging Financial Aid, Enhancing Marketing/ Branding Efforts, and Enhancing Safety and Security.
- Education and General Funds Increased by $426,507
- 2% merit increase for Faculty and Staff
  - Equity Adjustments per Comprehensive Compensation Plan

TEXAS TECH UNIVERSITY SYSTEM

Angelo State University

- **Higher Education Assistance Fund**
  - Includes $250,000 for Classroom Renovation
  - Computer Refresh Program (Four years)
- **Designated Funds Increased by $993,936**
- **Auxiliary Funds increased by $7.0 million**
  - Prepared on an actual cost basis
- **Current Restricted Funds increased by $431,592**
- **Fund Balance- Budgeting $5 million, increase of $1 million**

TEXAS TECH UNIVERSITY SYSTEM

ANGELO STATE UNIVERSITY

SUMMARY OPERATING BUDGET

FISCAL YEAR 2009

	2008 Estimated Expenditures	2009 Estimated Expenditures
EDUCATIONAL AND GENERAL	$ 41,598,853	$ 42,025,360
AUXILIARY	17,447,624	24,505,108
CURRENT RESTRICTED	182,041	613,633
DESIGNATED	25,473,457	26,467,393
TOTAL	$ 84,701,975	$ 93,611,494
		$ 8,909,519
		10.52%

TEXAS TECH UNIVERSITY SYSTEM

Texas Tech University

FY 2009 Proposed Budget

TEXAS TECH UNIVERSITY SYSTEM

Texas Tech University

- FY 2009 Operating Budget Increased by $21.3 Million, or 3.67% over FY 2008
- Student Tuition and Fees Were Held Flat From FY 2008, a Choice to Limit Costs to Students
- Funding for Additional Strategic Initiatives of $3.7 million were identified from existing funds and by realigning priorities, including a reduction in vacant positions
- Education and General Funds Increased by $370,532 or 0.2%
- 2% merit increase for Faculty and Staff, $3.8 million awarded
  - $2.33 Million was Included in the Education and General Fund Group. 1% of the Merit Was Funded Centrally. Departments Utilized Salary Vacancies and Reserves for the Other 1% of merits awarded.

TEXAS TECH UNIVERSITY SYSTEM

Texas Tech University

- **Designated Funds Increased by $4.35 million, or 2.4%**
  - Planned Use of Fund Balances- Primary Source of the Increase
  - Utilities Budget for FY 2009 Increased by $4.38 Million
- **Auxiliary Funds increased by $9.6 million, or 8.3%**
  - These Increases Are Primarily in Intercollegiate Athletics, Residence Halls, and Hospitality Services Areas.
    - $5.6 Million Is From Increased Revenues
    - $4.0 Million Is From Planned Use of Fund Balances
- **Current Restricted Funds increased by $7 million, or 10.7%**
  - Increases are from Federal and Private Grants, Contracts, and Gifts
  - Largest Increases Include Research in Engineering and Federal Financial Aid

TEXAS TECH UNIVERSITY SYSTEM

TEXAS TECH UNIVERSITY

SUMMARY OPERATING BUDGET

FISCAL YEAR 2009

	FY 2008 Estimated Expenditures	FY 2009 Estimated Expenditures
EDUCATIONAL AND GENERAL	$ 216,898,035	$ 217,268,567
DESIGNATED	182,985,014	187,336,061
AUXILIARY	114,634,342	124,190,687
CURRENT RESTRICTED	65,982,200	73,031,700
TOTAL	**$ 580,499,591**	**$ 601,827,015**
		$ 21,327,424
		3.67%

TEXAS TECH UNIVERSITY SYSTEM

Texas Tech University Health Sciences Center

FY 2009 Proposed Budget

TEXAS TECH UNIVERSITY SYSTEM

Texas Tech University Health Sciences Center

- FY 2009 Operating Budget Increased by $24 Million, or 4.1% over FY 2008
- 2% Merit Salary Increase for Faculty and Staff
- 69 New Faculty Positions and 189 New Staff Positions
- Education and General Funds Decreased by $ 19 Million
  - El Paso Medical School One Time Start Up Funds Were Appropriated in the First Year of the Biennium
  - Cancer Research and Physician Assistance Program Funds Were Appropriated Totally in the First Year of the Biennium With Authority to Carry Unspent Funds Forward
  - HEAF Allocation Correction

TEXAS TECH UNIVERSITY SYSTEM

Texas Tech University Health Sciences Center

- **Designated Funds Increased by $32 Million**
  - Faculty Practice Activities
  - Student Tuition and Fee Increases and Additional Student Enrollment
  - Increased Indirect Cost Recoveries of Federal Grants
  - Carry Forward of Unspent Tobacco Funds for Research
  - Carry Forward of Equipment Purchase of Funds for New Faculty Associated with the El Paso School of Medicine

- **Restricted Funds Increased by $11 Million**
  - Increase in Federal Research Grant Awards
  - Increase in State Contracts
    - i.e. Texas Department of Criminal Justice Contract
  - Increase in Hospital Contracts
  - Increase in Private Gifts and Grants

TEXAS TECH UNIVERSITY SYSTEM

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

SUMMARY OPERATING BUDGET

FISCAL YEAR 2009

	FY 2008 Estimated Expenditures	FY 2009 Estimated Expenditures
EDUCATIONAL AND GENERAL	$ 182,591,817	$ 163,599,577
DESIGNATED	226,957,515	258,949,704
AUXILIARY	523,307	462,513
CURRENT RESTRICTED	176,000,000	187,000,000
TOTAL	**$ 586,072,639**	**$ 610,011,794**
		$ 23,939,155
		4.08%

TEXAS TECH UNIVERSITY SYSTEM

Revenue Financing System
Issuance of 2008 Bonds

Office of the Vice Chancellor and Chief Financial Officer

TEXAS TECH UNIVERSITY SYSTEM

Revenue Financing System

- The Revenue Financing System (RFS) Is a Cost-Effective Debt Program Secured By a System-Wide Pledge of All Legally Available Revenues for Debt Issued on Behalf of the Institutions and System Administration.
- Rated Aa3 (or equivalent) by Moody's, Standard & Poor's, and Fitch.
- $394.7 Million of RFS Bond Debt Outstanding, Including $171 Million of Tuition Revenue Bond (TRB) Debt.

TEXAS TECH UNIVERSITY SYSTEM

Types of Debt

- **Revenue Finance System (RFS) Bonds** – Debt instruments issued with a specific revenue source identified for repayment. Bonds may be issued in one or more issues or series.
    - Tuition Revenue Bonds (TRB)
    - Student Fee Bonds
    - Revenue Bonds
- **Commercial Paper** – Short-term debt instrument used for interim financing. Variable interest rate. A flexible method of financing interim construction costs and equipment purchases before converting to long-term debt when appropriate.
    - Higher Education Assistance Fund Bonds (HEAF)

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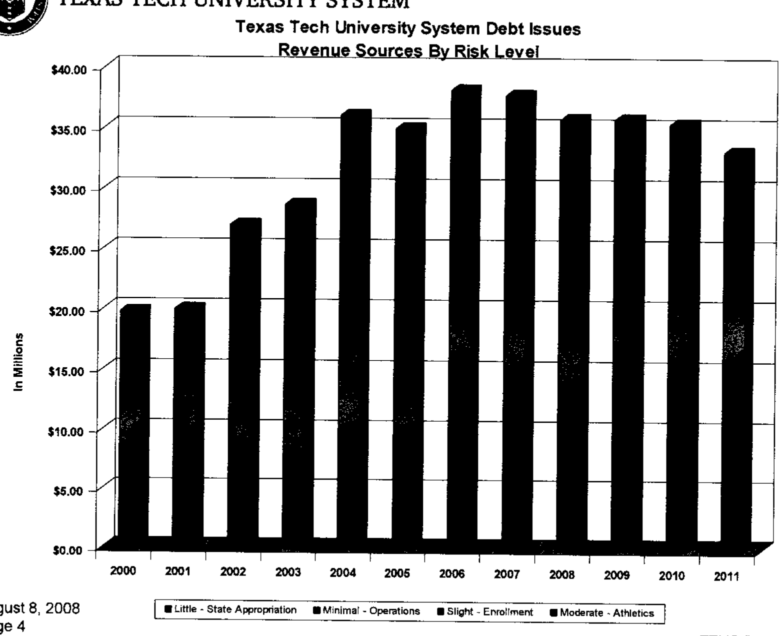
TTUS Board of Regents

TEXAS TECH UNIVERSITY SYSTEM



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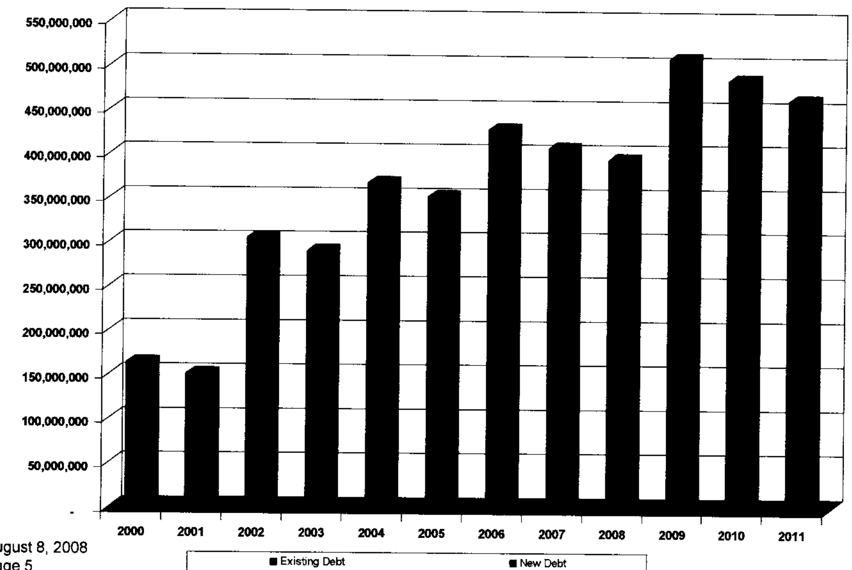
TTUS Board of Regents

TEXAS TECH UNIVERSITY SYSTEM™

Texas Tech University System
Principal Bonds Outstanding at the End of Fiscal Year



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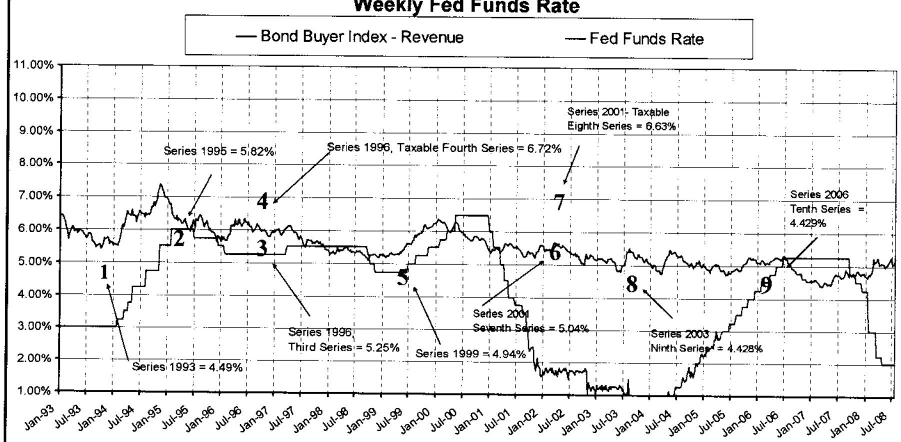
TTUS Board of Regents

TEXAS TECH UNIVERSITY SYSTEM™

Bond Buyer Revenue Bond Index
vs.
Weekly Fed Funds Rate



1. Tax-exempt, Negotiated
2. Tax-exempt, Competitive
3. Tax-exempt, Negotiated
4. Taxable, Negotiated
5. Tax-exempt, Negotiated
6. Tax- exempt, Negotiated
7. Taxable, Negotiated
8. Tax-exempt, Negotiated
9. Tax-exempt, Negotiated

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TTUS Board of Regents

TEXAS TECH UNIVERSITY SYSTEM

Commercial Paper Outstanding For Future Bond Projects

Project	Total Estimated Financing	Current Commercial Paper Outstanding
TTU- New COBA Building	$ 25,000,000	
TTU- COBA Renovation	$ 25,000,000	
TTU- Lanier Professional Development Center	$ 7,500,000	$ 7,492,156
TTU- Student Leisure Pool	$ 6,000,000	$ 420,000
TTU- Utility Infrastructure	$ 5,000,000	$ 500,000
TTU- Gordon/Sneed/Bledsoe Life Safety	$ 11,015,000	
TTU- NCAA Soccer Complex	$ 1,387,000	
TTU- Softball Team Facility	$ 731,000	
HSC- El Paso Medical School	$ 6,300,000	
HSC- Amarillo Pharmacy Expansion	$ 8,010,000	
HSC- Amarillo Research	$ 18,000,000	$ 3,193,000
ASU- Centennial Village	$ 28,215,000	$ 19,865,000
TOTAL	**$ 142,158,000**	**$ 31,470,156**

TEXAS TECH UNIVERSITY SYSTEM

Debt Capacity for the Texas Tech University System

Performance Ratio/Factor	Debt Capacity Factor (Moody's Aa3 Medians)	Projected Debt Capacity Based on Moody's Medians	Assigned Weighting	Weighted Debt Capacity
Projected Debt Capacity Using 2006 Financial Data and Moody's "Aa3" Medians as Guidelines				
Unrestricted Resources to Debt	0.60	$ 872,766,000	45%	$ 392,745,000
Expendable Resources to Debt	1.20	$ 585,662,000	25%	$ 146,416,000
Total Resources to Debt	1.80	$ 738,854,000	5%	$ 36,943,000
Debt Burden	3.00%	$ 500,669,000	15%	$ 75,100,000
Debt Service Coverage	3.00	$ 766,487,000	10%	$ 76,649,000
Calculated Total Debt Capacity		$ 692,888,000	100%	$ 727,852,000
Calculated Additional Debt Capacity		$ 298,188,000		$ 333,152,000
Current long- and short-term debt $482,000,000				

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
TEXAS TECH UNIVERSITY SYSTEM §

I, the undersigned, Chief Financial Officer of the Texas Tech University System, hereby certify as follows:

1. The Board of Regents of Texas Tech University System convened in REGULAR MEETING ON THE 8^{TH} DAY OF AUGUST, 2008, at the designated meeting place in Lubbock, Texas, and the roll was called of the duly constituted officers and members of said Board, to-wit:

F. Scott Dueser	:	Chair
Larry K. Anders	:	Vice Chair
L. Frederick ("Rick") Francis	:	
Mark Griffin,	:	
John F. Scovell,	:	Board
Daniel T. Serna,	:	
Windy Sitton,	:	
Bob L. Stafford,	:	
Jerry E. Turner	:	
Kelli Stumbo		Student Regent
Jim Brunjes	:	Chief Financial Officer
Ben W. Lock	:	Secretary

and all of said persons were present, except for the following absentees: ________________, thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written

TWELFTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, TWELFTH SERIES (2008) AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

was duly introduced for the consideration of said Board and duly read. It was then duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of said Resolution, prevailed and carried by the following vote:

AYES: ___

NOES: ___

2. That a true, full, and correct copy of the aforesaid Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Resolution has been duly recorded in said Board's minutes of said Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said Board's minutes of said Meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the aforesaid Meeting, and that said Resolution would be introduced and considered for adoption at said Meeting; that said Meeting was open to the public, and public notice of the time, place, and purpose of said Meeting was given, all as required by Chapter 551, Texas Government Code.

3. That the Resolution has not been modified, amended or repealed and is in full force and effect on and as of the date hereof.

SIGNED AND SEALED this ________ day of __________, 2008

____
Chief Financial Officer

(SEAL)

Approved 8/8/2008

TWELFTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, TWELFTH SERIES (2008) AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

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TWELFTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, TWELFTH SERIES (2008), AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

WHEREAS, on October 21, 1993, the Board of Regents of Texas Tech University (now known as the Board of Regents of Texas Tech University System, and herein referred to either as the "Board" or the "Issuer"), acting separately and independently for and on behalf of Texas Tech University ("TTU") and separately and independently for and on behalf of Texas Tech University Health Sciences Center (the "Health Sciences Center"), adopted a resolution establishing the "Revenue Financing System", which resolution, together with the resolutions adopted November 8, 1996 and on August 22, 1997, is referred to herein as the "Master Resolution"; and

WHEREAS, unless otherwise defined herein, terms used herein shall have the meaning given in the Master Resolution; and

WHEREAS, the Master Resolution establishes the Revenue Financing System comprised of TTU and the Health Sciences Center, and pledges the Pledged Revenues to the payment of Parity Obligations to be outstanding under the Master Resolution; and

WHEREAS, the Board heretofore has adopted a **"RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF TEXAS TECH UNIVERSITY REVENUE FINANCING SYSTEM REFUNDING BONDS, FIRST SERIES (1993) AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "First Supplement") and pursuant to the First Supplement to the Master Resolution issued its ***"BOARD OF REGENTS OF TEXAS TECH UNIVERSITY REVENUE FINANCING SYSTEM REFUNDING BONDS, FIRST SERIES (1993)"*** in the aggregate principal amount of $46,420,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a **"RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF TEXAS TECH UNIVERSITY REVENUE FINANCING SYSTEM BONDS, SECOND SERIES (1995) AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Second Supplement") and pursuant to the Second Supplement to the Master Resolution issued its ***"BOARD OF REGENTS OF TEXAS TECH UNIVERSITY REVENUE FINANCING SYSTEM BONDS, SECOND SERIES (1995)"*** in the aggregate principal amount of $25,000,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a **"RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF TEXAS TECH UNIVERSITY REVENUE FINANCING SYSTEM REFUNDING AND**

IMPROVEMENT BONDS, THIRD SERIES (1996) AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Third Supplement") and pursuant to the Third Supplement to the Master Resolution issued its ***"BOARD OF REGENTS OF TEXAS TECH* UNIVERSITY *REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, THIRD SERIES (1996)"*** in the aggregate principal amount of $71,285,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a **"RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF TEXAS TECH UNIVERSITY REVENUE FINANCING SYSTEM BONDS, FOURTH SERIES (TAXABLE 1996) AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Fourth Supplement") and pursuant to the Fourth Supplement to the Master Resolution issued its ***"BOARD OF REGENTS OF TEXAS TECH UNIVERSITY REVENUE FINANCING SYSTEM BONDS, FOURTH SERIES (TAXABLE 1996)"*** in the aggregate principal amount of $7,380,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board is adopting contemporaneously herewith an **"AMENDED AND RESTATED FIFTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION ESTABLISHING THE REVENUE FINANCING SYSTEM COMMERCIAL PAPER PROGRAM AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO "** (defined as the "Fifth Supplement") and pursuant to the Fifth Supplement to the Master Resolution has the authority to issue at any one time outstanding up to $200,000,000 in aggregate principal amount of its ***"BOARD OF REGENTS OF TEXAS TECH UNIVERSITY REVENUE FINANCING SYSTEM COMMERCIAL PAPER NOTES, SERIES A"*** as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted an **"AMENDED AND RESTATED SIXTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF TEXAS TECH UNIVERSITY REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SIXTH SERIES (1999) AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Sixth Supplement") and pursuant to the Sixth Supplement to the Master Resolution issued its ***"BOARD OF REGENTS OF TEXAS TECH UNIVERSITY REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SIXTH SERIES (1999)"*** in the aggregate principal amount of $115,100,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a **"RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM REVENUE FINANCING SYSTEM BONDS, SEVENTH SERIES (2001) AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Seventh Supplement") and pursuant to the Seventh Supplement to the Master Resolution issued its ***"BOARD OF***

REGENTS OF TEXAS TECH UNIVERSITY SYSTEM REVENUE FINANCING SYSTEM BONDS, SEVENTH SERIES (2001)" in the aggregate principal amount of $126,865,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a **"RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM REVENUE FINANCING SYSTEM BONDS, EIGHTH SERIES (TAXABLE 2001) AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Eighth Supplement") and pursuant to the Eighth Supplement to the Master Resolution issued its ***"BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM REVENUE FINANCING SYSTEM BONDS, EIGHTH SERIES (TAXABLE 2001)"*** in the aggregate principal amount of $42,810,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a **"RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, NINTH SERIES (2003) AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Ninth Supplement") and pursuant to the Ninth Supplement to the Master Resolution issued its ***"BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, NINTH SERIES (2003)"*** in the aggregate principal amount of $97,265,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a **"RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, TENTH SERIES (2006) AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Tenth Supplement") and pursuant to the Tenth Supplement to the Master Resolution issued its ***"BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, TENTH SERIES (2006)"*** in the aggregate principal amount of $220,915,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Texas Legislature (80th Regular Session) passed H.B. 3564 ("HB 3564"), and pursuant to HB 3564, the governance, control, management and property of Angelo State University ("ASU") were transferred from the Board of Regents of the Texas State University System ("TSUS") to the Board, effective September 1, 2007; and

WHEREAS, the Board heretofore has adopted an **"ELEVENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING AND DESIGNATING ANGELO STATE UNIVERSITY AS A PARTICIPANT IN THE TEXAS TECH UNIVERSITY REVENUE FINANCING SYSTEM"** (defined as the "Eleventh Supplement") and pursuant to the Eleventh Supplement to the Master Resolution the Board designated ASU as a Participant in the Financing System under the terms of the Master Resolution; and

WHEREAS, the Party Obligations issued pursuant to the First Supplement, Second Supplement, Third Supplement and the Fourth Supplement are no longer outstanding; and

WHEREAS, the Board reserved the right under the terms of the Master Resolution to issue obligations on a parity with the outstanding Parity Obligations; and

WHEREAS, the Board currently has outstanding Commercial Paper Notes in the approximate aggregate principal amount of $90,000,000 and anticipates having up to $100,000,000 outstanding prior to the issuance of the Bonds (the "Outstanding Commercial Paper Notes"); and

WHEREAS, the Board hereby determines that it is in the best interest of the Revenue Financing System to refund certain of the Outstanding Commercial Paper Notes (herein defined as the "Refunded Commercial Paper Notes") in order to convert interim financing into long-term, fixed rate financing of the projects funded with the proceeds of the Refunded Commercial Paper Notes; and

WHEREAS, the Board hereby determines that it is in the best interest of the Revenue Financing System to refund all or certain of the outstanding debt obligations listed in Schedules I-A and I-B to this Twelfth Supplement, determined in accordance with the provisions of this Twelfth Supplement (herein defined as the "Refundable Bonds"), in order to achieve a present value savings to the Revenue Financing System; and

WHEREAS, the Board hereby determines that the projects listed in Schedule II to this Twelfth Supplement shall be financed with bonds authorized to be issued by this Twelfth Supplement (the "Bonds"), in accordance with the provisions of this Twelfth Supplement; and

WHEREAS, the Bonds are to be issued and delivered pursuant to Chapter 55, Texas Education Code, including, without limitation, Section 55.1759, Texas Education Code, Chapter 1207, Texas Government Code, Chapter 1371, Texas Government Code, and other applicable laws; and

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

Section 1. DEFINITIONS. In addition to the definitions set forth in the preamble of this Twelfth Supplement, the terms used in this Twelfth Supplement (except in the FORM OF BONDS) and not otherwise defined shall have the meanings given in the Master Resolution or in Exhibit "A" to this Twelfth Supplement attached hereto and made a part hereof.

Section 2. AMOUNT, PURPOSE, AND DESIGNATION OF THE BONDS.

(a) ***Maximum Amount Authorized.*** The ***"BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, TWELFTH SERIES (2008)"*** are hereby authorized to be issued in one or more series and delivered in an aggregate principal amount not to exceed $325,000,000 ***FOR THE PURPOSE OF (i) ACQUIRING, PURCHASING, CONSTRUCTING, IMPROVING, RENOVATING, ENLARGING OR EQUIPPING PROPERTY, BUILDINGS, STRUCTURES, FACILITIES, ROADS, OR RELATED INFRASTRUCTURE FOR TTUS, (ii) REFUNDING THE REFUNDED BONDS, (iii) REFUNDING THE REFUNDED COMMERCIAL PAPER NOTES AND (iv) PAYING THE COSTS RELATED THERETO.***

(b) ***New Money Authorization***. The Bonds authorized for the purposes described in clause (i) of subsection (a) of this Section are being issued by the Board under authority of Chapter 55, Texas Education Code, particularly Sections 55.13 and 55.1759 thereof, and Chapter 1371, Texas Government Code. The principal amount of the Bonds hereby authorized by the Board that may be issued for the purposes described in clause (i) of subsection (a) of this Section may not exceed $135,000,000. The Bonds issued under authority of Section 55.1759, Texas Education Code, will constitute the first such series of bonds issued by the Board. The Chief Financial Officer shall execute a certificate providing such documentation as may be required by the Public Finance Division of the Office of the Attorney General to (i) describe the specific projects for which the Bonds are being issued, and which specific projects, if any, are being financed with the proceeds of the Bonds issued under authority of Section 55.1759, Texas Education Code, and (ii) evidence the approval, if any, required to be obtained from the Texas Higher Education Coordinating Board for the projects to be financed with the proceeds of the Bonds. The projects that may be financed with the proceeds of the Bonds are described in Schedule II to this Twelfth Supplement.

(c) ***Refunding Bonds Authorization***. The Bonds authorized for the purposes described in clause (ii) of subsection (a) of this Section are being issued by the Board under authority of Chapter 55, Texas Education Code, particularly Section 55.19 thereof, and Chapter 1207, Texas Government Code. The refunding of the Refunded Bonds shall be accomplished in a manner that will result in a target present value savings of (i) at least two percent (2%) of the Refunded Bonds identified in Schedule I-A and (ii) .01 percent of the Refunded Bonds identified in Schedule I-B, being achieved. Such savings constitutes a public purpose.

(d) ***Refunding of Commercial Paper Notes***. The Bonds hereby authorized to be issued by the Board for the purposes described in clause (iii) of subsection (a) of this Section are being issued to refund the Refunded Commercial Paper Notes. The Refunded Commercial Paper Notes are being refunded to convert interim financing into long-term fixed rate financing, as contemplated by the Board in the operation of the interim financing program as provided for in the Fifth Supplement, which constitutes a public purpose. Therefore, the manner in which the refunding of the Refunded Commercial Paper Notes is being accomplished by the Board does not make it practicable to make the determinations required by Section 1207.008, Texas Government Code. The Refunded Commercial Paper Notes shall be those Outstanding Commercial Paper Notes, not to exceed $100,000,000 in principal amount, designated by the Chief Financial Officer to be refunded and retired with a portion of the proceeds of the Bonds.

Section 3. DATE, DENOMINATIONS, NUMBERS, MATURITIES AND TERMS OF BONDS.

(a) ***Terms of Bonds.*** Initially there shall be issued, sold, and delivered hereunder fully registered bonds, without interest coupons, numbered consecutively from R-l upward, payable to the respective initial registered owners thereof, or to the registered assignee or assignees of said bonds or any portion or portions thereof (in each case, the "Registered Owner"), in the denomination of $5,000 or any integral multiple thereof (an "Authorized Denomination"), maturing not later than February 15, 2039, serially or otherwise on the dates, in the years and in the principal amounts, respectively, and dated, all as determined in the manner provided below. The foregoing notwithstanding, (i) the price to be paid for the Bonds shall not be less than 95% of the aggregate principal amount thereof, (ii) none of the Bonds shall bear interest at a rate greater than 10% per annum, and (iii) the Bonds shall not be delivered unless (A) prior to the execution of any Bond Purchase Contract, the approval of the issuance of the Bonds by the Texas Bond Review Board has been received and (B) the Bonds have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long term obligations, as required by Chapter 1371, Texas Government Code.

(b) ***Method of Sale of the Bonds.*** As authorized by Chapter 1371, Texas Government Code, the Pricing Committee is hereby authorized, appointed, and designated to act on behalf of the Board in the selling and delivering the Bonds in one or more series. The Chief Financial Officer is directed to select, on behalf of the Board, the senior managing underwriter and the other investment banking firms comprising the underwriting syndicate (such firms, together with the senior managing underwriter, are hereafter collectively referred to as the "Underwriters") to assure that the Bonds are sold on the most advantageous terms to the Board. The Chief Financial Officer is directed to negotiate with the Underwriters all matters relating to the sale of the Bonds, including determining and fixing the date of the Bonds, the number of series, any additional designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the years in which the Bonds will mature, the principal amount to mature in each of such years, and the aggregate principal amount of the Bonds or any series thereof, the principal amount of each series of Bonds, if any, to be issued to fund the projects to be described by the certificate executed by the Chief Financial Officer in accordance with Section 2(b) hereof, the principal amount of each series of Bonds, if any, to be issued to refund the Refunded Bonds, as described in Section 2(c) hereof, the principal amount of each series of Bonds, if any, to be issued to refund the Refunded Commercial Paper Notes, as described in Section 2(d) hereof, the rate or rates of interest to be borne by each such maturity, the interest payment periods, the dates, price, and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Board, as well as any mandatory sinking fund redemption provisions, and all other matters relating to the issuance, sale, and delivery of each series of Bonds, including, without limitation, the possible use of municipal bond insurance for any series of Bonds and the use or uses of premium, if any, received as a part of the purchase price for Bonds. The actual sale of each series of Bonds, and the Bond Purchase Contract setting forth the terms of the sale of each series of Bonds negotiated by the Chief Financial Officer, shall be approved by a resolution to be adopted by the Pricing Committee. In establishing the aggregate principal amount of each series of Bonds authorized hereunder, the Pricing Committee shall establish an amount such that the aggregate of all series of Bonds issued under this delegation shall not exceed the amount authorized in Section 2(a) hereof. Any finding or determination made by the Pricing Committee, acting under the authority granted by this Twelfth Supplement, in adopting a Pricing Resolution shall have the same force and effect as if made by the Board. The form of the Bond Purchase Contract is hereby approved for use in each issuance of Bonds hereunder. The Chief Financial Officer is authorized to sign each Bond Purchase Contract approved by the Pricing Committee. The authority hereby granted by the Board to the Pricing Committee expires at 5:00 p.m., April 1, 2009.

(c) ***In General.*** The Bonds (i) may and shall be redeemed prior to the respective scheduled maturity dates, (ii) may be assigned and transferred, (iii) may be exchanged for other Bonds, (iv) shall have the characteristics, and (v) shall be signed and sealed, and the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF BONDS, with such changes and additions as are necessary to conform the FORM OF BONDS to the terms of the sale of the Bonds contained in the Bond Purchase Contract.

Section 4. INTEREST. The Bonds shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM OF BONDS to their respective dates of maturity at the rates approved by the Pricing Committee.

Section 5. REGISTRATION, TRANSFER, AND EXCHANGE; AUTHENTICATION; BOOK-ENTRY ONLY SYSTEM.

(a) ***Paying Agent/Registrar.*** The Bank of New York Mellon Trust Company, N.A. is hereby appointed as Paying Agent/Registrar for the Bonds. The Chief Financial Officer is authorized to enter into and carry out a Paying Agent/Registrar Agreement with the Paying Agent/Registrar with respect to the Bonds in substantially the standard form previously approved by the Board.

(b) ***Registration Books.*** The Issuer shall keep or cause to be kept at the corporate trust office designated in the Paying Agent/Registrar Agreement (the "Designated Trust Office") books or records for the registration of the transfer, exchange, and replacement of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, exchanges, and replacements under such reasonable regulations as the Issuer and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, exchanges, and replacements as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books at the Designated Trust Office of the Paying Agent/Registrar during regular business hours, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity.

(c) ***Ownership of Bonds.*** The entity in whose name any Bond shall be registered in the Registration Books at any time shall be deemed and treated as the absolute owner thereof for all purposes of this Twelfth Supplement, whether or not such Bond shall be overdue, and, to the extent permitted by law, the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of or on account of, the principal of, premium, if any, and interest on any such Bond shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(d) ***Payment of Bonds and Interest.*** The Paying Agent/Registrar shall further act as the paying agent for paying the principal of, premium, if any, and interest on the Bonds, all as provided in this Twelfth Supplement. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds.

(e) ***Authentication.*** The Bonds initially issued and delivered pursuant to this Twelfth Supplement shall be authenticated by the Paying Agent/Registrar by execution of the Paying Agent/Registrar's Authentication Certificate (the "Authentication Certificate") unless they have been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and on each substitute Bond issued in exchange for any Bond or Bonds issued under this Twelfth Supplement the Paying Agent/Registrar shall execute the Authentication Certificate. The Authentication Certificate shall be in the form set forth in the FORM OF BONDS.

(f) ***Transfer, Exchange, or Replacement.*** Each Bond issued and delivered pursuant to this Twelfth Supplement, to the extent of the unpaid or unredeemed principal amount thereof, may, upon surrender of such Bond at the Designated Trust Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, may, at the option of the registered owner or such assignee or assignees, as appropriate, be exchanged for fully registered bonds, without interest coupons, in the appropriate form prescribed in the FORM OF BONDS, in any Authorized Denomination (subject to the requirement hereinafter stated that each substitute Bond shall be of the same series and have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal amount of any Bond or Bonds so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If a portion of any Bond shall be redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds having the same series designation and maturity date, bearing interest at the same rate, and payable in the same manner, in Authorized Denominations at the request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon surrender thereof for cancellation. If any Bond or portion thereof is assigned and transferred, each Bond issued in exchange therefor shall have the same series designation and maturity date and bear interest at the same rate and payable in the same manner as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall exchange or replace Bonds as provided herein, and each fully registered bond delivered in exchange for or replacement of any Bond or portion thereof as permitted or required by any provision of this Twelfth Supplement shall constitute one of the Bonds for all purposes of this Twelfth Supplement, and may again be exchanged or replaced. On each substitute Bond issued in exchange for or replacement of any Bond or Bonds issued under this Twelfth Supplement, the Authentication Certificate shall be printed thereon. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Authentication Certificate, and, except as provided in subsection (e) of this Section, no such Bond shall be deemed to be issued or outstanding unless the Authentication Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Bonds surrendered for transfer, exchange, or replacement. No additional orders or resolutions need be passed or adopted by the Issuer or any other body or person so as to accomplish the foregoing transfer, exchange, or replacement of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be in typed or printed form as determined by a Board Representative. Pursuant to Chapter 1206, Texas Government Code, the duty of transfer, exchange, or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Authentication Certificate, the exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which were originally issued pursuant to this Twelfth Supplement. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges, if any, for transferring and exchanging any Bond or any portion thereof, but the one requesting any such transfer and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, exchange, or replacement of Bonds or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following interest payment date, or (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. To the extent possible, any new Bond issued in an exchange, replacement, or transfer of a Bond will be delivered to the registered owner or assignee of the registered owner not more than three business days after the receipt of the Bonds to be cancelled and the written request as described above.

(g) ***Substitute Paying Agent/Registrar.*** The Issuer covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Twelfth Supplement, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Twelfth Supplement. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new

Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Twelfth Supplement, and a certified copy of this Twelfth Supplement shall be delivered to each Paying Agent/Registrar.

(h) ***Book-Entry Only System.*** The Bonds issued in exchange for the Bonds initially issued and delivered to the Underwriters shall be issued in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and except as provided in subsection (i) hereof, all of the Outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC. A "Blanket DTC Letter of Representations" in connection with utilizing the DTC Book-Entry Only System has been executed by a Board Representative and filed with DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Board and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest on the Bonds. Without limiting the immediately preceding sentence, the Board and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Bondholder, as shown on the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a Bondholder, as shown in the Registration Books of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Twelfth Supplement to the contrary but to the extent permitted by law, the Board and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each. Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest, with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective owners, as shown in the Registration Books as provided in this Twelfth Supplement, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Board's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the Board to make payments of principal, premium, if any, and interest pursuant to this Twelfth Supplement. Upon delivery by DTC to the Paying Agent/Registrar 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 in this Twelfth Supplement with respect to interest checks being mailed to the registered owner at the close of business on the Record Date, the word "Cede & Co." in this Twelfth Supplement shall refer to such new nominee of DTC.

(i) ***Successor Securities Depository; Transfers Outside Book-Entry Only System.*** In the event that the Board or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the Board to DTC described in subsection (h) of this Section or DTC determines to discontinue providing its services with respect to the Bonds, the Board shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Bondholders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Twelfth Supplement.

(j) ***Payments to Cede & Co.*** Notwithstanding any other provision of this Twelfth Supplement to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the representation letter of the Board to DTC referred to in subsection (f) of this Section.

(k) ***Notice of Redemption***. In addition to the method of providing a notice of redemption set forth in the FORM OF BONDS, the Paying Agent/Registrar shall give notice of redemption of Bonds by United States mail, first-class postage prepaid, at least thirty (30) days prior to a redemption date to each registered securities depository and to any national information service that disseminates redemption notices. In addition, in the event of a redemption caused by an advance refunding of the Bonds, the Paying Agent/Registrar shall send a second notice of redemption to the persons specified in the immediately preceding sentence at least thirty (30) days but not more than ninety (90) days prior to the actual redemption date. Any notice sent to the registered securities depositories or such national information services shall be sent so that they are received at least two (2) days prior to the general mailing or publication date of such notice. The Paying Agent/Registrar shall also send a notice of prepayment or redemption to the registered owner of any Bond who has not sent the Bonds in for redemption sixty (60) days after the redemption date.

Each notice of redemption, whether required in the FORM OF BONDS or in this Section, shall contain a description of the Bonds to be redeemed including the complete name of the Bonds, the series, the date of issue, the interest rate, the maturity date, the CUSIP number, the amounts of maturity so called for redemption, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Bonds may be redeemed, including a contact person and telephone number.

All redemption payments made by the Paying Agent/Registrar to the registered owners of the Bonds shall include a CUSIP number relating to each amount paid to such registered owner.

Section 6. FORM OF BONDS. The forms of the Bonds, including the form of the Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas, with respect to the Bonds initially issued and delivered to the Underwriters pursuant to this Twelfth Supplement, shall be, respectively, substantially as set forth in Exhibit B, with such appropriate variations, omissions, or insertions as are permitted or required by this Twelfth Supplement.

Section 7. ESTABLISHMENT OF FINANCING SYSTEM AND ISSUANCE OF PARITY OBLIGATIONS. By adoption of the Master Resolution, the Board has established the Revenue Financing System for the purpose of providing a financing structure for revenue supported indebtedness of Participants in the Financing System. The Master Resolution is intended to establish a master plan under which revenue supported debt of the Financing System can be incurred. This Twelfth Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, and security of the Bonds which are the Twelfth series of Parity Obligations issued under the terms of the Master Resolution. The Master Resolution is incorporated herein by reference and as such made a part hereof for all purposes, except to the extent modified and supplemented hereby, and the Bonds are hereby declared to be Parity Obligations under the Master Resolution. As required by Section 5 (a) of the Master Resolution, the Board hereby determines, in connection with the issuance of the Bonds, that it will have sufficient funds to meet the financial obligations of each participant in the Financing System (currently TTU, ASU and the Health Sciences Center), including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System. Furthermore, the Board hereby determines that TTU, ASU and the Health Sciences Center each possess the financial capability to satisfy its respective Direct Obligation after taking into account the payment of the Annual Debt Service Requirements on the Bonds.

Section 8. SECURITY AND PAYMENTS. The Bonds are special obligations of the Board payable from and secured solely by the Pledged Revenues pursuant to the Master Resolution and this Twelfth Supplement. The Pledged Revenues are hereby pledged, subject to the liens securing the Prior Encumbered Obligations, if any, to the payment of the principal of, premium, if any, and interest on the Bonds as the same shall become due and payable. The Board agrees to pay the principal of, premium, if any, and the interest on the Bonds when due, whether by reason of maturity or redemption.

Section 9. PAYMENTS TO PAYING AGENT/REGISTRAR. Semiannually on or before each principal or interest payment date while any of the Bonds are outstanding and unpaid, commencing on the first interest payment date for the Bonds, the Board shall make available to the Paying Agent/Registrar, money sufficient to pay such interest on and such principal of the Bonds as will accrue or mature, or be subject to mandatory redemption prior to maturity, on such principal, redemption, or interest payment date. The Paying Agent/Registrar shall cancel all paid Bonds and shall furnish the Board with an appropriate certificate of cancellation.

Section 10. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.

(a) ***Replacement Bonds.*** In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same Series, principal amount, maturity, and interest rate, and in the same form, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) ***Application for Replacement Bonds.*** Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the applicant for a replacement bond shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the applicant shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the applicant shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) ***Payment in Lieu of Replacement.*** Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) ***Charge for Issuing Replacement Bonds.*** Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the Issuer whether or not the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Twelfth Supplement equally and proportionately with any and all other Bonds duly issued under this Twelfth Supplement.

(e) ***Authority for Issuing Replacement Bonds.*** In accordance with Chapter 1206, Texas Government Code, this Section shall constitute authority for the issuance of any such replacement bond without the necessity of further action by the Issuer or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 5(f) hereof for Bonds issued in exchange and replacement for other Bonds.

Section 11. AMENDMENT OF SUPPLEMENT.

(a) ***Amendments Without Consent.*** This Twelfth Supplement and the rights and obligations of the Board and of the owners of the Bonds may be modified or amended at any time without notice to or the consent of any owner of the Bonds or any other Parity Obligations, solely for any one or more of the following purposes:

(i) To add to the covenants and agreements of the Board contained in this Twelfth Supplement, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Board in this Twelfth Supplement;

(ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Twelfth Supplement, upon receipt by the Board of an opinion of nationally-recognized bond counsel, that the same is needed for such purpose, and will more clearly express the intent of this Twelfth Supplement;

(iii) To supplement the security for the Bonds, replace or provide additional credit facilities, or change the form of the Bonds or make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Bonds;

(iv) To make any changes or amendments requested by any bond rating agency then rating or requested to rate Parity Obligations, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Parity Obligations;

(v) To make such changes, modifications or amendments as are permitted by Section 19(c)(v) of this Twelfth Supplement;

(vi) To make such changes, modifications or amendments as may be necessary or desirable, which shall not adversely affect the interests of the owners of the Outstanding Parity Obligations, in order, to the extent permitted by law, to facilitate the economic and practical utilization of Credit Agreements with respect to the Parity Obligations; or

(vii) To make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of Outstanding Parity Obligations.

Notice of any such amendment may be published by the Board in the manner described in subsection (c) of this Section; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory resolution and the failure to publish such notice shall, not adversely affect the implementation of such amendment as adopted pursuant to such amendatory resolution.

(b) ***Amendments With Consent.*** Subject to the other provisions of this Twelfth Supplement, the owners of Outstanding Bonds aggregating a majority in Outstanding Principal Amount shall have the right from time to time to approve any amendment, other than amendments described in subsection (a) of this Section, to this Twelfth Supplement which may be deemed necessary or desirable by the Board; provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the Outstanding Bonds, the amendment of the terms and conditions in this Twelfth Supplement or in the Bonds so as to:

(i) Make any change in the maturity of the Outstanding Bonds;

(ii) Reduce the rate of interest borne by Outstanding Bonds;

(iii) Reduce the amount of the principal payable on Outstanding Bonds;

(iv) Modify the terms of payment of principal of or interest on the Outstanding Bonds, or impose any conditions with respect to such payment;

(v) Affect the rights of the owners of less than all Bonds then Outstanding; or

(vi) Change the minimum percentage of the Outstanding Principal Amount of Bonds necessary for consent to such amendment.

(c) ***Notice***. If at any time the Board shall desire to amend this Twelfth Supplement other than pursuant to subsection (a) of this Section, the Board shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in The City of New York, New York once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Registrar for inspection by all owners of Bonds. Such publication is not required, however, if the Board gives or causes to be given such notice in writing to each owner of Bonds.

(d) ***Receipt of Consents***. Whenever at any time not less than thirty days, and within one year, from the date of the first publication of said notice or other service of written notice of the proposed amendment the Board shall receive an instrument or instruments executed by all of the owners or the owners of at least a majority in Outstanding Principal Amount of Bonds, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Board may adopt the amendatory resolution in substantially the same form.

(e) ***Effect of Amendments***. Upon the adoption by the Board of any resolution to amend this Twelfth Supplement pursuant to the provisions of this Section, this Twelfth Supplement shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Board and all the owners of then Outstanding Bonds and all future Bonds shall thereafter be determined, exercised, and enforced under the Master Resolution and this Twelfth Supplement, as amended.

(f) ***Consent Irrevocable***. Any consent given by any owner of Bonds pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication or other service of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Bonds during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Registrar and the Board, but such revocation shall not be effective if the owners of a majority in Outstanding Principal Amount of Bonds, prior to the attempted revocation, consented to and approved the amendment.

(g) ***Ownership***. For the purpose of this Section, the ownership and other matters relating to all Bonds registered as to ownership shall be determined from the registration books kept by the Registrar therefor. The Registrar may conclusively assume that such ownership continues until written notice to the contrary is served upon the Registrar.

Section 12. DEFEASANCE. That in accordance with the provisions of Section 1207.033, Texas Government Code, the Board may call for redemption, at a date earlier than their scheduled maturities, those Bonds which have been defeased to their maturity date. Notwithstanding any other provision of this Twelfth Supplement to the contrary, it is hereby provided that any determination not to redeem Bonds defeased under the terms of this Twelfth Supplement that is made in conjunction with the payment arrangements specified in the Master Resolution shall not be irrevocable, provided that, in the proceedings providing for such payment arrangements, the Board (1) expressly reserves the right to call Bonds so defeased for redemption; (2) gives notice of the reservation of that right to the owners of the Bonds so defeased immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

Section 13. TWELFTH SUPPLEMENT TO CONSTITUTE A CONTRACT; EQUAL SECURITY. In consideration of the acceptance of the Bonds, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Twelfth Supplement shall be deemed to be and shall constitute a contract between the Board and the Holders from time to time of the Bonds and the pledge made in this Twelfth Supplement by the Board and the covenants and agreements set forth in this Twelfth Supplement to be performed by the Board shall be for the equal and proportionate benefit, security, and protection of all Holders, without preference, priority, or distinction as to security or otherwise of any of the Bonds authorized hereunder over any of the others by reason of time of issuance, sale, or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Twelfth Supplement.

Section 14. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements, or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements, or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Bonds issued hereunder.

Section 15. PAYMENT AND PERFORMANCE ON BUSINESS DAYS. Except as provided to the contrary in the FORM OF BONDS, whenever under the terms of this Twelfth Supplement or the Bonds, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Bonds, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Bonds, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment.

Section 16. LIMITATION OF BENEFITS WITH RESPECT TO THE TWELFTH SUPPLEMENT. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Twelfth Supplement or the Bonds is intended or should be construed to confer upon or give to any person other than the Board, the Holders, and the Paying Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason of or in respect to this Twelfth Supplement or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Twelfth Supplement and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Board, the Holders, and the Paying Agent/Registrar as herein and therein provided.

Section 17. CUSTODY, APPROVAL, BOND COUNSEL'S OPINION, CUSIP NUMBERS, PREAMBLE AND INSURANCE.

(a) ***Submission of Proceedings to Attorney General.*** The Chief Financial Officer is hereby authorized to have control of the Bonds issued hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and approval by the Attorney General of the State of Texas of the proceedings authorizing the Bonds in accordance with Chapter 1371, Texas Government Code. The Chief Financial Officer is hereby authorized, to the extent deemed necessary or advisable thereby, in the discretion thereof, to request that the Attorney General approve the Bonds in accordance with the provisions of Chapter 1202, Texas Government Code, in which case the Chief Financial Officer also is authorized to request the Comptroller of Public Accounts register the Bonds, and to cause an appropriate legend reflecting such approval and registration to appear on the Bonds and the substitute Bonds. The Board hereby authorizes the payment of the fee of the Attorney General for the examination of the proceedings relating to the issuance of the Bonds, in the amount determined in accordance with the provisions of Section 1202.004, Texas Government Code. The approving legal opinion of bond counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Bonds and on any Bonds issued and delivered in exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. The preamble to the Twelfth Supplement is hereby adopted and made a part of this Twelfth Supplement for all purposes.

(b) ***Bond Insurance***. If authorized in a Pricing Resolution, the purchase of a municipal bond insurance policy from a municipal bond insurance provider that has an underlying rating of "AA" (or its equivalent) or better at the time a Bond Purchase Contract is executed (the "Bond Insurer") as additional security for all or part of a series of Bonds is hereby authorized. The printing of a legend describing the municipal bond insurance policy issued by the Bond Insurer is hereby authorized. The payment of the premium to the Bond Insurer in consideration for the issuance of said policy, should one be so obtained, is hereby approved. The Insurance Commitment issued by the Bond Insurer shall be made a part hereof for all purposes. In addition, it is agreed that should such policy be obtained, the Board will comply with the conditions applicable to the Bonds, as set forth in the Insurance Commitment issued by the Bond Insurer, as if such conditions were incorporated in this Twelfth Supplement, and will pay to the Paying Agent/Registrar for the Bonds the debt service due on the Bonds so insured by the Bond Insurer not later than one Business Day prior to each principal or interest payment date of the Bonds. In the event such policy is obtained, the Chief Financial Officer is hereby instructed to provide notice to the Bond Insurer in the event such payment is not made to the Paying Agent/Registrar on or before the Business Day before the scheduled principal or interest payment date; failure to make such payment to the Paying Agent/Registrar on or before the Business Day before the scheduled principal or interest payment date shall not constitute a default under the terms of this Twelfth Supplement.

Section 18. FURTHER PROCEDURES; OFFICIAL STATEMENT. Each Board Representative, and all other officers, employees, and agents of the Board, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the Issuer all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Twelfth Supplement, the Bonds, the sale and delivery of the Bonds and fixing all details in connection therewith, and to approve any Official Statement, or supplements thereto, in connection with the Bonds. The form of the Official Statement relating to the Bonds shall be approved by the Pricing Committee at the meeting at which the sale of the Bonds is approved. The Chief Financial Officer is authorized to approve any supplement to the Official Statement incorporating information as deemed material consistent with the requirements of the Rule and to authorize the distribution of such final Official Statement to the Underwriters for their use in the sale of the Bonds to members of the general public. The use of such final Official Statement in the offer and sale of the Bonds is hereby approved. Should the Chief Financial Officer be incapable of performing any of the duties and responsibilities set forth in this Twelfth Supplement, any Board Representative may perform such duties and responsibilities. In case any officer whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 19. CONTINUING ONGOING DISCLOSURE.

(a) ***Annual Reports.*** (i) The Board shall provide annually to each NRMSIR and any SID, within six months after the end of each fiscal year ending in or after 2008, financial information and operating data with respect to the Board of the general type included in the final Official Statement authorized by Section 18 hereof, being the information described in Exhibit C hereto. Any financial statements so to be provided shall be prepared in accordance with the accounting principles described in Exhibit C hereto, or such other accounting principles as the Board may be required to employ from time to time pursuant to state law or regulation. If the Board commissions an audit of such statements and the audit is completed within the period during which they must be provided, a copy of such audit also shall be provided in. accordance with the Rule. If any such audit of such financial statements, if one is commissioned by the Board, is not complete within such period, then the Board shall provide unaudited financial statements and audited financial statements for the applicable fiscal year to each NRMSIR and any SID, when and if the audit report on such statements become available.

(ii) If the Board changes its fiscal year, it will notify each NRMSIR and any SID of the change (and of the date of the new fiscal year end) prior to the next date by which the Board otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to each NRMSIR and any SID or filed with the SEC.

(b) ***Material Event Notices.*** The Board shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of holders of the Bonds;
8. Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds; and
11. Rating changes.

The Board shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any failure by the Board to provide financial information or operating data in accordance with subsection (a) of this Section by the time required by such subsection. Any filing under this Section may be made solely by transmitting such filing to the MAC as provided at http://www.disclosureusa.org, unless the SEC has withdrawn the interpretive advice stated in its letter to the MAC dated September 7, 2004.

(c) ***Limitations, Disclaimers, and Amendments.*** (i) The Board shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Board remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Board in any event will give notice of any deposit made in accordance with this Twelfth Supplement or applicable law that causes the Bonds no longer to be Outstanding.

(ii) The provisions of this Section are for the sole benefit of the registered owners and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Board undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Board's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The

Board does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE BOARD BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE BOARD, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the Board in observing or performing its obligations under this Section shall comprise a breach of or default under the Twelfth Supplement for purposes of any other provision of this Twelfth Supplement. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Board under federal and state securities laws.

(v) The provisions of this Section may be amended by the Board from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Board, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (A) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Twelfth Supplement that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (B) a person that is unaffiliated with the Board (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Bonds. If the Board so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Board may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Section 20. FEDERAL TAX COVENANTS. The Board covenants to take any action to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Board covenants as follows:

(a) to take any action to assure that no more than 10 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141 (b)(6) of the Code or, if more than 10 percent of the proceeds are so used, that amounts, whether or not received by the Board, with respect to such private business use, do not, under the terms of this Twelfth Supplement or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(b) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(c) to take any action to assure that no amount which is greater than the lesser of $5,000,000, or 5 percent of the proceeds of the Bonds (less-amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(d) to refrain from taking any action which would otherwise result in the Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(e) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(f) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

(1) proceeds of the Bonds invested for a reasonable temporary period of three years or, in the case of a current refunding, of 90 days or less or, in the case of an advance refunding, of 30 days or less, until such proceeds are needed for the purpose for which the bonds are issued,

(2) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(g) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(h) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings", within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

For purposes of the foregoing clauses (a) and (b) above, the Board understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of a refunding bond, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of the issuance of the Bonds. It is the understanding of the Board that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the Board will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the Board agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve; the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of the foregoing, any Board Representative may execute any certificates or other reports required by the Code and to make such elections, on behalf of the Board, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

In order to facilitate compliance with the above clause (h), a "Rebate Fund" is hereby established by the Board for the sole benefit of the United States of America, and such Rebate Fund shall not be subject to the claim of any other person, including without limitation the registered owners of the Bonds. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

Section 21. ADDITIONAL TAX COVENANTS REGARDING USE OF PROPERTY.

(a) ***Allocation of, and Limitation on, Expenditures for the Project.*** The Board covenants to account for the expenditure of proceeds from the sale of the Bonds and any investment earnings thereon to be used for the projects described in the certificate executed by the Chief Financial Officer in accordance with the provisions of Section 2(b) hereof (each such project referred to herein and subsection (b) of this Section 21 as a "Project") on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (a) the expenditure on a Project is made or (b) each such Project is completed. The foregoing notwithstanding, the Board shall not expend such proceeds or investment earnings more than 60 days after the later of (a) the fifth anniversary of the date of delivery of the Bonds or (b) the date the Bonds are retired, unless the Board obtains an opinion of nationally-recognized bond counsel substantially to the effect that such expenditure will not adversely affect the tax-exempt status of the Bonds.

(b) ***Disposition of Project.*** The Board covenants that the property constituting a Project will not be sold, or otherwise disposed in a transaction resulting in the receipt by the Board of cash or other compensation, unless the Board obtains an opinion of nationally-recognized bond counsel substantially to the effect that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of this subsection, the portion of the property comprising personal property and disposed of in the ordinary course of business shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes of this Section, the Board shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 22. REFUNDING.

(a) ***Refunded Bonds.*** The principal amount of Bonds, if any, issued to refund all or portion of the Refundable Bonds, and the Refunded Bonds to be refunded, shall be specifically identified in the Bond Purchase Contract. The Pricing Committee, acting for and on behalf of the Board, may elect not to refund any or all of the obligations listed in Schedules I-A or I-B, but in no event shall the Bonds be issued for the purpose of refunding Refundable Bonds if the refunding of the aggregate principal amount of the obligations selected for refunding does not result in the minimum amount of savings established in Section 2(c) hereof being achieved. In the event Bonds are to be sold for the purpose of refunding all or a portion of the Refundable Bonds, then on or before the date of delivery of the Bonds the Chief Financial Officer shall execute and deliver to the Board a certificate stating that minimum amount of net present value resulting from the refunding of the Refunded Bonds herein established has been met or exceeded. The determination of the Pricing Committee, acting for and on behalf of the Board, relating to the issuance and sale of Bonds to refund all or a portion of the Refundable Bonds in such principal amount as provided in a Bond Purchase Contract shall have the same force and effect as if such determination were made by the Board. The Chief Financial Officer is hereby directed to effect the prior redemption of any of the Refunded Bonds identified in Schedules I-A or I-B under the "Call Date" column should such bonds be refunded with the proceeds of the Bonds.

(b) ***Refunded Commercial Paper Notes***. The principal amount of Bonds, if any, issued to refund Refunded Commercial Paper Notes shall be specifically identified in the Bond Purchase Contract. Concurrently with the delivery of the Bonds, proceeds in the amount of the principal amount of the Refunded Commercial Paper Notes that are to be refunded with a portion of the proceeds from the sale of the Bonds shall be deposited to the credit of the "Note Payment Fund", established in accordance with the provisions of the Fifth Supplement, to refund those Refunded Commercial Paper Notes designated by the Chief Financial Officer to be refunded and retired with a portion of the proceeds of the Bonds. The determination of the Pricing Committee, acting for and on behalf of the Board, relating to the issuance and sale of Bonds to refund

Refunded Commercial Paper Notes in such principal amount as provided in a Bond Purchase Contract shall have the same force and effect as if such determination were made by the Board.

Section 23. REDEMPTION OF REFUNDED BONDS. The Chief Financial Officer is hereby authorized to take such actions, consistent with the resolutions authorizing the issuance of the Refunded Bonds, that may be required to redeem prior to their scheduled maturities any of the Refunded Bonds. It is hereby declared that upon the execution of the Bond Purchase Contract, the Chief Financial Officer may implement, on behalf of the Board, the redemption of any of the Refunded Bonds so designated in the Bond Purchase Contract, and that the redemption date for any of the Refunded Bonds shall be the first available call date provided for in the proceedings authorizing the issuance of any such Refunded Bonds.

Section 24. ESCROW AGREEMENT. The Board shall cause to be deposited with the Escrow Agent (as named in the hereinafter described Escrow Agreement), from the proceeds received from the sale of any series of Bonds and other available moneys of the Board, an amount sufficient to provide for the refunding of the Refunded Bonds in accordance with Chapter 1207, to the extent Bonds are sold for such purpose. The Chief Financial Officer is hereby authorized, for and on behalf of the Board, to execute and deliver one or more Escrow Agreements to accomplish the establishing of firm banking arrangements in connection with the refunding of the Refunded Bonds, in the standard form previously approved by the Board, with such changes as the Chief Financial Officer deems necessary to effect the sale of the Bonds to the Underwriters.

Section 25. REPEAL OF CONFLICTING RESOLUTIONS. All resolutions and all parts of any resolutions (other than the Master Resolution) which are in conflict or inconsistent with this Twelfth Supplement are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

Section 26. RULES OF CONSTRUCTION. For all purposes of this Twelfth Supplement, unless the context requires otherwise, all references to designated Sections and other subdivisions are to the Sections and other subdivisions of this Twelfth Supplement. The words "herein", "hereof and "hereunder" and other words of similar import refer to this Twelfth Supplement as a whole and not to any particular Section or other subdivision. Except where the context otherwise requires, terms defined in this Twelfth Supplement to impart the singular number shall be considered to include the plural number and vice versa. References to any named person means that party and its successors and assigns. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Twelfth Supplement is adopted by the Board and any future amendments thereto or successor provisions thereof. Any reference to the payment of principal in this Twelfth Supplement shall be deemed to include the payment of mandatory sinking fund redemption payments. Any reference to "FORM OF BOND" shall refer to the form of the Bonds set forth in Exhibit B to this Twelfth Supplement.

Section 27. PUBLIC NOTICE. It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting at which this Twelfth Supplement was adopted; that this Twelfth Supplement would be introduced and considered for adoption at said meeting; and that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

SCHEDULE I-A

LIST OF REFUNDABLE BONDS
(TTU & HEALTH SCIENCE CENTER)

Any outstanding maturities of the following obligations:

TTUS Revenue Financing System Refunding & Improvement Bonds
Ninth Series 2003

Original Dated Date	Original Maturity	Original Principal	Principal Outstanding	Call Date
9/1/2003	2/15/2023	97,265,000	79,955,000	8/15/2013

The 2014 - 2023 maturities may be redeemed prior to stated maturity on August 15, 2013 at par plus accrued interest.

TTUS Revenue Financing System Bonds
Seventh Series 2001

Original Dated Date	Original Maturity	Original Principal	Principal Outstanding	Call Date
1/1/2002	8/15/2013	126,865,000	23,005,000	2/15/2012

The 2012 - 2013 maturities may be redeemed prior to stated maturity on February 15, 2012 at par plus accrued interest.

TTUS Revenue Financing System Refunding & Improvement Bonds
Sixth Series 1999

Original Dated Date	Original Maturity	Original Principal	Principal Outstanding	Call Date
4/1/1999	2/15/2017	115,100,000	45,315,000	2/15/2009

The 2010 - 2017 maturities may be redeemed prior to stated maturity on February 15, 2009 at par plus accrued interest.

SCHEDULE I-B

LIST OF REFUNDABLE BONDS
(ASU)

TTUS's obligation to make payments with respect to that portion of the following bonds attributable to ASU:

Texas State University System
Revenue Financing System Revenue Bonds
Series 1998A

Original Dated Date	Original Maturity	Original Principal	Approximate Principal Attributal to ASU	Call Date
8/1/1998	3/15/2018	94,540,000	2,425,000	10/15/2008

The 2015 - 2018 maturities may be redeemed prior to stated maturity on October 15, 2008 at par plus accrued interest.

Texas State University System
Revenue Financing System Revenue Refunding Bonds
Series 1998B

Original Dated Date	Original Maturity	Original Principal	Approximate Principal Attributal to ASU	Call Date
8/1/1998	3/15/2015	53,505,000	5,600,000	10/15/2008

The 2009 - 2015 maturities may be redeemed prior to stated maturity on October 15, 2008 at par plus accrued interest.

SCHEDULE II

ELIGIBLE PROJECTS

The acquisition, purchase, construction, improvement, renovation, enlargement and/or equipping of property, buildings, structures, facilities, roads and related infrastructure of TTUS including the following facilities:

1. Amarillo Research Facility;
2. Amarillo School of Pharmacy;
3. New building for Rawls College of Business Administration;
4. Existing College of Business Administration Building;
5. Law school/trial advocacy/education center (Lanier Professional Development Center);
6. Student leisure pool;
7. TTU utility infrastructure;
8. Gordon/Sneed/Bledsoe Residence Halls;
9. El Paso Medical Science building;
10. NCAA soccer complex;
11. Softball team facility; and
12. Centennial Village Residence Hall.

EXHIBIT A

DEFINITIONS

As used in this Twelfth Supplement the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

The term "*Acts*" shall mean, collectively, Chapter 55, Texas Education Code, Chapter 1207, Texas Government Code, and Chapter 1371, Texas Government Code.

The term "*Authorized Denominations*" shall mean Authorized Denominations as defined in Section 2 of this Twelfth Supplement.

The term "*Board Representative*" shall mean the Chancellor TTUS, the Chief Financial Officer, or such other official of TTUS, TTU, ASU or the Health Sciences Center appointed by the Board to carry out the functions of the Board specified herein.

The term "*Bond Purchase Contract*" shall mean any bond purchase agreement, between the Board and the Underwriters pertaining to the purchase of any series of Bonds by the Underwriters.

The term "*Bonds*" shall mean the each series of Bonds, and all substitute bonds exchanged therefor, and all other substitute and replacement bonds issued pursuant to this Twelfth Supplement; and the term "Bond" means any of the Bonds.

The term "*Business Day*" shall mean any day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in The City of New York, New York or in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

The term "*Chief Financial Officer*" shall mean the Chief Financial Officer of TTUS so appointed by the Board or the Chancellor of TTUS.

The term "*Code*" shall mean the Internal Revenue Code of 1986, as amended.

The term "*Commercial Paper Notes*" shall mean the Board of Regents of Texas Tech University Revenue Financing System Commercial Paper Notes, Series A, issued pursuant to the provisions of the Master Resolution and the Fifth Supplement.

The term "*Designated Trust Office*" shall have the meaning ascribed to said term in Section 5(b) of this Twelfth Supplement.

The term "*DTC*" shall mean The Depository Trust Company, New York, New York, or any successor securities depository.

The term "*DTC Participant*" shall mean securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

The term "*Eighth Series Bonds*" shall mean the Board of Regents of Texas Tech University Revenue Financing System Bonds, Eighth Series (Taxable 2001) authorized by the Eighth Supplement.

The term "*Eighth Supplement*" shall mean the resolution adopted by the Board on November 2, 2001, authorizing the Eighth Series Bonds.

The term "*Eleventh Supplement*" shall mean the resolution adopted by the Board on October 11, 2007, designating ASU as a Participant in the Financing System.

The term "*Escrow Agent*" shall mean the banking institution named in the Escrow Agreement and chosen in a manner consistent with the legal requirements set forth in Chapter 1207, Texas Government Code.

The term "*Escrow Agreement*" shall mean the Escrow Agreement between the Board and the Escrow Agent, dated as of date of the Bond Purchase Contract, and executed for the benefit of the owners and holders of the Refunded Bonds.

The term "*Fifth Supplement*" shall mean the amended and restated fifth supplemental resolution adopted by the Board on August 8, 2008, authorizing the Commercial Paper Notes.

The term "*First Series Bonds*" shall mean the Board of Regents of Texas Tech University Revenue Financing System Refunding Bonds, First Series (1993) authorized by the First Supplement.

The term "*First Supplement*" shall mean the resolution adopted by the Board on October 21, 1993, authorizing the First Series Bonds.

The term "*Fourth Series Bonds*" shall mean the Board of Regents of Texas Tech University Revenue Financing System Bonds, Fourth Series (Taxable 1996) authorized by the Fourth Supplement.

The term "*Fourth Supplement*" shall mean the resolution adopted by the Board on November 8, 1996, authorizing the Fourth Series Bonds.

The term "*Issuance Date*" shall mean the date of delivery the Bonds to the Underwriters against payment therefor.

The term "*MAC*" shall mean the Municipal Advisory Council of Texas.

The term "*Master Resolution*" shall mean the Master Resolution Establishing The Revenue Financing System under the Authority and Responsibility of the Board of Regents of Texas Tech University, adopted by the Board on October 21, 1993, as amended on November 8, 1996 and on August 22, 1997.

The term "*Maturity*" shall mean the date on which the principal of a Bond becomes due and payable as therein and herein provided, whether at Stated Maturity, by redemption, declaration of acceleration, or otherwise.

The term "*MSRB*" shall mean the Municipal Securities Rulemaking Board.

The term "*Ninth Series Bonds*" shall mean the Board of Regents of Texas Tech University Revenue Financing System Refunding and Improvement Bonds, Ninth Series (2003) authorized by the Ninth Supplement.

The term "*Ninth Supplement*" shall mean the resolution adopted by the Board on August 8, 2003, authorizing the sale of the Ninth Series Bonds.

The term "*NRMSIR*" shall mean each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

The term "*Parity Obligations*" shall mean, collectively, the First Series Bonds, the Second Series Bonds, the Third Series Bonds, the Fourth Series Bonds, the Commercial Paper Notes, the Sixth Series, the Seventh Series Bonds, the Eighth Series Bonds, the Ninth Series Bonds, the Tenth Series Bonds and, when delivered, the Twelfth Series Bonds. The First Series Bonds, the Second Series Bonds, the Third Series Bonds and the Fourth Series Bonds are no longer outstanding as of the date the Twelfth Supplement was adopted.

The terms "*Paying Agent/Registrar*", "*Paying Agent*" or "*Registrar*" shall mean the agent appointed pursuant to Section 5 of this Twelfth Supplement, or any successor to such agent.

The term "*Pricing Committee*" shall mean the Chancellor, the Chief Financial Officer and the following Members of the Board: Larry Anders, Mark Griffin and Daniel Serna.

The term "*Pricing Resolution*" shall mean the resolution adopted by the Pricing Committee in accordance with Section 3(b) of this Twelfth Supplement.

The term "*Record Date*" shall mean, with respect to the Bonds, the last business day of each month preceding an interest payment date.

The term "*Refundable Bonds*" shall mean those bonds identified in Schedules I-A or I-B to this Twelfth Supplement.

The term "*Refunded Bonds*" shall mean those Refundable Bonds identified in the Bond Purchase Contract to be refunded with proceeds from the sale of an issuance of the Bonds.

The term "*Refunded Commercial Paper Notes*" shall have the meaning ascribed to said term in the preamble to this Twelfth Supplement.

The term "*Registration Books*" shall mean the books or records relating to the registration, payment, and transfer or exchange of the Bonds maintained by the Paying Agent/Registrar pursuant to Section 5 of this Twelfth Supplement.

The term "*Regulations*" shall mean all applicable temporary, proposed and final regulations and procedures promulgated under the Code or promulgated under the Internal Revenue Code of 1954, to the extent applicable to the Code.

The term "*Rule*" shall mean SEC Rule 15c2-12, as amended from time to time.

The term "*SEC*" shall mean the United States Securities and Exchange Commission.

The term "*Second Series Bonds*" shall mean the Board of Regents of Texas Tech University Revenue Financing System Bonds, Second Series (1995) authorized by the Second Supplement.

The term "*Second Supplement*" shall mean the Second Supplement adopted by the Board on February 10, 1995, authorizing the sale of the Second Series Bonds.

The term "*Seventh Series Bonds*" shall mean the Board of Regents of Texas Tech University Revenue Financing System Bonds, Seventh Series (2001) authorized by the Seventh Supplement.

The term "*Seventh Supplement*" shall mean the resolution adopted by the Board on November 2, 2001, authorizing the Seventh Series Bonds.

The term "*SID*" shall mean any person designated by the State of Texas or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

The term "*Sixth Series Bonds*" shall mean the Board of Regents of Texas Tech University Revenue Financing System Refunding and Improvement Bonds, Sixth Series (1999) authorized by the Sixth Supplement.

The term "*Sixth Supplement*" shall mean the amended and restated resolution adopted by the Board on February 12, 1999, authorizing the sale of the Sixth Series Bonds.

The term "*Stated Maturity*" shall mean, when used with respect to the Bonds, the scheduled maturity or mandatory sinking fund redemption of the Bonds.

The term "*Tenth Series Bonds*" shall mean the Board of Regents of Texas Tech University Revenue Financing System Refunding and Improvement Bonds, Tenth Series (2006) authorized by the Tenth Supplement.

The term "*Tenth Supplement*" shall mean the resolution adopted by the Board on December 16, 2005, authorizing the sale of the Tenth Series Bonds.

The term "*Third Series Bonds*" shall mean the Board of Regents of Texas Tech University Revenue Financing System Refunding and Improvement Bonds, Third Series (1996) authorized by the Third Supplement.

The term "*Third Supplement*" shall mean the resolution adopted by the Board on November 8, 1996, authorizing the sale of the Third Series Bonds.

The term "TTUS" shall mean the Texas Tech University System, under the governance of the Board.

The term "*Twelfth Series Bonds*" shall mean the Bonds, in one or more designated series, as authorized by this Twelfth Supplement.

The term "*Twelfth Supplement*" shall mean this Twelfth Supplemental Resolution adopted by the Board on August 8, 2008, authorizing the sale of the Bonds.

The term "*Underwriters*" shall have the meaning ascribed to said term in Section 3(b) of this Twelfth Supplement.

All terms not herein defined shall have the meanings given to said terms by the Master Resolution or as otherwise defined in this Twelfth Supplement.

EXHIBIT B

FORM OF BONDS

UNITED STATES OF AMERICA
STATE OF TEXAS
BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM
REVENUE FINANCING SYSTEM
REFUNDING AND IMPROVEMENT BOND,
TWELFTH SERIES (2008)

NO. R-_

PRINCIPAL AMOUNT
$________

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP
		__________, 2008	

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

ON THE MATURITY DATE specified above, the BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM (the "Issuer"), being an agency and political subdivision of the State of Texas, hereby promises to pay to the Registered Owner, specified above, or the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount, specified above, and to pay interest thereon, calculated on the basis of a 360-day year composed of twelve 30-day months, from the Bond Date, specified above, to the Maturity Date, specified above, or the date of redemption prior to maturity, at the interest rate per annum, specified above; with interest being payable on __________ 15, 20___, and semiannually on each February 15 and August 15 thereafter, except that if the date of authentication of this Bond is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges, solely from funds of the Issuer required by the resolution authorizing the issuance of the Bonds to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, initially at the corporate trust office in _____________, Texas, or, with respect to a successor Paying Agent/Registrar, at the designated offices of such successor (the "Designated Trust Office") of ____________________________, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check, dated as of such interest payment date, and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared on the last business day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described; provided, that upon the written request of any owner of not less than $1,000,000 in principal amount of Bonds provided to the Paying Agent/Registrar not later than the Record Date immediately preceding an interest payment date, interest due on such Bonds on such interest payment date shall be made by wire transfer to any designated account within the United States of America. In addition, interest may be paid by such other method, as shall be acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner hereof. Any accrued interest due upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for redemption and payment at the Designated Trust Office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, payments made to the securities depository, or its nominee, shall be made in accordance with arrangements between the Issuer and the securities depository. Terms used herein and not otherwise defined have the meaning given in the Bond Resolution (hereinafter defined).

THIS BOND is one of a series of bonds authorized in the aggregate principal amount of $___________ pursuant to a Twelfth Supplemental Resolution to the Master Resolution adopted August 8, 2008, and pursuant to the Master Resolution referred therein (collectively, the "Bond Resolution") ***FOR THE PURPOSE OF (i) ACQUIRING, PURCHASING, CONSTRUCTING, IMPROVING, RENOVATING, ENLARGING OR EQUIPPING PROPERTY, BUILDINGS, STRUCTURES, FACILITIES, ROADS, OR RELATED INFRASTRUCTURE FOR TTUS, (ii) REFUNDING THE REFUNDED BONDS, (iii) REFUNDING THE REFUNDED COMMERCIAL PAPER NOTES AND (iv) PAYING THE COSTS RELATED THERETO.***

ON February 15, 20_____, or on any date thereafter, the Bonds of this series scheduled to mature on and after February 15, 20_____ may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portion thereof), to be redeemed shall be selected and designated by the Issuer (provided that a portion of a Bond may be redeemed only in an integral multiple of $5,000), at a redemption price equal to the par value thereof and accrued-interest to the date fixed for redemption; provided that during any period in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

BONDS MATURING February 15, 20____ are "Term Bonds" and are subject to mandatory redemption at a price equal to the principal amount to be so redeemed and accrued and unpaid interest to the date of redemption, to-wit:

Said Bonds shall be redeemed in part by lot prior to maturity on February 15, 20_____, in the amounts designated below, to-wit:

Years	Amounts

* Maturity

THE ISSUER shall redeem Term Bonds by lot, or purchase in the open market Bonds of the same maturity. The Board shall effect the retirement of the Term Bonds required to be retired by mandatory redemption, by either redemption in accordance herewith or prior purchase for cancellation in the open market at a price not exceeding the redemption price. To the extent that Term Bonds have been previously purchased for cancellation or redeemed other than pursuant to a sinking fund redemption payment, each sinking fund payment amount for such Term Bonds shall be reduced, to the extent practicable, by the amount obtained by multiplying the principal amount of such Term Bonds so purchased or redeemed by the ratio which each remaining sinking fund payment amount of such maturity bears to the total remaining sinking fund payment amounts of such maturity, and by rounding each such sinking fund payment amount to the nearest $5,000 integral multiple. On the maturity date of any Term Bonds, the Board shall effect the payment of the principal of maturing Term Bonds. The foregoing notwithstanding, during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, the particular Bonds to be so redeemed shall be selected in accordance with the arrangements between the Board and the securities depository.

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be published once in a financial publication, journal, or report of general circulation among securities dealers in The City of New York, New York (including, but not limited to, The Bond Buyer and The Wall Street Journal or in the State of Texas (including, but not limited to, The Texas Bond Reporter). Such notice also shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, not less than 30 days prior to the date fixed for any such redemption, to the registered owner of each Bond to be redeemed at its address as it appeared on the 45th day prior to such redemption date; provided, however, that the failure to send, mail, or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond, and it is hereby specifically provided that the publication of such notice as required above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds or portions thereof. By the date fixed for any such redemption due provision shall be made with the Paying

Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such written notice of redemption is published and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, payable in the same manner, in any authorized denomination at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Resolution.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in The City of New York, New York, or in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND OR ANY PORTION OR PORTIONS HEREOF IN ANY AUTHORIZED DENOMINATION may be assigned and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any authorized denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond shall be executed by the registered owner or its duly authorized attorney or representative, to evidence the assignment hereof. A new Bond or Bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds), or to the previous registered owner in the case of the assignment and transfer of only a portion of this Bond, may be delivered by the Paying Agent/Registrar in exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the exchange of other Bonds. The Issuer shall pay the Paying Agent/Registrar's fees and charges, if any, for making such transfer or exchange as provided below, but the one requesting such transfer or exchange shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration or exchange of this Bond or any portion hereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and, to the extent permitted by law, the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons in the denomination of any integral multiple of $5,000. As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, in the same form, and bearing interest at the same rate, in any Authorized Denomination as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution.

WHENEVER the beneficial ownership of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering, or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owners of the Bonds.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that the Series of Bonds of which this Bond is one constitute Parity Obligations under the Bond Resolution,; and that the interest on and principal of this Bond, together with the other Bonds of this Series and the other outstanding Parity Obligations are equally and ratably secured by and payable from a lien on and pledge of the Pledged Revenues, subject only to the provisions of, and the lien on and pledge of certain Pledged Revenues to, any outstanding Prior Encumbered Obligations.

THE ISSUER has reserved the right, subject to the restrictions referred to in the Bond Resolution, (i) to issue additional Parity Obligations which also may be secured by and made payable from a lien on and pledge of the aforesaid Pledged Revenues, in the same manner and to the same extent as this Bond, and (ii) to amend the provisions of the Bond Resolution under the conditions provided in the Bond Resolution.

THE REGISTERED OWNER hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than specified in the Bond Resolution.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between each registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the Chair or Vice Chair of the Issuer and countersigned with the manual or facsimile signature of the Secretary or Assistant Secretary of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

____________________________ Secretary/Assistant Secretary Board of Regents of Texas Tech University System	____________________________ Chair/Vice Chair Board of Regents of Texas Tech University System

(BOARD SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the Bond Resolution described in this Bond; and that this Bond has been issued in conversion of and exchange for or replacement of a bond, bonds, or a portion of a bond or bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated ______________________________

____
Paying Agent/Registrar

FORM OF REGISTRATION CERTIFICATE OF COMPTROLLER OF PUBLIC ACCOUNTS TO ACCOMPANY THE BONDS UPON INITIAL DELIVERY

COMPTROLLER'S REGISTRATION CERTIFICATE:

REGISTER NO.

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond and the proceedings authorizing its issuance have been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

____
Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

FORM OF ASSIGNMENT

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner of this Bond, or duly authorized representative or attorney thereof, hereby assigns this Bond to

/ ______________________ /
(Assignee's Social Security or Taxpayer Identification Number)

____
(print or typewrite Assignee's name and address, including zip code)

____
and hereby irrevocably constitutes and appoints

____
attorney to transfer the registration of this Bond on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.

Dated:______________________

Signature Guaranteed:

____
NOTICE: This signature must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company.

____
NOTICE: This signature must correspond with the name of the Registered Owner appearing on the face of this Bond, company.

EXHIBIT C

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION OF THE BOARD

The following information is referred to in Section 19 of this Resolution.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the Board to be provided annually in accordance with such Section are the quantitative financial information and operating data pertaining to the Board included in the Official Statement under the caption "DEBT SERVICE REQUIREMENTS", the subcaptions to the caption "TEXAS TECH UNIVERSITY SYSTEM "in Appendix A to the Official Statement entitled "- General Description - Enrollment","- Admissions and Matriculation", "- Financial Management" and "- Selected Financial Information" and in Appendix C to the Official Statement entitled "TEXAS TECH UNIVERSITY SYSTEM CONSOLIDATED ANNUAL FINANCIAL REPORT".

Accounting Principles

The accounting principles referred to in such Section are generally accepted accounting principles for governmental units as prescribed by the Government Accounting Standards Board from time to time, as such principles may be changed from time to time to comply with state law or regulation.

TEXAS TECH UNIVERSITY SYSTEM

Revenue Financing System
Commercial Paper Component

Office of the Vice Chancellor
and Chief Financial Officer

TEXAS TECH UNIVERSITY SYSTEM

Commercial Paper Program

- Provides Short-Term Financing for Board Approved Projects and Equipment
- Program Established in 1995
- Current Maximum Authorized Allocation of $100 million
- All Major University Systems in the State Utilize a Commercial Paper Program
- Normal Term of Issuance Is 120 Days
- Self Liquidity Provider, in the Case of a Failed Remarketing

TEXAS TECH UNIVERSITY SYSTEM

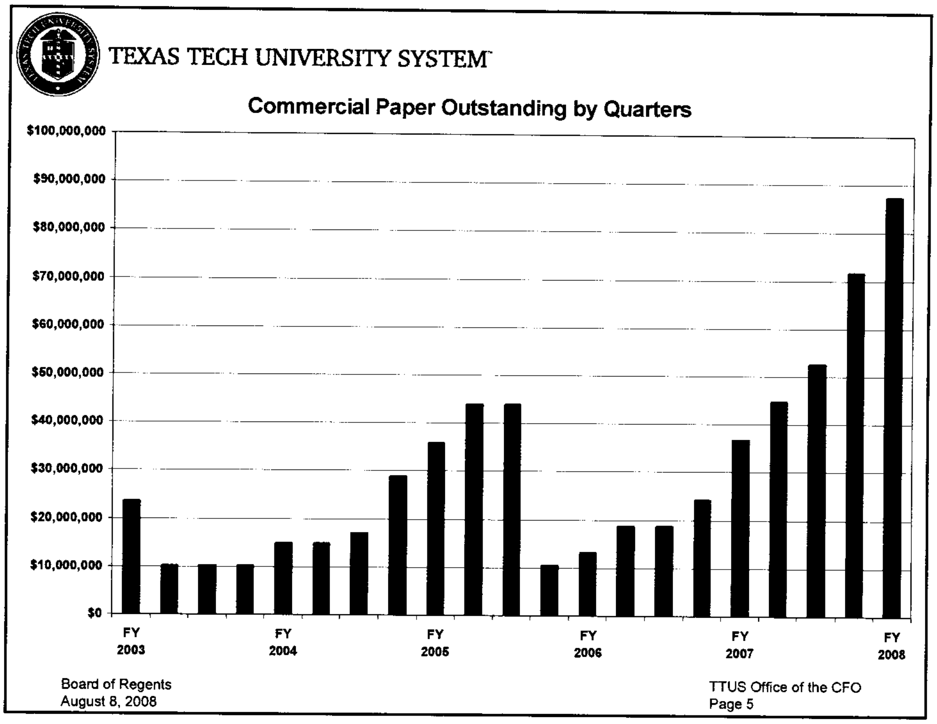
All Major University Systems in the State Utilize a Commercial Paper System

System		Authorized
University of Texas System		$1.2 Billion
Texas A&M University System		$425 Million
Texas Tech University System		**$100 Million**
University of North Texas System		$100 Million
University of Houston System		$ 50 Million

TEXAS TECH UNIVERSITY SYSTEM

Comparison of Commercial Paper vs. Long-Term Bonds Rates

Debt Instrument	Tax Exempt	Taxable
Commercial Paper (120 days)	1.75%	3.20%
Long Term Bonds (20 years)	5.25%	6.50%
Long Term Bonds (30 Years)	5.50%	6.65%


TEXAS TECH UNIVERSITY SYSTEM
Commercial Paper Outstanding by Quarters
$100,000,000
$90,000,000
$80,000,000
$70,000,000
$60,000,000
$50,000,000
$40,000,000
$30,000,000
$20,000,000
$10,000,000
$0
FY 2003
FY 2004
FY 2005
FY 2006
FY 2007
FY 2008
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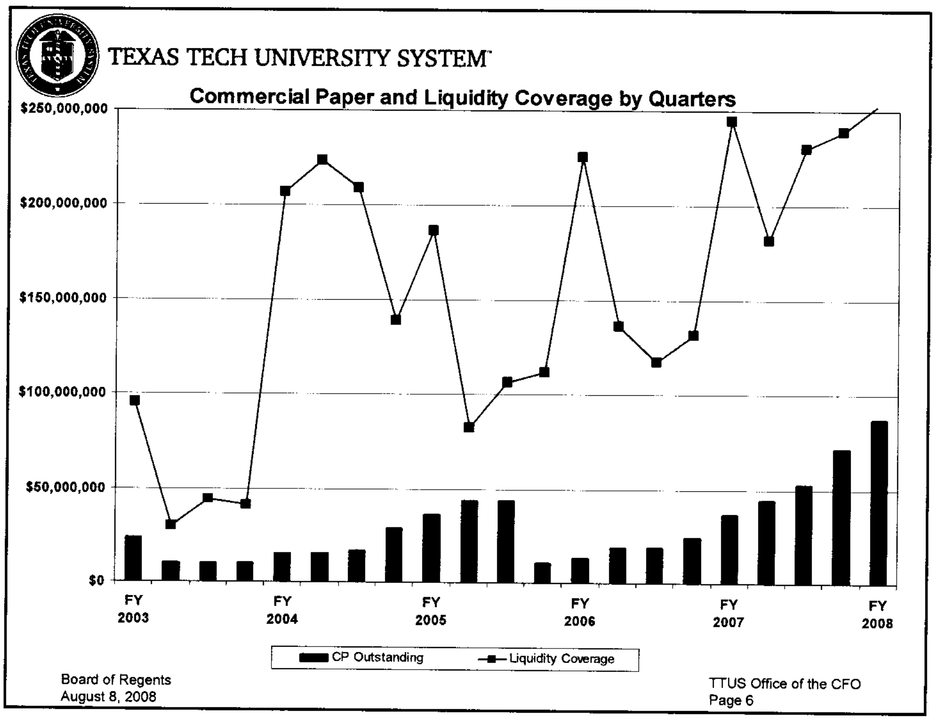
TEXAS TECH UNIVERSITY SYSTEM
Commercial Paper and Liquidity Coverage by Quarters
$250,000,000
$200,000,000
$150,000,000
$100,000,000
$50,000,000
$0
FY 2003
FY 2004
FY 2005
FY 2006
FY 2007
FY 2008
CP Outstanding
Liquidity Coverage
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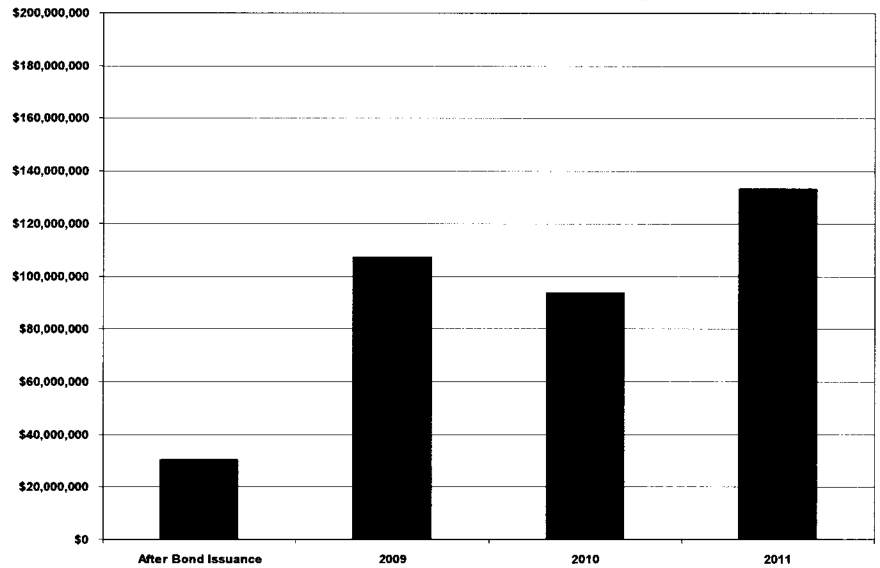
TEXAS TECH UNIVERSITY SYSTEM

Projected Commercial Paper Outstanding



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TEXAS TECH UNIVERSITY SYSTEM

Commercial Paper Authority

- Increase Maximum Authorized Allocation to $200 Million
- Continue to Provide Short-Term Financing for Board Approved Projects and Equipment
- Maintain Self Liquidity in the Case of Failed Remarketing
- Allow Inclusion of Taxable Commercial Paper
- Extend Term to Fiscal Year 2039 from 2018

Board of Regents
August 8, 2008

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Adopted 8/8/2008

AMENDED AND RESTATED FIFTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION ESTABLISHING THE REVENUE FINANCING SYSTEM COMMERCIAL PAPER PROGRAM AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

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AMENDED AND RESTATED FIFTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION ESTABLISHING THE REVENUE FINANCING SYSTEM COMMERCIAL PAPER PROGRAM AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

WHEREAS, on October 21, 1993, the Board of Regents of Texas Tech University, acting separately and independently for and on behalf of Texas Tech University ("TTU") and separately and independently for and on behalf of Texas Tech University Health Sciences Center (the "Health Sciences Center"), adopted the **"MASTER RESOLUTION ESTABLISHING THE REVENUE FINANCING SYSTEM UNDER THE AUTHORITY AND RESPONSIBILITY OF THE BOARD OF REGENTS OF TEXAS TECH UNIVERSITY"**, which resolution, together with the resolutions adopted on November 8, 1996 and on August 22, 1997 is referred to herein as the "Master Resolution"; and

WHEREAS, unless otherwise defined herein, terms used herein shall have the meaning given in the Master Resolution; and

WHEREAS, the Master Resolution establishes the Revenue Financing System for the purpose of providing a financing structure for revenue supported indebtedness issued for the benefit of TTU, the Health Sciences Center and other Participants in the Financing System, and pledges the Pledged Revenues to the payment of Parity Obligations to be outstanding under the Master Resolution; and

WHEREAS, on October 11, 2007 the Board of Regents of the Texas Tech University System (the "Board") adopted the **"ELEVENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION"** whereby Angelo State University ("ASU") was added as a Participant in the Revenue Financing System; and

WHEREAS, on February 27, 2003, the Board adopted the **"AMENDED AND RESTATED FIFTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION ESTABLISHING THE REVENUE FINANCING SYSTEM COMMERCIAL PAPER PROGRAM AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Original Fifth Supplemental Resolution"); and

WHEREAS, the Original Fifth Supplemental Resolution provides that up to $100,000,000 in aggregate principal amount of its ***"BOARD OF REGENTS OF TEXAS TECH UNIVERSITY REVENUE FINANCING SYSTEM COMMERCIAL PAPER NOTES, SERIES A"*** may be outstanding at any time; and

WHEREAS, the Board hereby deems it necessary to amend and restate the Original Fifth Supplemental Resolution (i) to increase the aggregate principal amount of Notes (as defined herein) that may be outstanding under such interim financing program from $100,000,000 to $200,000,000, (ii) to provide for the issuance of both taxable and tax exempt notes under such program, (iii) to extend the Maximum Maturity Date (as defined herein) for such program from

December 31, 2033 to July 31, 2038, and (iv) to make the other conforming and nonsubstantive changes set forth herein; and

WHEREAS, the Notes authorized to be issued pursuant to this Amended and Restated Fifth Supplemental Resolution (this "Fifth Supplement") are and shall be issued pursuant to Chapter 55, Texas Education Code, as amended, and Chapter 1371, Texas Government Code, as amended, and the Board hereby finds that the purposes for which it may issue Notes hereunder constitute "eligible projects", as contemplated by Chapter 1371, Texas Government Code, as amended; and

WHEREAS, this Fifth Supplement amends and restates the Original Fifth Supplemental Resolution;

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

ARTICLE I

DEFINITIONS AND CONSTRUCTION OF TERMS

Section 1.01 Definitions. In addition to the definitions set forth in the preamble of this Fifth Supplement, the terms used in this Fifth Supplement and not otherwise defined shall have the meanings given in the Master Resolution or in Exhibit A to this Fifth Supplement attached hereto and made a part hereof.

Section 1.02 Construction of Terms. If appropriate in the context of this Fifth Supplement, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine, or neuter gender shall be considered to include the other genders.

ARTICLE II

AUTHORIZATION OF NOTES

Section 2.01 General Authorization. Pursuant to authority conferred by and in accordance with the provisions of the Constitution and laws of the State of Texas, particularly the Acts, Commercial Paper Notes shall be and are hereby authorized to be issued in an aggregate principal amount not to exceed TWO HUNDRED MILLION DOLLARS ($200,000,000) at any one time Outstanding for the purpose of financing Project Costs of Eligible Projects and to refinance, renew, or refund Notes, Prior Encumbered Obligations, and Parity Obligations, including interest thereon. For purposes of this Section 2.01, any portion of Outstanding Notes to be paid from money on deposit with the Issuing and Paying Agent and from the available proceeds of Parity Obligations or other obligations of the Board issued on the day of calculation shall not be considered Outstanding. The authority to issue Commercial Paper Notes from time to time under the provisions of this Fifth Supplement shall exist until the Maximum Maturity Date, regardless of whether at any time prior to the Maximum Maturity Date there are any Commercial Paper Notes Outstanding. As determined by an Authorized Representative in accordance with Section 2.02 and Section 3.01(b) hereof for each issuance of

Commercial Paper Notes, such Commercial Paper Notes shall be issued either as (i) Tax Exempt Notes, the interest on which is excludable from the gross income of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code or (ii) Taxable Notes, the interest on which is includable in the gross income of the owners thereof for federal income tax purposes.

In connection with the refinancing or refunding of Notes, Prior Encumbered Obligations, and Parity Obligations through the issuance of Commercial Paper Notes, such Notes, Prior Encumbered Obligations, and Parity Obligations, shall qualify as "obligations", as such term is defined in the Acts at the time any such refinancing or refunding occurs. Further, any such refinancing or refunding, other than a simultaneous refunding, of Notes, Prior Encumbered Obligations, and Parity Obligations, to the extent then required by applicable law, shall be by means of a gross defeasance established at the time of the issuance of the refunding Commercial Paper Notes, and the Notes, Prior Encumbered Obligations, and Parity Obligations to be so refinanced or refunded shall be selected by the Board or as determined by an Authorized Representative.

Section 2.02 Commercial Paper Notes. Under and pursuant to the authority granted hereby and subject to the limitations contained herein, (i) Tax Exempt Notes, to be designated "Board of Regents of Texas Tech University System Revenue Financing System Tax Exempt Commercial Paper Notes, Series A" and (ii) Taxable Notes, to be designated "Board of Regents of Texas Tech University System Revenue Financing System Taxable Commercial Paper Notes, Series A" are hereby authorized to be issued, sold and delivered from time to time in such principal amounts as determined by an Authorized Representative in denominations of $100,000 or in integral multiples of $1,000 in excess thereof, numbered in ascending consecutive numerical order in the order of their issuance, and shall mature and become due and payable on such dates as an Authorized Representative shall determine at the time of sale; provided, however, that no Commercial Paper Note shall (i) mature after the Maximum Maturity Date or (ii) have a term in excess of 270 calendar days.

Subject to the limitations contained herein, Commercial Paper Notes herein authorized shall be dated as of their date of issuance (the "Note Date") and shall bear no interest or bear interest at such rate or rates per annum or computed pursuant to such formula and on such basis (but in no event to exceed the Maximum Interest Rate in effect on the date of issuance thereof), all as may be determined by an Authorized Representative. Interest, if any, on Commercial Paper Notes shall be payable at maturity. Commercial Paper Notes may be payable to bearer or may be issued in registered form, without coupons, or may be issued in book-entry only form pursuant to Section 2.03(b) as determined by an Authorized Representative. Both principal of and interest on the Commercial Paper Notes shall be payable in lawful money of the United States of America, without exchange or collection charges to the Holder thereof in the manner provided in the Forms of Commercial Paper Note set forth in Exhibit B to this Fifth Supplement.

Commercial Paper Notes issued hereunder may contain terms and provisions for the redemption or prepayment thereof prior to maturity, subject to any applicable limitations contained herein, as provided herein or otherwise as shall be determined by an Authorized Representative.

Subject to applicable terms, limitations, and procedures contained herein, the Commercial Paper Notes may be sold in such manner at public or private sale and at par or at such discount or premium (within the interest rate and yield restrictions provided herein) as an Authorized Representative shall approve at the time of the sale thereof.

Section 2.03 Issuing and Paying Agent and Book-Entry Only System

(a) *Issuing and Paying Agent.* For so long as all of the Commercial Paper Notes are held in a book-entry only system form, the Issuing and Paying Agent for the Commercial Paper Notes may be the Board, or an institution designated by the Bond to act as the Issuing and Paying Agent. The Board covenants and agrees to keep and maintain the Registration Books at the office of the Issuing and Paying Agent, all as provided herein and pursuant to such reasonable rules and regulations as the Issuing and Paying Agent may prescribe. The Board covenants to maintain and provide an Issuing and Paying Agent at all times while the Commercial Paper Notes are outstanding, which, if it is not acting in such capacity, shall be a national or state banking association or corporation organized and doing business under the laws of the United States of America or of any state and authorized under such laws to exercise trust powers. Should a change in the Issuing and Paying Agent for the Commercial Paper Notes occur after the appointment of the initial Issuing and Paying Agent by the Authorized Representative, the Board agrees to promptly cause a written notice thereof to be (i) sent to each Registered Owner, if any, of the Commercial Paper Notes then Outstanding by United States mail, first class, postage prepaid and (ii) published in a financial newspaper or journal of general circulation in The City of New York, New York, once during each calendar week for at least two calendar weeks; provided, however, that the publication of such notice shall not be required if notice is given to each Registered Owner in accordance with clause (i) above. Such notice shall give the address of the successor Issuing and Paying Agent. A successor Issuing and Paying Agent may be appointed without the consent of the Holders.

Subject to the provisions of Section 2.03(b) hereof, the Board and the Issuing and Paying Agent may treat the bearer (in the case of Commercial Paper Notes so registered) or the Registered Owner of any Commercial Paper Note as the absolute owner thereof for the purpose of receiving payment thereof and for all purposes, and, to the extent permitted by law, the Board and the Issuing and Paying Agent shall not be affected by any notice or knowledge to the contrary.

A copy of the Registration Books and any change thereto shall be provided to the Board by the Issuing and Paying Agent, by means of telecommunications equipment or such other means as may be mutually agreeable thereto, within two Business Days of the opening thereof or any change therein, as the case may be.

(b) *Book-Entry Only System.* If an Authorized Representative determines that it is possible and desirable to provide for a book-entry only system of Commercial Paper Note registration with DTC, such Authorized Representative, acting for and on behalf of the Board, is hereby authorized to approve, execute, and deliver a Letter of Representations to DTC and to enter into such other agreements and execute such instruments as are necessary to implement such book-entry only system, such approval to be conclusively evidenced by the execution thereof by said Authorized Representative. Under the initial book-entry only system with DTC,

(i) no physical Note certificates will be delivered to DTC and (ii) the Board will execute and deliver to the Issuing and Paying Agent, as custodian for DTC, a master note relating to the Tax Exempt Notes and to the Taxable Notes (each a "Master Note") in substantially the forms set forth in Exhibit C hereto, or such other forms as are required by DTC. Except as provided herein, the ownership of the Notes shall be registered in the name of Cede & Co., as nominee of DTC, which will serve as the initial securities depository for the Notes. Ownership of beneficial interests in the Notes shall be shown by book entry on the system maintained and operated by DTC and DTC Participants, and transfers of ownership of beneficial interests shall be made only by DTC and the DTC Participants by book entry, and the Board and the Issuing and Paying Agent shall have no responsibility therefor. DTC will be required to maintain records of the positions of the DTC Participants in the Notes, and the DTC Participants and persons acting through the DTC Participants will be required to maintain records of the purchasers of beneficial interests in the Notes. Except as provided in this subsection (b) of Section 2.03, the Notes shall not be transferable or exchangeable, except for transfer to another securities depository or to another nominee of a securities depository.

With respect to Commercial Paper Notes registered in the name of DTC or its nominee, neither the Board nor the Issuing and Paying Agent shall have any responsibility or obligation to any DTC Participant or to any person on whose behalf a DTC Participant holds an interest in the Commercial Paper Notes. Without limiting the immediately preceding sentence, neither the Board nor the Issuing and Paying Agent shall have any responsibility or obligation with respect to (i) the accuracy of the records of DTC or any DTC Participant with respect to any ownership interest in the Commercial Paper Notes, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Commercial Paper Notes, as shown on the Registration Books, of any notice with respect to the Commercial Paper Notes, including any notice of redemption, and (iii) the payment to any DTC Participant or any other person, other than a registered owner of the Commercial Paper Notes, as shown in the Registration Books, of any amount with respect to principal of and premium, if any, or interest on the Commercial Paper Notes.

Whenever, during the term of the Commercial Paper Notes, the beneficial ownership thereof is determined by a book entry at DTC, the requirements in this Fifth Supplement of holding, registering, delivering, exchanging, or transferring the Commercial Paper Notes shall be deemed modified to require the appropriate person or entity to meet the requirements of DTC as to holding, registering, delivering, exchanging, or transferring the book entry to produce the same effect

Either the Board or DTC may determine to discontinue the book-entry only system and in such case, unless a new book-entry only system is put in place, physical certificates in the forms set forth in Exhibit B hereto shall be provided to the beneficial holders of the Commercial Paper Notes.

If at any time, DTC ceases to hold the Commercial Paper Notes in its book-entry only system, all references herein to DTC shall be of no further force or effect.

Whenever the beneficial ownership of the Commercial Paper Notes is determined by a book entry at DTC, delivery of Commercial Paper Notes for payment at maturity shall be made pursuant to DTC's payment procedures as are in effect from time to time and the DTC Participants shall transmit payment to beneficial owners whose Commercial Paper Notes have matured. The Board and each Issuing and Paying Agent, Bank, and Dealer are not responsible for transfer of payment to the DTC Participants or beneficial owners.

Section 2.04 Liquidity Agreement. The Board reserves the right to enter into one or more Liquidity Agreements to provide liquidity in support of all or a portion of the Commercial Paper Notes to be outstanding under this Fifth Supplement. Whenever the term "Liquidity Agreement" is used in this Fifth Supplement, it shall refer to the agreement referred to in this Section and the term "Advances" shall mean advances made under any such agreement.

Section 2.05 Promissory Note. The Board reserves the right to authorize one or more Promissory Notes to evidence Advances under a Liquidity Agreement and such Promissory Notes shall be on a parity and of equal dignity with the Commercial Paper Notes.

Section 2.06 Form of Commercial Paper Notes.

(a) *Physical Delivery.* If not issued in book-entry only form as provided in Section 2.03(b), the Commercial Paper Notes and the Certificate of Authentication to appear on each of the Commercial Paper Notes shall be substantially in the forms set forth in Exhibit B hereto with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Fifth Supplement and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) ("CUSIP" numbers) and such legends and endorsements thereon as may, consistently herewith, be approved by an Authorized Representative. Any portion of the text of any Commercial Paper Notes may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Commercial Paper Notes and the Commercial Paper Notes shall be printed, lithographed, or engraved or produced in any other similar manner, or typewritten, all as determined and approved by an Authorized Representative.

(b) *Book-Entry Only System.* If the Commercial Paper Notes are issued in book-entry only form pursuant to Section 2.03(b), they shall be issued in the form of a Master Note for Tax Exempt Notes and a Master Note for Taxable Notes in substantially the forms attached as Exhibit C hereto, or such other forms as are required by DTC, to which there shall be attached the respective form of Commercial Paper Note set forth in Exhibit B hereto, and it is hereby declared that the provisions of Exhibit B hereto are incorporated into and shall be a part of the applicable Master Note. It is further provided that this Fifth Supplement, the Master Resolution, and the respective forms of Commercial Paper Note set forth in Exhibit B hereto shall constitute the "Underlining Records" referred to in the Master Note.

Section 2.07 Execution-Authentication. Under authority granted by Section 1371.055, Texas Government Code, the Commercial Paper Notes shall be executed on behalf of the Board by the Chief Financial Officer under its seal reproduced or impressed thereon and attested by the Secretary or any Assistant Secretary of the Board. The signature of said officers on the Notes may be manual or facsimile. Notwithstanding the other provisions of this Section 2.07, each Master Note shall be executed on behalf of the Board by the manual signature of the Chief

Financial Officer. Notes bearing the manual or facsimile signatures of individuals who are or were the proper officers of the Board on the date of passage of this Fifth Supplement shall be deemed to be duly executed on behalf of the Board, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of the initial sale and delivery of Notes authorized to be issued hereunder and with respect to Notes delivered in subsequent sales, exchanges, and transfers, all as authorized and provided in Chapter 1201, Texas Government Code.

Other than pursuant to Section 2.06(b), no Commercial Paper Note shall be entitled to any right or benefit under this Fifth Supplement, or be valid or obligatory for any purpose, unless there appears on such Commercial Paper Note a certificate of authentication substantially in the form provided in the Forms of Commercial Paper Note attached as Exhibit B hereto, executed by the Issuing and Paying Agent by manual signature, and such certificate upon any Commercial Paper Note shall be conclusive evidence, and the only evidence, that such Commercial Paper Note has been duly certified or registered and delivered.

Section 2.08 Commercial Paper Notes Mutilated, Lost, Destroyed, or Stolen. If any Commercial Paper Note shall become mutilated, the Board, at the expense of the Holder of said Commercial Paper Note, shall execute and the Issuing and Paying Agent shall authenticate and deliver a new Note of like tenor and number in exchange and substitution for the Commercial Paper Note so mutilated, but only upon surrender to the Issuing and Paying Agent of the Commercial Paper Note so mutilated. If any Commercial Paper Note shall be lost, destroyed, or stolen, evidence of such loss, destruction, or theft may be submitted to the Board and the Issuing and Paying Agent. If such evidence is satisfactory to the Board and the Issuing and Paying Agent and indemnity satisfactory to them shall be given, the Board, at the expense of the Holder, shall execute and the Issuing and Paying Agent shall authenticate and deliver a new Commercial Paper Note of like tenor in lieu of and in substitution for the Commercial Paper Note so lost, destroyed, or stolen. In the event any such Commercial Paper Note shall have matured, the Issuing and Paying Agent instead of issuing a duplicate Commercial Paper Note may pay the same without surrender thereof after making such requirement as it deems fit for its protection, including a lost instrument bond. Neither the Board nor the Issuing and Paying Agent shall be required to treat both the original Commercial Paper Note and any duplicate Commercial Paper Note as being outstanding for the purpose of determining the principal amount of Commercial Paper Notes which may be issued hereunder, but both the original and the duplicate Commercial Paper Note shall be treated as one and the same. The Board and the Issuing and Paying Agent may charge the Holder of such Commercial Paper Note with their reasonable fees and expenses for such service.

Section 2.09 Negotiability, Registration, and Exchangeability. The Commercial Paper Notes shall be, and shall have all of the qualities and incidents of a negotiable instrument under the laws of the State of Texas, and each successive Holder, in accepting any of the obligations, shall be conclusively deemed to have agreed that such obligations shall be and have all of the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

Registration Books relating to the registration, payment, and transfer or exchange of the Commercial Paper Notes shall at all times be kept and maintained by the Board at the office of the Issuing and Paying Agent, and the Issuing and Paying Agent shall obtain, record, and maintain in the Registration Books the name, and to the extent provided by or on behalf of the Holder, the address of each Holder of the Commercial Paper Notes, except for Commercial Paper Notes registered to bearer. A copy of the Registration Books shall be provided to and held by the Board in the manner provided in Section 2.03 hereof. Any Commercial Paper Note may, in accordance with its terms and the terms hereof, be transferred or exchanged for Commercial Paper Notes of like tenor and character and of other authorized denominations upon the Registration Books by the Holder in person or by his duly authorized agent, upon surrender of such Commercial Paper Note to the Issuing and Paying Agent for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Issuing and Paying Agent.

Upon surrender for transfer of any Commercial Paper Note at the designated office of the Issuing and Paying Agent, the Issuing and Paying Agent shall register and deliver, in the name of the designated transferee or transferees, one or more new Commercial Paper Notes executed on behalf of, and furnished by, the Board of like tenor and character and of authorized denominations and having the same maturity, bearing interest at the same rate and of a like aggregate principal amount as the Commercial Paper Note or Commercial Paper Notes surrendered for transfer.

Furthermore, Commercial Paper Notes may be exchanged for other Commercial Paper Notes of like tenor and character and of authorized denominations and having the same maturity, bearing the same rate of interest and of like aggregate principal amount as the Commercial Paper Notes surrendered for exchange, upon surrender of the Commercial Paper Notes to be exchanged at the designated office of the Issuing and Paying Agent. Whenever any Commercial Paper Notes are so surrendered for exchange, the Issuing and Paying Agent shall register and deliver new Commercial Paper Notes of like tenor and character as the Commercial Paper Notes exchanged, executed on behalf of and furnished by, the Board to the Holder requesting the exchange.

The Board and the Issuing and Paying Agent may charge the Holder a sum sufficient to reimburse them for any expenses incurred in making any exchange or transfer after the first such exchange or transfer. The Issuing and Paying Agent or the Board may also require payment from the Holder of a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new Commercial Paper Note shall be delivered.

The Board and the Issuing and Paying Agent shall not be required to transfer or exchange any Commercial Paper Note selected, called, or being called for redemption in whole or in part.

New Commercial Paper Notes delivered upon any transfer or exchange shall be valid special obligations of the Board, evidencing the same debt as the Commercial Paper Notes surrendered, shall be secured by this Fifth Supplement and shall be entitled to all of the security and benefits hereof to the same extent as the Commercial Paper Notes surrendered.

The Board reserves the right to change the above registration and transferability provisions of the Commercial Paper Notes at any time on or prior to the delivery thereof in order to comply with applicable laws and regulations of the United States in effect at the time of issuance thereof. In addition, to the extent that the provisions of this Section conflict with or are inconsistent with the provisions of the Forms of Commercial Paper Note set forth in Exhibit B hereto, such other provisions shall control. The Board further reserves the right to change the registration and transferability provisions in connection with a book-entry only registration system with a securities depository.

Section 2.10 Note Payment Fund. If all of the Commercial Paper Notes are not held in a book-entry only system form as provided in Section 2.03(b) hereof, there shall be created a fund at the Issuing and Paying Agent entitled the "Revenue Financing System Note Payment Fund" (the "Note Payment Fund"). The proceeds from the sale of Parity Obligations issued for the purpose of refunding and retiring Notes Outstanding under this Fifth Supplement shall be paid to the Issuing and Paying Agent for deposit to the credit of the Note Payment Fund and used for such purpose. In addition, all amounts required to be paid to the Issuing and Paying Agent for deposit by the Board pursuant to Section 2.11 shall be paid to the Issuing and Paying Agent for deposit to the Note Payment Fund and shall be used to pay principal of, premium, if any, and interest on Notes at the respective interest payment, maturity or redemption of such Notes as provided herein, including the repayment of any amounts owed with respect to the Promissory Note in evidence of Advances under a Liquidity Agreement.

Additionally, all Advances under a Liquidity Agreement shall be paid to the Issuing and Paying Agent for the account of the Board and deposited into the Note Payment Fund and used to pay the principal of, premium, if any, and interest on the Commercial Paper Notes.

The foregoing notwithstanding, if all of the Commercial Paper Notes are held in a book-entry only system as provided in Section 2.03(b), all such moneys derived from the sources described above in this Section may be transferred directly by the Board or the Issuing and Paying Agent to DTC, if the Board does not serve in such capacity as permitted by Section 2.03(a).

Section 2.11 Establishment of Financing System; Issuance of Parity Obligations; Security and Pledge.

(a) *Notes as Parity Obligations.* By adoption of the Master Resolution, the Board has established the Financing System for the purpose of providing a financing structure for revenue supported indebtedness of the institutions and agencies of the Texas Tech University System ("TTUS") which are from time to time included as Participants of the Financing System. The Master Resolution is intended to establish a master plan under which revenue supported debt of the Financing System may be incurred. This Fifth Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, and security of the Notes which are a series of Parity Obligations. The Master Resolution is incorporated herein by reference and as such made a part hereof for all purposes, except to the extent modified and supplemented hereby and the Notes are hereby declared to be Parity Obligations under the Master Resolution. The Board hereby determines that it will have sufficient funds to meet the financial obligations of each Participant in the Financing System (currently TTU, ASU and the Health Sciences Center), including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System. Furthermore, the Board hereby determines that each of the Participants for whom the Notes are being issued possess the financial capability to satisfy its Direct Obligation after taking into account the issuance of the Notes.

(b) *Pledge of Pledged Revenues.* The Notes are special obligations of the Board payable from and secured solely by the Pledged Revenues pursuant to the Master Resolution and this Fifth Supplement The Pledged Revenues are hereby pledged, subject to the liens securing the Prior Encumbered Obligations, to the payment of the principal of, premium, if any, and interest on the Notes as the same shall become due and payable. The Board agrees to pay the principal of, premium, if any, and the interest on the Notes when due, whether by reason of maturity or redemption.

(c) *Advances.* An Authorized Representative shall implement the procedures necessary to make an Advance under a Liquidity Agreement, if in effect, if there is not anticipated to be Pledged Revenues or other lawfully available funds in an amount sufficient and in ample time to pay the principal of and interest and any premium, if any, on the Commercial Paper Notes as such principal, interest and premium, respectively, come due, whether by reason of maturity or redemption. Amounts in the Note Payment Fund attributable to and derived either from Advances under and pursuant to a Liquidity Agreement or from amounts provided pursuant to Section 4.03(b) shall be used only to pay the principal of, premium, if any, and interest on the Commercial Paper Notes.

Section 2.12 Cancellation. All Commercial Paper Notes which at maturity are surrendered to the Issuing and Paying Agent for the collection of the principal and interest thereof or are surrendered for transfer or exchange pursuant to the provisions hereof or are refunded through an Advance shall, upon payment or issuance of new Commercial Paper Notes, be cancelled by the Issuing and Paying Agent and forthwith transmitted to the Board, and thereafter the Board shall have custody of such cancelled Commercial Paper Notes.

Section 2.13 Fiscal and Other Agents. In furtherance of the purposes of this Fifth Supplement, the Board may from time to time appoint and provide for the payment of such additional fiscal, paying, or other agents or trustees as it may deem necessary or appropriate in connection with the Notes.

ARTICLE III

ISSUANCE AND SALE OF NOTES

Section 3.01 Issuance and Sale of Notes.

(a) *Sale by Authorized Representative.* All Commercial Paper Notes shall be sold in the manner determined by the Authorized Representative to be most economically advantageous to the Board.

(b) *Terms of Commercial Paper Notes.* The terms of the Commercial Paper Notes shall be established and they shall be delivered by the Issuing and Paying Agent in accordance with telephonic, computer, or written instructions of any Authorized Representative and in the manner specified below and in the Issuing and Paying Agent Agreement. To the extent such instructions are not written, they shall be confirmed in writing within 24 hours of the transmission or communication thereof. Said instructions shall specify such principal amounts, dates of issue, maturities, rates of discount or interest, or the formula or method of calculating interest and the basis upon which it is to be calculated, whether the Note is a Tax Exempt Note or a Taxable Note, and other terms and conditions which are hereby authorized and permitted to be fixed by any Authorized Representative at the time of sale of the Commercial Paper Notes. Such instructions shall include the purchase price of the Commercial Paper Notes, and a request that the Issuing and Paying Agent authenticate such Commercial Paper Notes by countersignature of its authorized officer or employee, if not in book-entry only form, and deliver them to the named purchaser or purchasers thereof upon receipt of payment in accordance with the custom then prevailing in the New York financial market in regard to such Commercial Paper Notes. The rules of the New York Clearinghouse shall apply thereto. Such instructions shall also contain provisions representing that (i) all action on the part of the Board necessary for the valid issuance of the Commercial Paper Notes then to be issued, or the incurring of Advances under the Promissory Note then to be incurred, has been taken, (ii) all provisions of Texas and federal law necessary for the valid issuance of such Commercial Paper Notes have been complied with, (iii) such Commercial Paper Notes will be valid special obligations of the Board according to their terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and (iv) the earned original issue discount on the Tax Exempt Notes or stated interest on the Tax Exempt Notes, as the case may be, is, subject to the conditions set forth in the opinion of Bond Counsel delivered concurrently with the commencement of the issuance of the Tax Exempt Notes, excludable from gross income of the owners thereof for federal income tax purposes. Such instructions shall also certify, as of the date of such certificate:

(i) that the Board has been advised by Bond Counsel that (A) the projects to be financed or refinanced by the Commercial Paper Notes will constitute Eligible Projects, and (B) with respect to a proposed issuance of Tax Exempt Notes, such proposed issuance will not cause the Board to be in violation of its covenants set forth in Section 4.04 hereof;

(ii) that the requirements of Section 5 of the Master Resolution have been complied with;

(iii) if a Liquidity Agreement is then in effect, that no "Event of Default" thereunder has occurred and is continuing as of the date of such Certificate;

(iv) that the Board is in compliance, in all material respects, with the covenants set forth in Article IV as of the date of such instructions, other than Section 4.04 hereof with respect to an issuance of Taxable Notes;

(v) the sum of the interest payable on such Commercial Paper Notes issued and Outstanding or in the process of issuance and any discount established for such Commercial Paper Notes will not exceed a yield to the maturity date of such Commercial Paper Notes in excess of the Maximum Interest Rate in effect on the date of issuance of such Commercial Paper Notes;

(vi) that the Texas Higher Education Coordinating Board approval or review of the Eligible Projects being financed, to the extent required, has been obtained;

(vii) the aggregate principal amount of Commercial Paper Notes to be Outstanding after the proposed issuance; and

(viii) after the proposed issuance of Commercial Paper Notes, that the total principal amount of Outstanding Commercial Paper Notes plus interest accrued or to accrue thereon for the following 90 days shall not exceed the available funds of the Board to be maintained pursuant to Section 4.02 plus the available commitment under a Liquidity Agreement, if then in effect.

(c) *Promissory Note.* Upon the execution and delivery of a Liquidity Agreement, a Promissory Note shall be delivered to the Bank and thereafter Advances may be made thereunder in accordance with the terms of such Liquidity Agreement

Section 3.02 Proceeds of Sale of Commercial Paper Notes. The proceeds of the sale of any Commercial Paper Notes (net of all expenses and costs of sale and issuance) shall be applied for any or all of the following purposes as directed by an Authorized Representative:

(i) used for the payment and redemption or purchase of Outstanding Commercial Paper Notes, Parity Obligations or Prior Encumbered Obligations at or before maturity and the refunding of any Advances (evidenced by the Promissory Note) under a Liquidity Agreement; or

(ii) used for the purpose of financing Project Costs of Eligible Projects.

Section 3.03 Issuing and Paying Agent Agreement. Deutsche Bank Trust Company Americas ("Deutsche Bank") is hereby appointed and reaffirmed as the initial Issuing and Paying Agent for the Commercial Paper Notes. The Issuing and Paying Agent Agreement relating to the Commercial Paper Notes between Deutsche Bank (as successor-in-interest to Bankers Trust Company) and the Board is hereby reaffirmed. An Authorized Representative is hereby authorized and directed to approve, execute and deliver to the Issuing and Paying Agent such changes, additions, or amendments thereto as may be necessary and proper to carry out the purpose and intent of the Board as authorized by this Fifth Supplement. An Authorized Representative is hereby authorized to enter into any supplemental agreements with the Issuing and Paying Agent or with any successor Issuing and Paying Agent.

Section 3.04 Dealer Agreement. An agreement (the "Dealer Agreement") by and between the Board and J.P. Morgan Securities Inc. and/or such other broker dealer as may be approved by the Board (the "Dealer") pertaining to the sale, from time to time, of Commercial Paper Notes or the purchase of Commercial Paper Notes from the Board, all for a fee as set forth in the Dealer Agreement, is hereby approved and reaffirmed. An Authorized Representative is hereby authorized and directed to execute on behalf of the Board any new Dealer Agreement and/or to approve, execute and deliver to the Dealer any instrument evidencing such changes, additions, or amendments to an existing Dealer Agreement as may be necessary and proper to carry out the purpose and intent of the Board as authorized by this Fifth Supplement. An

Authorized Representative is hereby authorized to enter into any supplemental agreements with the Dealer or with any successor Dealer.

ARTICLE IV

COVENANTS OF THE BOARD

Section 4.01 Limitation on Issuance. Unless this Fifth Supplement is amended and modified by the Board in accordance with the provisions of Section 5.01 hereof, the Board covenants that there will not be issued and Outstanding at any time more than $200,000,000 in principal amount of Commercial Paper Notes. The Board, however, does reserve the right to increase said amount by an amendment to this Fifth Supplement or to issue additional Parity Obligations in excess of said amount, without limitation, by a Supplement duly adopted by the Board.

Section 4.02 Provisions for Liquidity. The Board covenants to maintain available funds plus any available bank loan commitment issued under the terms of a Liquidity Agreement in an amount equal to the total principal amount of Outstanding Commercial Paper Notes plus interest to accrue thereon for the following 90 days. In furtherance of the foregoing covenant, the Board agrees that it will not issue any Commercial Paper Notes or make any borrowings which will result in a violation of such covenant.

Section 4.03 Available Funds.

(a) *Parity Obligations.* To the extent Notes cannot be issued to renew or refund Outstanding Notes and Advances cannot be drawn on the Promissory Notes, if any, the Board shall provide funds or shall in good faith endeavor to sell a sufficient principal amount of Parity Obligations or other obligations of the Board in order to have funds available, together with other moneys available therefor, to pay the Notes and the interest thereon, or any renewals thereof, as the same shall become due, and other amounts due under a Liquidity Agreement.

(b) *Lawfully Available Funds.* Notwithstanding anything to the contrary contained herein, to the extent that the Dealer cannot sell Commercial Paper Notes to renew or refund Outstanding Notes on their maturity, the Board covenants to make Advances under the Promissory Notes, if any, or to use lawfully available funds to purchase Notes issued to renew and refund such maturing Notes and such payment, issuance and purchase are not intended to constitute an extinguishment of the obligation represented by such maturing Notes and the Board may issue Notes to renew and refund the Notes held by it when the Dealer is again able to sell Notes. While such Notes are held by the Board they shall bear interest at the prevailing market rate for alternative taxable investments of similar maturity and credit rating.

Section 4.04 Tax Exempt Notes to Remain Tax Exempt.

(a) In order to maintain the exclusion from gross income of the interest on the Commercial Paper Notes issued as Tax Exempt Notes for federal income tax purposes, the Board will make all calculations required by section 148 of the Code, including, but not limited to, the calculation of rebate, in a reasonable and prudent fashion and to segregate and set aside the lawfully available amounts that such calculations indicate may be required to be paid to the

United States of America. The Board further covenants to do and perform all acts and things within its power and authority necessary to comply with each applicable requirement of section 103 and sections 141 through 150 of the Code. The Board agrees to periodically execute or cause to be executed a Federal Tax Certificate as may be required by the Code, in the opinion of Bond Counsel, and the Form 8038-G, or any other forms designated by the Internal Revenue Service in substitution thereof. In furtherance of the foregoing, the Board will execute annually, or at any other time necessary in the opinion of Bond Counsel, a Federal Tax Certificate and Form 8038-G necessary to assure the tax-exempt status of the Tax Exempt Notes.

(b) The Board covenants to refrain from any action which would adversely affect, or to take such action to assure, the treatment of the Tax Exempt Notes as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Board covenants as follows:

(i) to take any action to assure that no more than 10 percent of the proceeds of the Tax Exempt Notes (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so used, such amounts, whether or not received by the Board, with respect to such private business use, do not, under the terms of this Fifth Supplement or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Tax Exempt Notes, in contravention of section 141(b)(2) of the Code;

(ii) to take any action to assure that in the event that the "private business use" described in subsection (i) hereof exceeds 5 percent of the proceeds of the Tax Exempt Notes less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(iii) to take any action to assure that no amount which is greater than the lesser of $5,000,000, or 5 percent of the proceeds of the Tax Exempt Notes (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(iv) to take any action to assure that no more than 5 percent of the proceeds of the Tax Exempt Notes are used to provide any output facility (other than a facility for furnishing water) with respect to which there is any "private business use" as more fully set forth in section 141(b)(3) of the Code;

(v) to refrain from taking any action which would otherwise result in the Tax Exempt Notes being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(vi) to refrain from taking any action that would result in the Tax Exempt Notes being "federally guaranteed" within the meaning of section 149(b) of the Code;

(vii) to refrain from using any portion of the proceeds of the Tax Exempt Notes, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire "investment property" (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Tax Exempt Notes, other than investment property acquired with —

(1) proceeds of the Tax Exempt Notes invested for a reasonable temporary period of 3 years or less until such proceeds are needed for the purpose for which the Tax Exempt Notes are issued, and

(2) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Tax Exempt Notes;

(viii) to otherwise restrict the use of the proceeds of the Tax Exempt Notes or amounts treated as proceeds of the Tax Exempt Notes, as may be necessary, so that the Tax Exempt Notes do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage), section 149(g) of the Code (relating to hedge bonds), and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(ix) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Tax Exempt Notes issued to pay Project Costs) an amount that is at least equal to 90 percent of the "Excess Earnings", within the meaning of section 148(f) of the Code, and to pay to the United States of America, not later than 60 days after the Tax Exempt Notes have been paid in full, 100 percent of the amount then required to be paid as a result of the Excess Earnings under section 148(f) of the Code.

In order to facilitate compliance with the above covenants (viii) and (ix), a "Rebate Fund" is hereby established by the Board for the sole benefit of the United States of America, and such Rebate Fund shall not be subject to the claim of any other person, including, without limitation, the Registered Owners. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) The Board covenants to account for the expenditure of Tax Exempt Note sale proceeds and investment earnings to be used for Eligible Projects on its books and records in accordance with the requirements of the Code. The Board recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the project being financed with the proceeds of the Tax Exempt Notes is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Board recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Tax Exempt Notes, or (2) the date the Tax Exempt Notes are retired. The Board agrees to obtain the advice of Bond Counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Tax Exempt Notes. For purposes hereof, the Board shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(d) The Board covenants that the property constituting Eligible Projects financed with the proceeds of the Tax Exempt Notes will not be sold or otherwise disposed in a transaction resulting in the receipt by the Board of cash or other compensation, unless the Board obtains an opinion of Bond Counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Tax Exempt Notes. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Board shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) The Board shall not expend, or permit to be expended, the proceeds of the Tax Exempt Notes in any manner inconsistent with its reasonable expectations as certified in the Federal Tax Certificates to be executed from time to time with respect to the Tax Exempt Notes; provided, however, that the Board may expend proceeds of the Tax Exempt Notes in any manner if the Board first obtains an unqualified opinion of Bond Counsel that such expenditure will not impair the exemption from federal income taxation of interest paid on the Tax Exempt Notes.

Section 4.05 Taxable Notes.

(a) The provisions of Section 4.04 of this Fifth Supplement notwithstanding, the Board reserves the ability to issue Commercial Paper Notes in a manner such that such obligations are not obligations described in section 103(a) of the Code or are obligations which constitute "specified private activity bonds" within the meaning of section 141(b) of the Code ("Taxable Notes"). Commercial Paper Notes so issued as Taxable Notes shall be issued in the Form of Taxable Note set forth in Exhibit B hereto.

(b) It is the intention of the Board that the interest on the Taxable Notes not be excludable from gross income for federal income tax purposes under section 103 of the Code. Accordingly, the Board covenants not to file any information return that would result in the interest on Taxable Notes being excludable from gross income under such section of the Code.

(c) The Board covenants and agrees to cause the Issuing and Paying Agent to undertake to report, to the extent required by the Code, interest payments on the Taxable Notes to the Internal Revenue Service. Such information shall be filed by the Issuing and Paying

Agent on the form published by the Internal Revenue Service for this purpose and contain the information required by the Code.

(d) The Board covenants and agrees to cause the Issuing and Paying Agent to obtain or cause to be obtained from the holder of each of the Taxable Notes the information required by Code relating to the correct social security number or other taxpayer identification number for the holder of each of the Taxable Notes or to withhold the portion of the payment required to be withheld under the Code.

Section 4.06 Opinion of Bond Counsel. The Board shall cause the legal opinion of Bond Counsel as to the validity of the Notes and, with respect to Tax Exempt Notes, as to the exclusion of interest on such Tax Exempt Notes from gross income of the owners thereof for federal income tax purposes to be furnished to any Holder without cost. In addition, a copy of said opinion may be printed on each of the Commercial Paper Notes. In addition, in connection with the updating of the Offering Memorandum (as provided in accordance with Section 6.08 hereof) as required by the Dealer Agreement, there shall be provided an annual updated opinion of Bond Counsel for Tax Exempt Notes and for Taxable Notes, at the cost of the Board or the Dealer as agreed to in the Dealer Agreement.

ARTICLE V

AMENDMENTS

Section 5.01 Amendment of Supplement.

(a) *Amendments Without Consent.* This Fifth Supplement and the rights and obligations of the Board and of the owners of the Outstanding Commercial .Paper Notes may be modified or amended at any time without notice to or the consent of any owner of the Commercial Paper Notes or any other Parity Obligations, solely for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Board contained in this Fifth Supplement, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Board in this Fifth Supplement;

(ii) to cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Fifth Supplement, upon receipt by the Board of an opinion of Bond Counsel, that the same is needed for such purpose, and will more clearly express the intent of this Fifth Supplement;

(iii) to supplement the security for the Outstanding Commercial Paper Notes issued hereunder, replace or provide additional credit facilities, or make changes in the provisions thereof, or change the form of the Outstanding Commercial Paper Notes or make such other changes in the provisions hereof, including extending the Maximum Maturity Date, as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Commercial Paper Notes;

(iv) to make any changes or amendments requested by any Rating Agency then rating or requested to rate Commercial Paper Notes, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Commercial Paper Notes; or

(v) to increase the amount of Commercial Paper Notes which may be Outstanding pursuant to Section 2.01 and Section 4.01 hereof.

(b) *Amendments With Consent.* Subject to the other provisions of this Fifth Supplement, the owners of Outstanding Commercial Paper Notes aggregating at least 51 percent in Outstanding Principal Amount shall have the right from time to time to approve any amendment, other than amendments described in subsection (a) of this Section, to this Fifth Supplement which may be deemed necessary or desirable by the Board, provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the Outstanding Commercial Paper Notes, the amendment of the terms and conditions in this Fifth Supplement or in the Commercial Paper Notes so as to:

(i) make any change in the maturity of the Outstanding Commercial Paper Notes;

(ii) reduce the rate of interest borne by Outstanding Commercial Paper Notes;

(iii) reduce the amount of the principal payable on Outstanding Commercial Paper Notes;

(iv) modify the terms of payment of principal of or interest on the Outstanding Commercial Paper Notes, or impose any conditions with respect to such payment;

(v) affect the rights of the owners of less than all Commercial Paper Notes then Outstanding; or

(vi) change the minimum percentage of the Outstanding Principal Amount of Commercial Paper Notes necessary for consent to such amendment.

(c) *Notice.* If at any time the Board shall desire to amend this Fifth Supplement pursuant to subsection (b), the Board shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in the City of New York, New York, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Issuing and Paying Agent for inspection by all owners of Commercial Paper Notes issued hereunder. Such publication is not required, however, if the Board gives or causes to be given such notice in writing to DTC, if the Commercial Paper Notes are held in a book-entry only system, or to each owner of Commercial Paper Notes. A copy of such Notice shall be provided in writing to (i) the Bank at the address shown in a

Liquidity Agreement as the address to which notices to the Bank are to be sent and (ii) to each national Rating Agency maintaining a rating on the Commercial Paper Notes.

(d) *Receipt of Consents.* Whenever at any time not less than thirty (30) days, and within one year, from the date of the first publication of said notice or other service of written notice of the proposed amendment the Board shall receive an instrument or instruments executed by all of the owners or the owners of at least 51 percent in Outstanding Principal Amount of the Commercial Paper Notes, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Board may adopt the amendatory resolution in substantially the same form.

(e) *Effect of Amendments.* Upon the adoption by the Board of any resolution to amend this Fifth Supplement pursuant to the provisions of this Section, this Fifth Supplement shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Board and all the owners of then Outstanding Commercial Paper Notes and all future Commercial Paper Notes shall thereafter be determined, exercised, and enforced under the Master Resolution and this Fifth Supplement, as amended.

(f) *Consent Irrevocable.* Any consent given by any owner of Commercial Paper Notes pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication or other service of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Commercial Paper Notes during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Issuing and Paying Agent and the Board, but such revocation shall not be effective if the owners of at least 51 percent in Outstanding Principal Amount of Commercial Paper Notes, as appropriate, prior to the attempted revocation consented to and approved the amendment.

(g) *Ownership.* For the purpose of this Section, the ownership and other matters relating to all Commercial Paper Notes registered as to ownership shall be determined from the registration books kept by the Issuing and Paying Agent therefor. The fact of the owning of Commercial Paper Notes issued hereunder not registered as to ownership by any Holder and the amount and the numbers of such Commercial Paper Notes and the date of the holding of the same may be proved by the affidavit of the person claiming to be such Holder if such affidavit shall be deemed by the Issuing and Paying Agent to be satisfactory, or by a certificate executed by any trust company, bank, banker or any other depository, wherever situated, if such certificate shall be deemed by Issuing and Paying Agent to be satisfactory, showing that at that date therein mentioned such person had on deposit with such trust company, bank, banker or other depository the Commercial Paper Notes described in such certificate. The Issuing and Paying Agent may conclusively assume that such ownership continues until written notice to the contrary is served upon the Issuing and Paying Agent.

(h) *Consent of Bank.* For so long as the Bank is not in default under a Liquidity Agreement then in effect, no amendment to this Fifth Supplement shall become effective without the prior written consent of the Bank, which consent shall not be unreasonably withheld.

ARTICLE VI

MISCELLANEOUS

Section 6.01 Fifth Supplement to Constitute a Contract; Equal Security. In consideration of the acceptance of the Notes by those who shall hold the same from time to time, this Fifth Supplement shall be deemed to be and shall constitute a contract between the Board and the Holders from time to time of the Notes and the pledge made in this Fifth Supplement by the Board and the covenants and agreements set forth in this Fifth Supplement to be performed by the Board shall be for the equal and proportionate benefit, security, and protection of all Holders of the. Notes, without preference, priority, or distinction as to security or otherwise of any of the Notes over any of the others by reason of time of issuance, sale, or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Fifth Supplement or, with respect to the Promissory Note, the terms of a Liquidity Agreement.

Section 6.02 Individuals Not Liable. All covenants, stipulations, obligations, and agreements of the Board contained in this Fifth Supplement shall be deemed to be covenants, stipulations, obligations, and agreements of TTUS and the Board to the full extent authorized or permitted by the Constitution and laws of the State of Texas. No covenant, stipulation, obligation, or agreement herein contained shall be deemed to be a covenant, stipulation, obligation, or agreement of any member of the Board or agent, officer or employee of the Board in his or her individual capacity and neither the members of the Board nor any agent, officer or employee of the Board shall be liable personally on the Notes or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 6.03 Additional Actions.

(a) *Execution and Delivery of Documents*. The Chairman of the Board, the Vice Chairman of the Board, the Secretary of the Board, the Authorized Representatives, and the other officers, employees and agents of the Board are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the issuance, sale, and delivery of the Notes and otherwise to effectuate the purposes of this Fifth Supplement, the Dealer Agreement, the Issuing and Paying Agent Agreement, the Depository Trust Company Letter of Representation, if any, and the Liquidity Agreement, if any. In addition, the Chairman of the Board, the Vice Chairman of the Board, the Authorized Representative, and Bond Counsel are hereby authorized to approve, subsequent to the date of this adoption of this Fifth Supplement, any amendments to the above named documents, and any technical amendments to this Fifth Supplement as may be required by one or more Rating Agencies as a condition to the granting or maintaining of a rating on the Commercial Paper Notes acceptable to an Authorized Representative, or as may be required by the Attorney General's office in connection with the approval of this Fifth Supplement or to correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Fifth Supplement. In addition, the statements, findings, representations, and determinations set forth in the recitals to this Fifth Supplement are hereby incorporated into and made a part of this Fifth Supplement for all purposes.

(b) *Notice to Rating Agencies and Bondholders.* An Authorized Representative shall promptly give written notice to each Rating Agency of any changes or amendments to this Fifth Supplement, any Liquidity Agreement then in effect (including the expiration of any such Liquidity Agreement), or any change or amendment to any other operative document used in connection with the issuance from time to time of the Notes.

Section 6.04 Severability of Invalid Provisions. If any one or more of the covenants, agreements, or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Notes issued hereunder.

Section 6.05 Payment and Performance on Business Days. Whenever under the terms of this Fifth Supplement or the Notes, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Notes, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Notes, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment is scheduled.

Section 6.06 Limitation of Benefits With Respect to the Fifth Supplement. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Fifth Supplement or the Notes is intended or should be construed to confer upon or give to any person other than the Board, the Holders, the Issuing and Paying Agent, the Bank, and the Dealer any legal or equitable right, remedy or claim under or by reason of or in respect to this Fifth Supplement or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Fifth Supplement and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Board, the Holders, the Issuing and Paying Agent, the Bank, and the Dealer as herein provided and as provided in the Issuing and Paying Agent Agreement, the Liquidity Agreement, and the Dealer Agreement.

Section 6.07 Approval of Attorney General. No Notes herein authorized to be issued shall be sold or delivered by an Authorized Representative until the Attorney General of the State of Texas shall have approved this Fifth Supplement, and other agreements and proceedings as may be required in connection therewith, as is required by the Acts.

Section 6.08 Approval of Offering Memorandum. An Authorized Representative is hereby authorized to approve the form of Offering Memorandum, to be used by the Dealer in the offering of the Commercial Paper Notes, and the use thereof by the Dealer in connection therewith and to cooperate with the Dealer in periodically updating and approving the Offering Memorandum.

Section 6.09 Amendment and Restatement. Except to the extent set forth herein, the Fifth Supplemental Resolution and the Notes issued thereunder are hereby amended and restated. The provisions of the Fifth Supplemental Resolution relating to the Notes, the agreements and certifications executed and delivered upon the delivery of the Notes, and all actions taken with respect to the Notes are hereby confirmed. After the receipt of the approval of the Attorney General of the State of Texas of this Fifth Supplement, Commercial Paper Notes may be issued hereunder and the provisions of this Fifth Supplement shall govern such Commercial Paper Notes and no additional "Notes", as therein defined, may be issued under the Original Fifth Supplemental Resolution.

Section 6.10 Additional Defeasance Provisions.

(a) Notwithstanding the provisions of Section 12(c) of the Master Resolution, in connection with the defeasance of Notes issued after the effective date of this Fifth Supplement pursuant to Section 12 of the Master Resolution, the term Government Obligations shall mean (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

(b) Notwithstanding the provisions of Section 12 of the Master Resolution, the Board may provide for the irrevocable deposit contemplated by Section 12 of the Master Resolution to be made with the Issuing and Paying Agent or with any other eligible bank or trust company as then authorized by state law.

Section 6.11 Public Notice. It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting at which this Fifth Supplement was adopted, and that this Fifth Supplement would be introduced and considered for adoption at said meeting; that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

EXHIBIT A
DEFINITIONS

As used in this Fifth Supplement, the terms below defined shall be construed, are used and are intended to have the following meanings, unless the text hereof specifically indicates otherwise:

The term *"Acts"* shall mean, collectively, Chapter 55, Texas Education Code, as amended, and Chapter 1371, Texas Government Code, as amended.

The term *"ASU"* shall mean Angelo State University, a Participant in the Financing System pursuant to the Eleventh Supplement.

The term *"Advances"* shall mean Advances under the Promissory Note to refund Commercial Paper Notes pursuant to a Liquidity Agreement.

The term *"Bank"* shall mean the financial institution selected by the Board under the terms of a Liquidity Agreement, or any subsequent lender which becomes a party to such Liquidity Agreement, or any other financial institution executing a Liquidity Agreement.

The terms *"Board Representative"* and *"Authorized Representative"* shall mean the Chancellor of TTUS, the Chief Financial Officer, or such other official of TTUS, TTU, ASU or the Health Sciences Center appointed by the Board to carry out the functions of the Board specified herein.

The terms *"Board of Regents," "Board" or "Issuer"* shall mean the Board of Regents of TTUS, or any successor thereto.

The term *"Business Day"* shall mean any day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in the City of Lubbock, Texas, The City of New York, New York or in the city where the designated trust office of the Issuing and Paying Agent is located are authorized by law or executive order to close.

The term *"Chief Financial Officer"* shall mean the Chief Financial Officer of TTUS so appointed by the Board or the Chancellor of TTUS.

The term *"Code"* shall mean the Internal Revenue Code of 1986, as amended.

The term *"Commercial Paper Note"* shall mean a Note issued pursuant to the provisions of the Master Resolution and this Fifth Supplement, having the terms and characteristics specified in Section 2.02 and in the applicable form described in Exhibit B to this Fifth Supplement.

The terms *"Costs"* and *"Project Costs"* shall mean all costs and expenses defined as "project costs" under the Acts incurred in relation to Eligible Projects and permitted by law to be paid with the proceeds of the Notes, including without limitation design, planning, engineering, and legal costs; acquisition costs of land, interests in land, right of way, and easements;

construction costs; costs of machinery, equipment, and other capital assets incident and related to the operation, maintenance, and administration of the Eligible Projects; and financing costs, including interest during construction and thereafter, underwriter's discount, and/or legal, financial, and other professional services fees and expenses, and shall include reimbursement for Costs attributable to Eligible Projects incurred prior to the issuance of any Commercial Paper Notes.

The term *"Dealer"* shall have the meaning given to it in Section 3.04.

The term *"Dealer Agreement"* shall have the meaning given to it in Section 3.04

The term *"DTC"* shall mean The Depository Trust Company, New York, New York, or any substitute securities depository appointed pursuant to this Fifth Supplement, or any nominee of either.

The term *"DTC Participant"* shall mean securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

The term "*Eighth Series Bonds*" shall mean the Board of Regents of Texas Tech University Revenue Financing System Bonds, Eighth Series (Taxable 2001) authorized by the Eighth Supplement.

The term "*Eighth Supplement*" shall mean the resolution adopted by the Board on November 2, 2001, authorizing the Eighth Series Bonds.

The term "*Eleventh Supplement*" shall mean the resolution adopted by the Board on October 11, 2007, designating ASU as a Participant in the Financing System.

The term *"Eligible Project"* shall mean the acquisition, purchase, construction, improvement, enlargement, and/or equipping of any property, buildings, structures, activities, services, operations, or other facilities, or any other project, program or improvement authorized by the Acts and any other laws of the State of Texas for and on behalf of the Financing System or any Participant thereof.

The term *"Fifth Supplement"* shall mean this Amended and Restated Fifth Supplemental Resolution adopted by the Board on August 8, 2008, authorizing the Commercial Paper Notes.

The term *"First Series Bonds"* shall mean the Board of Regents of Texas Tech University Revenue Financing System Refunding Bonds, First Series (1993) authorized by the First Supplement

The term *"First Supplement"* shall mean the resolution adopted by the Board on October 21, 1993, authorizing the First Series Bonds.

The term *"Fiscal Year"* shall mean the 12-month operational period of TTU commencing on September 1 of each year and ending on the following August 31.

The term "*Fourth Series Bonds*" shall mean the Board of Regents of Texas Tech University Revenue Financing System Bonds, Fourth Series (Taxable 1996) authorized by the Fourth Supplement.

The term "*Fourth Supplement*" shall mean the resolution adopted by the Board on November 8, 1996, authorizing the Fourth Series Bonds.

The terms *"Holder"* or *"Noteholder"* shall mean the Registered Owner or any person, firm, association, or corporation who is in possession of any Commercial Paper Note issued to bearer or in blank.

The term *"Issuing and Paying Agent"* shall mean with respect to the Commercial Paper Notes the agent appointed pursuant to Section 2.03 and Section 3.03 hereof, or any successor to such agent.

The term *"Liquidity Agreement"* shall mean a liquidity agreement entered into with respect to Commercial Paper Notes as authorized by Section 2.04.

The term *"Master Note"* shall have the meaning given to such term in Section 2.03(b) hereof.

The term *"Master Resolution"* shall mean the Master Resolution Establishing The Revenue Financing System under the Authority and Responsibility of the Board of Regents of Texas Tech University, adopted by the Board on October 21, 1993, as amended on November 8, 1996 and on August 22, 1997.

The term *"Maximum Interest Rate"* shall mean the greater of the maximum net effective interest rate permitted by law to be paid on obligations issued or incurred by the Board in the exercise of its borrowing powers (prescribed by Chapter 1204, Texas Government Code, as amended) or such higher rate as may be allowed as the maximum net effective interest rate permitted by any future law to be paid on obligations issued or incurred by the Board in the exercise of its borrowing powers.

The term *"Maximum Maturity Date"* shall mean July 31, 2038.

The term "*Ninth Series Bonds*" shall mean the Board of Regents of Texas Tech University Revenue Financing System Refunding and Improvement Bonds, Ninth Series (2003) authorized by the Ninth Supplement.

The term "*Ninth Supplement*" shall mean the resolution adopted by the Board on August 8, 2003, authorizing the sale of the Ninth Series Bonds.

The terms *"Note"* or *"Notes"* shall mean the evidences of indebtedness authorized to be issued and at any time outstanding pursuant to this Fifth Supplement and shall include Commercial Paper Notes (including the Master Note as defined in Section 2.03(b))or Promissory Notes, as appropriate.

The term *"Note Date"* shall have the meaning given to such term in Section 2.02 hereof.

The term *"Note Payment Fund"* shall mean that fund created pursuant to Section 2.11 hereof.

The term *"Parity Obligations"* shall mean, collectively, the First Series Bonds, the Second Series Bonds, the Third Series Bonds, the Fourth Series Bonds, the Commercial Paper Notes, the Sixth Series, the Seventh Series Bonds, the Eighth Series Bonds, the Ninth Series Bonds, the Tenth Series Bonds and the Twelfth Series Bonds. The First Series Bonds, the Second Series Bonds, the Third Series Bonds and the Fourth Series Bonds are no longer outstanding as of the date this Fifth Supplement was adopted.

The term *"Promissory Note"* shall mean the promissory note issued pursuant to the provisions of this Fifth Supplement and any Liquidity Agreement in evidence of Advances made by the Bank to refund any Commercial Paper Note, or the interest thereon, having the terms and characteristics contained in such Liquidity Agreement and issued in accordance therewith, including any renewals or modifications thereof.

The term *"Rating Agencies"* shall mean the nationally recognized municipal credit rating agencies then maintaining a rating on the Commercial Paper Notes or then being requested rate the Commercial Paper Notes.

The term *"Registered Owner"* shall mean the person or entity in whose name any Note is registered in the Registration Books.

The term *"Registration Books"* shall mean books or records relating to the registration, payment, and transfer or exchange of the Commercial Paper Notes maintained by the Issuing and Paying Agent pursuant to Section 2.03.

The term "*Second Series Bonds*" shall mean the Board of Regents of Texas Tech University Revenue Financing System Bonds, Second Series (1995) authorized by the Second Supplement.

The term "*Second Supplement*" shall mean the Second Supplement adopted by the Board on February 10, 1995, authorizing the sale of the Second Series Bonds.

The term "*Seventh Series Bonds*" shall mean the Board of Regents of Texas Tech University Revenue Financing System Bonds, Seventh Series (2001) authorized by the Seventh Supplement.

The term "*Seventh Supplement*" shall mean the resolution adopted by the Board on November 2, 2001, authorizing the Seventh Series Bonds.

The term "*Sixth Series Bonds*" shall mean the Board of Regents of Texas Tech University Revenue Financing System Refunding and Improvement Bonds, Sixth Series (1999) authorized by the Sixth Supplement.

The term "*Sixth Supplement*" shall mean the amended and restated resolution adopted by the Board on February 12, 1999, authorizing the sale of the Sixth Series Bonds.

The term "*Taxable Notes*" shall have the meaning given to such term in Section 4.05 hereof.

The term "*Tax Exempt Notes*" shall mean any Commercial Paper Note, the interest on which is excludable from gross income for federal income tax purposes.

The term "*Tenth Series Bonds*" shall mean the Board of Regents of Texas Tech University Revenue Financing System Refunding and Improvement Bonds, Tenth Series (2006) authorized by the Tenth Supplement.

The term "*Tenth Supplement*" shall mean the resolution adopted by the Board on December 16, 2005, authorizing the sale of the Tenth Series Bonds.

The term "*Third Series Bonds*" shall mean the Board of Regents of Texas Tech University Revenue Financing System Refunding and Improvement Bonds, Third Series (1996) authorized by the Third Supplement.

The term "*Third Supplement*" shall mean the resolution adopted by the Board on November 8, 1996, authorizing the sale of the Third Series Bonds.

The term "*TTUS*" shall mean the Texas Tech University System, under the governance of the Board.

The term "*Twelfth Series Bonds*" shall mean the Board of Regents of Texas Tech University Revenue Financing System Refunding and Improvement Bonds, Twelfth Series (2008) as authorized by the Twelfth Supplement.

The term "*Twelfth Supplement*" shall mean the resolution adopted by the Board on August 8, 2008, authorizing the sale of the Twelfth Series Bonds.

All terms not herein defined shall have the meanings given to such terms by the Master Resolution or as otherwise defined in this Fifth Supplement.

EXHIBIT B
FORMS OF COMMERCIAL PAPER NOTES

[FORM OF TAX EXEMPT NOTE]

UNITED STATES OF AMERICA
STATE OF TEXAS
BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM
REVENUE FINANCING SYSTEM
TAX EXEMPT COMMERCIAL PAPER NOTE,
SERIES A

Note Number__________	Interest Rate____________	Note Date___________	Principal Amount $__________

On __________________ (the "Maturity Date") for value received, THE BOARD OF REGENTS (the "Board") OF TEXAS TECH UNIVERSITY SYSTEM ("TTUS")

Promises To Pay To The Order of ____
The Principal Amount Of ____
Payable at ____
(the "Issuing and Paying Agent") and to pay interest, if any, on said principal amount, specified above, on said Maturity Date, from the above specified Note Date to said Maturity Date at the per annum Interest Rate specified above (computed on the basis of actual days elapsed and a 365-day or 366-day year, as applicable) solely from the sources hereinafter identified and as hereinafter stated; both principal and interest on this Tax Exempt Commercial Paper Note being payable in immediately available lawful money of the United States of America at the designated corporate office of the Issuing and Paying Agent, specified above, or its successor. No interest will accrue on the principal amount hereof after said Maturity Date.

This Tax Exempt Commercial Paper Note is one of an issue of commercial paper notes (the "Commercial Paper Notes") which, together with the below referenced Promissory Note (such Promissory Note and the Commercial Paper Notes being hereinafter collectively referred to as the "Notes"), has been duly authorized and issued in accordance with the provisions of a master resolution (the "Master Resolution") and an amended and restated fifth supplemental resolution thereto (the "Fifth Supplemental Resolution," the provisions of the Master Resolution are incorporated by reference in the Fifth Supplemental Resolution, and the Master Resolution and the Fifth Supplemental Resolution shall hereinafter be referred to collectively as the "Resolution") passed by the Board, an agency and political subdivision of the State of Texas, for the purpose of financing Costs of Eligible Projects (each as defined in the Resolution) and to refinance, renew and refund the Notes, other Parity Obligations and Prior Encumbered Obligations; all in accordance and in strict conformity with the provisions of the Constitution and laws of the State of Texas, including but not limited to, Chapter 55, Texas Education Code, as amended, and Chapter 1371, Texas Government Code, as amended. Capitalized terms used herein and not otherwise defined shall have the meaning given in the Resolution.

This Tax Exempt Commercial Paper Note, together with the other Notes and other Parity Obligations, is payable from and equally secured by the Pledged Revenues; provided, however, that the lien on and pledge of the Pledged Revenues is junior and subordinate to the lien and pledge securing the payment of the Prior Encumbered Obligations, all as further defined and described in the Resolution. The Notes do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Board, except with respect to the Pledged Revenues as described in the Resolution, and the Holder hereof shall never have the right to demand payment of this obligation from any sources or properties of the Board except as described in the Resolution. THE NOTES DO NOT CONSTITUTE OR CREATE A DEBT OR LIABILITY OF THE STATE OF TEXAS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING AUTHORITY OF THE STATE OF TEXAS IS IN ANY MANNER PLEDGED, GIVEN, OR LOANED TO THE PAYMENT OF THE NOTES.

Reference is hereby made to the Resolution, copies of which may be obtained upon request to the Board. By acceptance of this Tax Exempt Commercial Paper Note, the Holder hereof hereby assents to all of the terms and provisions of the Resolution, including, but not limited to, provisions relating to definitions of terms; the description of and the nature of the security for the Notes and the Pledged Revenues; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Holders of the Notes; and the right to issue obligations payable from and secured by the Pledged Revenues.

It is hereby certified and recited that all acts, conditions, and things required by law and the Resolution to exist, to have happened, and to have been performed precedent to and in the issuance of this Tax Exempt Commercial Paper Note, do exist, have happened, and have been performed in regular and in due time, form, and manner as required by law and that the issuance of this Tax Exempt Commercial Paper Note, together with all other Notes, is not in excess of the principal amount of Notes permitted to be issued under the Resolution.

This Tax Exempt Commercial Paper Note has all the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

This Tax Exempt Commercial Paper Note may be registered to bearer or to any designated payee. Title to any Commercial Paper Note registered to bearer shall pass by delivery. If not registered to bearer, this Tax Exempt Commercial Paper Note may be transferred only on the books of the Board maintained at the designated office of the Issuing and Paying Agent. Upon surrender hereof at the designated office of the Issuing and Paying Agent, this Tax Exempt Commercial Paper Note may be exchanged for a like aggregate principal amount of fully registered (which registration may be to bearer) Tax Exempt Commercial Paper Notes of authorized denominations of like interest rate and maturity, but only in the manner, and subject to the limitations, and upon payment of the charges provided in the Resolution and upon surrender and cancellation of this Tax Exempt Commercial Paper Note.

This Tax Exempt Commercial Paper Note shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this Tax Exempt Commercial Paper Note shall have been authenticated by the execution by the Issuing and Paying Agent of the Certificate of Authentication hereon.

IN WITNESS WHEREOF, the Board has authorized and caused this Tax Exempt Commercial Paper Note to be executed and attested on its behalf by the manual or facsimile signatures of the Chief Financial Officer of TTUS and the Secretary of the Board and the official seal of the TTUS impressed or a facsimile thereof to be printed hereon.

BOARD OF REGENTS OF TEXAS TECH
UNIVERSITY SYSTEM

____
Chief Financial Officer

ATTEST:

____
Secretary

(SEAL)

CERTIFICATE OF AUTHENTICATION

This Tax Exempt Commercial Paper Note is one of the Commercial Paper Notes delivered pursuant to the within mentioned Resolution.

____

____
as Issuing and Paying Agent

By:_____________________________________
Countersignature

[FORM OF TAXABLE NOTE]

UNITED STATES OF AMERICA
STATE OF TEXAS
BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM
REVENUE FINANCING SYSTEM
TAXABLE COMMERCIAL PAPER NOTE,
SERIES A

Note Number_________	Interest Rate____________	Note Date__________	Principal Amount $_________

On ________________ (the "Maturity Date") for value received, THE BOARD OF REGENTS (the "Board") OF TEXAS TECH UNIVERSITY SYSTEM ("TTUS")

Promises To Pay To The Order of ____
The Principal Amount Of ____
Payable at ____
(the "Issuing and Paying Agent") and to pay interest, if any, on said principal amount, specified above, on said Maturity Date, from the above specified Note Date to said Maturity Date at the per annum Interest Rate specified above (computed on the basis of actual days elapsed and a 365-day or 366-day year, as applicable) solely from the sources hereinafter identified and as hereinafter stated; both principal and interest on this Taxable Commercial Paper Note being payable in immediately available lawful money of the United States of America at the designated corporate office of the Issuing and Paying Agent, specified above, or its successor. No interest will accrue on the principal amount hereof after said Maturity Date.

This Taxable Commercial Paper Note is one of an issue of commercial paper notes (the "Commercial Paper Notes") which, together with the below referenced Promissory Note (such Promissory Note and the Commercial Paper Notes being hereinafter collectively referred to as the "Notes"), has been duly authorized and issued in accordance with the provisions of a master resolution (the "Master Resolution") and an amended and restated fifth supplemental resolution thereto (the "Fifth Supplemental Resolution," the provisions of the Master Resolution are incorporated by reference in the Fifth Supplemental Resolution, and the Master Resolution and the Fifth Supplemental Resolution shall hereinafter be referred to collectively as the "Resolution") passed by the Board, an agency and political subdivision of the State of Texas, for the purpose of financing Costs of Eligible Projects (each as defined in the Resolution) and to refinance, renew and refund the Notes, other Parity Obligations and Prior Encumbered Obligations; all in accordance and in strict conformity with the provisions of the Constitution and laws of the State of Texas, including but not limited to, Chapter 55, Texas Education Code, as amended, and Chapter 1371, Texas Government Code, as amended. Capitalized terms used herein and not otherwise defined shall have the meaning given in the Resolution.

This Taxable Commercial Paper Note, together with the other Notes and other Parity Obligations, is payable from and equally secured by the Pledged Revenues; provided, however, that the lien on and pledge of the Pledged Revenues is junior and subordinate to the lien and pledge securing the payment of the Prior Encumbered Obligations, all as further defined and described in the Resolution. The Notes do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Board, except with respect to the Pledged Revenues as described in the Resolution, and the Holder hereof shall never have the right to demand payment of this obligation from any sources or properties of the Board except as described in the Resolution. THE NOTES DO NOT CONSTITUTE OR CREATE A DEBT OR LIABILITY OF THE STATE OF TEXAS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING AUTHORITY OF THE STATE OF TEXAS IS IN ANY MANNER PLEDGED, GIVEN, OR LOANED TO THE PAYMENT OF THE NOTES.

This Taxable Commercial Paper Note is not an obligation described in section 103(a) of the Code.

Reference is hereby made to the Resolution, copies of which may be obtained upon request to the Board. By acceptance of this Taxable Commercial Paper Note, the Holder hereof hereby assents to all of the terms and provisions of the Resolution, including, but not limited to, provisions relating to definitions of terms; the description of and the nature of the security for the Notes and the Pledged Revenues; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Holders of the Notes; and the right to issue obligations payable from and secured by the Pledged Revenues.

It is hereby certified and recited that all acts, conditions, and things required by law and the Resolution to exist, to have happened, and to have been performed precedent to and in the issuance of this Taxable Commercial Paper Note, do exist, have happened, and have been performed in regular and in due time, form, and manner as required by law and that the issuance of this Taxable Commercial Paper Note, together with all other Notes, is not in excess of the principal amount of Notes permitted to be issued under the Resolution.

This Taxable Commercial Paper Note has all the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

This Taxable Commercial Paper Note may be registered to bearer or to any designated payee. Title to any Commercial Paper Note registered to bearer shall pass by delivery. If not registered to bearer, this Taxable Commercial Paper Note may be transferred only on the books of the Board maintained at the designated office of the Issuing and Paying Agent. Upon surrender hereof at the designated office of the Issuing and Paying Agent, this Taxable Commercial Paper Note may be exchanged for a like aggregate principal amount of fully registered (which registration may be to bearer) Taxable Commercial Paper Notes of authorized denominations of like interest rate and maturity, but only in the manner, and subject to the limitations, and upon payment of the charges provided in the Resolution and upon surrender and cancellation of this Taxable Commercial Paper Note.

This Taxable Commercial Paper Note shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this Taxable Commercial Paper Note shall have been authenticated by the execution by the Issuing and Paying Agent of the Certificate of Authentication hereon.

IN WITNESS WHEREOF, the Board has authorized and caused this Taxable Commercial Paper Note to be executed and attested on its behalf by the manual or facsimile signatures of the Chief Financial Officer of the TTUS and the Secretary of the Board and the official seal of the TTUS impressed or a facsimile thereof to be printed hereon.

BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM

____
Chief Financial Officer

ATTEST:

____
Secretary

(SEAL)

CERTIFICATE OF AUTHENTICATION

This Taxable Commercial Paper Note is one of the Commercial Paper Notes delivered pursuant to the within mentioned Resolution.

____

____
as Issuing and Paying Agent

By:______________________________
Countersignature

EXHIBIT C
FORM OF MASTER NOTE

The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

MUNICIPAL COMMERCIAL PAPER — TECP MASTER NOTE

Tax Exempt

____
(Date of Issuance)

BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM ("Issuer"), for value received, hereby promises to pay to Cede & Co., as nominee of The Depository Trust Company, or to registered assigns: (i) the principal amount, together with unpaid accrued interest thereon, if any, on the maturity date of each obligation identified on the records of Issuer (the "Underlying Records") as being evidenced by this Master Note, which Underlying Records are maintained by ______________________ ("Paying Agent"); (ii) interest on the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records; and (iii) the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records. Interest shall be calculated at the rate and according to the calculation convention specified on the Underlying Records. Payments shall be made solely from the sources stated on the Underlying Records by wire transfer to the registered owner from Paying Agent without the necessity of presentation and surrender of this Master Note.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS MASTER NOTE SET FORTH ON THE REVERSE HEREOF.

This Master Note is a valid and binding obligation of Issuer.

Not Valid Unless Countersigned for Authentication by Paying Agent.

[______________________]	BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM
By: ______________________ (Authorized Countersignature)	By: ______________________ (Authorized Signature)

DTCC.

The Depository Trust & Clearing Corporation

At the request of the registered owner, Issuer shall promptly issue and deliver one or more separate note certificates evidencing each obligation evidenced by this Master Note. As of the date any such note certificate or certificates are issued, the obligations which are evidenced thereby shall no longer be evidenced by this Master Note.

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

____

(Name, Address, and Taxpayer Identification Number of Assignee)

the Master Note and all rights thereunder, hereby irrevocably constituting and appointing _________________________ attorney to transfer said Master Note on the books of Issuer with full power of substitution in the premises.

Date:
Signature(s) Guaranteed:

____
(Signature)

Notice: The signature on this assignment must correspond with the name as written upon the face of this Master Note, in every particular, without alteration or enlargement or any change whatsoever.

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

The Depository Trust Company
A subsidiary of The Depository Trust & Clearing Corporation

MUNICIPAL COMMERCIAL PAPER — TECP MASTER NOTE

Taxable

____
(Date of Issuance)

BOARD OF REGENTS OF THE TEXAS TECH UNIVERSITY SYSTEM ("Issuer"), for value received, hereby promises to pay to Cede & Co., as nominee of The Depository Trust Company, or to registered assigns: (i) the principal amount, together with unpaid accrued interest thereon, if any, on the maturity date of each obligation identified on the records of Issuer (the "Underlying Records") as being evidenced by this Master Note, which Underlying Records are maintained by ______________________ ("Paying Agent"); (ii) interest on the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records; and (iii) the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records. Interest shall be calculated at the rate and according to the calculation convention specified on the Underlying Records. Payments shall be made solely from the sources stated on the Underlying Records by wire transfer to the registered owner from Paying Agent without the necessity of presentation and surrender of this Master Note.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS MASTER NOTE SET FORTH ON THE REVERSE HEREOF.

This Master Note is a valid and binding obligation of Issuer.

Not Valid Unless Countersigned for Authentication by Paying Agent.

[__________________________]	BOARD OF REGENTS OF THE TEXAS TECH UNIVERSITY SYSTEM
By: ____________________________ (Authorized Countersignature)	By: ____________________________ (Authorized Signature)

DTCC

The Depository Trust & Clearing Corporation

At the request of the registered owner, Issuer shall promptly issue and deliver one or more separate note certificates evidencing each obligation evidenced by this Master Note. As of the date any such note certificate or certificates are issued, the obligations which are evidenced thereby shall no longer be evidenced by this Master Note.

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

____

(Name, Address, and Taxpayer Identification Number of Assignee)

the Master Note and all rights thereunder, hereby irrevocably constituting and appointing ________________________ attorney to transfer said Master Note on the books of Issuer with full power of substitution in the premises.

Date:
Signature(s) Guaranteed:

____
(Signature)

Notice: The signature on this assignment must correspond with the name as written upon the face of this Master Note, in every particular, without alteration or enlargement or any change whatsoever.

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

Fund Summary

EnCap Investments, L.P

EnCap Energy Infrastructure Fund, L.P.

Fund Basics

Type	Oil & Gas; midstream
Target Capitalization	$750,000,000
First Close Scheduled	Fall 2008
Final Close Date	TBD
GP Commitment	2%
Commitment Period	5 years
Partnership Term	10 yrs. + 2 extensions

Overview

EnCap Energy Infrastructure Fund, L.P. ("EnCap EIF" or the "Fund") is structured as a Texas limited partnership. The partnership will be managed by EnCap Investments, L.P. ("EnCap"), a Delaware limited partnership, and a 70% General Partner of the Fund. EnCap EIF will be a diversified portfolio of privately negotiated equity and equity-like investments in assets or companies providing natural gas, natural gas liquids, and crude oil midstream services including but not limited to: gathering pipelines, transportation pipelines, gas compression assets and services, storage facilities, plants for treating impurities, plants for the extraction of hydrocarbon liquids, plants for fractionation of liquids products, and other such assets or companies providing similar services.

Experience

This is the fourteenth fund to be managed by EnCap since its inception in 1988, but it's the first to focus exclusively on the midstream sector of the oil and gas industry. Previous funds dealt almost exclusively with upstream companies, where their underlying assets were proved reserves, gas processing plants, or pipelines.

As a result, EnCap entered into an agreement with Flatrock Energy Advisors ("Flatrock") a team of leading experts in the North American midstream market, who will function as the dedicated investment staff for the Fund. Flatrock will be a 30% General Partner of the Fund. EnCap will hold the majority of investment committee seats, and Flatrock will focus on origination, negotiation, operation, and management of the Fund's investments.

The Flatrock team is led by Dennis Jaggi, William Lemmons, Jr., and William Waldrip, who have worked together for virtually all of the past 30 years in the midstream sector. They have been directly involved in a total of about $3.1 billion in midstream transactions and investments. Flatrock has in the past provided to midstream clients advisory services that have included (i) scoping level cost and supply analysis for projects; (ii) economic evaluation of gas development; (iii) design and facility layout; (iv) gas supply and producer partner proposal terms; and (v) project economics. EnCap and Flatrock professionals have relationships that exceed 20 years, and EnCap has been a Flatrock client on technical and advisory matters. Flatrock has effectively terminated its advisory business and will devote substantially all of its time investing and managing the Fund.

Track Record
Gross returns for EnCap's thirteen institutional funds combined are below:

As of 6/27/08	Capital Invested	Total Value	Gross IRR
Realized	$ 1,676.0	$ 3,957.7	58.3%
Unrealized	1,352.3	2,258.0	31.5%
Total	$ 3,028.3	$ 6,215.7	48.2%

Included in those funds were investments in four midstream companies, detailed below:

Company	Initial Investment	Capital Invested	Total Value	Gross IRR
Copano Energy	9/01	$ 30.0	$ 103.0	37.8%
NGL Ventures	4/04	25.0	50.0	82.5%
Plains – Fund III	6/01	32.4	367.7	55.0%
Plains – Fund V	8/05	15.8	83.7	101.9%
Total		$ 103.2	$ 604.4	63.8%

While Flatrock has not invested private equity capital in the past, the principals do have a track record of investing capital on behalf of large midstream companies, not only as former Chief Operating Officers or division head, but also as hands-on, operationally-focused advisors to various Flatrock clients. The amounts and number of deals are highlighted below:

Investments	Amounts	# of Closings
Flatrock Acquisition	$ 1,641.7	23
Flatrock Development	364.0	13
Pre-Flatrock	1,127.6	34
Total	$ 3,133.3	70

Market Environment & Investment Philosophy

The value of existing midstream assets in North America is currently estimated at over $1 trillion, and much of this existing infrastructure is dated and required significant capital for refurbishment. Also, advances in upstream technology like horizontal drilling and fracture stimulation are increasing drilling activity and creating a geographical mismatch between these emerging resource plays and existing infrastructure. Midstream infrastructure investment is estimated to be between $20 billion and $40 billion in 2008.

The Fund will provide growth capital to proven midstream management teams, typically between $25 and $75 million. It will be the lead investor and will have board control in most transactions. Companies will be positioned as strategic acquisition targets for master limited partnerships and larger industry players. Investments will be made with a target ROI of over 2.0 and a 25% IRR.

Team Bios

EnCap

David Miller, Gary Peterson, Martin Phillips, and Robert Zorich are Managing Directors and Principals of EnCap and have been responsible for the returns from the prior funds.

David B. Miller (57) is a Principal and co-founder of EnCap Investments L.P. From 1988 to 1996, Mr. Miller served as President of PMC Reserve Acquisition Company, a partnership jointly owned by EnCap and Pitts Energy Group. Prior to the establishment of EnCap, he served as Co-Chief Executive Officer of MAZE Exploration Inc., a Denver-based oil and gas company he co-founded in 1981. Mr. Miller began his professional career with Republic National Bank of Dallas, ultimately serving as Vice President and Manager of the bank's wholly-owned subsidiary, Republic Energy Finance Corporation. Mr. Miller is a graduate of Southern Methodist University, having received Bachelors and Masters Degrees in Business Administration in 1972 and 1973, respectively. He is a member of the Executive Board of the Edwin L. Cox School of Business at SMU and was named a Distinguished Alumnus of the Cox School in 2000.

Gary R. Petersen (60) is a Principal and co-founder of EnCap Investments L.P. Prior to the formation of EnCap in 1988, Mr. Petersen was a Senior Vice President and Manager of the Corporate Finance Division of the Energy Banking Group for Republic Bank Corporation from 1985 to 1988. Prior to his position at Republic Bank, Mr. Petersen was an Executive Vice President and a member of the Board of Directors of Nicklos Oil & Gas Company in Houston from 1979 to 1984. Previously, Mr. Petersen was a Group Vice President in the Petroleum and Minerals Division of Republic Bank Dallas. He served from 1970 to 1971 in the U.S. Army in Washington D.C. as a First Lieutenant in the Finance Corps and as an Army Officer in the National Security Agency. Mr. Petersen holds M.B.A. and B.B.A. degrees in Finance from Texas Tech University and has done post-graduate work at American University and the Stonier Graduate School of Banking at Rutgers University.

D. Martin Phillips (53) is a Principal of EnCap Investments L.P. Prior to joining EnCap in 1989, Mr. Phillips served as a Senior Vice President in the Energy Banking Group of NationsBank in Dallas, Texas. Mr. Phillips began his career in 1978 with RepublicBank Dallas (NationsBank Texas' predecessor organization) and served in various senior energy banking positions, including Vice President and Manager of RepublicBank's energy loan production office in Denver, from 1980 to 1985, and Senior Vice President and Division Manager in RepublicBank's Houston office, from 1986 to 1987. Mr. Phillips holds M.B.A. and B.S. degrees from Louisiana State University. Mr. Phillips also attended the Stonier Graduate School of Banking at Rutgers University.

Robert L. Zorich (57) is a Principal and co-founder of EnCap Investments L.P. Prior to the formation of EnCap, Mr. Zorich was a Senior Vice President in charge of the Houston office of Trust Company of the West, a large, privately-held pension fund manager. Prior to joining Trust Company of the West, Mr. Zorich co-founded MAZE Exploration, Inc., serving as its Co-Chief Executive Officer. During the first seven years of Mr. Zorich's career, he was employed by RepublicBank Dallas as a Vice President and Division Manager in the Energy Department. Approximately half of his tenure with Republic was spent managing the Bank's energy office in London, where he assembled a number of major project financings for development in the North Sea. Mr. Zorich received his B.A. in Economics from the University of California at Santa Barbara in 1971. He also received a Masters Degree in International Management (with distinction) in 1974 from the American Graduate School of International Management in Phoenix, Arizona.

Flatrock

Dennis F. Jaggi (59) is an Executive Vice President and Senior Partner of Flatrock Energy Advisors, LLC. Prior to joining Flatrock in 2001, Mr. Jaggi served as Chief Operating Officer for Enogex Inc. an Oklahoma based midstream affiliate of Oklahoma Gas & Electric. At Enogex he was responsible for management of all operations, engineering design and construction, gas control, capital investments, gas supply, and E&P activities. Prior to his role with Enogex, Mr. Jaggi was Vice President and Regional Manager with Delhi Pipeline Corporation from 1981-1997 where he managed and directed the activities of Delhi's Northern Region.

Mr. Jaggi holds a B.S. in Mechanical Engineering from the University of Missouri-Rolla. He is also registered as a professional engineer in the states of Texas and Louisiana. He is a past Director and current member of both the Gas Processors Association and the Natural Gas and Energy Association of Oklahoma. Mr. Jaggi has served as Chairman of the Board and Campaign Chairman for the United Way of Central Oklahoma and is currently a member of the Board of Trustees.

Bill D. Waldrip (53) is President, Senior Partner and founder of Flatrock Energy Advisors, LLC. Prior to Flatrock, Mr. Waldrip served as Chief Operating Officer for the Lewis Energy Group from 1998-2000. Here he was responsible for all operating and commercial activities including drilling, exploration, production, gathering, marketing and construction. Prior to his role with Lewis Energy Group Mr. Waldrip held numerous positions with Delhi Pipeline Corporation from 1980-1997. Mr. Waldrip was Vice President/Regional Manager over the Southwestern Region for Delhi from 1990-1997. Prior to his role with Delhi Mr. Waldrip was an Engineer for Texas Eastern Transmission.

Mr. Waldrip holds a B.S. in Civil Engineering from Louisiana Tech University and a graduate of the Executive Management Program from Indiana University. He is a Registered Professional Engineer in the State of Texas. He is a Managing Member of Flatrock Compression, LTD.

William R. Lemmons, Jr. (46) is an Executive Vice President and Senior Partner of Flatrock Energy Advisors, LLC. Prior to joining Flatrock in 2002, Mr. Lemmons served as a Vice President with Enron Corporation from 1992-2002. He held various energy finance and commercial origination positions with Enron including producer finance, wholesale commercial transactions and leading the company's worldwide associate/analyst program. Prior to his roles with Enron, Mr. Lemmons was employed by Texas Oil & Gas Corporation where he was a Project Development Engineer with Delhi Gas Corporation from 1989-1992. Previous to his position with Delhi, Mr. Lemmons served as a Drilling and Production Engineer for TXO Production Corporation.

Mr. Lemmons holds a B.S. in Petroleum Engineering from Texas A&M University, as well as an M.B.A. (Phi Kappa Phi) from the Mays Graduate School of Business at Texas A&M University. He is a registered Professional Engineer in the State of Texas and a member of the Society of Petroleum Engineers. Mr. Lemmons is also a member of the Society of Petroleum Evaluation Engineers. He also serves as a Managing Member of Flatrock Compression, LTD.

HammondAssociates
INSTITUTIONAL FUND CONSULTANTS, INC.

Report to:
Texas Tech Board of Regents

Investment Review

August 7 & 8, 2008

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Executive Summary

Executive Summary *(as of June 2008)*

Performance

- For the year ending June 30, 2008, the Texas Tech University System portfolio was valued at $677 million.
- The one-year return was -3.1%, beating the policy benchmark of -5.8%. Hammond Associates estimates that this one-year June 30 performance will rank in the second quartile of all endowments for that period. Three- and five-year returns are +10.0% and +12.5%. These returns should rank solidly in the top quartile of all endowments.
- On a one-year basis, domestic equity was down 16.2% and international equity was off 10.0%. Over this 12 month period, both domestic and international equity portfolios under-performed their respective benchmarks. However, several manager changes have been implemented.
- Hedge funds were up 0.6% over one year and up 9.4% and 9.1% over three- and five-years.
- Illiquid private equity and real assets are not given to measurement on a year over year basis. Since inception, private equity is up 23.5% and the real asset group is up 21.9%, both are annualized returns.

Carr Foundation

- Texas Tech University System has begun to receive installments of the $70 million from the Carr Foundation.

Asset Allocation

- There were a number of manager changes, as well as some minor modifications to the asset allocation policy on the Traditional side. A summary of these changes can be found on the following page.

Executive Summary *Cont'd*

Manager Changes

- Two new international managers were approved at $20 million a piece:
  - Silchester, an international value manager;
  - Axiom, an international growth manager.
- Both GMO International Small and Acadian were reduced in order to reduce exposure to international small.

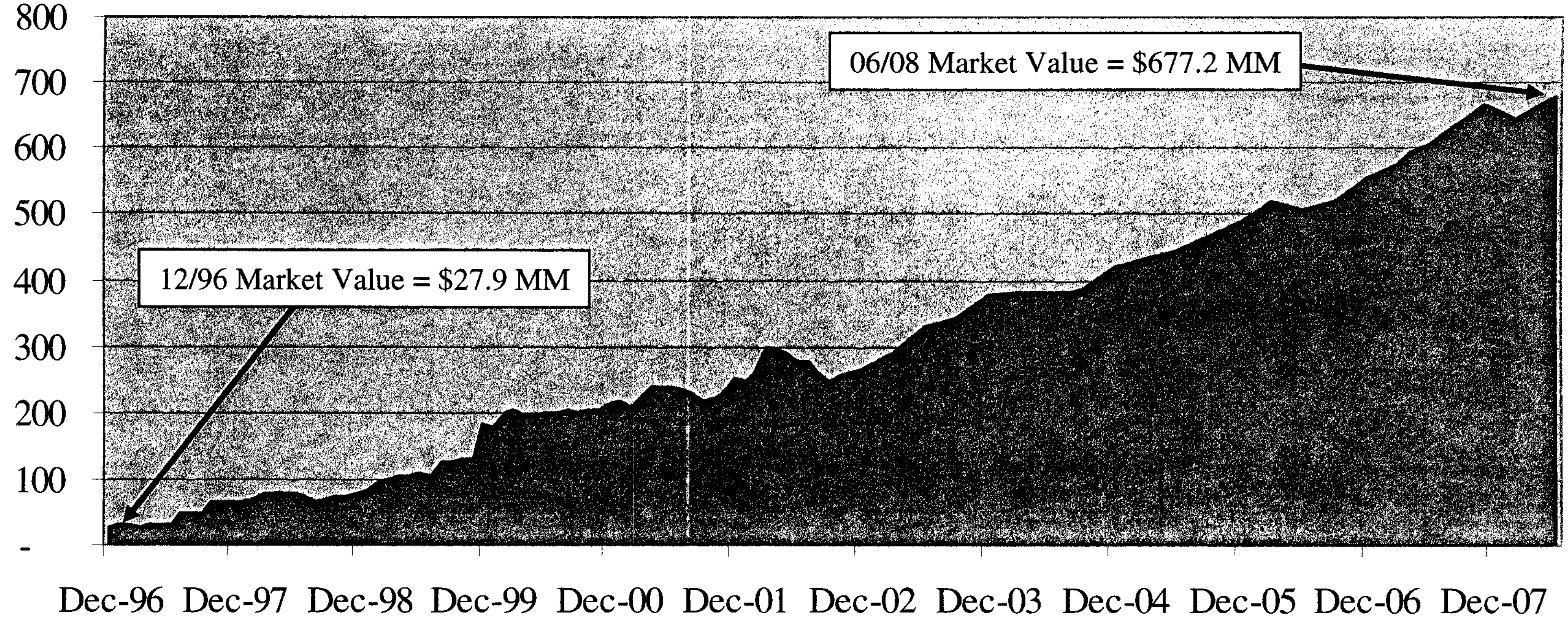
Asset Allocation Changes

- At the July 9th meeting it was decided to increase the current allocation for domestic equity to 22% (from 19% actual), and to reduce international equity to 18% (from 21% actual).
- Domestic equity will be structured with 85% in large-cap stocks, 9% in mid, and 6% in small.
  - Of the large cap segment, 70% of will be core and 30% will be large quality growth.
  - The domestic equity portfolio will also be setup such that 60% is passive and 40% is active management with a long term target of 40% passive.
- Any under-allocation to private equity and real assets will be in cash, which may shift slightly to hedge funds in the coming months.

Performance Review

SECTION II

Long Term Investment Fund Growth Over Time *(as of June 2008)*



11 Years 6 Months	$649.3 MM Increase[1]	10.0% Annualized Return[2]

[1] Includes net additions/withdrawals.

[2] Excludes net additions/withdrawals. Net investment performance only.

	Market Value ($'s, MM's)
Jun-08	677.2
Jun-07	605.8
Jun-06	507.4

Composite(s) Performance Review

	Market Value ($'s, MM)	Percent of Endowment	YTD	FYTD (Since Sept.30)	Last 1 Year	Last 3 Years	Last 5 Years	Since Inception	Inception Date
			% Returns as of June 2008						
Texas Tech University System	***$677.2***	***100.0%***	***(4.9)***	***(2.0)***	***(3.1)***	***10.0***	***12.5***	***10.0***	***Aug-96***
Actual Allocation Index			*(7.1)*	*(4.4)*	*(5.8)*	*8.9*	*11.6*	*9.3*	
70% S&P 500/30% Lehman Agg.			*(8.0)*	*(6.8)*	*(7.2)*	*4.5*	*6.6*	*7.5*	
Marketable Securities	***$533.2***	***78.7%***	***(6.5)***	***(4.1)***	***(6.2)***	***8.5***	***11.4***	***9.5***	***Aug-96***
Policy Index			*(7.9)*	*(5.2)*	*(6.9)*	*8.7*	*11.4*	*9.3*	
Domestic Equity	***$116.3***	***17.2%***	***(11.9)***	***(12.6)***	***(16.2)***	***2.2***	***7.7***	***4.4***	***Jul-01***
Wilshire 5000			*(10.9)*	*(10.7)*	*(12.5)*	*5.0*	*8.7*	*3.9*	
International Equity	***$124.4***	***18.4%***	***(12.0)***	***(8.1)***	***(10.0)***	***16.6***	***21.4***	***13.7***	***Jul-01***
MSCI ACWI x-US			*(9.8)*	*(4.5)*	*(6.2)*	*16.2*	*19.4*	*12.0*	
Fixed Income Composite (ex Cash)	***$38.2***	***5.6%***	***1.1***	***4.9***	***7.1***	***4.0***	***3.8***	***5.0***	***Apr-02***
Lehman Aggregate Bond			*1.1*	*5.0*	*7.1*	*4.1*	*3.9*	*5.1*	
Hedge Fund Composite	***$159.7***	***23.6%***	***(0.9)***	***1.9***	***0.6***	***9.4***	***9.1***	***8.1***	***May-02***
HFR Fund of Funds			*(2.3)*	*1.8*	*(0.1)*	*8.2*	*7.7*	*7.0*	
t-bills +4%			*2.9*	*5.4*	*6.9*	*8.0*	*7.1*	*6.7*	
Private Equity Composite(IRR)	***$91.2***	***13.5%***						***23.5***	***May-02***
Illiquid Real Assets Composite(IRR)	***$53.9***	***8.0%***						***21.9***	***May-02***

Returns are net of fees. Returns greater than one year are annualized.
Performance is compared to the most appropriate index. Equity outperformance by greater than 100 bps is indicated in green; underperformance by greater than 100 bps is indicated in red. Fixed income outperformance by greater than 50 bps is indicated in green; underperformance by greater than 50 bps is indicated in red.

Domestic Manager Performance

	Market Value ($'s, MMs)	Percent of Composite	YTD	FYTD (Since Sept. 30)	Last 1 Year	Last 3 Years	Last 5 Years	Since Inception	Inception Date
			% Return as of June 2008						
US Equity Composite	***116.3***		*(11.9)*	*(12.6)*	*(16.2)*	*2.2*	*7.7*	***4.4***	***Jul-01***
Dow Jones Wilshire 5000			*(10.9)*	*(10.7)*	*(12.5)*	*5.0*	*8.7*	*3.9*	
Jensen	***22.2***	***19.1%***	***(11.2)***					***(12.1)***	***Nov-07***
Standard & Poors 500			(11.9)					(12.5)	
Atalanta Sosnoff	***29.8***	***25.6%***	***(13.8)***					***(14.4)***	***Nov-07***
Russell 1000			*(11.2)*					*(11.8)*	
SSgA S&P 500 Index CTF	***48.6***	***41.8%***	***(12.0)***	***(11.7)***	***(13.2)***			***1.9***	***Jan-06***
Standard & Poors 500			*(11.9)*	*(11.7)*	*(13.1)*			*2.0*	
Intech Large Growth Fund	***19.9***	***17.1%***	***(8.1)***	***(2.5)***	***(3.9)***			***3.5***	***Sep-05***
S&P 500/Citigroup Growth Index			*(8.1)*	*(5.3)*	*(5.8)*			*4.7*	

Returns are net of fees. Returns greater than one year are annualized. Performance is compared to the most appropriate style index. Outperformance by greater than 100 bps is indicated in green; underperformance by greater than 100 bps is indicated in red.

International Manager Performance

	Market Value ($'s, MMs)	Percent of Composite	YTD	FYTD (Since Sept.30)	Last 1 Year	Last 3 Years	Last 5 Years	Since Inception	Inception Date
			% Return as of June 2008						
International Equity Composite	***124.4***		*(12.0)*	*(8.1)*	*(10.0)*	***16.6***	***21.4***	*13.7*	***Jul-01***
MSCI ACWI ex US (Gross)			*(9.8)*	*(4.5)*	*(6.2)*	*16.2*	*19.4*	*12.0*	
GMO Foreign Markets Fund	***41.2***	*33.1%*	***(11.2)***	*(8.9)*	***(11.5)***	***13.0***		***12.6***	***Jan-04***
MSCI EAFE (Net)			*(11.0)*	*(7.8)*	*(10.6)*	*12.8*		*12.5*	
iShares MSCI EAFE	***38.0***	*30.5%*						*(8.8)*	***May-08***
MSCI EAFE (Net)								*(8.2)*	
GMO International Small Companies	***8.0***	*6.4%*	*(9.2)*	***(10.9)***	***(13.9)***	***14.3***		***15.4***	***Jan-04***
S&P/Citigroup EMI-EPAC			*(10.4)*	*(12.2)*	*(15.4)*	*13.6*		*15.3*	
Acadian International SmallCap Fund	***9.5***	*7.6%*	***(10.4)***	***(17.5)***	***(22.0)***	***15.1***		***19.0***	***Jan-04***
S&P/Citigroup EMI-EPAC			*(10.4)*	*(12.2)*	*(15.4)*	*13.6*		*15.3*	
GMO Emerging Markets Fund III	***27.7***	***22.3%***	***(12.2)***	*(3.0)*	*(0.1)*	***26.2***	***31.6***	***31.6***	***Jun-03***
MSCI Emerging Markets Free Index			*(11.8)*	*1.5*	*4.6*	*27.1*	*29.8*	*29.8*	

Returns are net of fees. Returns greater than one year are annualized.

Performance is compared to the most appropriate style index. Outperformance by greater than 100 bps is indicated in green; underperformance by greater than 100 bps is indicated in red.

Fixed Income and Cash, Global Performance, REITs

	Market Value ($'s, MM's)	Percent of Endowment	YTD	FYTD (Since Sept. 30)	Last 1 Year	Last 3 Years	Last 5 Years	Since Inception	Inception Date
			% Return as of June 2008						
Fixed Income Composite (ex Cash)	***38.2***	***5.6%***	***1.1***	***4.9***	***7.1***	***4.0***	***3.8***	***5.0***	***Jul-01***
Lehman Aggregate Bond			*1.1*	*5.0*	*7.1*	*4.1*	*3.9*	*5.1*	
State Street Passive Bond Market CTF	***38.2***	***5.6%***	***1.1***	***4.9***	***7.1***	***4.0***	***3.8***	***5.0***	***Apr-02***
LB US Aggregate			*1.1*	*5.0*	*7.1*	*4.1*	*3.9*	*5.1*	
Cash	***62.3***	***9.2%***	***1.5***	***3.1***	***3.9***	***4.3***	***3.0***	***2.6***	***Mar-02***
91-Day Treasury Bill			*0.9*	*2.1*	*2.9*	*4.0*	*3.1*	*2.7*	
Vanguard REITs	***8.8***	***1.3%***						***(10.7)***	***May-08***
91-Day Treasury Bill								*(11.1)*	
GMO Global Allocation Absolute Return	***22.3***	***3.3%***	***(2.3)***	***1.0***	***1.2***	***9.4***		***10.0***	***Mar-04***
MSCI ACWI			*(10.7)*	*(7.6)*	*(9.3)*	*10.3*		*10.0*	

Returns are net of fees. Returns greater than one year are annualized. Performance is compared to the most appropriate style index. Cash & fixed income outperformance by greater than 50 bps is indicated in green; underperformance by greater than 50 bps is indicated in red.

Hedge Fund Manager Performance

	Market Values ($'s, MM's)	Percent of Composite	YTD	FYTD (Since Sept. 30)	Last 1 Year	Last 3 Years	Last 5 Years	Since Inception	Inception Date
			% Returns as of June '08						
Hedge Fund Composite	***159.7***		*(0.9)*	*1.9*	*0.6*	*9.4*	*9.1*	*8.1*	*May-02*
Hedge Fd Resh, Inc. Fund of Fund			*(2.3)*	*1.8*	*(0.1)*	*8.2*	*7.7*	*7.0*	
91-Day Treasury Bill +4%			*2.9*	*5.4*	*6.9*	*8.0*	*7.1*	*6.7*	
Ariel Fund Ltd.	***18.4***	***11.7%***	***(1.9)***	***(1.1)***	***(0.3)***	***10.4***	***12.1***	***11.7***	***Dec-02***
King Street Capital, Ltd.	***19.6***	***12.1%***	***3.2***	***10.0***	***8.5***	***13.7***	***12.6***	***13.3***	***May-03***
New Castle Market Neutral LP	***16.9***	***10.5%***	***1.1***	***9.4***	***8.9***	***12.7***	***10.5***	***10.2***	***Dec-02***
Taconic Offshore Fund Ltd.	***12.1***	***7.7%***	***1.0***	***1.3***	***(0.1)***	***9.0***	***9.5***	***9.8***	***May-03***
Shepherd Investments Int'l Ltd.	***14.7***	***9.1%***	***(0.8)***	***(2.5)***	***(4.4)***			***7.7***	***Feb-06***
Alson Signature Fund Offshore Ltd Cl	***10.5***	***6.6%***	***(6.9)***	***(0.9)***	***(1.5)***			***3.6***	***Dec-06***
Davidson Kempner LP	***13.6***	***8.5%***	***(0.3)***	***1.0***	***(1.2)***			***4.1***	***Dec-06***
Wexford Offshore Spectrum Fund	***14.7***	***8.9%***	***3.4***	***5.1***	***1.2***			***11.0***	***Dec-06***
Och Ziff Asia Overseas	***14.6***	***9.5%***						***(2.5)***	***Jan-08***
Fir Tree Int'l Value	***14.3***	***9.2%***						***(4.4)***	***Jan-08***
Silver Point	***10.2***	***6.4%***						***1.8***	

Note: Returns are annualized if greater than one year. Returns are reported net of all fees.

Private Equity/Real Assets Update – Performance *(as of June 2008)*

Fund	Inception	Commitment	Capital Called	Remaining Commitment	Distributions	Capital Account Balance	Last Capital Account Statement	Capital Account Plus Distributions	Multiple of Invested Capital	Net IRR
OCM Opportunities Fund IV B	2002	5,000,000	6,000,000	-	9,759,460	23,048	3/31/2008	9,782,508	1.6	44.6%
Sterling Group Partners I	2003	6,000,000	4,395,116	-	9,298,139	3,348,278	3/31/2008	12,646,417	2.9	52.8%
OCM Principal Opportunities III	2004	10,000,000	10,000,000	289,960	4,894,344	10,917,012	3/31/2008	15,811,356	1.6	20.7%
Stone Point Capital Trident III	2004	15,000,000	15,034,054	1,215,136	5,416,926	18,678,770	3/31/2008	24,095,696	1.6	26.0%
Sterling Group Partners II	2005	6,000,000	3,785,271	2,446,278	378,930	3,877,696	3/31/2008	4,256,626	1.1	7.3%
Reservoir Capital Overseas Partners II	2005	15,000,000	15,000,000	-	-	15,101,457	5/31/2008	15,101,457	1.0	0.5%
OCM European Principal Opportunities Fund	2006	5,000,000	5,400,000	350,000	814,439	6,586,281	3/31/2008	7,400,720	1.4	21.9%
Bear Stearns Merchant Banking III	2006	12,000,000	4,522,395	7,477,605	-	4,337,685	3/31/2008	4,337,685	1.0	-3.7%
Main Street Capital II	2006	5,000,000	2,500,000	2,500,000	257,366	2,242,634	NA	2,500,000	1.0	0.0%
Goldman Sachs Vintage Fund IV	2006	10,000,000	5,517,822	4,482,178	261,099	5,671,513	12/31/2007	5,932,612	1.1	10.7%
OCM Principal Opportunities IV	2006	12,000,000	7,800,000	4,200,000	633,824	7,432,831	3/31/2008	8,066,655	1.0	4.6%
Stone Point Capital Trident IV	2007	15,000,000	7,219,355	7,780,645	14,808	7,063,830	3/31/2008	7,078,638	1.0	-7.6%
OCM Opportunities Fund VII	2007	5,000,000	4,500,000	500,000	15,397	4,383,700	3/31/2008	4,399,097	1.0	-4.9%
OCM Opportunities Fund VIIb	2007	20,000,000	1,500,000	18,500,000	-	1,500,000	NA	1,500,000	1.0	NA
Texas Tech University System Private Equity		*141,000,000*	*93,174,013*	*49,741,802*	*31,744,732*	*91,164,735*		*122,909,467*	*1.3*	*23.5%*
EnCap Investment Fund IV-B	2002	15,000,000	16,413,443	-	26,887,794	2,847,950	3/31/2008	29,735,744	1.8	51.4%
EnCap Investment Fund V-B	2004	20,000,000	20,861,730	-	8,624,765	18,901,177	3/31/2008	27,525,942	1.3	17.4%
CDK Realty	2004	15,000,000	10,907,500	5,000,000	1,151,800	11,129,430	3/31/2008	12,281,230	1.1	4.8%
E2M Partners Value Addded Fund	2006	10,000,000	6,739,570	3,260,430	846,226	5,616,577	3/31/2008	6,462,803	1.0	-3.8%
Alcion Real Estate Partners Parallel Fund	2006	10,000,000	1,646,865	8,353,135	-	1,007,208	3/31/2008	1,007,208	0.6	-37.4%
EnCap Investment Fund VI-B	2006	20,000,000	9,073,397	10,926,603	1,555,171	8,432,732	3/31/2008	9,987,903	1.1	12.2%
Savanna Real Estate Fund I	2007	10,000,000	2,223,323	7,776,677	73,131	1,814,847	3/31/2008	1,887,978	0.8	-39.3%
EnCap Investment Fund VII-B	2007	15,000,000	1,792,380	13,207,620	-	1,635,956	3/31/2008	1,635,956	0.9	-26.4%
Natural Gas Partners IX	2007	12,000,000	1,515,028	10,502,940	17,968	1,386,479	3/31/2008	1,404,447	0.9	-40.3%
Denham Commodity Partners V	2008	10,000,000	1,153,810	8,846,190	-	1,153,810	NA	1,153,810	1.0	NA
Texas Tech University System Real Assets		*137,000,000*	*72,327,046*	*67,873,595*	*39,156,855*	*53,926,166*		*93,083,021*	*1.3*	*21.9%*
Total		**278,000,000**	**165,501,059**	**117,615,397**	**70,901,587**	**145,090,901**		**215,992,488**	**1.3**	**22.8%**

Private Equity/Real Assets Update – Performance *(as of June 2008)*

Fund	Inception	Multiple of Money Invested	IRR	Too Early	Below Goal	Meeting Goal	Exceeding Goal
Private Equity							
OCM Opportunities Fund IVb	2002	1.6	45%				√
Sterling Group Partners I	2003	2.9	53%				√
OCM Principal Opportunities III	2004	1.6	21%	√			√
Stone Point Trident III	2004	1.6	26%	√			√
Sterling Group Partners II	2005	1.1	7%	√			
Reservoir Capital Overseas Partners II	2005	1.0	1%	√			
OCM Principal Opportunities Europe Fund	2006	1.4	22%	√			√
Bear Stearns Merchant Banking III	2006	1.0	-4%	√			
Main Street Capital II	2006	1.0	0%	√			
Goldman Sachs Vintage IV	2006	1.1	11%	√		√	
OCM Principal Opportunities IV	2006	1.0	5%	√			
Stone Point Trident IV	2007	1.0	-8%	√			
OCM Opportunities VII	2007	1.0	-5%	√			
OCM Opportunities VIIB	2007	NA	NA	√			
Real Assets							
EnCap Energy Capital Fund IV-B	2002	1.8	51%				√
EnCap Energy Capital Fund V-B	2004	1.3	17%	√		√	
CDK Realty	2004	1.1	5%	√	√		
E2M Partners	2006	1.0	-4%	√			
Alcion Ventures Real Estate Opps Fund	2006	0.7	-37%	√			
EnCap Energy Capital Fund VI-B	2006	1.1	12%	√			
Savanna Real Estate Fund I	2007	0.8	-39%	√			
EnCap Energy Capital Fund VII	2007	0.9	-26%	√			
Natural Gas Partners IX	2008	0.9	-30%	√			
Denham Commodity V	2008	1.0	NA	√			

Asset Allocation

SECTION III

Texas Tech LTIF Portfolio Objectives

Investment Objectives - Long Term Investment Fund (LTIF):

	Return Objectives[1] *(%)*
Spending Rate	4.5
Inflation (CPI)	2.5
Investment Management Fee	0.5
Real Growth	0.5
Net Compound Return Needed	**8.0**

Distribution[2]:

4.5% spending policy and 0.5% investment management fee based on previous 12 quarters' rolling average, distributed quarterly.

[1] *Source: Texas Tech University Performance Evaluation Report For Periods Ending May 31, 2001.*

[2] *Source: Investment Policy Statement for Long Term Investment Fund and Certain Long-Term Institutional Funds.*

Asset Allocation

	June-08 Actual A	Policy B	Current Ranges C
Growth Assets			
US Large Stocks	17%	19%	
US Mid Stocks	0%	2%	
US Small Stocks	0%	1%	
US Stocks	*17%*	*22%*	*15-30%*
Intl Large Stocks	12%	15%	
Intl Small Stocks	3%	1%	
Intl Emerging Market Stocks	4%	2%	
Intl Stocks	*19%*	*18%*	*10-30%*
GMO Global Allocation	3%		
Private Equity / Special Situations	14%	15%	*15-30%*
Total Growth Assets	**53%**	**55%**	**40-90%**
Risk Reduction Assets			
Cash	9%		*5-15%*
Fixed Income	6%	5%	
Hedge Funds	23%	25%	*15-30%*
Total Risk Reduction Assets	**38%**	**30%**	
Inflation Protection Assets			
Real Assets	9%	15%	
Total Inflation Protection Assets	**9%**	**15%**	**5-15%**
Total	**100%**	**100%**	

** Numbers may not add due to rounding*

Detailed Manager Allocations

Jun-08	Current Allocation	
Large		
Jensen	$22.2	3.3%
SSgA S&P 500 Index CTF	$45.1	6.7%
Atalanta Sosnoff	$29.8	4.4%
Intech Large Growth Fund	$19.3	2.9%
	$116.4	17.2%
Mid		
	$0.0	0.0%
Small		
	$0.0	0.0%
Total Domestic Equity	**$116.4**	**17.2%**
International Equity		
Large/Developed		
GMO Foreign Markets	$41.2	6.1%
EAFE Index (Temporary)	$38.0	5.6%
Silchester	$0.0	0.0%
Axiom	$0.0	0.0%
	$79.2	11.7%
Small		
GMO International Small	$8.0	1.2%
Acadian International	$9.5	1.4%
	$17.5	2.6%
Emerging		
GMO Emerging III	$27.7	4.1%
	$27.7	4.1%
Total International Equity	**$124.4**	**18.4%**
Global Allocation		
GMO Global Allocation	$22.3	3.3%
	$22.3	3.3%
Fixed Income		
State Street Passive Bond	$38.2	5.6%
Cash Account	$62.3	9.2%
	$100.5	14.8%
Total Fixed Income	**$100.5**	**14.8%**
Total Traditional	**$363.6**	**53.7%**

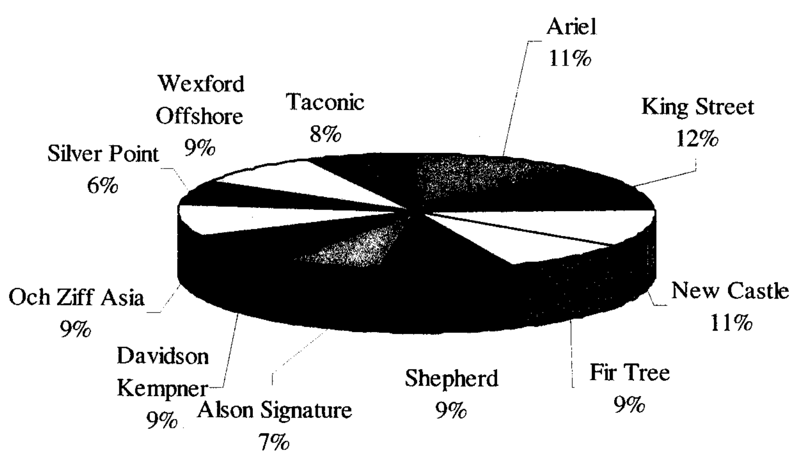
	Current Allocation	
Hedge Funds		
Mutli-Strategy		
Shepherd Investments Int'l L	$14.7	2.2%
Davidson Kempner LP	$13.6	2.0%
Och Ziff Asia	$14.6	2.2%
Taconic Offshore Fund Ltd.	$12.1	1.8%
	$55.0	8.1%
Market Neutral		
New Castle Market Neutral L	$16.9	2.5%
	$16.9	2.5%
Special Situations		
Fir Tree	$14.3	2.1%
	$14.3	2.1%
Credit		
Ariel Fund Ltd.	$18.4	2.7%
King Street Capital, Ltd.	$19.6	2.9%
Silver Point	$10.2	1.5%
	$48.2	7.1%
Global Macro		
Wexford Spectrum	$14.7	2.2%
	$14.7	2.2%
Long/Short Equity		
Alson Signature	$10.5	1.6%
	$10.5	1.6%
Total Hedge Fund	**$159.6**	**23.6%**

	Current Allocation	
Non-Traditional (cont'd)		
Private Equity		
Special Situations		
Oaktree Capital IV b	$0.0	0.0%
Oaktree Capital IV	$7.4	1.1%
OCM Prin. Ops Europe	$6.6	1.0%
Oaktree Capital Prin III	$10.9	1.6%
OCM Opportunities VII	$4.4	0.7%
Reservoir Cap Overseas II	$15.1	2.2%
OCM Opp VII B ($20M)	$1.5	0.2%
	$45.9	6.8%
Secondaries		
Goldman Sachs Vintage IV	$5.7	0.8%
	$5.7	0.8%
Buyouts		
Main Street Capital II	$2.2	0.3%
Bear Stearns Merchant III	$4.3	0.6%
Sterling Group Partners I	$3.3	0.5%
MMC Capital Trident III	$18.7	2.8%
Sterling Group Partners II	$3.9	0.6%
Stone Point CapTrident IV	$7.1	1.0%
	$39.5	5.8%
Private Equity	**$91.1**	**13.5%**
Real Assets		
Energy		
EnCap IV	$2.8	0.4%
EnCap V-B	$18.9	2.8%
EnCap VI-B	$8.4	1.2%
EnCap VII	$1.6	0.2%
NGP ($12M)	$1.4	0.2%
Denham Capital ($10M)	$1.2	0.2%
	$34.3	5.1%
Real Estate		
CDK Realty	$11.1	1.6%
E2M Partners	$5.6	0.8%
Alcion Ventures	$1.0	0.1%
Savanna Real Estate I	$1.8	0.3%
REIT	$8.8	1.3%
	$28.3	4.2%
Real Assets	**$62.6**	**9.2%**

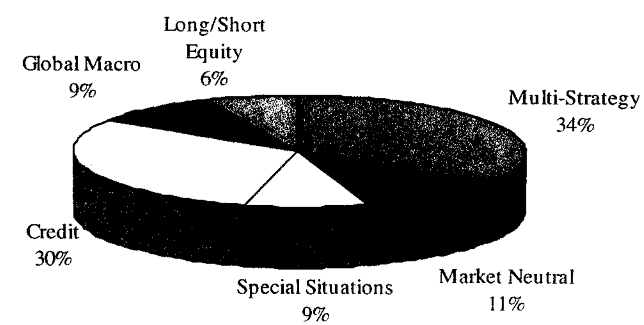
Hedge Fund Overview *(as of June 2008)*

Multi-Strategy	Market Neutral	Special Situations	Credit	Global Macro	Long/Short Equity
Shepherd	New Castle	Fir Tree	Ariel	Wexford	Alson Signature
Davidson Kempner			King Street	Drawbridge[1]	Shumway[1]
Och Ziff Asia			Silver Point		
Taconic					

Proposed Hedge Fund Manager Allocations



Proposed Hedge Fund Strategy Allocations



[1] *Drawbridge and Shumway are not included in the charts however are possible additions at the fall meeting*

Private Equity and Real Assets

Illiquid Funding: Private Equity

Private Equity Commitment Schedule
4/30/2008

Target Allocation	15%
Total Portfolio Market Value	$ 729,648,718 (includes AS funds)
Target Private Equity NAV	$ 109,447,308
Estimated Portfolio Growth Rate	**2.5%**

Year	Commitment	Cumulative Commitments	Estimated Private Equity NAV	Target Private Equity NAV	Est. % of Target Allocation Invested
2004	$25,000,000	$36,000,000	$11,465,674	$ 109,447,308	10.5%
2005	$21,000,000	$57,000,000	$12,893,847	$ 109,447,308	11.8%
2006	$44,000,000	$101,000,000	$43,184,155	$ 109,447,308	39.5%
2007	$40,000,000	$141,000,000	$76,153,656	$ 112,183,490	67.9%
2008	$24,000,000	$165,000,000	$86,145,000	$ 114,988,078	74.9%
2009	$25,000,000	$190,000,000	$100,830,000	$ 117,862,780	85.5%
2010	$28,500,000	$218,500,000	$111,830,000	$ 120,809,349	92.6%
2011	$31,000,000	$249,500,000	$123,100,000	$ 123,829,583	99.4%
2012	$34,000,000	$283,500,000	$133,345,000	$ 126,925,322	105.1%
2013	$38,000,000	$321,500,000	$132,615,000	$ 130,098,455	101.9%

**Realized data is incorporated up to the date of the report.*

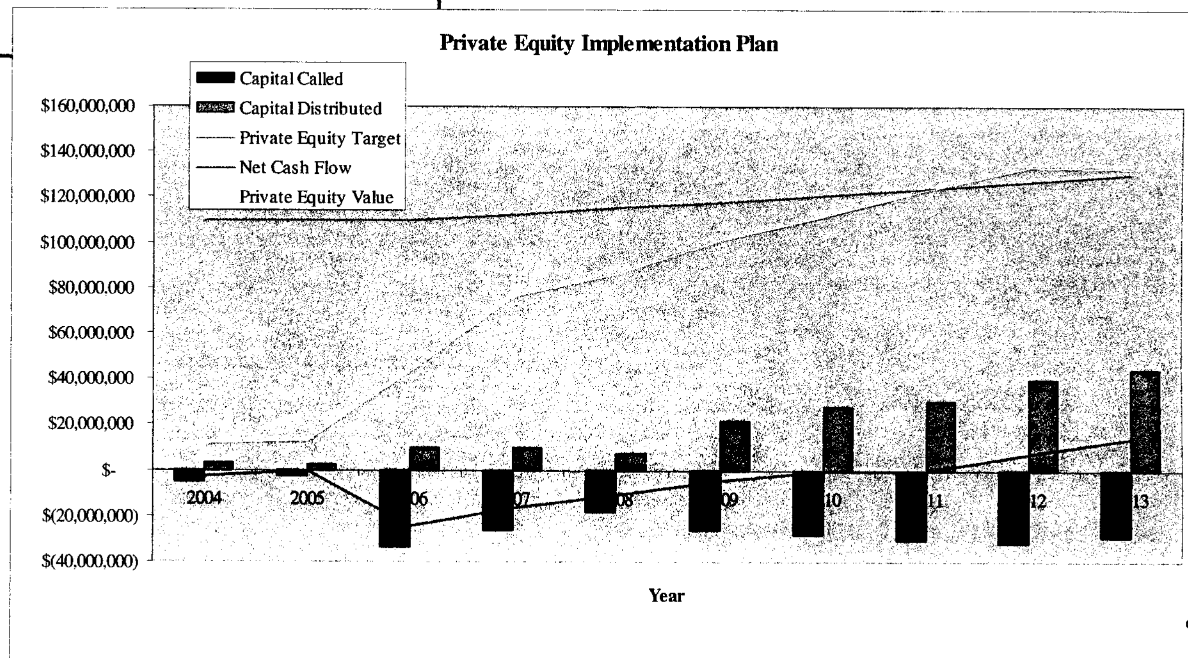
2007 Commitments

- Stone Point Capital Trident IV $15MM
- OCM Opportunities Fund VII $5 MM
- OCM Opportunities Fund VIIB $20 MM

2008 Commitments

- There is $24 MM to commit to private equity.
- There are a number of manager re-ups throughout the remainder of the year.

- This model accounts for $44 MM committed in 2006, and $40 MM committed in 2007.
- Commitments slow to $24 MM, then begin to steadily rise.



Illiquid Funding: Real Assets

Real Assets Commitment Schedule
4/30/2008

Target Allocation		15%
Total Portfolio Market Value	$	729,648,718 (includes AS funds)
Target Real Assets NAV	$	109,447,308
Estimated Portfolio Growth Rate		2.5%

Year	Commitment	Cumulative Commitments	Estimated Real Assets NAV	Est. % in Real Estate	Target Real Assets NAV	Est. % of Target Allocation Invested
2004	$35,000,000	$50,000,000	$14,530,136	15%	$109,447,308	13.3%
2005	$0	$50,000,000	$23,827,773	35%	$109,447,308	21.8%
2006	$40,000,000	$90,000,000	$39,336,201	36%	$109,447,308	35.9%
2007	$25,000,000	$115,000,000	$49,068,780	37%	$112,183,490	43.7%
2008	$25,000,000	$140,000,000	$56,220,000	45%	$114,988,078	48.9%
2009	$25,000,000	$165,000,000	$76,780,000	46%	$117,862,780	65.1%
2010	$26,000,000	$191,000,000	$103,170,000	42%	$120,809,349	85.4%
2011	$26,000,000	$217,000,000	$129,285,000	45%	$123,829,583	104.4%
2012	$27,000,000	$244,000,000	$146,217,000	45%	$126,925,322	115.2%
2013	$27,500,000	$271,500,000	$147,278,200	46%	$130,098,455	113.2%

**Realized data is incorporated up to the date of the report.*

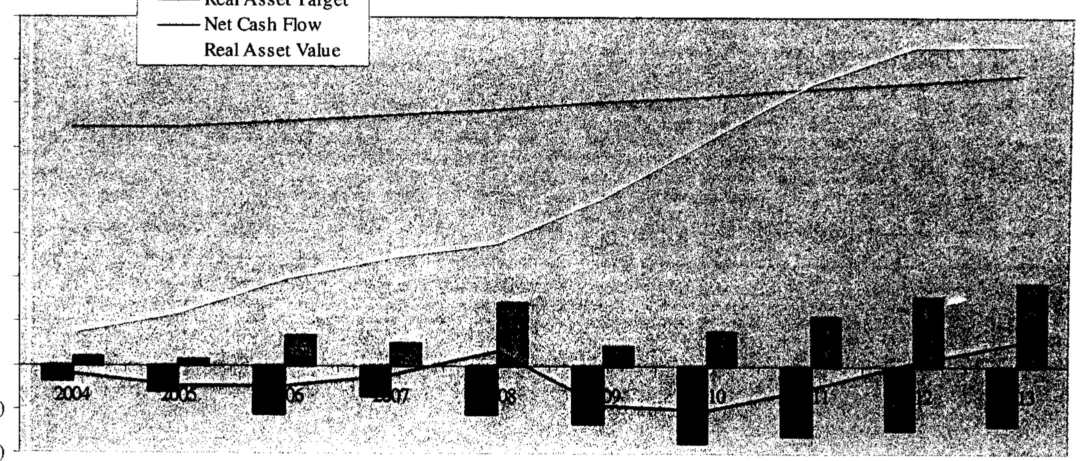
2007 Commitments

- Savanna Real Estate Fund I $10 MM
- EnCap Investment Fund VII $15 MM

2008 Commitments

- Natural Gas Partners $12 MM
- Denham Partners $10 MM

Real Assets Implementation Plan



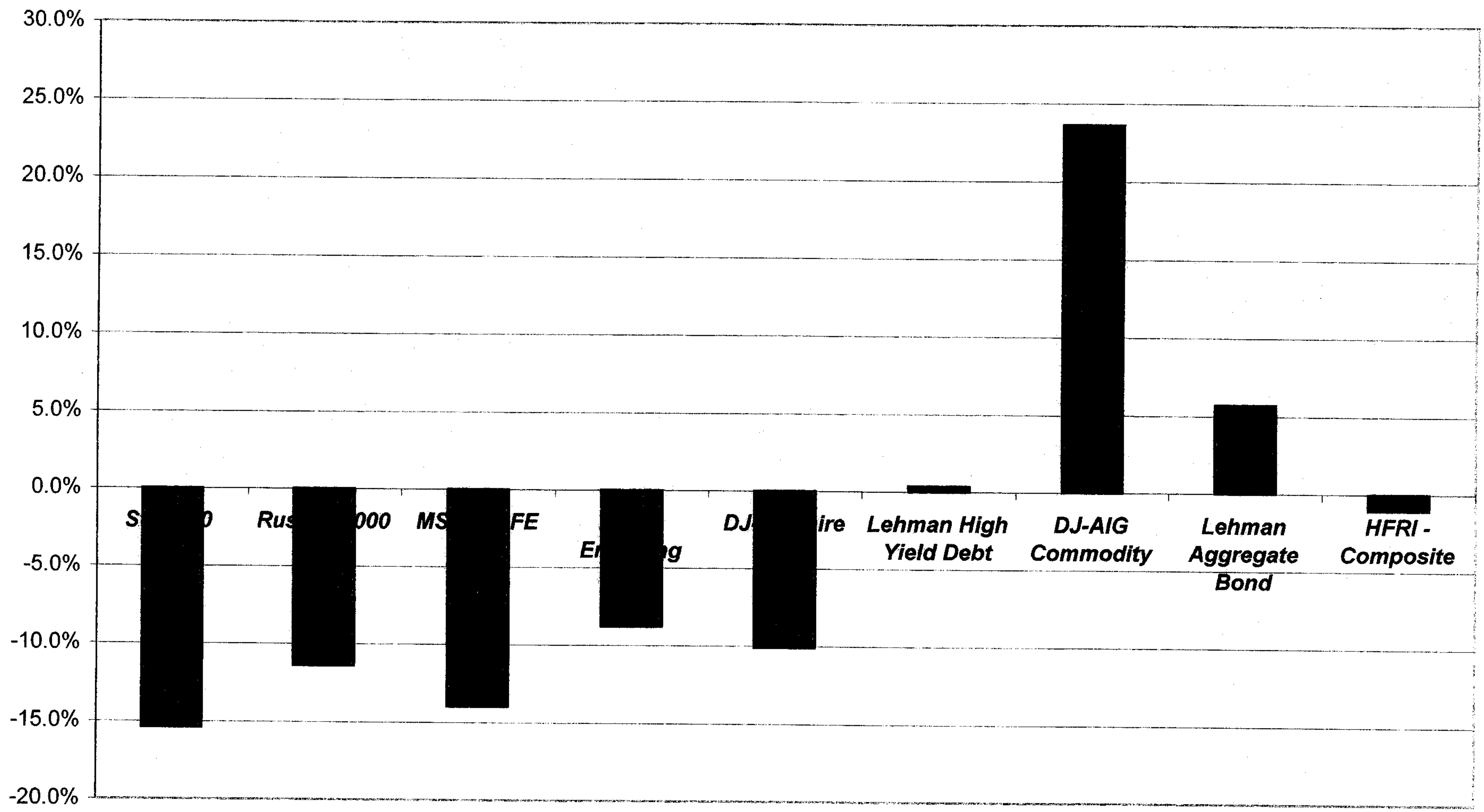
- Commitments for 2007 were $25 MM, in 2006 they were $40 MM.
- Commitments remain the same in 2008 then steadily rise thereafter.
- Currently about 37% of real assets are in real estate.
- *Hammond and Texas Tech staff are currently reviewing international real estate managers.*

Dennis Hammond	Russ LaMore, CFA	Anthony Brown, CFA
Chief Executive Officer	President	Chief Investment Officer

Higher Education	Foundations	Healthcare	Corporate Retirement Plans	Public Retirement Plans	Private Wealth
Dick Anderson, Ph.D.	Keith Mote, CFA	Jonathan Evans, CFA	Rich Marra	Jerry Woodham	Michael Pompian, CFA
Practice Director	Practice Director	Practice Director	Practice Director	Practice Director	Practice Director

General Asset Class Returns

Market Index Returns for One-Year Ended July 25, 2008



Source: Hammond Associates and Hedge Fund Research, Inc.

Research Report
Summer 2008

Hammond
INSTITUTIONAL FUND CONSULTANTS, INC.

Firm Overview:

Founded in 1985

National Practice

40 Employee / Shareholders

Proprietary Research

$59B in Assets Under Advisement

Clientele:

Higher Education Institutions

Foundations

Public Retirement Plans

Corporate Retirement Plans

Healthcare Institutions

Private Wealth

CIO Outsourcing

Staff:

118 Staff Members

79 Investment Professionals

43 Advanced Degrees

24 CFAs; 6 CAIA; 2 CPAs

6 Former Chief or Senior Investment Officers

16 Current and former Non-profit Investment Committee and Board Memberships

Teleconference Schedule:

October 21, 2008

January 27, 2009

April 21, 2009

July 21, 2009

Look for the next electronic invitation via Swiftpage emailing services.

Hammond Articles:

Alternative Investments Update

International Publicly-Traded Real Estate

Inflation and the Implications for Asset Allocation

Private Equity Investing

Not-For-Profit Healthcare Institutions: Diversifying the Investment Portfolio

The Interest Rate Conundrum

Liabilities and Endowment Management

Timberland

Assessing Investment Risk for Not-For-Profit Healthcare Institutions

Impact of an Aging Population

Covered Call Strategies

Master Limited Partnerships

Hedge Funds Revisited

The Research Report is also available via e-mail within three weeks of each quarter-end. Contact Hammond Associates at 314-746-1600 or mail @haifc.com. It is published quarterly by Hammond Associates Institutional Fund Consultants, Inc., 101 S. Hanley Road, Third Floor, St. Louis, Missouri 63105-3406. The Research Report is written by Anthony Brown and the Hammond Associates research staff. Opinions included herein constitute Hammond Associates' judgement as of the date indicated and are subject to change without notice. The sources of information used in this report are believed to be reliable. Hammond Associates has not independently verified all of the information contained herein. Any such information may be incomplete or condensed. Any asset allocation model referenced in this report does not represent actual trading and may not reflect the impact that economic and market factors might have had on decision making if money was actually invested in the model, nor does the model reflect the deduction of advisory fees and other transaction costs or expenses an investor would have paid if the model were actually traded. This report is for information purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. This report does not constitute either investment advice or recommendations on the part of Hammond Associates and does not take into account the particular investment objectives, financial situations, or needs of individual clients. Past performance is not a guarantee of future results.

Overview

Table of Contents

Executive Summary

- It was a volatile quarter for global equity markets. Equities posted strong returns in April and May, but could not hold on to those gains as markets plummeted in June. Domestically, the S&P 500 declined 2.7% for the quarter, and the Russell 2000 rose 0.6%. The MSCI EAFE index shed 2.7% and emerging market stocks dropped 0.9%.
- The Case-Shiller Housing Index (CSI) declined 16% year-over-year through April, and the pace of the falloff appears to be accelerating. Given the excess supply of housing capacity and the tight credit conditions, prices will likely continue to decline.
- As credit losses mount, financial institutions have aggressively curtailed lending. This could restrain business investment and push corporate default rates higher. US households are facing daunting headwinds, including falling employment, declining real wages, plummeting asset values, and tighter credit conditions. The aftereffects of deflating credit and housing bubbles may last into the next decade.
- Fed officials began to talk tough on the dollar and inflation, which caused markets to reassess policy expectations for the rest of the year. At the beginning of the second quarter, Fed Funds futures suggested an overnight lending rate of 1.75% by year-end. Now, futures hint that the Fed may begin to raise rates by the end of the year. It's difficult to imagine the Fed will lift interest rates this year given the fragile state of the financial system and the weak economy.
- Crude oil continued its meteoric rise, jumping from $102 to $140 during the quarter, a 38% increase. Oil appeared to be driven by increasing supply concerns in the wake of still-strong demand from emerging markets, rising geopolitical tensions, and, perhaps, speculative demand. We suspect oil will be lower a year or two out. The slowing global economy and high prices should dampen demand growth.
- Domestic equity earnings have come under intense pressure from the financial crisis and the ailing economy. Equities appear reasonably valued, but they are not cheap. History shows that bear markets often overshoot as investors project gloom too far into the future. Domestic small-cap stocks performed surprisingly well in the first half of 2008, outperforming the S&P 500 by 2.5%. This should reverse as small-caps remain expensive, and the current economic and credit environment favors large-caps.
- International developed equities appear cheap on an absolute basis. We expect international equities to outperform domestics in the coming years. The most significant risk to this view is a sharp rebound in the dollar. Emerging markets have held up relatively well during the downturn. We remain cautious on emerging market stocks. A pullback in commodity prices and slowing global growth are immediate risks.
- Commercial real estate and, by extension, REITS face a challenging environment, but pricing on REITS may already discount these problems. At current prices, they seem to offer a reasonable risk-to-reward.
- Buyout and venture capital funds enjoyed strong returns in 2007 as the value from deals done earlier in the decade was realized. It will be interesting to see how mega-buyout funds invest the war chests they raised in the last two years without the benefit of cheap debt.

HammondAssociates
INSTITUTIONAL FUND CONSULTANTS, INC.

Market Commentary
July 2008

Equity Market Performance (%)					
	10/9 to 3/10	3/10 to 5/19	5/19 to 6/30	10/9/07 to 6/30/08	10/9/07 to 7/14/09
S&P 500	(17.9)	12.5	(10.1)	(17.0)	(20.3)
Russell 2000	(23.5)	15.0	(6.4)	(17.7)	(20.6)
MSCI Europe	(13.7)	12.1	(11.6)	(14.2)	(18.4)
MSCI Japan	(15.6)	12.9	(7.6)	(11.9)	(14.8)
MSCI Emerging Markets	(12.8)	14.8	(12.7)	(12.6)	(16.0)

It was another volatile quarter for global equity markets. Markets began the quarter by extending the rebound that followed the Fed-facilitated buyout of Bear Stearns. The S&P 500 declined 17.9% between October 9, 2007 (the date of its record high) and March 10, but rebounded 12.5% from March 11 to May 19. Energy stocks led the rally, gaining 23.2%. Financial stocks also helped propel the rally, jumping slightly more than 18% during this period. Alas, the market could not hold onto these gains, as a fresh wave of financial jitters led equities to new lows. For all the volatility, the S&P 500 finished the quarter 0.4% above its March 10 low. It has continued to decline in July, shedding 4% through the first two weeks of this month. Since the October 9 peak, the S&P 500 is off 20.3%.

It's hard to say what caused the market's brief respite during the spring. Certainly, the role the Fed played in JP Morgan's purchase of Bear Stearns reduced market worries about the risk of a financial catastrophe. Additionally, aggressive Fed actions (opening the discount window to broker-dealers, slashing the target rate) led many to hope that the liquidity crisis facing some banks had subsided and that the worst of the credit crunch had passed. However, as we have argued before, investors tend to overreact to Fed words and actions. The ability of the Fed to ease the macro-economic pressures on corporate profits is limited. And while the Fed can provide lifelines to financial firms, it cannot erase all their losses. All in all, it was difficult to justify the run based on fundamentals. Renewed concerns about the economy, rising energy prices, and the health of the US financial sector contributed to a sell-off starting in mid-May and continuing into July, pushing the S&P 500 into bear market territory.

International equities have suffered along with domestic equities since the markets turned. As of July 14, the MSCI Europe index had dropped 18% since October 9. Japan has held up relatively well, declining 15%. Financials in Japan are holding up much better than those in the US and Europe. Emerging markets have been mixed. Latin America has posted gains on the strength of commodities, while India and China are undergoing painful corrections. Overall, emerging markets have fallen harder since the mid-May sell-off began. One explanation is that higher energy prices have increased transportation and shipping costs, thus pressuring the profit margins of low-cost Asian exporters. Additionally, several emerging countries placed price controls on energy, resulting in some Asian energy firms seeing their profit growth stagnate or turn negative. Energy companies in Asia have fallen 22% this year as they are forced to sell gasoline below cost.

Wide sector dispersion continued during the quarter with energy stocks soaring and the shares of financial firms tumbling. Since the S&P reached its all-time high last fall, returns for all sectors except energy and utilities have been negative. From October 9 through quarter-end, energy stocks rose 11.6%, while financials fell 41.8% and consumer discretionary stocks dropped 24.3%. Without financials, we estimate that the S&P 500 declined 10% between 10/9 and 6/30, compared to -17% for the full index. Without the energy sector the index would have been down almost 20% through quarter-end. Largely because of financial firms, year-over-year operating earnings for the S&P 500 declined by about 20% through the first quarter. However, seven out of the nine S&P sectors experienced positive operating earnings growth. This is probably unsustainable given the current economic environment.

Small-caps Outperformed

Perhaps most surprising to us is how well small-caps have fared recently. While they underperformed large-caps during the October 9 to March 10 downturn, small-caps outperformed large-caps during the spring rebound. Even when the S&P 500 started to decline on May 19, small-caps continued to run for another two weeks. (The Russell 2000 rose 3.9% between 5/19 and 6/5 while the S&P 500 fell 1.5%.) Through the first six months of 2008, the Russell 2000 outperformed the S&P by 2.5%.

The outperformance of small-caps is perplexing. One explanation is the sharp jump in oil prices. While the weighting to energy in the Russell 2000 is half that of the S&P 500 (8% vs. 16%), small-cap energy stocks outperformed large-caps energy stocks by 37 percentage points this year. Perhaps this can be justified because independent exploration and production companies are more levered to oil prices and have smaller exposure to refining and retail markets than integrated oil companies. However, the magnitude of outperformance is difficult to justify. (Even more surprising, small-cap energy stocks have continued to outperform in July even as the price of oil dropped sharply.)

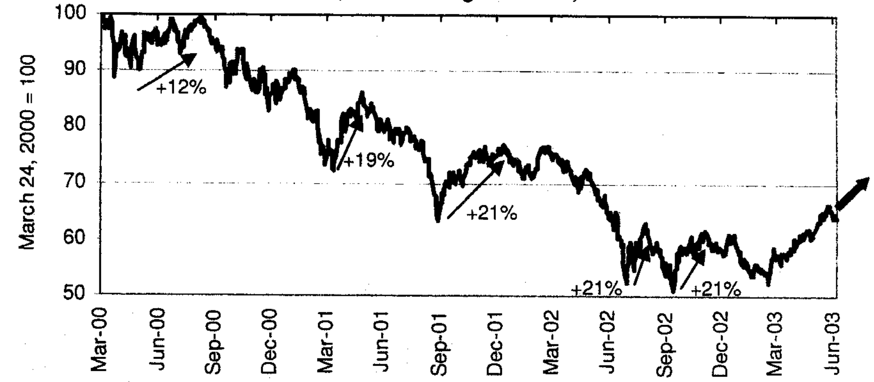
Another reason for small-cap outperformance is that regional banks have held up far better than their larger counterparts this year. Perhaps regional banks are better positioned to weather this financial crisis because they were less likely to hold the complex securities that have weighed on money center banks and brokerages. However, regional banks have problems of their own. They have significant exposure to home builders and developers, commercial loans and consumer loans. Further, regional banks are not "too big to fail."

Small-caps remain very expensive relative to large-caps and the global economic environment remains more favorable to multinational, mega-cap companies. We continue to recommend investors underweight small-cap stocks.

Low Signal-to-Noise Ratio

While it is satisfying to try to identify explanations for short-term swings (as we attempted to do earlier in this document), it might be more productive to accept that most movements are little more than noise. We are in a period of high volatility, so big market swings will likely continue. Year-to-date, 38% of trading days had moves of 1% or more and 14% saw moves of 2% or more. Compare this to 2005 when daily moves of 1% occurred only 11% of the time and there was not a single 2% move day. During bear markets (which usually coincide with high volatility), rallies and reversals are the rule. In a few bear markets, (such as in 1961-62 and 1987) equities quickly bottomed and began to recover. More common, however, are bear markets that take over a year to bottom, with several false starts higher along the way. For instance, as shown on the following chart, during the 2000-02 bear market, the S&P experienced four rallies of at least 10% (two of which exceeded 20%) that were followed by new lows. A fifth rally exceeding 20% beginning in September 2002 was quickly followed by a 15% decline. The market finally moved decisively higher in February 2003. We doubt this downturn will be as severe as the 2000-02 bear market given that markets are not as overvalued now as they were in 2000, but the last bear market shows that sharp moves higher do not necessarily suggest a permanent recovery.

S&P 500 Performance
March 24, 2000 Through June 30, 2003



Equity market volatility is likely to remain abnormally high in the near-term, and we suspect that there is greater downside risk than upside. We recommend that investors view current events with a long-term perspective. We do not believe that recent market events justify a shift in investment policies for properly diversified investors. Over the past few years, we have recommended that clients reduce exposure to high risk, low-quality assets to protect against the environment we are currently experiencing. At this point, we suggest clients with a long-term time horizon rebalance as necessary to take advantage of volatility. Short-term concerns notwithstanding, the bear market has pushed domestic equity valuations closer to fair value and international equity valuations appear attractive. While recent market events are certainly painful, the upside is that they can create opportunities for long-term investors. As credit conditions continue to tighten, investors willing to step in to provide liquidity should be rewarded with attractive risk-adjusted returns. Generally, bear markets send valuations below fair value. If stocks decline materially from here, it could present attractive opportunities to increase allocations. For now, investors should be prepared for markets to remain volatile given the economic and financial uncertainty.

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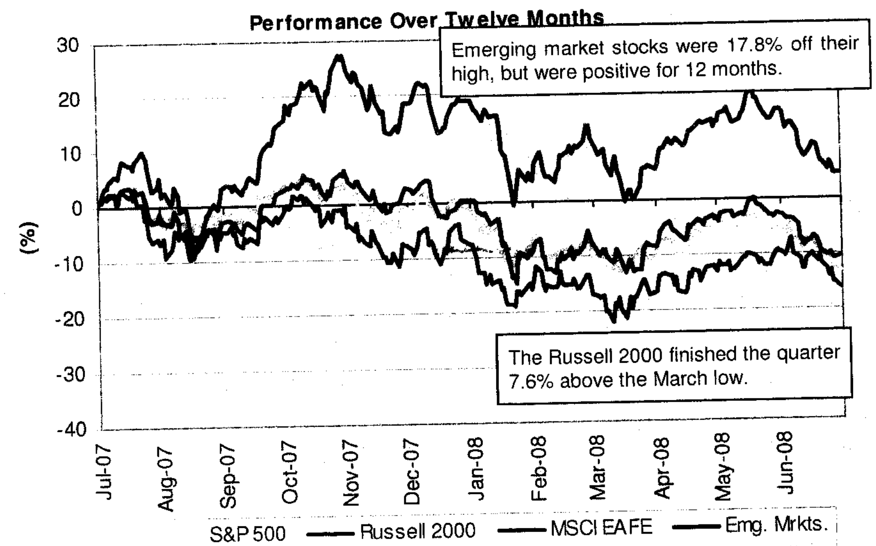
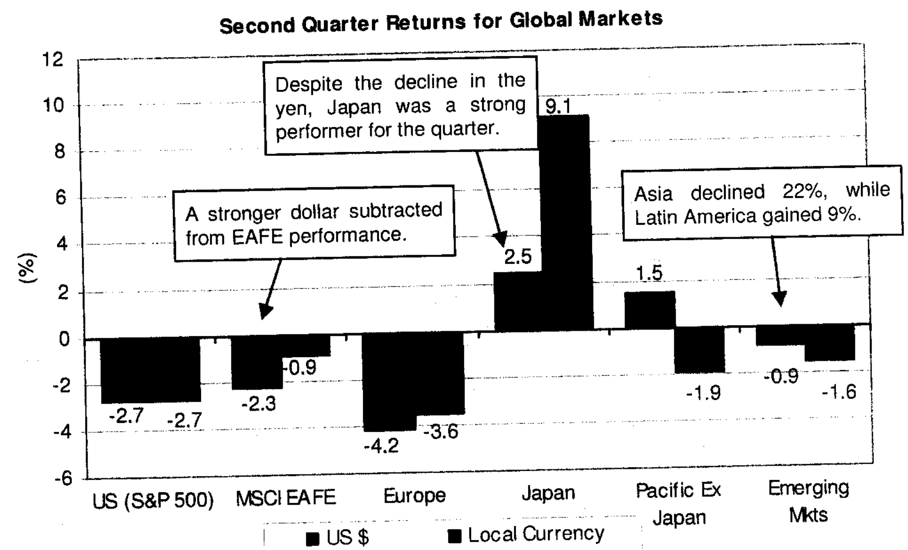
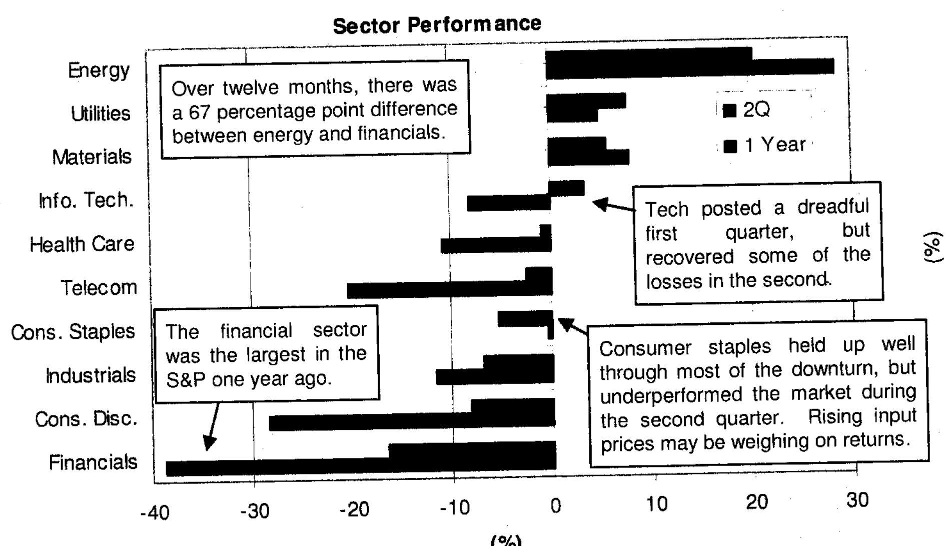
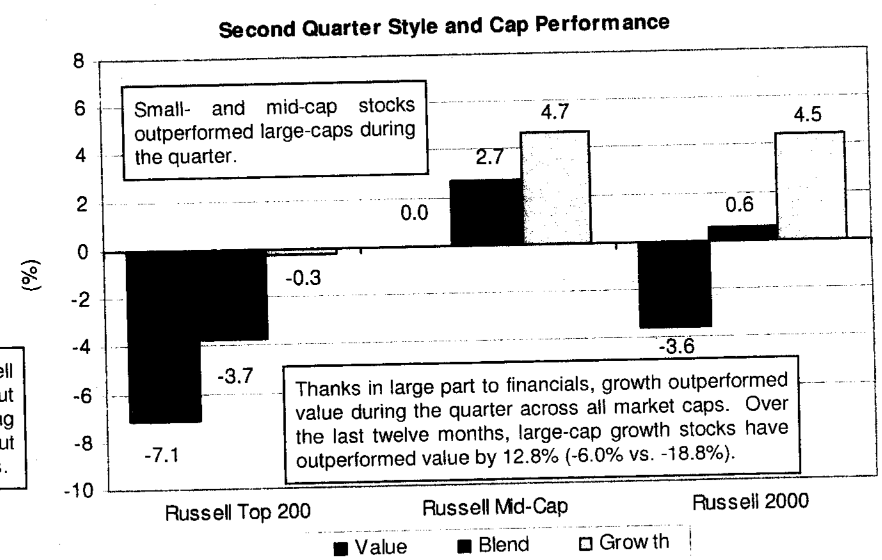
Financials Led Global Equity Markets Lower During the Quarter







Source: MSCI



Board Minutes
August 7-8, 2008
Attachment 18
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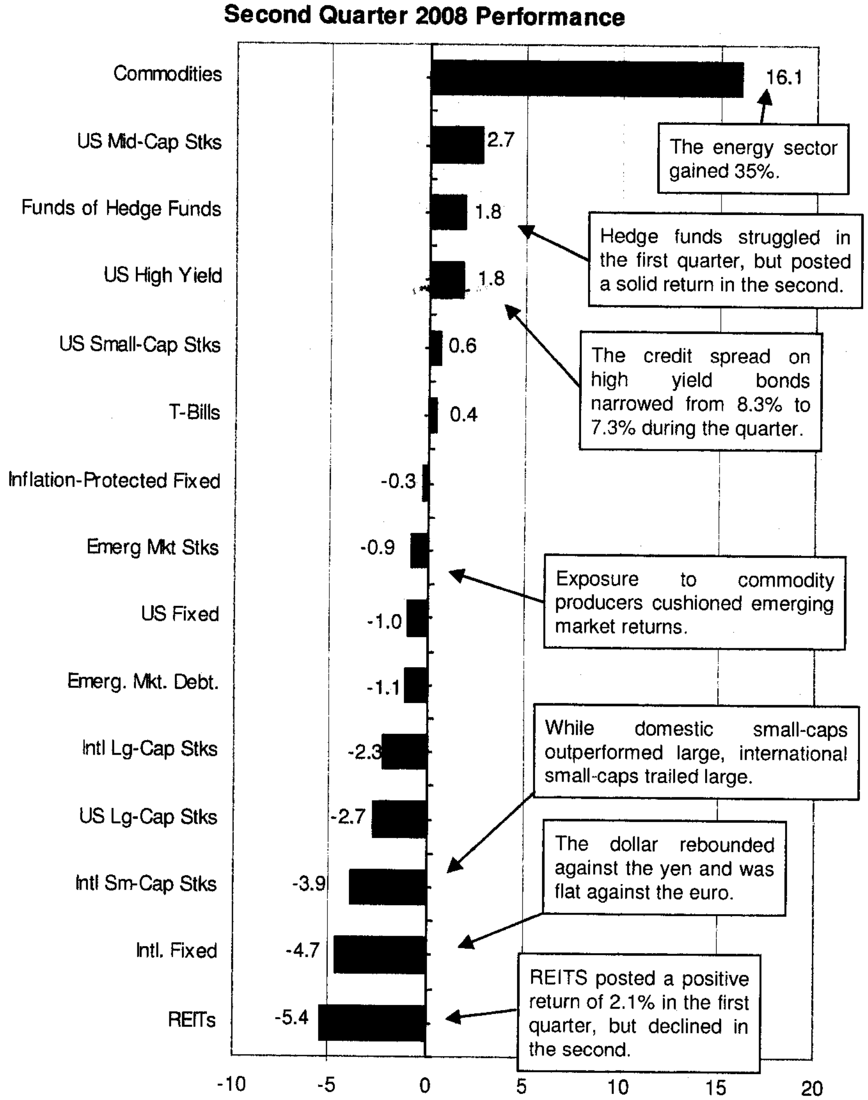
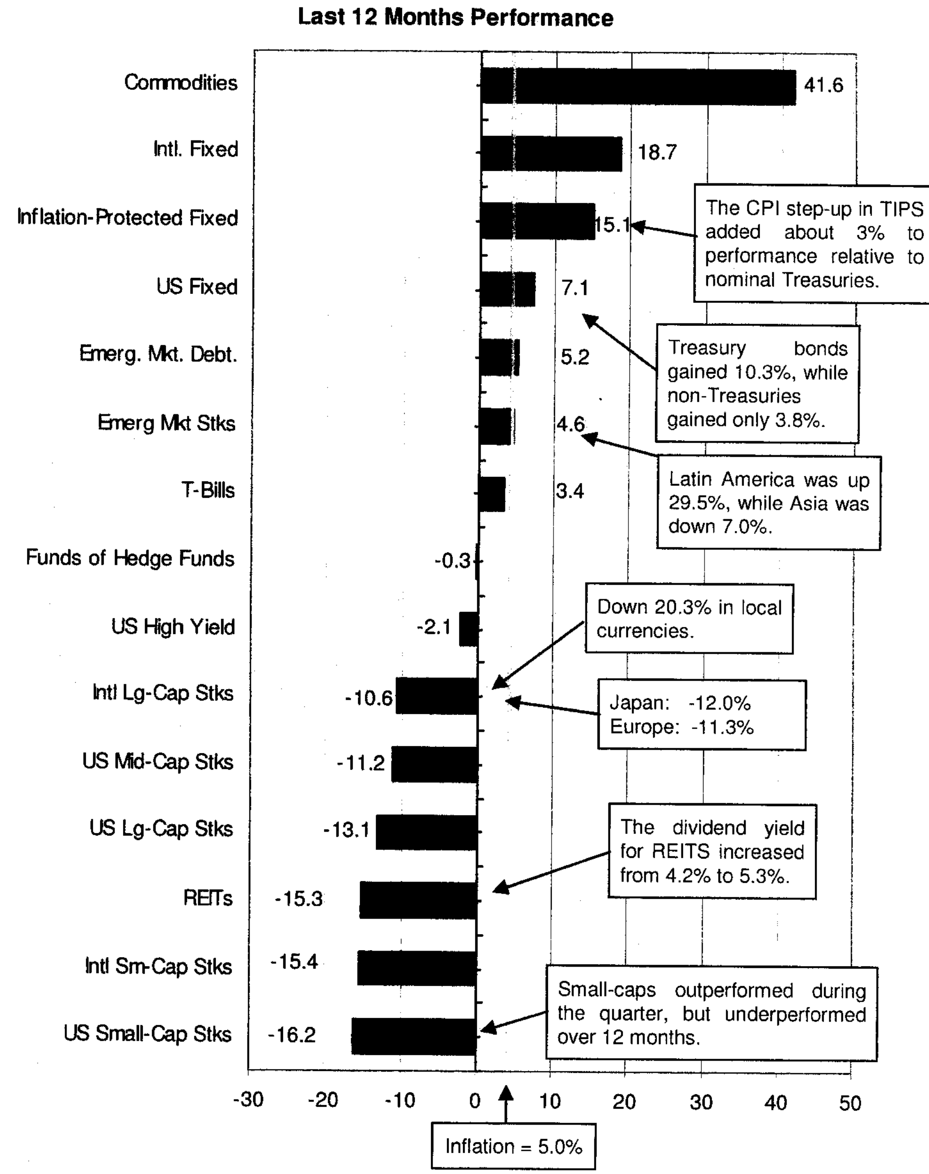
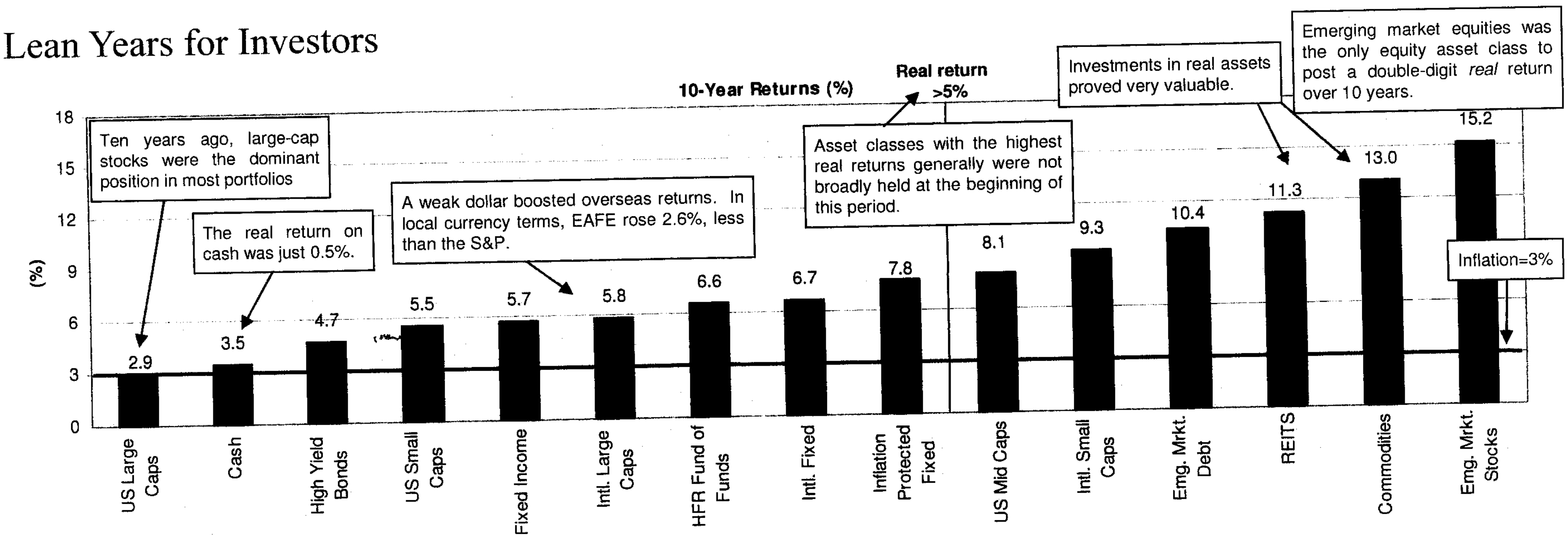
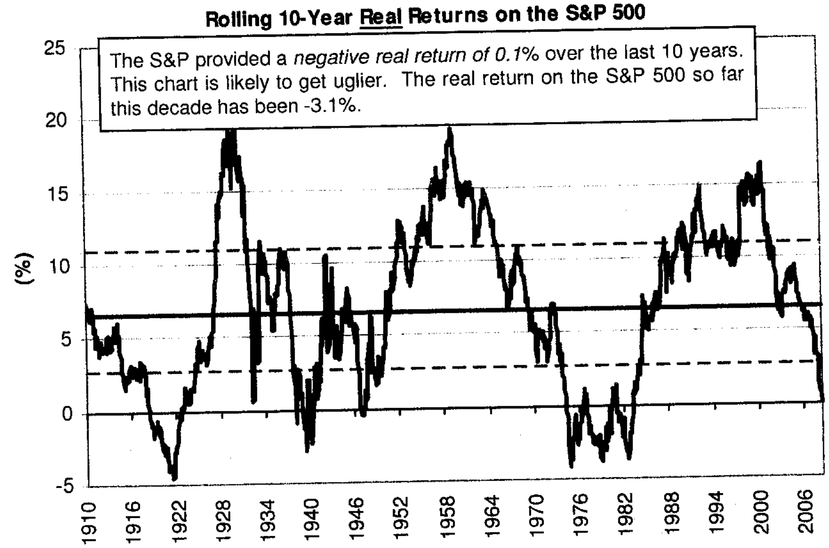
Financials Led Global Equity Markets Lower During the Quarter (cont.)

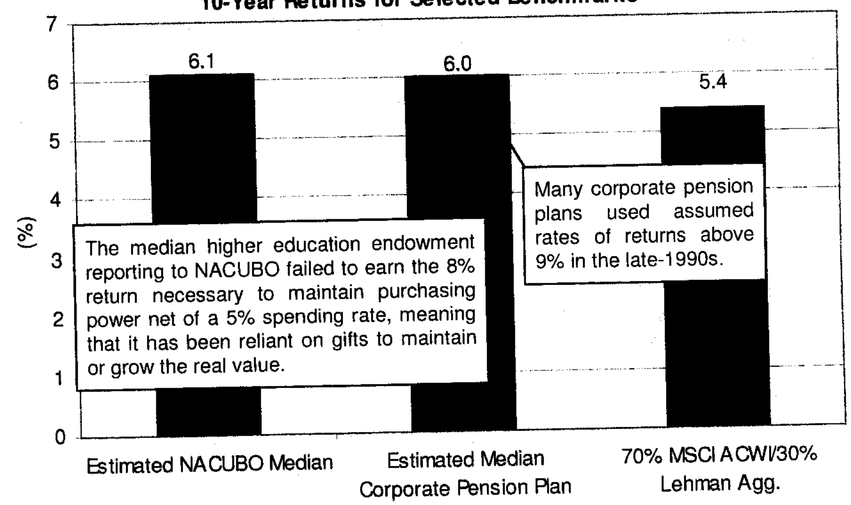




Ten Lean Years for Investors



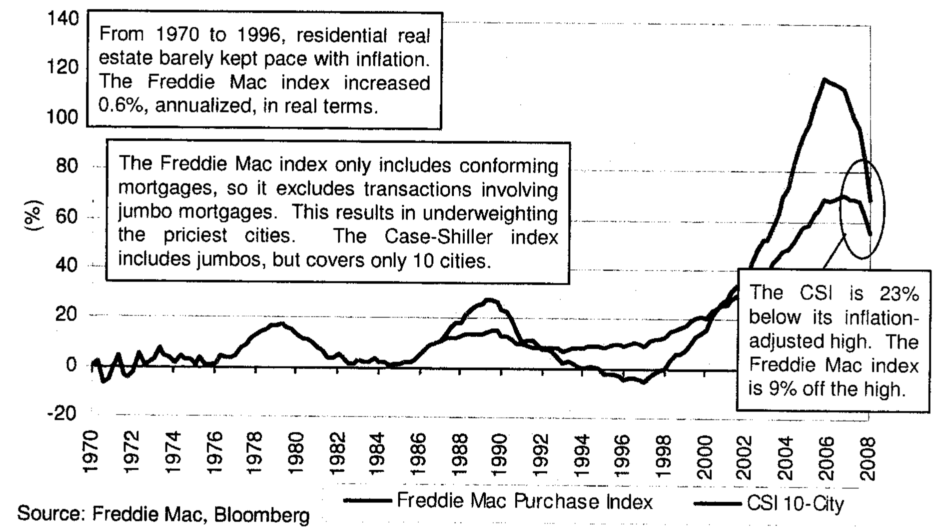




More Pain to Come for Housing

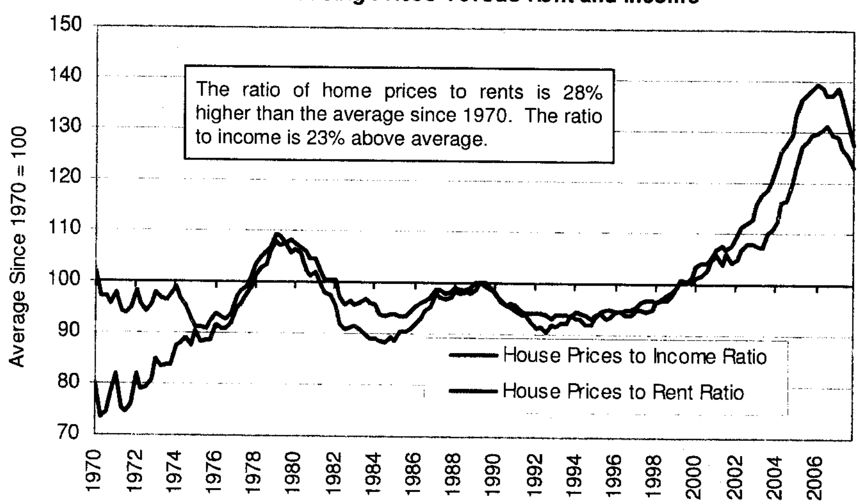
- The housing woes continued to mount during the quarter, and there is little prospect for stabilization in the short-term. Housing starts have plunged more than 50% from their peak and are back to 1991 levels. Starts are likely to fall even further. Despite the decline in construction, starts still exceeded sales in the first half of 2008, meaning that inventories continued to rise. Furthermore, existing home vacancy rates are nearly twice the historical average, suggesting that a glut of housing remains. It could take years to use this excess capacity.
- The Case-Shiller Housing Index (CSI) declined 16% year-over-year through April, and the pace of the falloff appears to be accelerating. The index was down an annualized 24% in the first four months of 2008. Even so, house prices at the national level still appear expensive versus both rents and income. Given the excess supply of housing capacity and the tight credit conditions, prices will likely continue to decline.
- The bursting of the housing bubble could be a drag on the economy through the remainder of the decade. While many households are facing foreclosure and the lenders who facilitated it have been devastated, there is a silver lining. The run-up in real estate encouraged imprudent debt expansion and contributed to our overconsumption. It also penalized first time homebuyers through high prices. With prices returning to rationality, households will be encouraged to borrow less and save more, and future first time buyers will be able to participate in the "American Dream" at a reasonable price.

Growth of Inflation-Adjusted Residential Real Estate Prices



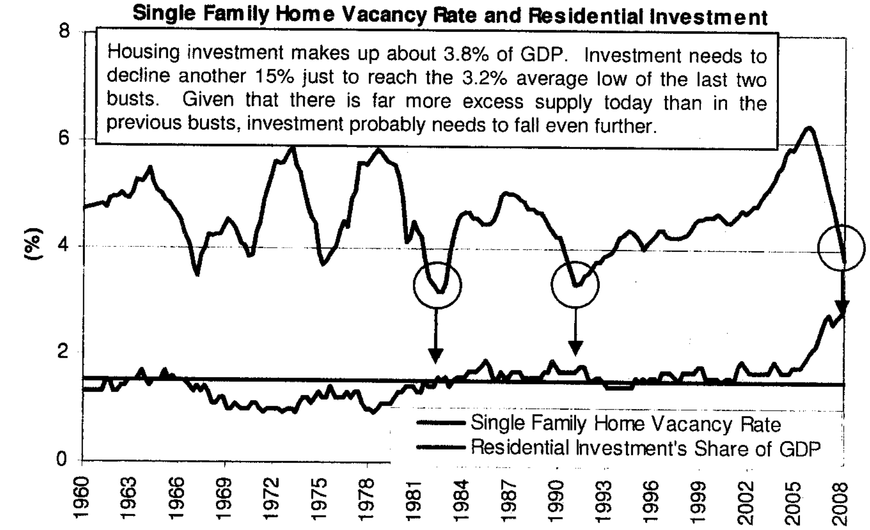
Source: Freddie Mac, Bloomberg

Growth of Housing Prices Versus Rent and Income



Source: Freddie Mac, Bureau of Labor Statistics, Bloomberg

Single Family Home Vacancy Rate and Residential Investment



Source: Federal Reserve, Bloomberg

Financial Losses Lead to Credit Contraction, Increasing Economic Risk

- A little over one year after the beginning of the credit crunch, financial institutions continue to be battered by losses from the collapse of the housing and credit bubbles. The initial hope that losses would be contained to subprime mortgages proved woefully optimistic. Now, the two largest backers of prime mortgage bonds (Freddie Mac and Fannie Mae) may require a government bailout to survive. Financial institutions have been forced to sell assets, raise additional capital, and curtail lending to shore up their deteriorating balance sheets.

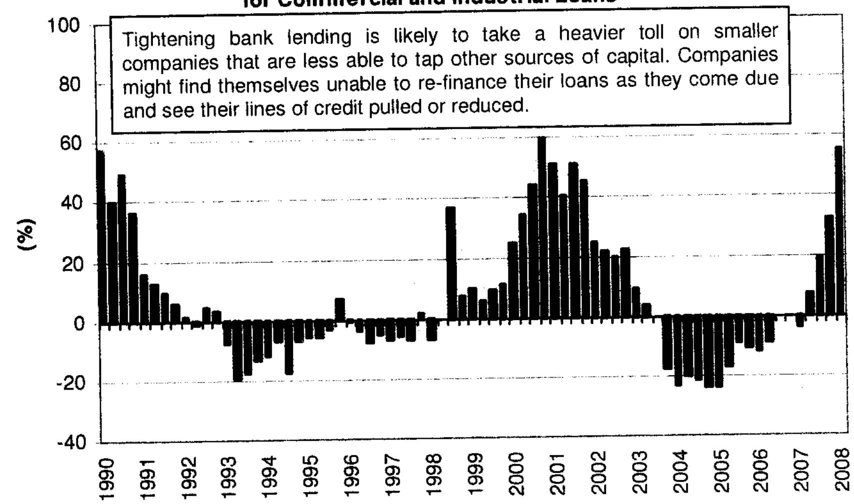
- Since the start of the credit crisis, financial companies have reported $408 billion in mortgage and other credit-related losses and raised $321 billion in capital. So far, most of the losses have been mortgage-related. We have yet to see significant write-downs from commercial lending and consumer credit, which may be the next shoes to drop. Goldman estimates that credit losses will total $1.2 trillion and that worldwide banks will need to raise about $200 billion of additional capital. The cost of this capital (debt or equity) will be expensive, putting further pressure on the profitability of banks. Concerns about the health of the US banking sector will likely continue to weigh on markets.

- Credit related losses have forced US commercial banks to curtail lending. Banks have tightened lending standards, and commercial bank credit contracted by an annualized 9% over the last 13-weeks. A sharp pullback in the availability of credit darkens the outlook for the economy.
  - A reduction in the availability of credit could restrain business investment. While investment-grade, non-financial companies have relatively strong balance sheets, a reduction in credit availability could make it more difficult and more expensive for businesses to raise capital, limiting investment and increasing strains on the job market.
  - A weakening economy coupled with tightening credit standards could put more pressure on high-yield borrowers, pushing default rates higher. According to Moody's, the US high-yield default rate jumped to 2.3% in May and is expected to top 5.8% by year-end. During the past two recessions, the default rate topped 10% and lending was arguably even more imprudent in this cycle.

- On the bright side, investors are being paid better to accept credit risk. Investment-grade corporate bonds offer an attractive premium, yielding 244 basis points above Treasuries, a three-fold increase over 13 months. GSE-sponsored mortgage-backed bonds also offer attractive spreads. Fannie Mae and Freddie Mac may require a government bailout, but it seems highly unlikely that the Treasury would allow their bonds to default, as they back about 50% of US mortgages.

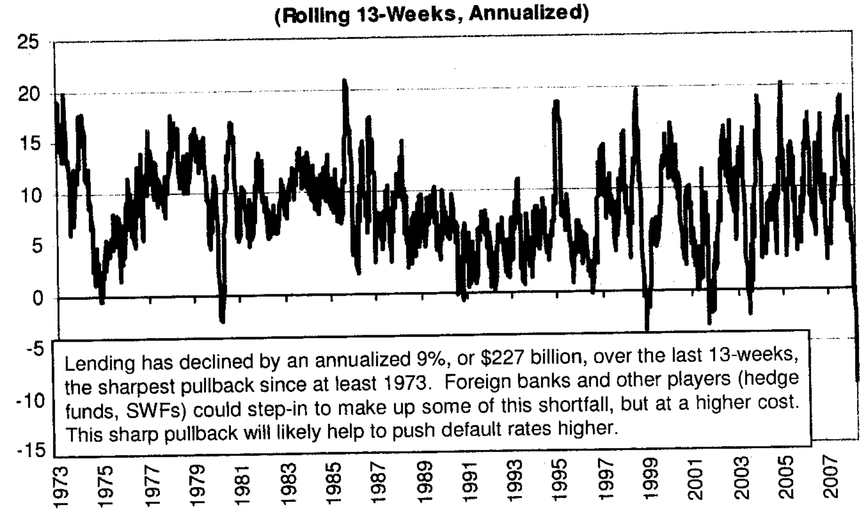
- The Bear Stearns bailout in March led some analysts to proclaim that the worst of the credit crisis was past. This turned out to be optimistic. While banks have been writing down mortgage-backed assets, they are still sitting on over $150 billion of leveraged loans. A spike in corporate default rates is likely, which would trigger further losses. The resulting contraction in lending will be a drag on the economy.

Net Percentage of Banks Tightening Standards for Commercial and Industrial Loans



Source: Federal Reserve

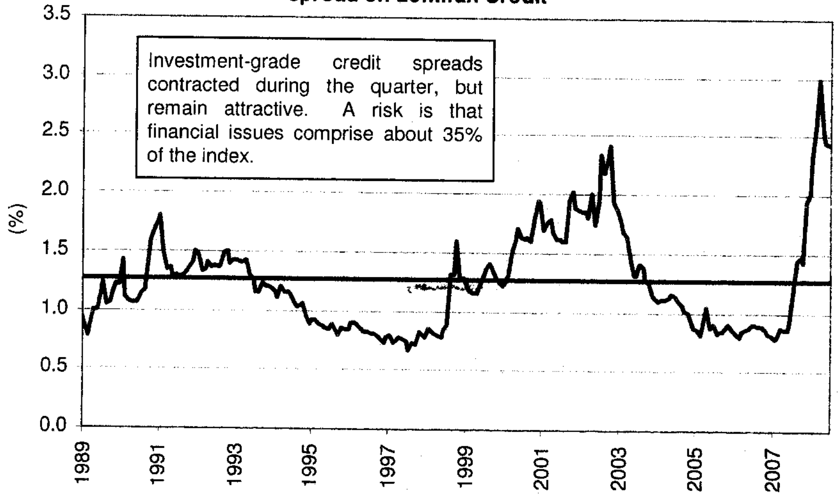
Growth in Commercial Bank Credit (Rolling 13-Weeks, Annualized)



Source: Federal Reserve

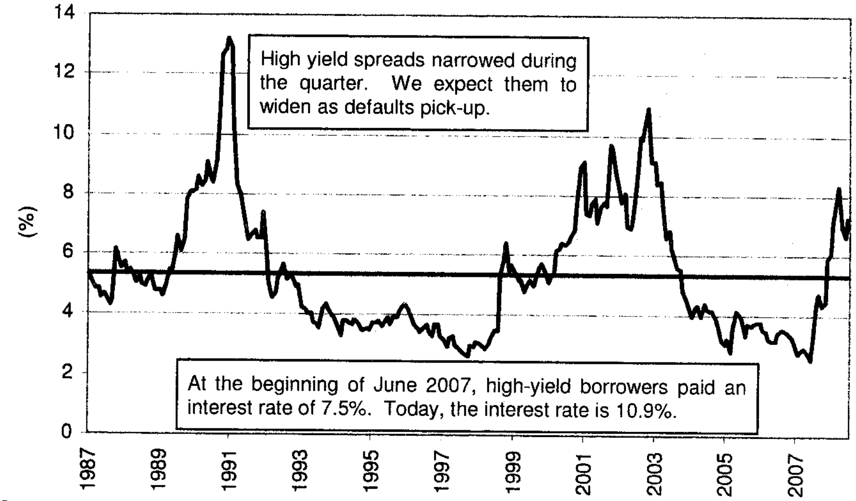
Financial Losses Lead to Credit Contraction, Increasing Economic Risk (cont.)

Spread on Lehman Credit



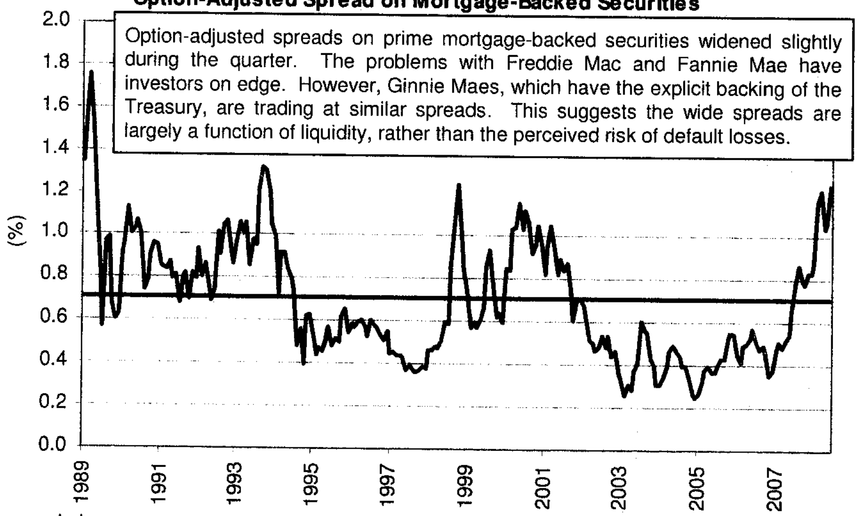
Source: Lehman

High Yield Bond Credit Spread



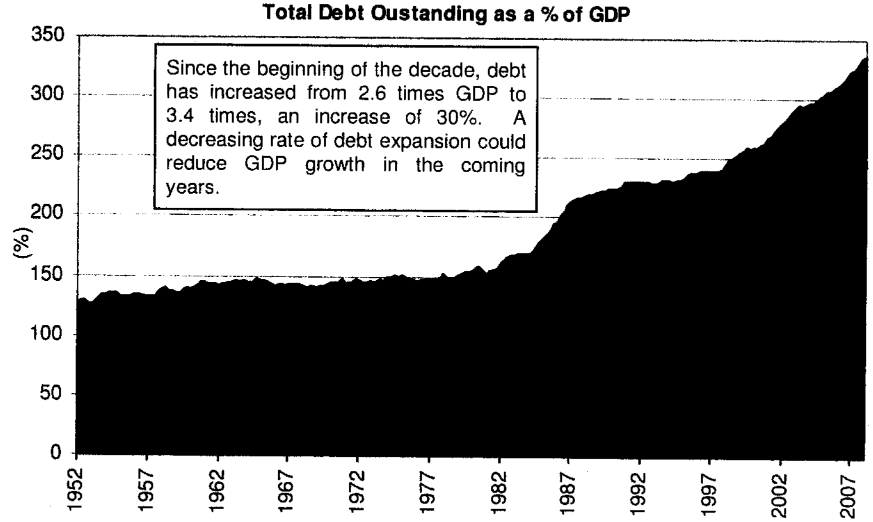
Source: Lehman

Option-Adjusted Spread on Mortgage-Backed Securities



Source: Lehman

Total Debt Oustanding as a % of GDP

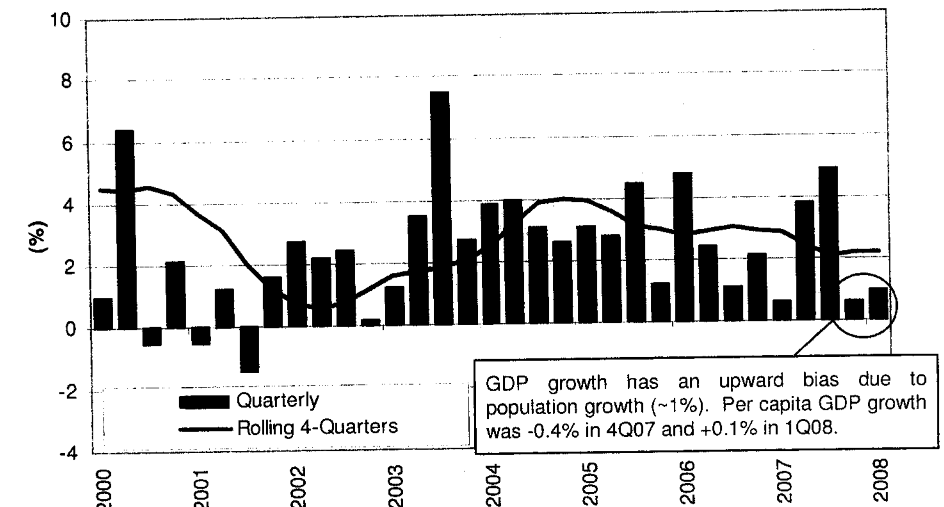


Source: Federal Reserve

The Economic Outlook Darkened

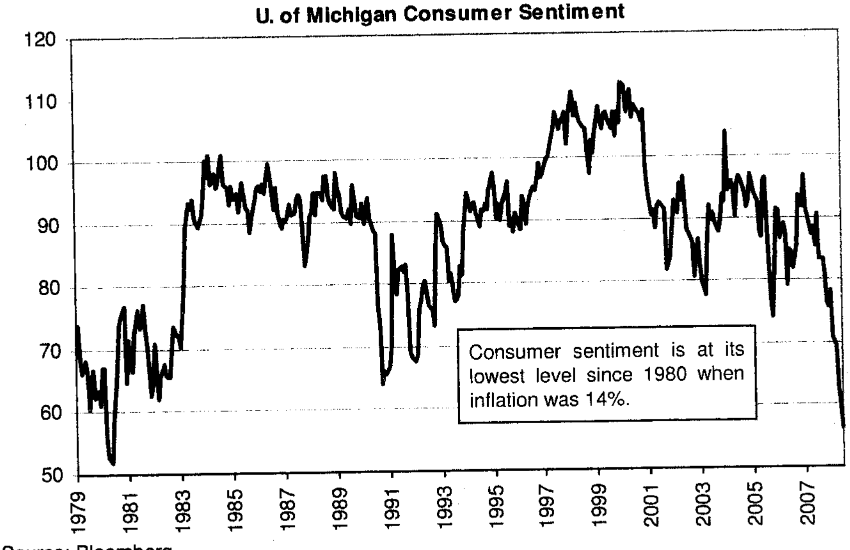
- The economy expanded at a 1% annualized pace in the first quarter. Second quarter growth will probably come in around 2% due to the tax rebate checks that went out in May. The outlook for the second half of 2008 is bleaker as the effects of the rebate checks fade. Despite positive reported GDP growth, the NBER will probably determine that the economy has been in a recession since the beginning of the year. This recession could be more prolonged and the recovery more anemic than the last two recessions.
- US households are facing daunting headwinds, including falling employment, declining real wages, plummeting asset values, and tighter credit conditions. The gloom is borne out by the University of Michigan Consumer Sentiment index, which is at its lowest level since 1980.
  - Employers continued to shed jobs. In the first half of 2008, reported employment declined by 438,000 jobs, and it's likely that these losses will prove to be worse upon revision. The unemployment rate has increased from 4.6% to 5.5% over the last year. The unemployment rate has never risen this sharply over a 12-month period without a recession.
  - Wages are not keeping pace with commodity-fueled inflation. Average hourly earnings increased by 3.5% for the twelve months ended June, which trailed the CPI inflation rate of 5%.
  - Publicly-traded equities and real estate, which combine to make-up more than 40% of household assets, continued to decline. Over the last three quarters, household net worth fell an estimated 5% or $2.8 trillion. The wealth effect from housing bolstered spending growth as the bubble inflated and is now likely to weigh on spending.
  - Household access to credit is shrinking. Household debt growth in the first quarter was the lowest in 17 years. Mortgages are essentially limited to prime borrowers, and many lenders are cutting back on home equity lines.
- Business investment was only marginally positive in the first quarter, and job cuts show that businesses are tightening their belts to cushion profit margins. The credit crunch could curtail business investment. Riskier firms have lost access to capital, and healthier firms have seen the cost of capital rise significantly over the last twelve months, as indicated by exploding credit spreads. The export sector remained the bright spot. The weak dollar and stronger overseas economic growth helped to lift exports by 14% over the last year. Export growth will probably slow as the US slowdown spreads, but should remain positive.
- The excessive debt growth of the last decade contributed to overconsumption and plummeting savings rates. The aftereffects of the deflating credit and housing bubbles may be felt for years. This is a necessary adjustment and will help to correct the imbalances that have arisen over the last decade. Ultimately, our economy will be stronger after savings rise to a normal level.

GDP Growth



Source: Bureau of Economic Analysis

U. of Michigan Consumer Sentiment



Source: Bloomberg

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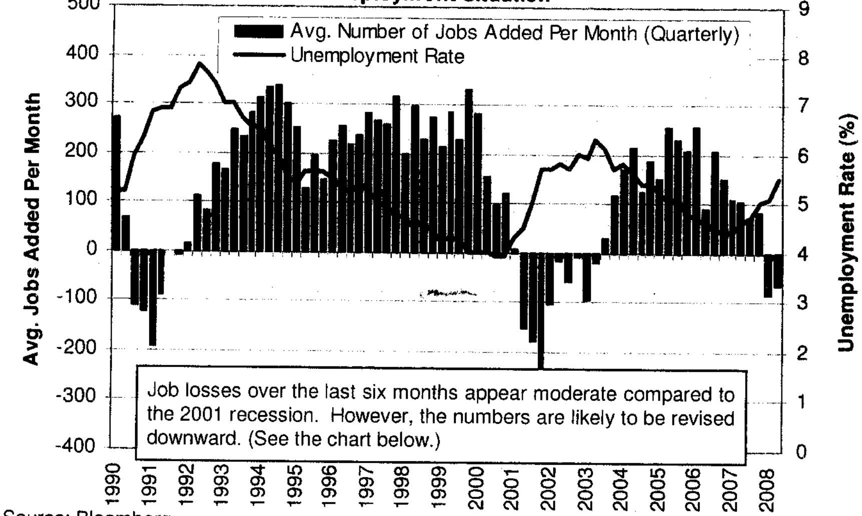
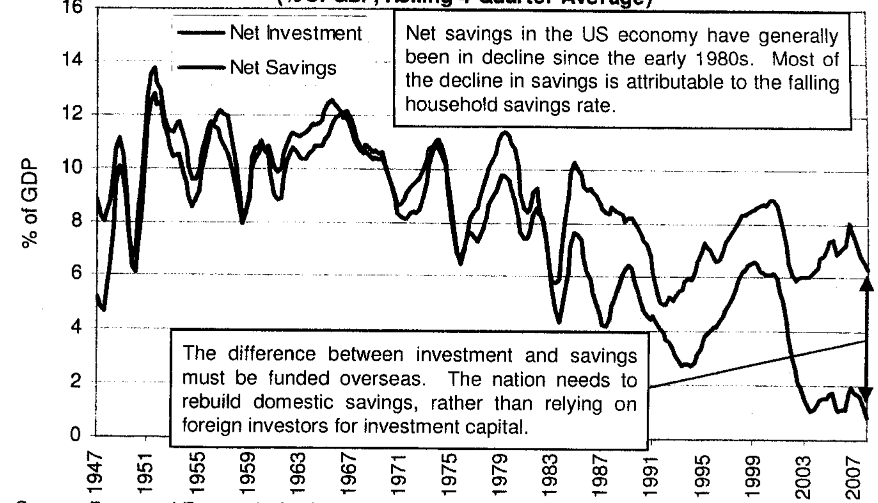
The Economic Outlook Darkened (cont.)

Employment Situation



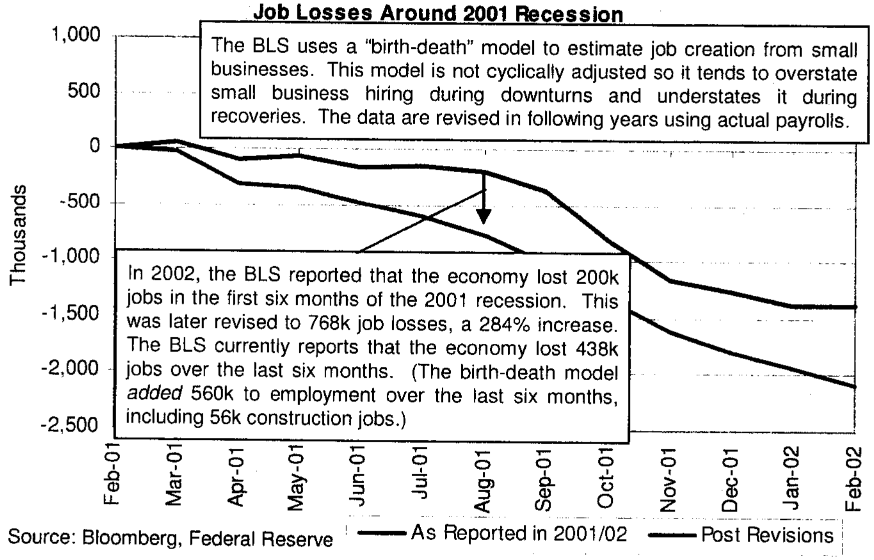
Source: Bloomberg

Savings and Investment
(% of GDP, Rolling 4-Quarter Average)



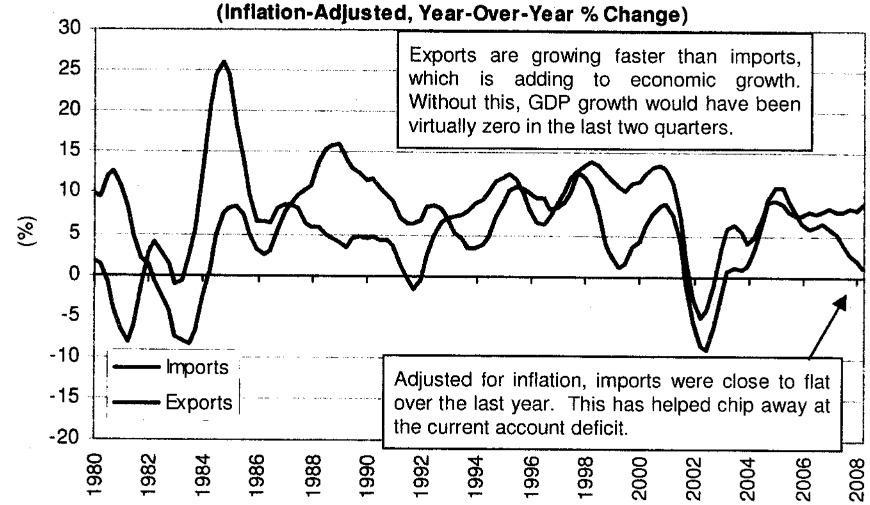
Source: Bureau of Economic Analysis

Job Losses Around 2001 Recession



Source: Bloomberg, Federal Reserve

US Import and Export Growth
(Inflation-Adjusted, Year-Over-Year % Change)



Source: Bureau of Economic Analysis

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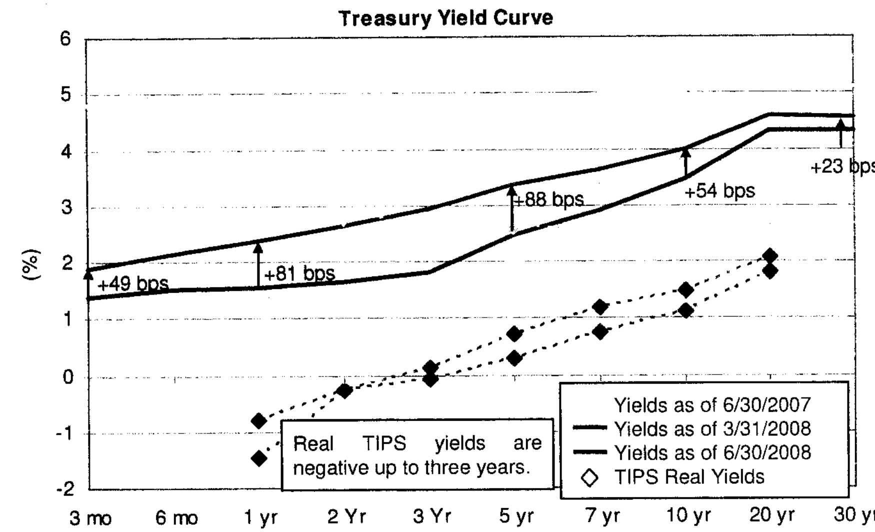
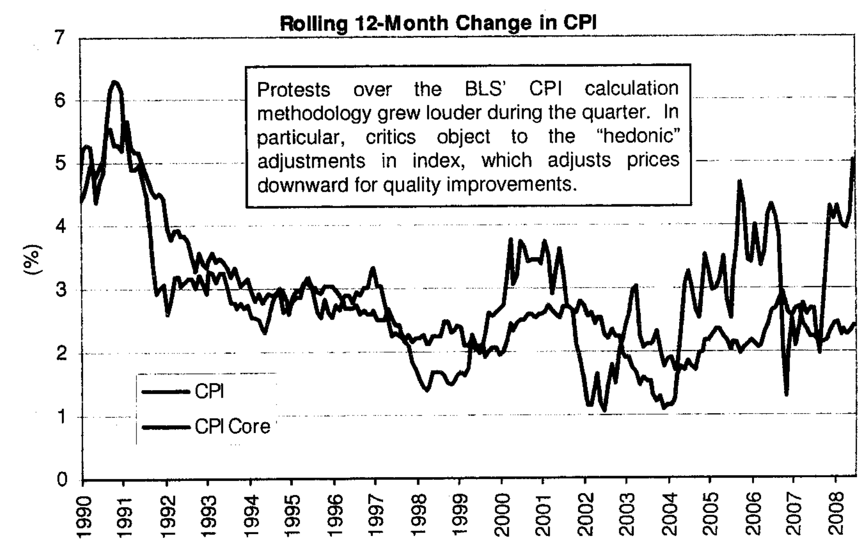
The Fed Talked Tough on Inflation, The European Central Bank Acted

- Fed officials began to talk tough on the dollar and inflation, which caused markets to reassess policy expectations for the rest of the year. The FOMC cut the overnight lending rate by a quarter-point to 2% at the April meeting, but left it unchanged at the June meeting. At the beginning of the second quarter, Fed Funds futures were suggesting an overnight lending rate of 1.75% by year-end. Now, futures hint that the Fed may begin to raise rates before the end of the year.
- Treasury yields rose during the quarter as traders priced possible rate increases and higher inflation. The 10-year Treasury yield increased from 3.45% to 3.99%. The inflation break even rate implied by 10-year TIPS moved from 2.34% to 2.51%, which still seems too low.
- The Fed's tougher talk helped provide support to the ailing dollar. The dollar was virtually flat against the euro—a welcome occurrence compared to the experience of the previous six months. The buck rebounded 7% against the yen.
  - The European Central Bank didn't make it easier for the dollar. In the face of a weakening economy, the ECB showed inflationary vigilance by increasing the euro area's overnight financing rate from 4% to 4.25%.
  - On a valuation basis, the dollar continues to look attractive versus the euro and the pound, but low US interest rates may exert further downward pressure on the buck.
- Driven by soaring energy and food prices, the year-over-year increase in the Consumer Price Index reached a 17-year high of 5%. The state of the economy may bring some relief on the inflation front.
  - Energy remains the primary driver of inflation. There is some cause for optimism that the price of oil will at least moderate (see pages 16 and 17). The core inflation rate, which excludes food and energy, is still running below 3%. While the core inflation rate is not a valid measure of realized inflation, it gives an idea of what prospective inflation might be if food and energy price increases moderate.
  - The collapse of the credit bubble should put downward pressure on inflation. The aftermath of credit bubbles have a history of leading to deflation, such as during the Great Depression and in Japan in the 1990s. A reduction in credit tends to reduce money supply and increase savings. Further, companies lose pricing power. Deflationary effects, however, would probably prove temporary, as the Fed in all likelihood would run the printing press.
- It's difficult to imagine the Fed will lift interest rates this year given the fragile state of the financial system and the weak economy. The upcoming election gives further reason for the Fed to pause. It is likely to keep real rates negative, thereby redistributing income from risk-averse savers to financial firms and other debtors.



Source: Federal Reserve



Source: Federal Reserve

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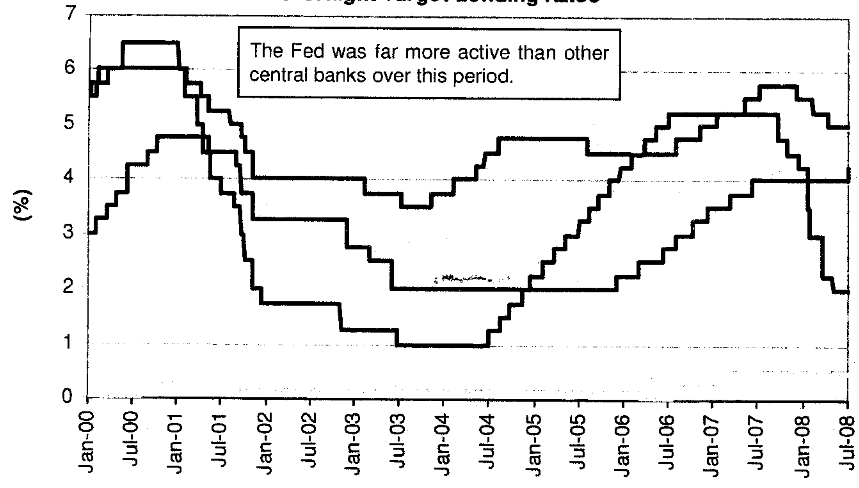
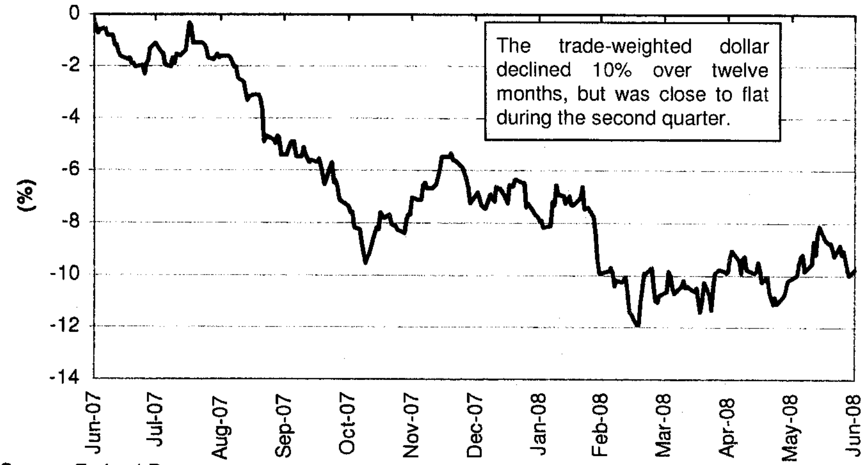
The Fed Talked Tough on Inflation, The European Central Bank Acted (cont.)

Overnight Target Lending Rates



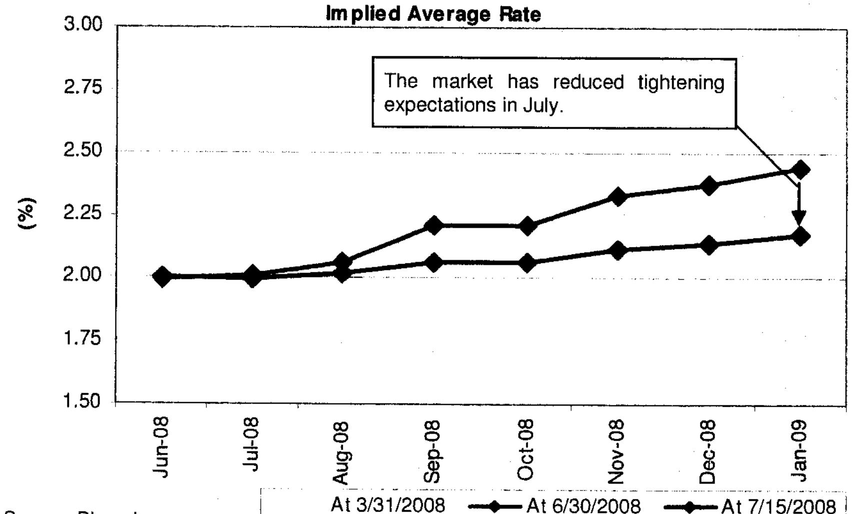
Source: Bloomberg

Trade-Weighted Dollar Index - Major Currencies
12-Month Performance



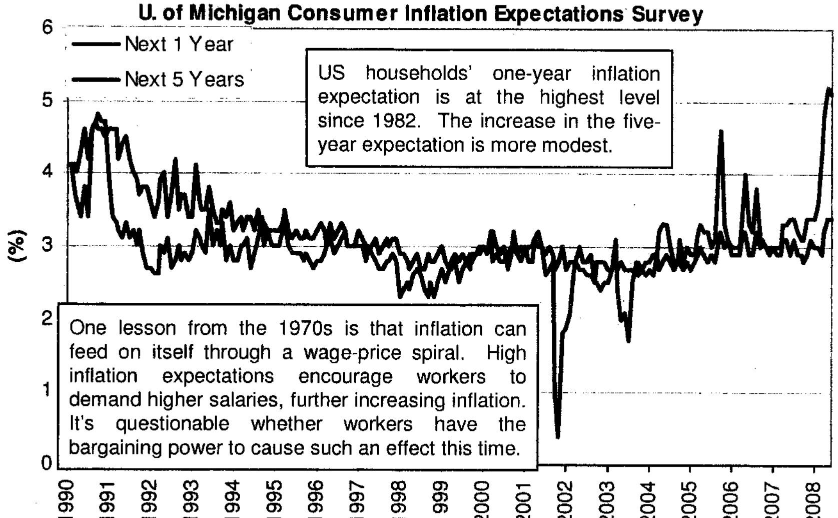
Source: Federal Reserve

Fed Funds Futures
Implied Average Rate



Source: Bloomberg

U. of Michigan Consumer Inflation Expectations Survey

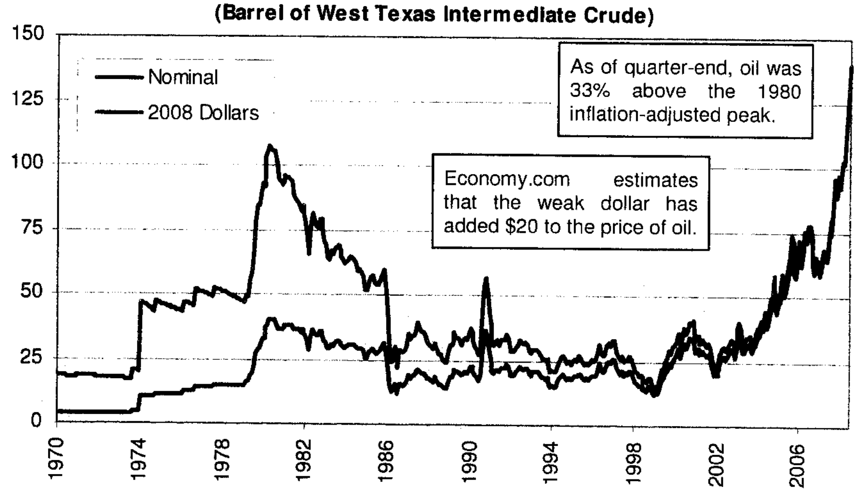


Source: Federal Reserve

Crude Oil Set Another Record

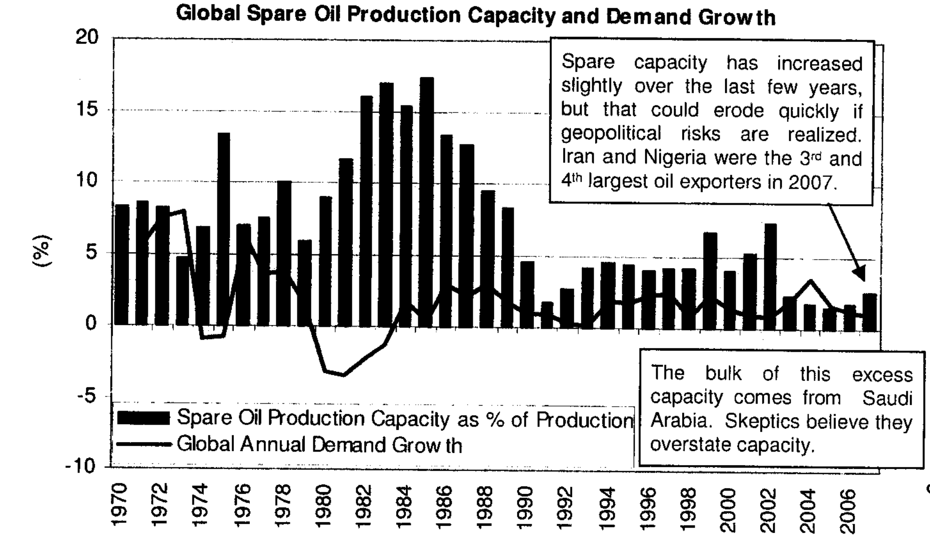
- Crude oil continued its meteoric rise, jumping from $102 to $140 during the quarter, a 38% increase. Over the last year, the price has doubled. Oil appeared to be driven by increasing supply concerns in the wake of still-strong demand from emerging markets, rising geopolitical tensions, and, perhaps, speculation.
- There is little excess crude oil capacity and short-run demand is not very elastic, so small supply disruptions can have a disproportionate effect on prices. Political unrest in Nigeria and tensions with Iran sparked some of the increase. Nigeria produced 2.4 million barrels per day (mbd) in 2007, about 3% of world demand. Rebel attacks and sabotage cut production to just 1.8 mbd. Concerns are rising that Israel may attack Iran's nuclear facilities. Iran produces 4.4 mbd, or 5% of global production.
- The production side for conventional oil is to some extent vindicating "peak oil" proponents. Conventional oil production appears to be stagnating. Some old fields are showing alarming rates of decline. As a result, non-conventional oil, such as the Canadian tar sands, has become the primary source of marginal supply. Costs for non-conventional oil are rising. Goldman Sachs estimates that the cost to extract the marginal barrel has risen to $90.
- Some argue that commodity index investors and speculators have contributed significantly to the price spike. There is a reasonable case for this given the sharp price increase of the last year and the violent day-to-day price moves. However, proponents of this theory probably overstate the case. Seeking an easy fix, Congress is debating bills to restrict commodity index replication and speculation. It's doubtful that these steps would have a significant impact on prices.
- While neither oil demand nor supply is very elastic over the short-term, over the longer-term high prices will encourage conservation and substitution with alternative fuels. High prices also encourage development and technological innovation.
  - Oil consumption is gradually declining in the developed world as high prices lead to conservation. OECD demand declined by 1% in 2007, and with much higher prices in 2008, demand is likely to fall further. US oil imports declined 2.5% over the last year. If prices stay high, it is likely to take a greater toll on economic growth in emerging market countries, which could further moderate demand growth.
  - The higher the price rises, the more feasible it becomes to develop non-conventional oil sources. It's estimated that the US has the equivalent of Saudi Arabia's reserves in shale oil. Alternative energy is also becoming more economically viable.
- We suspect that oil prices will be lower a year or two out. The slowing global economy and high prices should dampen demand growth and deflate some of the speculative fervor. Nevertheless, we still recommend meaningful energy exposure as a hedge. We prefer equity-oriented energy investments through private and public markets to direct exposure through energy futures. Equity investments in energy are priced at sub-$100 oil. Even if oil declines from the current lofty level, these investments should be profitable over a longer horizon.

Oil Price
(Barrel of West Texas Intermediate Crude)



Source: Bloomberg, Bureau of Labor Statistics

Global Spare Oil Production Capacity and Demand Growth



Source: Bank of England, US Energy Information Agency

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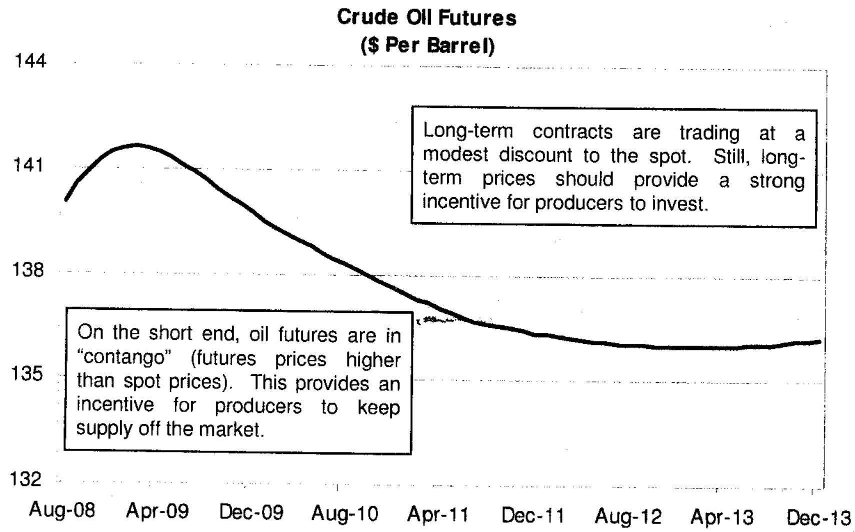
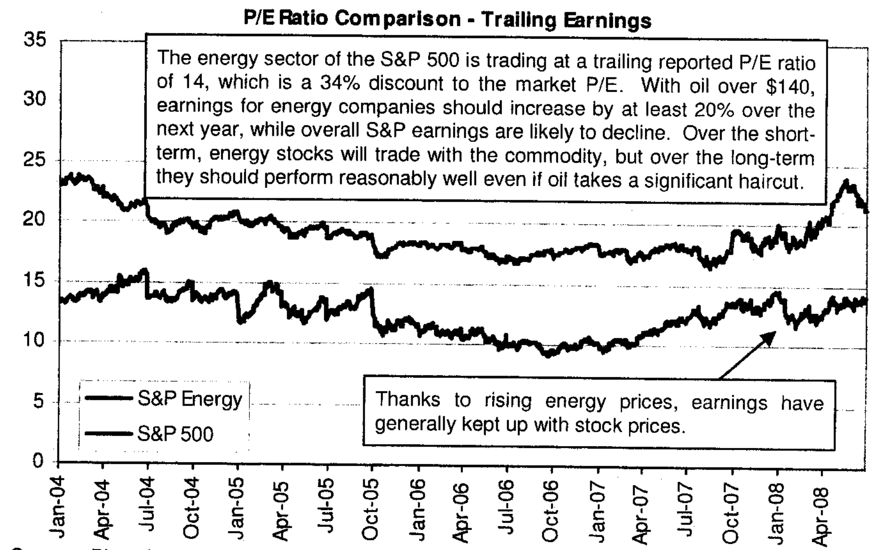
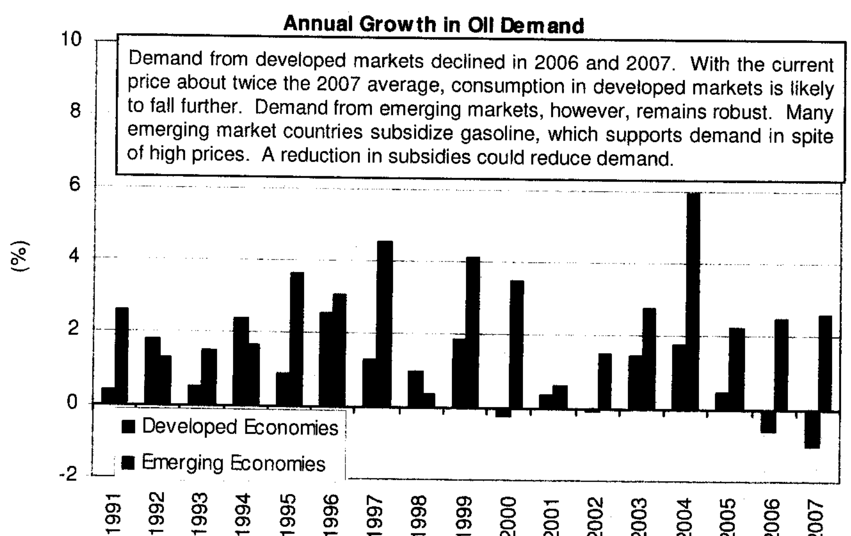
Crude Oil Set Another Record (cont.)



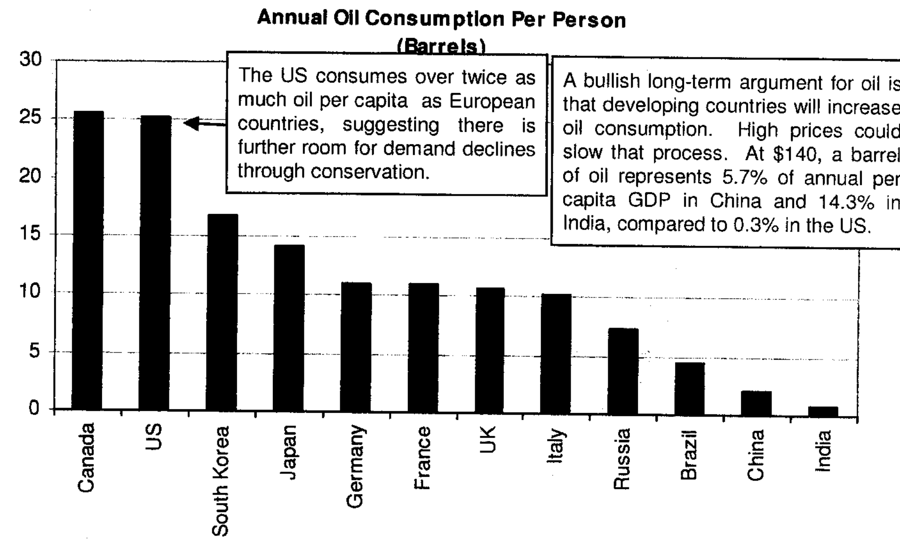
Source: Bloomberg



Source: Bloomberg



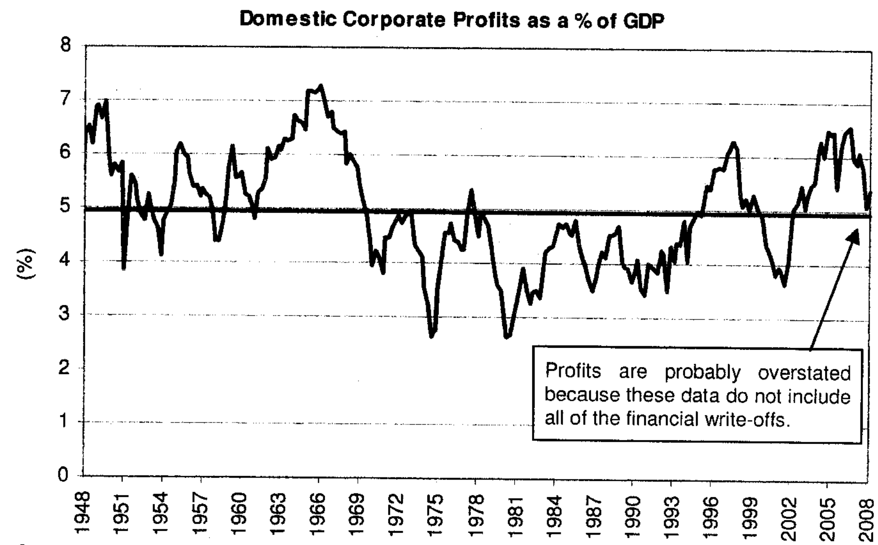
Source: Energy Information Administration



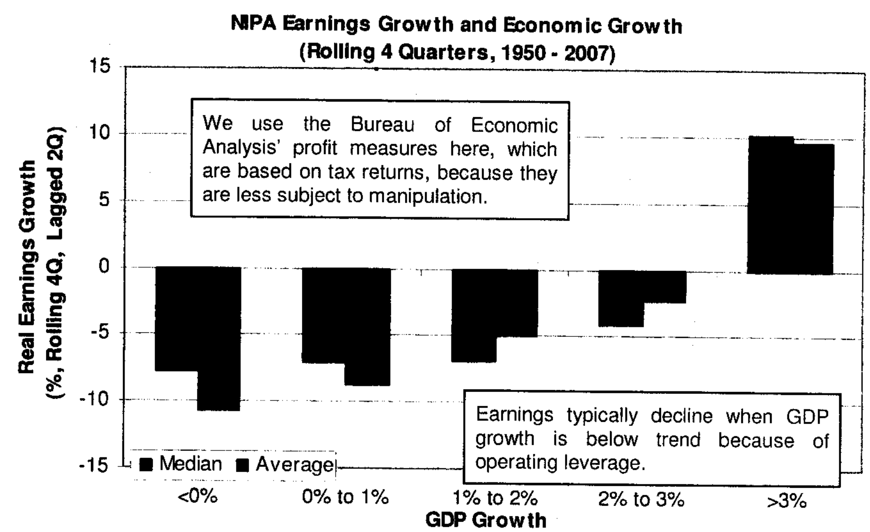
Source: JP Morgan, International Monetary Fund, Energy Information Administration

Domestic Equities: Cheaper, But Not Yet Cheap

- The domestic equity market finished the second quarter just short of an official bear market and subsequently entered bear territory in July. Earnings have come under intense pressure from the financial crisis and the ailing economy. The high profit margins that corporations enjoyed over the last few years quickly reverted towards the long-term mean.
- Based on estimated second quarter earnings, trailing 12-month reported profits dropped 33% from the year-ago level. Even though the S&P shed 13% of its value since June 2007, the reported P/E increased from 18 to 22. Operating earnings, which exclude some "one-time" write-offs, declined 19%. Stock analysts expect earnings to grow at a double-digit rate in the second half of the year, which seems very unlikely.
- The economic environment should continue to pressure profit margins. Profits typically decline when GDP growth is less than the long-term average of 3%. Economic growth could be below trend through the rest of this decade and perhaps even into the next decade.
- Profits continue to be bolstered by faster overseas growth and the weak dollar. Profits from international operations expanded 32% year-over-year through the first quarter. This pace of expansion is almost certain to slow, but should remain supportive.
  - Re-stating foreign currency profits into dollars has probably contributed more than a third of foreign profit growth over the last year. If the dollar simply stops depreciating, this effect will go away.
  - International developed economies are also slowing. Many emerging market economies still show strong growth, but they are unlikely to escape a US recession unscathed, especially in light of high commodity prices.
- The good news is that equity valuations have become more attractive. Based on our measure of normalized earnings, which adjusts for cyclicality in profit margins, the S&P's P/E ratio fell from 25 in June of last year to 20.5 at the end of the quarter. This is the lowest since near the end of the last bear market. It suggests a long-term prospective real return of about 5%. While far from robust, it is arguably a reasonable expected return especially in light of real interest rates on Treasuries. The prospective equity risk premium is an estimated 3%, which is the highest since the mid-1990s.
- This is not to say that we've seen the bottom. Equities appear reasonably valued, but they are not cheap. History shows that bear markets often overshoot as investors project gloom too far into the future. Over the short-term, there is much for investors to be gloomy about. Corporations are facing a painful contraction in profit margins due to the credit crunch and a (likely) economic recession. Further, if the economic recovery is less robust than previous ones as we suspect it will be, a rebound in margins may not come as quickly as it did following the last contraction.



Source: Bureau of Economic Analysis



Source: Bureau of Economic Analysis, Hammond Associates

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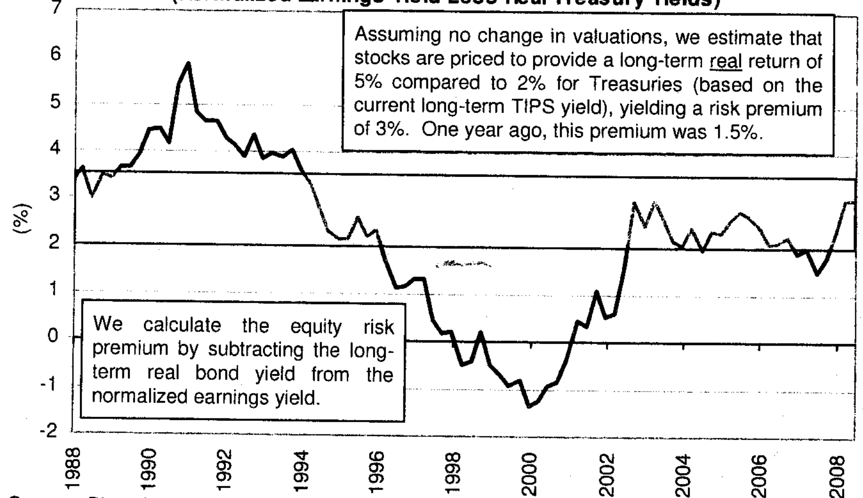
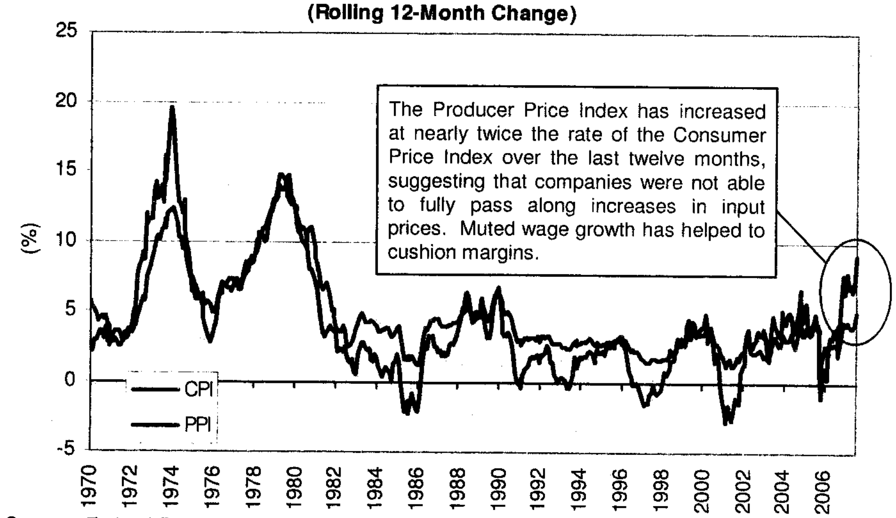
Domestic Equities: Cheaper, But Not Yet Cheap (cont.)

Estimated Prospective Equity Risk Premium
(Normalized Earnings Yield Less Real Treasury Yields)



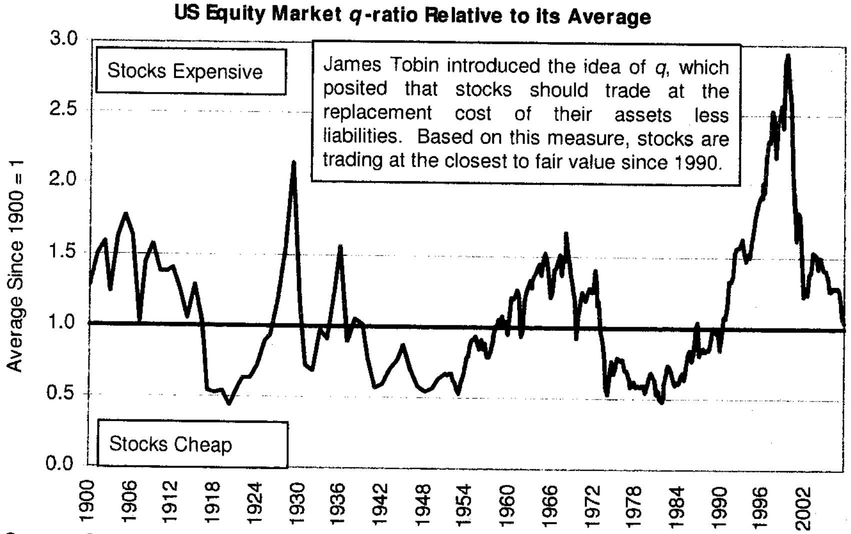
Source: Bloomberg, Federal Reserve, Hammond Associates

PPI Versus CPI
(Rolling 12-Month Change)



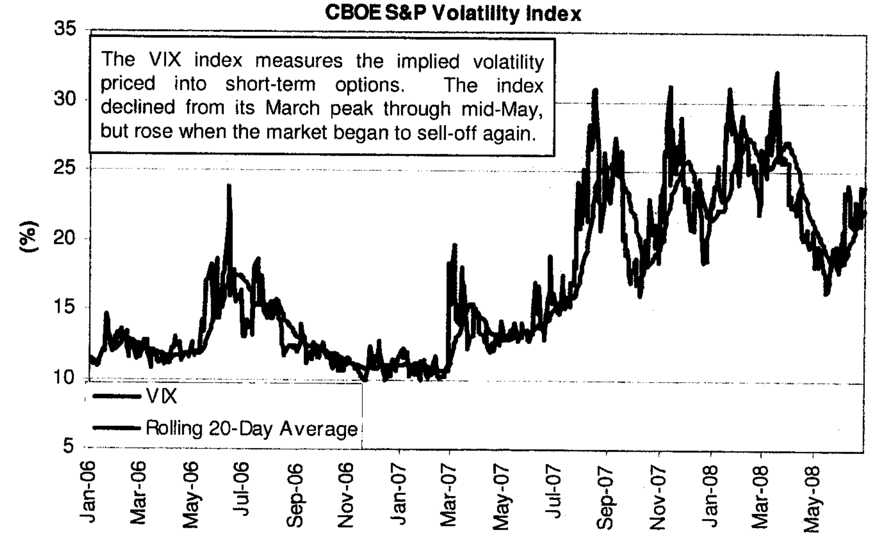
Source: Federal Reserve, Bloomberg

US Equity Market *q*-ratio Relative to its Average



Source: Smithers & Co., Federal Reserve

CBOE S&P Volatility Index



Source: Bloomberg

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The History of S&P 500 Bear Markets

S&P 500 Bear Markets Since 1900
(Excludes Dividends)

Peak	Trough	Recovery	Peak to Trough Decline	# of Months Peak to Trough	# of Months Trough to Peak	Shiller's P/E At Peak	Shiller's P/E At Trough
9/1902	10/1903	3/1905	-29.3	13	17	23	15
9/1906	11/1907	8/1909	-37.7	14	21	19	11
12/1909	12/1914	11/1916	-28.6	61	23	15	10
11/1916	8/1921	12/1924	-38.7	58	40	12	5
9/7/1929	6/1/1932	9/22/1954	-86.2	33	272	33	6
7/18/1933	3/14/1935	10/22/1935	-34.0	20	7	14	10
3/10/1937	3/31/1938	2/2/1946	-54.5	13	96	22	12
11/9/1938	4/28/1942	2/13/1945	-45.8	42	34	16	9
6/15/1948	6/13/1949	1/7/1950	-20.6	12	7	12	9
8/2/1956	10/23/1957	9/24/1958	-21.6	15	11	19	14
12/13/1961	6/27/1962	6/17/1963	-28.0	7	12	22	17
2/10/1966	10/10/1966	5/4/1967	-22.2	8	7	24	19
12/2/1968	5/27/1970	3/3/1972	-36.1	18	22	22	14
1/12/1973	10/4/1974	7/17/1980	-48.2	21	70	19	9
12/1/1980	8/12/1982	11/3/1982	-27.1	21	3	9	7
8/26/1987	12/4/1987	7/25/1989	-33.5	3	20	18	13
3/24/2000	10/9/2002	5/30/2007	-49.1	31	56	43	22
Median Since 1926			**-34.0**	**18**	**21**	**19**	**11**
Median Since WWII			**-28.0**	**15**	**12**	**19**	**14**
10/9/2007	**7/15/08 (?)**	-	**-22.3**	**9**	-	**27**	**20 (?)**

Source: Robert Shiller, S&P, Global Financial Data

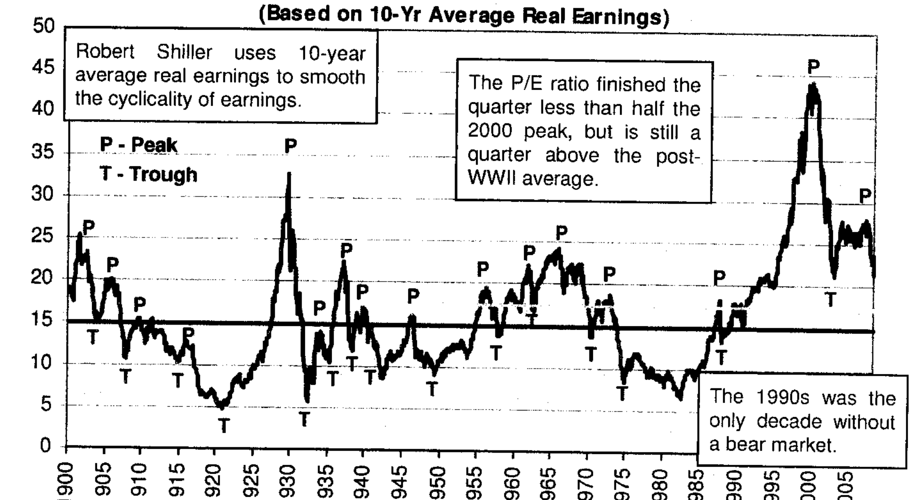
The S&P needs to fall a further 7% to reach the median bear market decline and 12% to reach the average (-32%).

The median post-WWII bear market's peak-to-trough lasted 1.25 years; we are 9 months into the current bear market.

The normalized P/E ratio at the October peak was higher than all but two prior peaks (1929 and 2000).

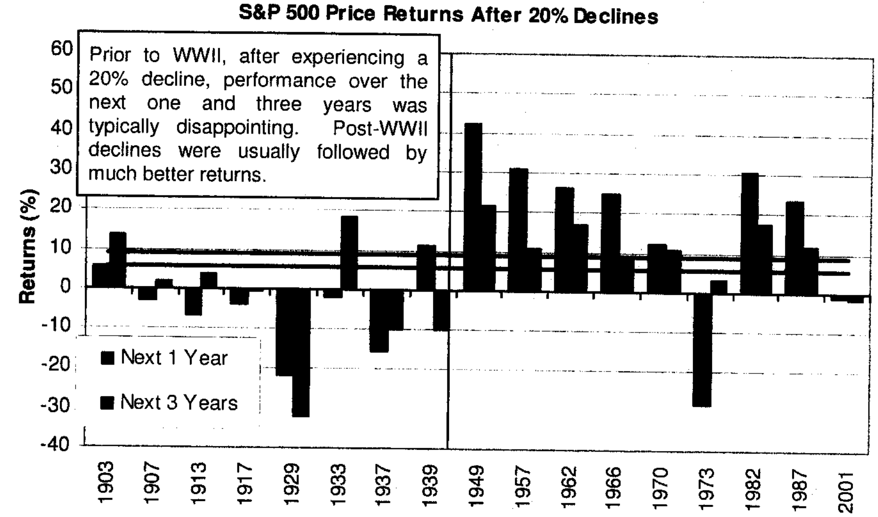
The S&P would have to fall by 30% to reach the median P/E at previous troughs.

Shiller's S&P 500 P/E Ratio
(Based on 10-Yr Average Real Earnings)



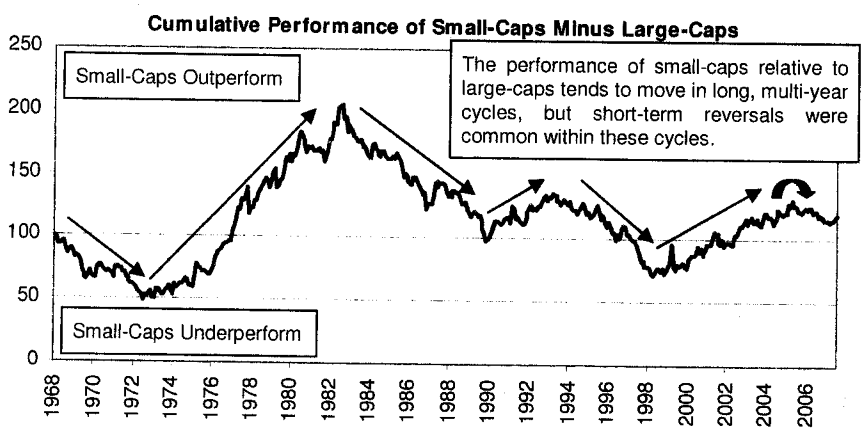
Source: Robert Shiller, S&P

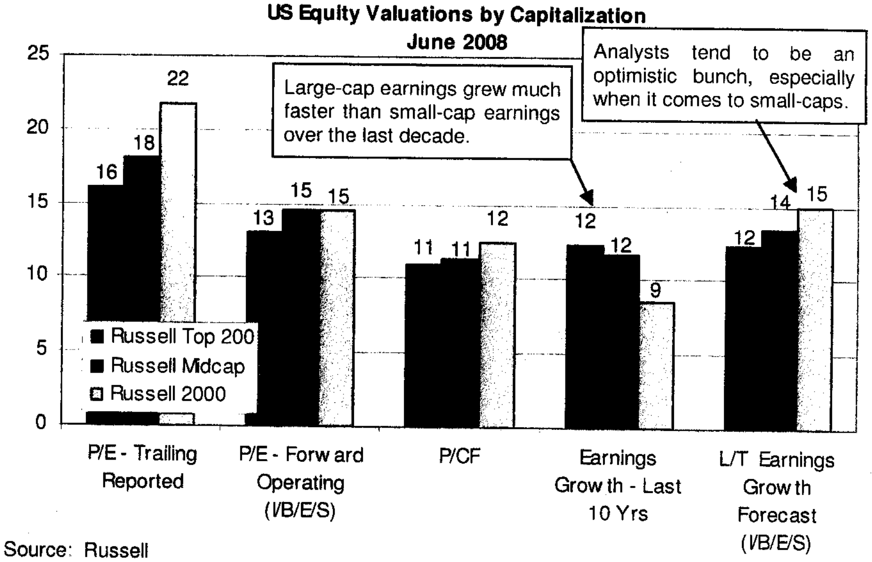
S&P 500 Price Returns After 20% Declines



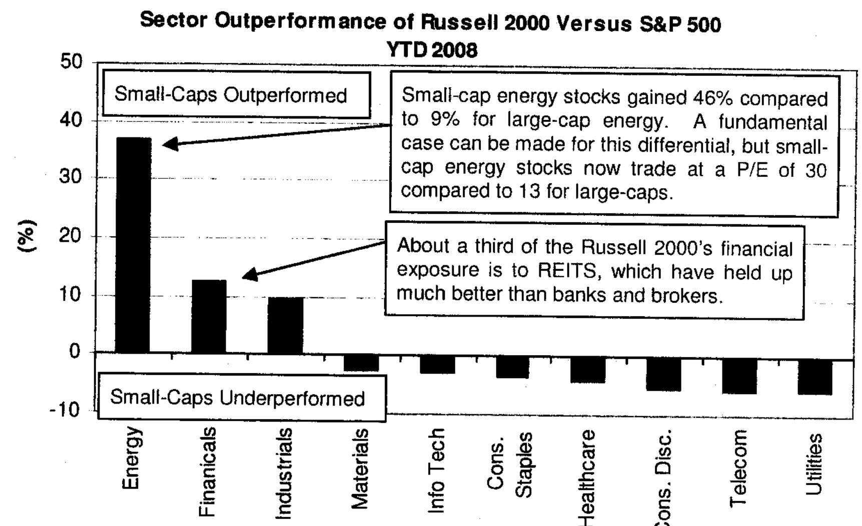
Domestic Equities: Will the Outperformance of Small-Caps Last?

- Domestic small-cap stocks performed surprisingly well in the first half of 2008. In 2007, the Russell 2000 trailed the S&P 500 by 7.1%, but in the first half of 2008 the Russell 2000 outperformed the S&P 500 by 2.5%. While the S&P 500 finished the quarter near its low for the year, the Russell 2000 rebounded 7.6% off its March low. Most of the outperformance came from the energy and financial sectors.
- We suspect the outperformance will prove temporary. Small-caps still appear very expensive relative to large-caps. Historically, small-cap stocks have traded at a discount to large-caps. According to Russell, the Russell 2000 is trading at trailing P/E ratio of 22 versus 16 for the Russell Top 200, which contains the largest 200 stocks in the US market. The Russell 2000's price-to-cash flow is 15% higher than for the Russell Top 200.
- The economic environment seems to favor large-caps over small-caps. Larger companies should be better positioned to weather a recession. Small-caps will find it more difficult to access reasonably-priced credit than large-caps. Furthermore, large-caps are better able to capitalize on relatively higher international economic growth. According to the Financial Times, the S&P 500 receives 30% of its revenue from overseas compared to 15% for the Russell 2000. Small-caps typically outperform coming out of recessions, but we wouldn't count on it this time unless small-caps underperform materially in the meantime.
- We expect the outperformance of small-caps during the first half will prove to be a cyclical reversal within a secular period of large-cap outperformance. We continue to recommend underweighting small-cap stocks in equity portfolios. More aggressive investors might consider shorting the Russell 2000 against a long position in the S&P 500 or in a basket of large-cap quality growth stocks.





Source: Russell



Source: Thomson Portfolio Analytics

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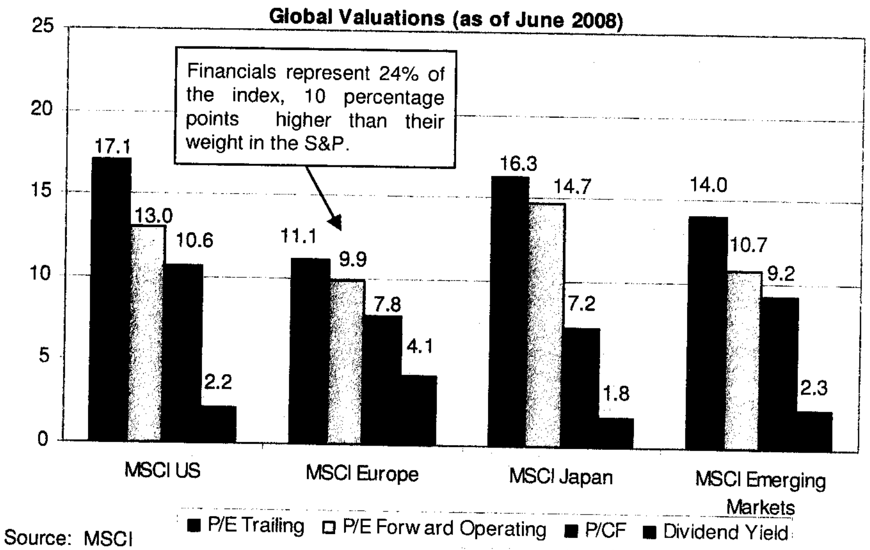
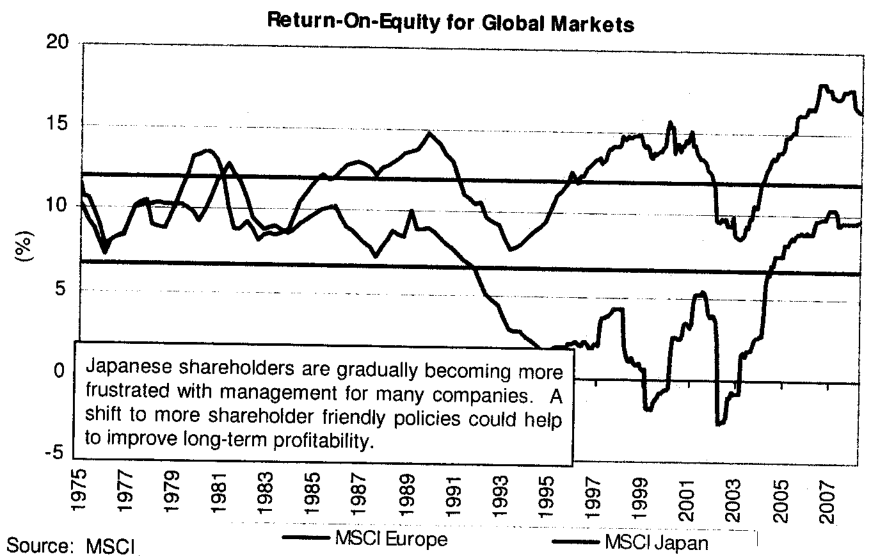
International Developed Equities Trading at Attractive Valuations

- Even though the credit crisis originated in the US, international developed market equities have suffered just as badly as US equities. In fact, in local currency terms, international equities have tumbled even more over the last 12 months. Europe has fallen by 20.1% in local currency terms during the last year, compared to a 15% decline for the US. While Japanese equities performed very well in the second quarter, they have declined 24.5% over the last year. International valuations are becoming increasingly attractive relative to those of the US.
- According to MSCI, Europe is trading at a trailing P/E ratio of 11, 35% below the US. The dividend yield on Europe is 4.1%. European economies are slowing, and companies must face the added pressure of overvalued currencies. Earnings in Europe are likely to decline, which will make these valuations less attractive. Nevertheless, current valuations provide a nice buffer for earnings declines.
    - European equities have posted a 16% return on equity (ROE) over the last twelve months. If the ROE declines to the historic average of 12%, the P/E ratio would rise from 11 to just 15, still lower than the US market. Even if the ROE falls in half to 8%, which is near the historic lows, Europe's P/E would be 22, which is comparable to the current normalized P/E ratio on the S&P 500.
    - A risk with Europe is the currency exposure. We do not expect the dollar to make a strong upward move against the euro over the short term, but it is a significant risk given current valuations. On a purchasing power parity basis, the euro is about 20% to 30% overvalued relative to the dollar. Investors may consider hedging, but it is costly because of higher euro interest rates. Hedging euro exposure currently costs roughly 2.3%, annualized. The dollar must appreciate by 2.3% against the euro over the next twelve months just for a hedge to break-even.
- Japan is also offering relatively attractive valuations. While Japan's return on equity is near its highest levels since the collapse of its bubble in 1990, Japanese companies have gradually improved their efficiency in recent years. Further, their banks are arguably among the strongest in the world since they mostly avoided US mortgages. While profitability is high relative to its history, it remains below that of the rest of the world. The most significant concern is that Japan is heavily titled towards consumer discretionary stocks. High energy costs and slowing global growth could hurt exporters and weigh on profits.
- The valuations of international equities have become more attractive relative to US equities. The bear market has left US equities fairly to slightly overvalued. Conversely, international equities appear cheap on an absolute basis. We expect international equities to outperform domestics in the coming years. The most significant risk to this view is a sharp rebound in the dollar.



Source: MSCI



Source: MSCI

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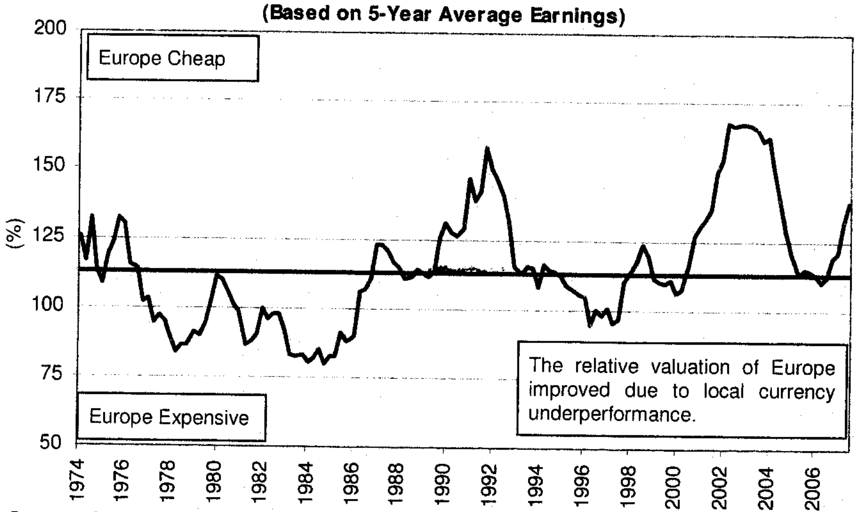
International Developed Equities Trading at Attractive Valuations (cont.)

P/E Ratio of US Relative to Europe (Based on 5-Year Average Earnings)



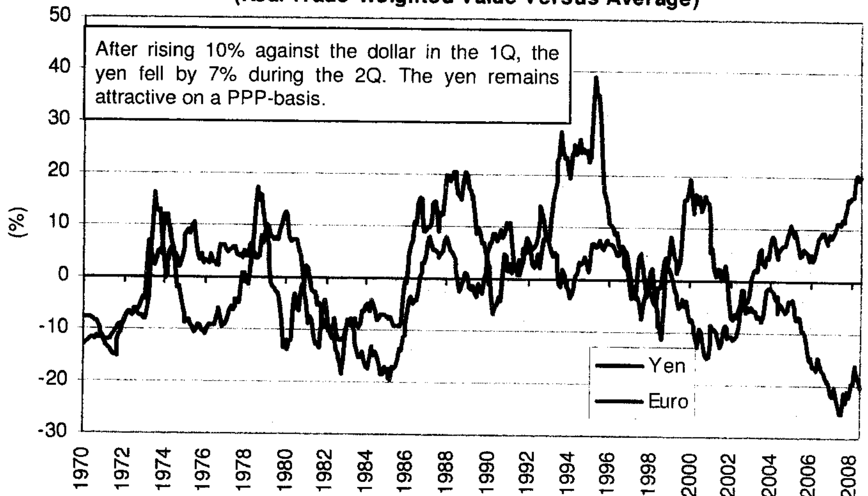
Europe Cheap

Europe Expensive

The relative valuation of Europe improved due to local currency underperformance.

Source: Global Financial Data, MSCI

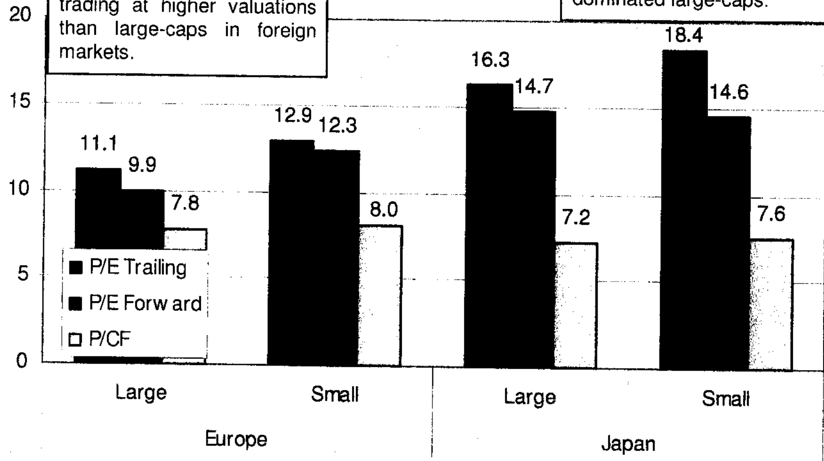
Relative Purchasing Power Parity of the Euro and Yen (Real Trade-Weighted Value Versus Average)



After rising 10% against the dollar in the 1Q, the yen fell by 7% during the 2Q. The yen remains attractive on a PPP-basis.

Source: JP Morgan

International Valuations

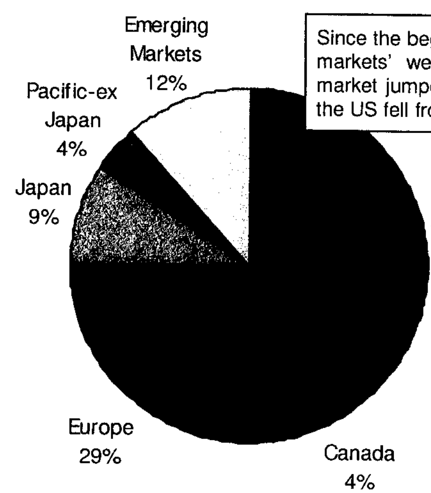


As in the US, small-caps are trading at higher valuations than large-caps in foreign markets.

Japanese small-caps are interesting because they are better positioned to capitalize on improving Japanese domestic demand than export-dominated large-caps.

Source: MSCI

MSCI ACWI Weights (June 2008)

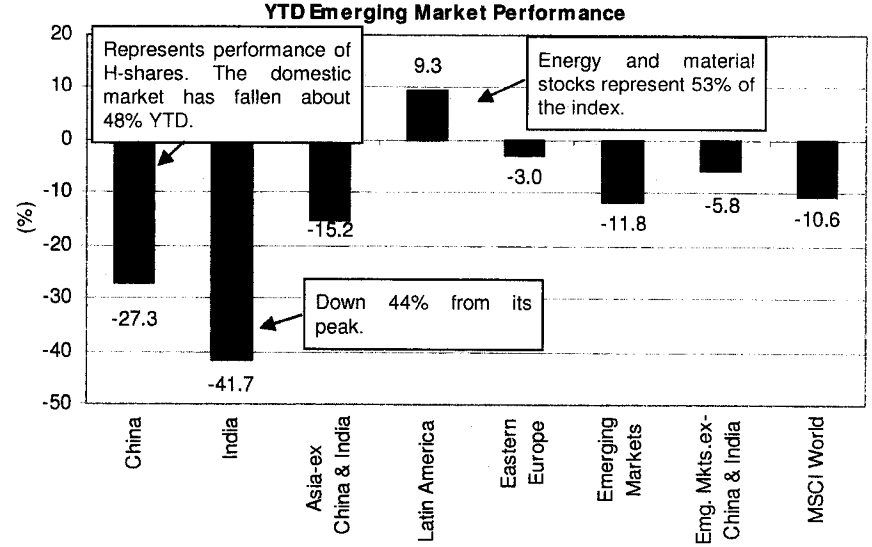


Since the beginning of 2000, emerging markets' weight in the global equity market jumped from 5% to 12%, while the US fell from 46% to 42%.

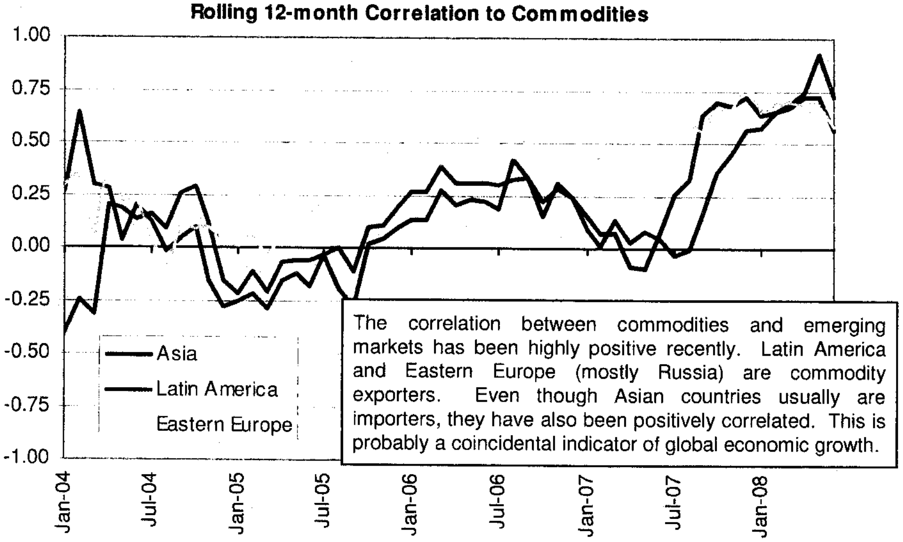
Rising Commodity Prices Support Emerging Market Equities

- Emerging market equities have held up fairly well during the downturn. Since global equity markets peaked in October, emerging market equities have declined about the same amount as developed markets. Given their beta, we would've expected a more significant decline. Latin America, which has benefited from higher commodity prices, was able to offset the deflating stock market bubbles in China and India.
- Emerging market equities have experienced profit growth of 20% over the last twelve months, far exceeding the 3% growth experienced by developed market equities. However, profits are likely to come under pressure in the coming quarters just as in developed markets. Commodity exporters should still see profit growth, but profit growth from Asian countries is likely to slow or even decline.
- We remain cautious on emerging market stocks. Higher energy prices have assisted commodity producing countries. However, the fastest growing countries in the world are commodity importing nations like China and India. The high cost of inputs, coupled with higher transportation and shipping costs, could eat away at profit margins. Further, higher commodity prices will continue to lift inflation rates in developing countries, increasing pressure on labor costs.
- A sharp pullback in commodities brought about by a global slowdown is a more significant risk. In that instance, both commodity exporters and importers would suffer. It would represent the reverse of the 2003 to 2007 environment when high growth in Asia spilled-over to commodity prices, benefiting Latin America.

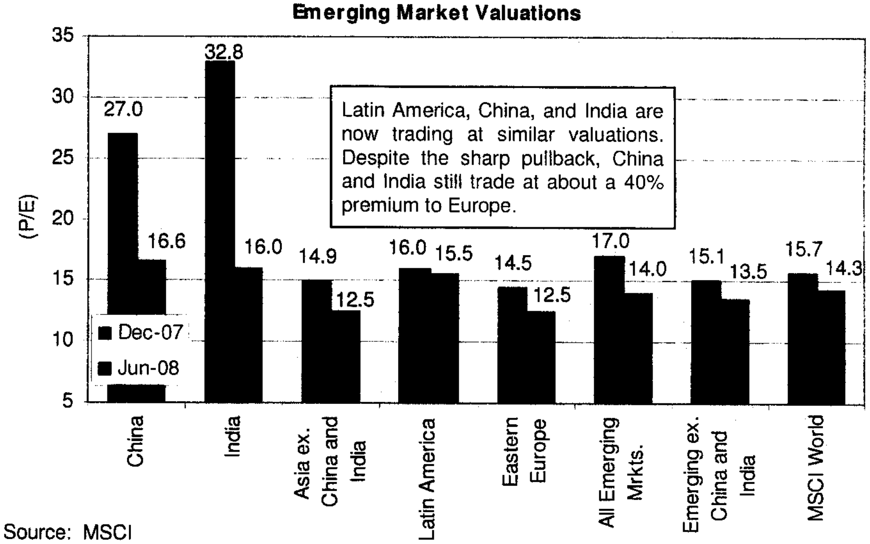
YTD Emerging Market Performance



Rolling 12-month Correlation to Commodities



Emerging Market Valuations



Source: MSCI

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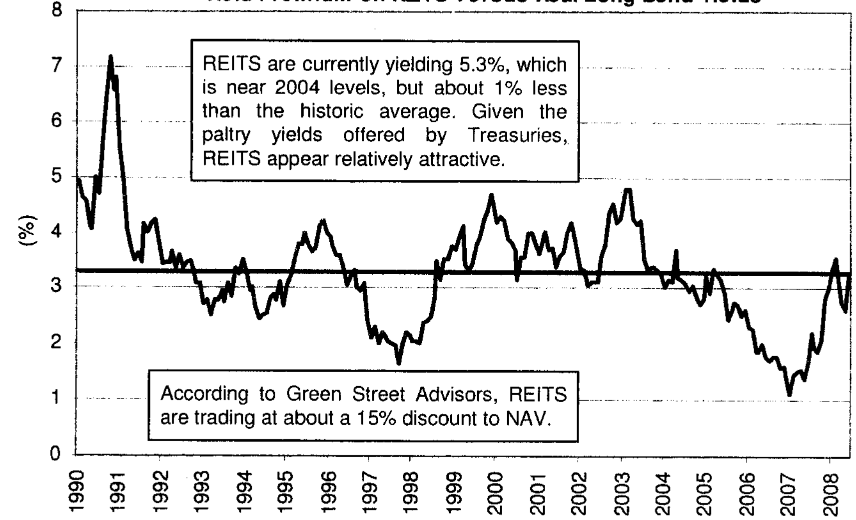
REITS Have Held Up Well This Year, but Remain Volatile

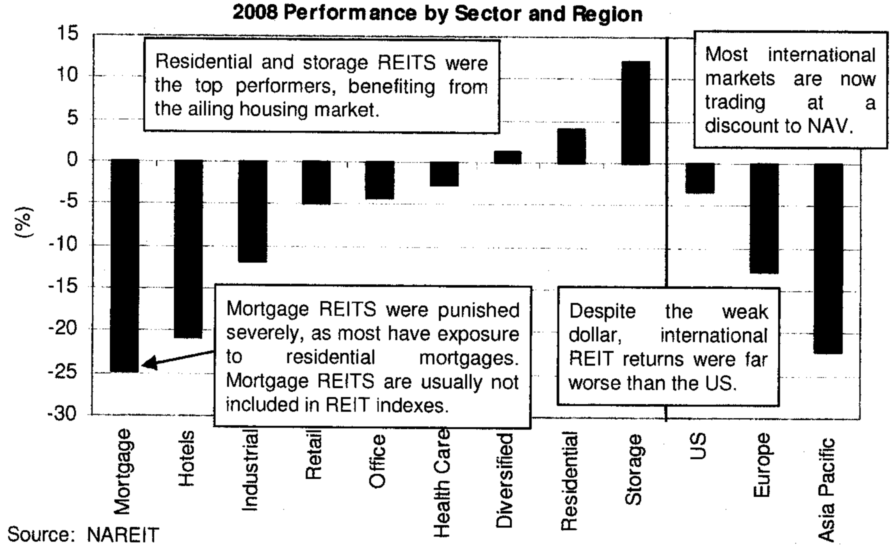
- After dropping 17% in 2007, REITS have fared relatively well this year, only losing 3.4%. However, it has been a very volatile ride for investors. After shedding 10.7% from the beginning of the year through 1/18, REITS rebounded 26.2% between 1/18 and 5/15. However, they lost 14.2% through the rest of the quarter. REITS are down 29.5% since reaching their peak in February of last year.
- The credit turmoil and the economic environment will weigh on the commercial real estate market. Capitalization rates are likely to be pressured upward because the tighter credit environment has increased borrowing costs. The Moody's Commercial Property Index declined 4% through the first four months of the year. Nevertheless, commercial real estate is in far better shape than residential because developers didn't overbuild. Vacancy rates are low by historical standards. Of course, a recession is likely to push office vacancy rates higher. According to CB Richard Ellis, vacancy rates nudged 40 bps higher in the second quarter.
- Commercial real estate and, by extension, REITS face a challenging environment, but pricing on REITS may already discount these problems. REITS offer a dividend yield of 5.3%, which is more than 3 percentage points above the real yield on long-term bonds. At current prices, they seem to offer a reasonable risk-to-reward.

Yield Premium on REITS Versus Real Long Bond Yields



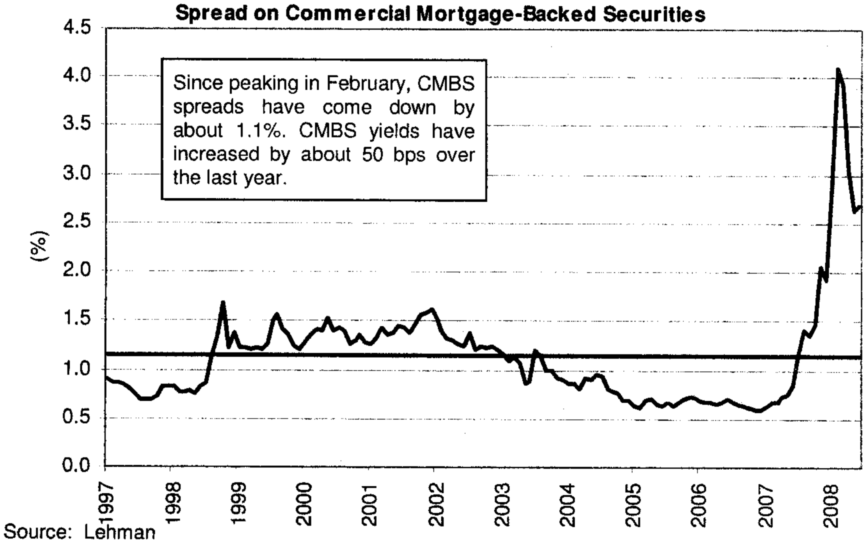
Source: NAREIT, Federal Reserve

2008 Performance by Sector and Region



Source: NAREIT

Spread on Commercial Mortgage-Backed Securities



Source: Lehman

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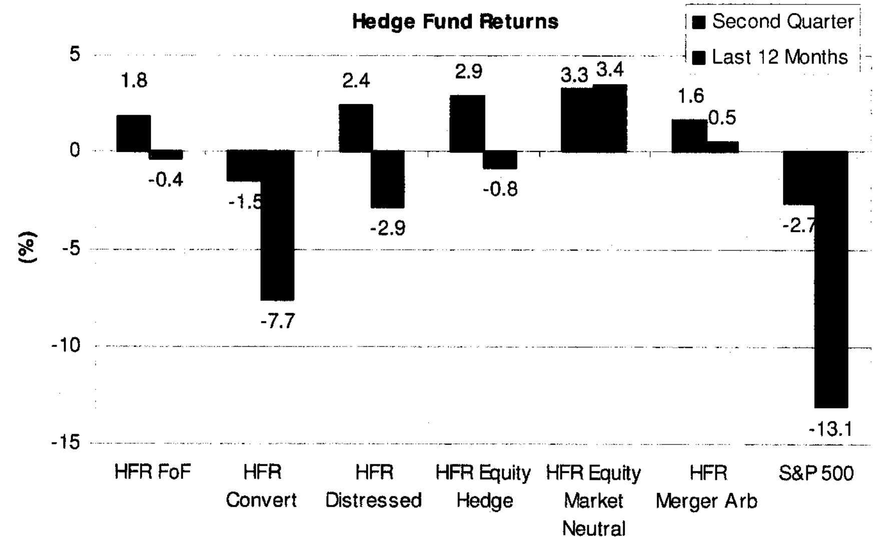
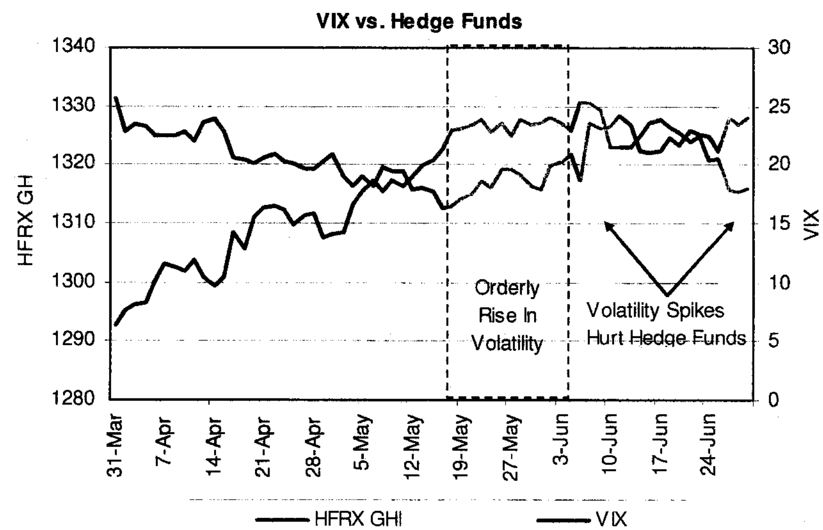
Hedge Funds: Adding Value Through Risk Reduction

- Hedge Funds posted a gain of 1.8% during the quarter, comparing favorably to the S&P 500 (-2.7%) and the Lehman Aggregate Bond index (-1.0%). April and most of May presented strong opportunities for hedge funds. Volatility contracted and market liquidity improved substantially following the Bear Stearns bailout. Hedge funds declined in June, but it proved to be less painful than might have been expected, as will be covered below.
- Dispersion within industries and sectors returned to the markets in a material way, with a strong focus on cash flow generation (i.e. an ability to continue to service one's debt). Equity market neutral, which is generally balanced long and short within industries and sectors, was the leading strategy for the quarter, with its strongest showing in June.
- Long/short equity was a close second in the quarter, helped by the dispersion mentioned above as well as strong dispersion across sectors – energy, materials, and utilities strongly outperformed financials and consumer discretionary.
- Merger arbitrage posted a solid quarter as fears over announced deal financing ebbed. Further, new deals contained relatively large spreads. The absence of any major events allowed spreads to narrow nicely.
- Dispersion of returns among individual hedge funds was quite high. Many hedge funds tried to capitalize on opportunities in the credit, financials, consumer discretionary, and home builders spaces, but they wound up being too early and suffered losses. It is likely that we will continue to see individual stories of severe stress, closings, and lowering of gates as this bear market unfolds.
- While the financial press seems to hammer the hedge fund industry daily, June's results appear to have surprised many investors and industry experts alike. June, which saw the S&P decline 8.4%, represented a fairly orderly sell-off with no real "events" or "shocks" to the market that resulted in severe spikes in volatility. The HFR Fund of Funds index shed only 1%. Hedge funds can hold up better than might be expected during such an environment as dispersion and hedges add value, while losses in various spread trades remain contained.





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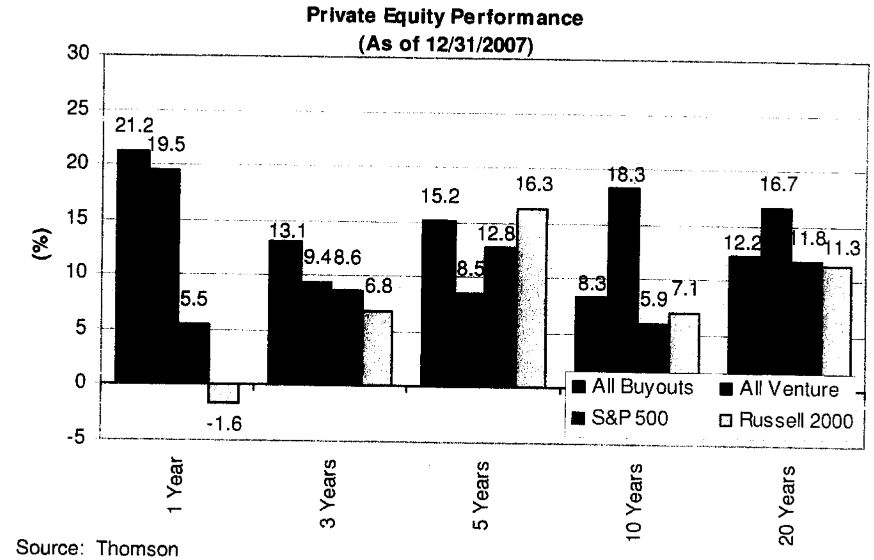
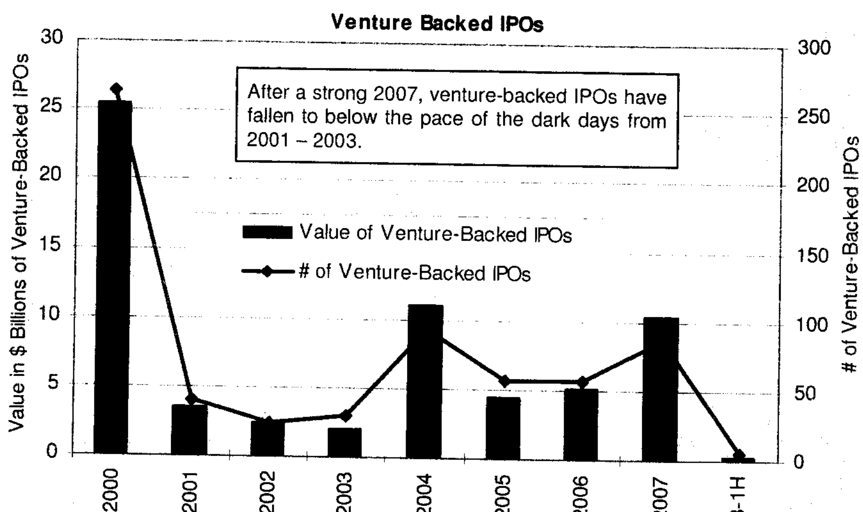
Private Equity Returns Were Strong in 2007, Outlook for 2008 is Cloudier

- Buyout and venture capital funds enjoyed strong returns in 2007 as the value from deals done earlier in the decade was realized. Not surprisingly, the credit crunch has eliminated the mega-buyout announcements that characterized 2006 and the first half of 2007. Most of the deals announced in those headier times have closed to the detriment of the lenders who have been forced to sell the loans at large discounts. It will be interesting to see how mega-buyout funds invest the war chests they raised in the last two years without the benefit of cheap debt. Deals are still taking place in the small to mid range. A recession should create attractive buyout opportunities, as the last recession did earlier in this decade.
- The credit crunch and equity market losses are hurting venture-backed exits. There were only five venture-backed IPOs totaling $283 million in the first quarter. The second quarter did not feature a single deal, which was the first quarter without a deal since 1978. Venture-backed merger and acquisition activity was more robust at $6 billion in the first half, but even this is less than half the 2007 pace. 2008 looks to be a lean year for venture capital.
- Opportunities are slowly arising in distressed debt. Moody's expects default rates to increase to 5.8% by the end of the year. Pay-in-kind and toggle provisions, where lenders have the option to pay interest with additional debt, are being exercised, which points to increasing stress from some large deals done at high prices. The option to postpone default could extend this distressed cycle, but ample opportunities should be coming over the next few years.



Source: Thomson



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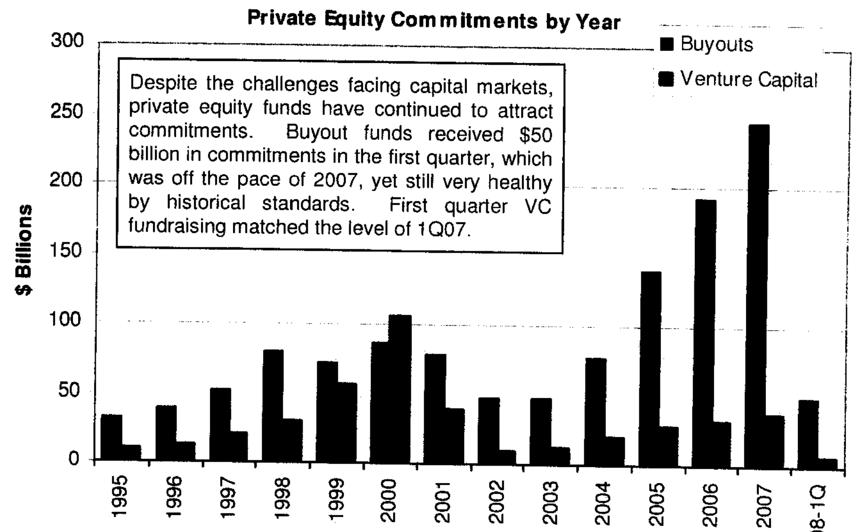

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- ☐ The Interest Rate Conundrum
- ☐ Liabilities and Endowment Management
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TEXAS TECH UNIVERSITY SYSTEM

2010-2011
Legislative Appropriation Request

Chancellor Kent Hance

TEXAS TECH UNIVERSITY SYSTEM

Legislative Appropriation Request
For Fiscal Years 2010-2011

Texas Tech University System Administration

TEXAS TECH UNIVERSITY SYSTEM

Texas Tech University System Administration
Exceptional Items

- Equitable Funding for System Administration
- Support of Technology Commercialization

TEXAS TECH UNIVERSITY SYSTEM

Legislative Appropriation Request
For Fiscal Years 2010-2011

Texas Tech University

TEXAS TECH UNIVERSITY SYSTEM

Texas Tech University

Exceptional Items

- Research Advancement
- West Texas Mesonet with Wind Power Integration Application
- Institute for Comparative and Experimental Medicine
- Research to Enhance Agriculture Production and Value to Agriculture Products in Texas
- Research in Energy Production and Environmental Protection in Texas
- Water Resource Center
- Texas Tech University Hill Country Educational Network
- Small Business Development Center

TEXAS TECH UNIVERSITY SYSTEM

Texas Tech University

Tuition Revenue Bonds

- College of Engineering Expansion/Renovation- $95,000,000
- Plant and Soil Sciences Building- $42,500,000
- Performing Arts Center- $45,000,000

TEXAS TECH UNIVERSITY SYSTEM

Legislative Appropriation Request
For Fiscal Years 2010-2011

Texas Tech University Health Sciences Center

TEXAS TECH UNIVERSITY SYSTEM

Texas Tech University Health Sciences Center

Exceptional Items

- El Paso Four Year Medical School
- Laura W. Bush Institute for Women's Health
- West Texas Area Health Education Center (AHEC) Program
- Institute for Comparative and Experimental Medicine
- Garrison Institute on Aging
- The Center for Membrane Protein Research
- Addressing the Nursing Shortage
- Panhandle Clinical/Hospital Simulation Center

TEXAS TECH UNIVERSITY SYSTEM

Texas Tech University Health Sciences Center
Tuition Revenue Bonds

- Lubbock Education, Research, and Technology Renovation- $72,000,000
- El Paso Medical School Building II- $85,500,000
- Permian Basin Facility- $12,600,000
- Panhandle/Clinical Hospital Simulation Center- $14,850,000

TEXAS TECH UNIVERSITY SYSTEM

Legislative Appropriation Request
For Fiscal Years 2010-2011

Angelo State University

TEXAS TECH UNIVERSITY SYSTEM

Angelo State University
Exceptional Items

- College of Nursing and Allied Health
- Management, Instruction and Research Center (MIR)
- Performing Arts Center and the Community

TEXAS TECH UNIVERSITY SYSTEM

Angelo State University
Tuition Revenue Bonds

- College of Nursing and Allied Health- $40,000,000
- Campus Modernization and Expansion- $31,500,000
- Performing Arts Center- $31,320,000

Texas Tech University System Administration
Exceptional Item Listing
2010- 2011

1. **Equitable Funding for System Administration**

   FY 2010 – $1,584,953; FY - 2011 - $1,584,953

   Texas Tech University System Administration requests funding that is at the same level of comparable systems within the State. In terms of annual system wide expenditures, Texas Tech University System is the third largest system in the State, behind University of Texas System and Texas A&M University System. However, funding for TTUSA is less than the University of Houston System and the Texas State University System.

2. **Support of the Technology Commercialization Initiative**

   FY 2010 – $1,500,000; FY - 2011 - $2,000,000

   In summary, funding for this exceptional item would meet goals as expressed in the State's strategic plan in the following ways:

   - Utilize a unique model that allows for importing technologies into the System not only from U.S. sources, but internationally as well; which will aid in the creation of start-up entities, relocation of companies to Texas, and enhanced economic development in the West Texas region.
   - Create a culture that fosters innovation and commercialization among faculty members
   - Develop a world class technology review and assessment center utilizing our best and brightest students from the Business, Agriculture and Engineering Colleges
   - Develop 8-12 new start-up companies a year
   - Increase commercialization capacity and value creation regarding university system technology

Texas Tech University
Exceptional Item Listing
2010- 2011

1. **Research Advancement**

   FY 2010 – $9,875,000; FY 2011 - $14,125,000

   The University's goal to attain $100 million per year in research funding will require an increased commitment to graduate programs and their necessary connection to a viable research faculty. Excellence in research faculty and graduate assistants are requirements of both strong graduate education and productive research efforts. The requested funds, in combination with existing faculty excellence and enhanced research development funds, will be focused on stimulating research outputs and graduate education programs.

2. **West Texas Mesonet with Wind Power Integration Applications**

   FY 2010 - $1,400,000; FY 2011 - $1,650,000

   The West Texas Mesonet (WTM) is a world-class monitoring network providing high-quality climate and agricultural information to a wide variety of decision makers. Support is requested to maintain the existing network and preserve data quality, while providing a 35% increase in network coverage each year. Complementary to what TAMU and UT are requesting, this expansion effort will work towards a state-wide Mesonet – benefiting all Texans. This Item Request also proposes to use data from the Mesonet to investigate Advanced Wind Power Integration Applications that address wind power variability. The rapid growth of wind power in Texas is expected to continue and the variable nature of the resource is causing concern.

3. **Institute for Comparative and Experimental Medicine**

   FY 2010 - $1,000,000; FY 2011 - $1,000,000

   This innovative Institute for Comparative and Experimental Medicine brings together faculty members from both Texas Tech University (TTU) and the Texas Tech Health Sciences Center (TTUHSC) to study infectious diseases affecting both animals and humans. Initially, it will focus on bacterial biofilms, which can have devastating health effects, and viral-based diseases that pass between animals and humans. This Institute will be the blueprint for the establishment of future collaborative research efforts between the TTU and TTUHSC campuses. It will also be a platform for aggressively seeking federal research grants, mainly from the National Institutes of Health. Support is requested to establish specialized research infrastructure needed for the study of infectious disease agents.

4. **Research to Enhance Ag Production & Value to Ag Products in Texas**

FY 2010 - $1,000,000; FY 2011 - $1,000,000

The forty counties that make up the High Plains region of West Texas account for over one-half of the agricultural cash receipts in the state. Several of the natural resources which support cattle feeding, dairies, poultry production, crop production, recreation, wildlife, alternative energy, and ecotourism are being used at unsustainable levels. Support is requested for faculty research, supplies, and travel to develop a new, integrated, comprehensive, multidisciplinary, and multi-institutional initiative to estimate the overall capacity of the agriculture industry in the Texas High Plains.

5. **Research in Energy Production and Environmental Protection in Texas Water Resource Center**

FY 2010 - $1,000,000; FY 2011 - $1,000,000

Researchers affiliated with the Water Resources Center are making significant contributions in water resources management, water quality protection and treatment, restoration of contaminated soil and water, and water reuse and recycling. Expansion of the scope of research, education, and technology transfer is a significant step toward providing new solutions to current and future challenges. Alternative technical, economic, legal, and political solutions produced by this research will be delivered to targeted users and applicable State agencies. This request is to provide outreach support, faculty and student support, purchase of specific research equipment, and for travel for interaction and collaboration with other agencies.

6. **TTU Hill Country Educational Network**

FY 2010 - $500,000; FY 2011 - $500,000

The TTU Hill Country Educational Network serves as a key strategy in addressing the goals of the Closing the Gaps report for citizens of the Texas Hill Country region. Support to continue and enhance program development and degree offerings is requested in the form of faculty, network and workforce training staff, instructional television classroom network equipment, and for operations.

7. **Small Business Development Center**

FY 2010 - $300,000; FY 2011 - $300,000

The Northwest Texas Small Business Development Center (SBDC) plans to slow the growing gap between rural and urban Texas by strengthening the economic health of the remote areas of the region. A primary element in accomplishing this goal is to provide an expanded rural outreach counseling program to assist existing and start-up businesses in the extreme rural areas of the 95 counties served. This request specifically targets counseling staff support, operational support, and the necessary travel across the region.

Texas Tech University
Tuition Revenue Bond Requests
2010- 2011

1. **College of Engineering Expansion/Renovation - $95,000,000**

   The fundamental goals of the project are: (1) to accommodate current academic space needs including general classrooms, distance educational facilities, research labs, and faculty and graduate student offices (2) to create a College focal point projecting the College identity and enhancing interdepartmental fusion among students and faculty members, and (3) To plan the long-term vision for the College. The new facilities will accommodate several large tiered lecture halls and distance learning classrooms, the Computer Science department, Student Services Office of the Dean, and other teaching and support spaces.

   Other Funds - $15 million

2. **Plant & Soil Sciences Building - $42,500,000**

   The project will construct a new 64,000 square foot facility to house Plant and Soil Science along with an associated greenhouse. The new building will provide classrooms, academic support areas, and administrative areas to support the department's undergraduate and graduate programs.

   Other Funds - $7.5 million

3. **Performing Arts Center - $45,000,000**

   The project will construct a new, approximate 230,000 GSF building to support the Visual and Performing Arts Program. The facility will function as a Performing Arts Center that includes the following: one large performance hall seating 750, smaller recital halls, and art gallery for public outreach with appropriate storage and receiving spaces, a scene shop with appropriate receiving and storage spaces, classrooms, rehearsal spaces, faculty and administrative offices for college use and management offices for the Center.

   Other Funds - $45 million

Texas Tech University Health Sciences Center
Exceptional Item Listing
2010- 2011

1. **El Paso Four Year Medical School**
FY 2010 – $4,300,000; FY - 2011 - $13,300,000
TTUHSC is requesting $17,600,000 over the 2008 – 2009 appropriation of $48 million to support the El Paso Four Year Medical school in the 2010 – 2011 biennium.

2. **Laura W. Bush Institute for Women's Health**
FY 2010 - $2,500,000; FY 2011 - $2,500,000
To provide funding to equip and staff research labs in Lubbock, Amarillo and Midland. This funding will also provide administrative support for the institute in these cities.

3. **West Texas Area Health Education Center (AHEC) Program**
FY 2010 - $2,000,000; FY 2011 - $2,000,000
To transition the West Texas Area Health Education (AHEC) program from federal to state funding similar to the AHEC programs associated with The University of Texas Medical Branch and University of Texas Health Science Center San Antonio which receive state funding. Federal funding for this program ends on September 30, 2009.

4. **Institute for Comparative and Experimental Medicine**
FY 2010 - $1,000,000; FY 2011 - $1,000,000
To create the Institute for Comparative and Experimental Medicine. This institute is a collaborative effort between Texas Tech University and Texas Tech University Health Sciences Center to study infectious diseases affecting both animals and humans.

5. **Garrison Institute on Aging**
FY 2010 - $1,000,000; FY 2011 - $1,000,000
To provide funding for the Garrison Institute on Aging in the following areas – (1) Treatment for Alzheimer's Disease; (2) Aging in Rural Mexican American Communities; (3) The Geriatric Education and Training Academy

6. **The Center for Membrane Protein Research**
FY 2010 - $1,000,000; FY 2011 - $1,000,000
To establish The Center for Membrane Protein Research. This center will initially focus on the structure and function of plasma-membrane proteins, with special emphasis on their roles in disease processes.

7. **Nursing – Addressing the Nursing Shortage**
FY 2010 - $1,500,000; FY 2011 - $1,500,000
To provide funding to recruit faculty necessary to increase enrollment by 115 in 2010 and 130 additional students in 2011.

8. Panhandle Clinical/Hospital Simulation Center
FY 2010 - $800,633; FY 2011 - $287,833

To provide equipment and operating costs for a multi-disciplinary medical training simulation hospital in Amarillo to be managed by the three primary alliance members of Texas Tech University Health Sciences Center, West Texas A & M University and Amarillo College.

Texas Tech University Health Sciences Center
Tuition Revenue Bond Requests
2010- 2011

1. **Lubbock Education, Research and Technology Renovation - $72,000,000**
   To renovate facilities and construct an addition to the Lubbock facilities for research and educational space.

   Other Funds - $8 million

2. **El Paso Medical Science Building II - $85,500,000**
   To construct a 185,000 square foot facility for research in El Paso.

   Other Funds - $9.5 million

3. **Permian Basin Facility - $12,600,000**
   To construct a 50,000 square foot facility to accommodate the expansion of undergraduate medical students to the Permian Basin

   Other Funds - $1.4 million

4. **Panhandle Regional Clinical Simulation Hospital - $14,850,000**
   To construct and equip a 30,000 square foot simulation hospital on the Texas Tech University Health Sciences Center campus.

   Other Funds - $1.65 million

Angelo State University
Exceptional Item Listing
2010-2011

1. **College of Nursing and Allied Health**

   FY 2010 - $1,401,000; FY 2011 - $1,401,000

   Angelo State University is seeking start-up funding for the following:
   1) Expand current allied health and nursing programs with the additional of five academic initiatives
   2) Expand capacity and services of the San Jacinto School-Based Clinic to include care of families. This clinic serves as a training site for nursing students.
   3) Establish a Center for Rural Health, Wellness and Rehabilitation which would include a clinic to serve vulnerable rural populations as well as provide applied experience for our students; and
   4) Provide administrative, clinical and clerical staff and faculty to accomplish the aforementioned.

2. **Management, Instruction and Research Center (MIR)**

   FY 2010- $750,000; FY 2011 - $750,000

   The Management, Instruction and Research Center utilizes 4,643 acres of farm and range land leased to the University for 25 years by the U. S. Corps of Engineers, Department of Army. Recently, a 2, 880 sq. ft. greenhouse was added to raise ornamental and cultivated plant varieties, along with adjacent forage test plots to enhance teaching and research activities. An 8,000 sq. ft. Food Safety and Product Development Laboratory was completed in the fall of 2005 to house equipment to support teaching and research for undergraduate and graduate education in the areas of meat/food quality, E. coli and other food safety contamination issues, new food product development, meat animal anatomy, and live animal/carcass evaluation. This facility provides national recognition for ASU for teaching, research and a collegiate judging program. The expense of operating this facility and the cost of program expansion have increased significantly since this special item was originally funded. Additional funding is required to continue the existing programs and to add new ones.

3. **Performing Arts Center and the Community**

   FY 2010 - $1,715,933; FY 2011 - $1,715,933

   In order for ASU to grow and succeed, there must be a vital and active downtown San Angelo. ASU is locating many of its arts activities downtown currently through the Center of Fine Arts and an art gallery studio development where graduate students will work and live. The collaborative arrangement with civic performing arts group will allow ASU to grow and sustain the program as well as a performing arts center. Once operational, the center will generate revenue to help support ongoing operations. The enrollments generated through these start up funds will provide funding for on-going growth in the performing arts programs at ASU.

Angelo State University
Tuition Revenue Bond Requests
FY 2010-2011

1. **College of Nursing and Allied Health - $40,000,000**

   This project is new construction of a facility that would be shared by all of the departments that currently make up the College of Nursing and Allied Health, as well as new departments projected to be added to the College in the near future. The building would offer centralized laboratories, medical evaluation facilities, therapy space and classrooms to accommodate the needs of this growing college. The facility will help accommodate the growing number of new students desiring to enter the fields of nursing and allied health, and will allow space for the new doctoral program in Physical Therapy. This facility would also house the proposed Center for Rural Health, Wellness, and Rehabilitation with the primary purpose of the Center being to develop and test culturally sensitive interventions that promote the highest level of health and quality of life for vulnerable rural populations.

   Other Funds - $5 million

2. **Campus Modernization and Expansion- $31,500,000**

   This project is a comprehensive modernization program that will include the renovation of the Administration building, an addition to the Administration Building, modernization of several classrooms on campus, a modernization of the information technology infrastructure and related systems, the installation of electronic card access systems, and the installation of an enhanced campus security system in all of the buildings on campus. The campus is in need of modernization due to aging facilities and systems, and with the security concerns affecting campuses, installation of controlled access and security systems is needed. The campus is bordered on the north by private property that is older apartment complexes, retail space and some vacant land. Several of the properties in this area are poorly managed, maintained and are rented to persons with criminal history. There have been numerous police responses to some of these properties, which cause security concerns with the students, faculty and staff of ASU. The project would allow the campus to acquire this property and redevelop the land to comply with the campus master plan.

   Other Funds - $3.5 million

3. **Performing Arts Center - $31,320,000**

   This project is new construction of a facility that would be shared by many of the departments that currently make up the College of Liberal and Fine Arts, as well as the community performing arts groups and the local high schools from time to time. The building would offer centralized performance venues including a concert hall, and proscenium theatre, lab theatre and a recital hall. The total facility would seat approximately 1,850 people in all of the theatres and meet a need for performance space on the campus and within the community. The building would also house approximately 6 classrooms, administrative offices, rehearsal space, a conference room, recording studio and a video conference room.

   Other Funds - $31.32 million

TEXAS TECH UNIVERSITY SYSTEM
OFFICE OF AUDIT SERVICES
PRIORITIZED AUDIT PLAN
Fiscal Year 2009

PRIORITY	ENTITY	AUDIT AREA		BUDGETED HOURS	BUDGET ADJUSTMTS	STATUS AS OF AUG 1	ACTUAL HOURS	TIME STILL NEEDED	BUDGET vs ACTUAL
		TOTAL ENGAGEMENT HOURS AVAILABLE		18,000					
		REQUIRED AUDITS							
Required	TTUS	Texas Tech University Foundation	Financial (assist)	130					130
Required	TTUS	Regents, Chancellor, & Presidents Travel and Credit Cards	Compliance (assist)	20					20
Required	TTUS	Office of Audit Services Annual Report	Compliance	40					40
Required	TTUS	Office of Audit Services Annual Plan	Compliance	80					80
Required	TTUS	Office of Audit Services Self-Assessment	Compliance	150					150
Required	TTUS	Office of Audit Services Peer Review	Compliance	80					80
Required	TTUS	State Auditor's Office Miscellaneous Projects	Miscellaneous (assist)	80	(10)				70
		TTU: 2008 Statewide Financial Audit	Financial (assist)		10				10
Required	TTU	Texas Higher Education Coordinating Board ARP/ATP Grants	Compliance	150					150
Required	TTU	NCAA Compliance	Compliance	400					400
Required	TTU	Athletics Financial Review	Financial (assist)	240					240
Required	TTU	Joint Admissions Medical Program Grants	Compliance	60					60
Required	TTU	KOHM-FM	Financial (assist)	300					300
Required	TTU	Football Attendance Certification	Compliance	10					10
Required	HSC	SACS Financial Review	Financial	400					400
Required	HSC	State Comptroller's Office Post-Payment Audit	Compliance (assist)	10					10
Required	HSC	Texas Higher Education Coordinating Board ARP/ATP Grants	Compliance	120					120
Required	HSC	Texas Higher Education Coordinating Board Residency Grants	Compliance	220					220
Required	HSC	Correctional Managed Health Care Committee Contract	Compliance	200					200
Required	HSC	Joint Admissions Medical Program Grants	Compliance	60					60
Required	ASU	Joint Admissions Medical Program Grants	Compliance	60					60
Required	ASU	Athletics Financial Review	Financial (assist)	10					10
		TOTALS FOR REQUIRED AUDITS		2,820	-		-	-	2,820
		AUDITS IN PROGRESS AT AUGUST 1, 2008							
Prior Year	TTUSA	Construction Management	Financial/Operational	430		In progress			430
Prior Year	TTU & HSC	Research Infrastructure	Operational/Compliance	10		In progress			10
Prior Year	TTU	State Auditor's Office: Student Fee Audit	Compliance (assist)	5		In progress			5
Prior Year	TTU	Athletics Business Office	Controls	135		In progress			135
Prior Year	HSC	IT Security	IT Controls/Mgt Advisory	100		In progress			100
Prior Year	HSC	IDX TES Implementation	IT Controls/Mgt Advisory	20		In progress			20
Prior Year	HSC	School of Medicine--Odessa Campus	Operational/Financial	140		In progress			140
Prior Year	HSC	School of Medicine--Amarillo Campus	Operational/Financial	20		In progress			20
Prior Year	ASU	NCAA Compliance	Compliance	160		In progress			160
Prior Year	ASU	State Auditor's Office: 2008 Statewide Financial Audit	Financial (assist)	5		In progress			5
Prior Year	ASU	Construction Management	Financial/Operational	255		In progress			255
Prior Year	ASU	Controller's Office	Operational/Controls	100		In progress			100
Prior Year	TTUS	Wrap-up on Audits Included in August BOR Report		10		In progress			10
		TOTALS FOR AUDITS IN PROGRESS		1,390	-		-	-	1,390
		UNPLANNED SPECIAL PROJECTS AND INVESTIGATIONS							
		Total Hours Budgeted for Special Projects & Investigations		4,425	(220)				4,205
		IN PROGRESS AT AUGUST 1, 2008							
Special	TTUS	TeamMate TEC Implementation	Special		30	In progress			30
Special	TTU	Physical Plant Warehouse Inventory	Special		20	In progress			20
Special	TTU	Human Sciences Scholarships	Special		50	In progress			50
Special	HSC	Expenditure Review	Special		60	In progress			60
Special	HSC	El Paso Facilities Maintenance & Operations	Special		60	In progress			60
		BEGUN AFTER AUGUST 1, 2008							
		None							0
		SPECIAL PROJECTS AND INVESTIGATIONS TOTALS		4,425	220		-	-	4,425
		HIGHEST PRIORITY							
[redacted]	TTU	Intra-Institutional Voucher Process	Controls/Operational	400					400
[redacted]	TTU	Banner Student/Finance System Feeds	IT/Financial	450					450
[redacted]	TTU	eProcurement Processes	Controls	350					350
[redacted]	HSC	HealthNet	IT/Operational	450					450
[redacted]	HSC	eProcurement Processes	Controls	350					350
[redacted]	ASU	Financial Aid Office	Operational/Compliance	400					400
[redacted]	ASU	IT General Controls Review	IT/Controls	550					550
[redacted]	ASU	One Card Office	Financial/Controls	400					400
		HIGHEST PRIORITY TOTALS		3,350	-		-	-	3,350

TEXAS TECH UNIVERSITY SYSTEM
OFFICE OF AUDIT SERVICES
PRIORITIZED AUDIT PLAN
Fiscal Year 2009

PRIORITY	ENTITY	AUDIT AREA		BUDGETED HOURS	BUDGET ADJUSTMTS	STATUS AS OF AUG 1	ACTUAL HOURS	TIME STILL NEEDED	BUDGET vs ACTUAL
		MODERATE PRIORITY							
2	TTUS	Technology Transfer/Commercialization	Follow-Up/Compliance	350					350
2	TTU	Sponsored Programs Accounting and Reporting	Operational	400					400
2	TTU	College of Mass Communications	Financial	300					300
2	TTU	College of Outreach & Distance Education	Financial/Operational	350					350
2	HSC	El Paso Fixed Assets	Controls	350					350
2	HSC	El Paso IT General Controls Review	IT/Controls	600					600
2	HSC	Electronic Medical Record Implementation	IT/Operational	450					450
2	ASU	Study Abroad Program	Operational/Compliance	250					250
		MODERATE PRIORITY TOTALS		3,050	-		-	-	3,050
		LOWER PRIORITY							
3	TTUS	Audit Report Follow-Up Procedures and Reporting	Follow-Up	250					250
3	TTU	NCAA Compliance Risk Assessment	Risk Assessment	70					70
3	TTU	Student Affairs Risk Assessment	Risk Assessment	200					200
3	TTU	Enrollment Growth Efficiencies	Management Advisory	400					400
3	HSC	El Paso Pediatrics Billing Processes	Operational/Controls	400					400
3	HSC	School of Pharmacy Research Funding	Financial/Compliance	400					400
3	ASU	Division of Continuing Studies	Operational/Controls	300					300
		LOWER PRIORITY TOTALS		2,020	-		-	-	2,020
		OTHER VALUE-ADDED WORK							
		Total Hours Budgeted for Other Value-Added Work		945	0			945	
Other	TTUS	Big 12 Internal Auditor Conference				Ongoing			
Other	TTUS	Cash Handling and Control Environment Workshops				Ongoing			
Other	TTUS	Fraud Awareness Training				Ongoing			
Other	TTUS	ConnecTech Steering Committee (Banner project)				Ongoing			
Other	TTUS	ConnecTech Security Committee (Banner project)				Ongoing			
Other	TTUS	ConnecTech Transition Testing (Banner project)				Ongoing			
Other	TTUS	ConnecTech Reporting Strategy Committee (Banner project)				Ongoing			
Other	TTUS	Enterprise Risk Management				Ongoing			
Other	TTUS	Compliance Hotline Maintenance				Ongoing			
Other	TTU	SACS Quality Enhancement Plan (QEP) Steering Committee				Ongoing			
Other	TTU	SACS QEP Ethical Institution Task Force				Ongoing			
Other	HSC	Institutional Compliance Working Committee				Ongoing			
Other	N/A	Professional Organizations (ACUA, TACUA, IIA, TSCPA, SAIAF, ACFE)				Ongoing			
Other	TTUS	Other Miscellaneous Projects				Ongoing			
		OTHER VALUE-ADDED WORK TOTALS		945	0		-	-	
		TOTAL ENGAGEMENT HOURS		18,000	0		0	0	18,000

		ADDITIONAL PROJECTS NOT ON PLAN		
4	TTUS	Beck IT Risk Assessment Follow-Up	IT/Follow-Up	400
4	TTU	Scholarship Office	Operational/Controls	400
4	TTU	Export Controls	Compliance	400
4	HSC	El Paso Accreditation Preparation	Management Advisory	300
4	ASU	Accreditation Preparation	Management Advisory	225
		EXTRA AUDIT HOURS NEEDED		1,725

		KEY
	TTUS	Texas Tech University System and/or inclusive of multiple Texas Tech institutions
	TTUSA	Texas Tech University System Administration
	TTU	Texas Tech University
	HSC	Texas Tech University Health Sciences Center
	TTU & HSC	Areas with parallel functions or shared responsibility
	ASU	Angelo State University
	N/A	Work that is not attributable to a particular institution or campus
Required	Audits that are mandated by law, Operating Policies, standards, contracts, etc. Will be performed based on timing of external deadlines.	
Prior Year	Engagements from prior year annual plan that were in progress at August 1. Goal is to complete them early in the year.	
Special	Unplanned special projects and investigations	
1	Engagements that were deemed most critical per the risk assessment at August 1.	
2	Engagements that were deemed to be moderately critical per the risk assessment at August 1.	
3	Engagements that were deemed least critical per the risk assessment at August 1.	
4	Areas of exposure that need attention, but have not been included in the official plan because of resource constraints.	
Other	Other projects, including committee service, class development and instruction, professional organizations, etc.	

TEXAS TECH UNIVERSITY SYSTEM
OFFICE OF AUDIT SERVICES
PRIORITIZED AUDIT PLAN
Fiscal Year 2008

PRIORITY	ENTITY	AUDIT AREA		BUDGETED HOURS	BUDGET ADJUSTMTS	STATUS AS OF JULY 31	ACTUAL HOURS	HOURS TO FY 2009	BUDGET vs ACTUAL
		TOTAL ENGAGEMENT HOURS AVAILABLE		17,700					
		REQUIRED AUDITS							
Required	TTUS	Texas Tech University Foundation	Financial (assist)	120		Complete	183		(63)
Required	TTUS	Regents, Chancellor, & Presidents Travel and Credit Cards	Compliance (assist)	20		Complete	8		12
Required	TTUS	Office of Audit Services Annual Report	Compliance	40		Complete	22		19
Required	TTUS	Office of Audit Services Annual Plan	Compliance	80		Complete	19		61
Required	TTUS	State Auditor's Office Miscellaneous Projects	Miscellaneous (assist)	80	(35)				45
		TTU: Student Fee Audit	Compliance (assist)		37	In progress	32	5	0
		ASU: 2008 Statewide Financial Audit	Financial (assist)		10	In progress	5	5	0
Required	TTUS	State Comptroller's Office Post-Payment Audit	Compliance (assist)		10	In progress	4		6
Required	TTU	NCAA Compliance	Compliance	325		Complete	617		(292)
Required	TTU	Athletics Financial Review	Financial (assist)	240		Complete	154		86
Required	TTU	KOHM-FM	Financial (assist)	300		Complete	263		37
Required	TTU	Football Attendance Certification	Compliance		5	Complete	6		(1)
Required	HSC	Texas Higher Education Coordinating Board Residency Grants	Compliance	220		Complete	237		(17)
Required	HSC	Correctional Managed Health Care Committee Contract	Compliance	200		Complete	205		(5)
Required	HSC	Family Practice Center at El Paso Contract	Compliance	90		Complete	72		18
Required	ASU	Investments	Compliance	150		Complete	262		(112)
Required	ASU	NCAA Compliance	Compliance	400		In progress	243	160	(3)
Required	ASU	Office of Audit Services Annual Report	Compliance	35		Complete	34		1
		TOTALS FOR REQUIRED AUDITS		2,300	27		2,366	170	(209)
		AUDITS IN PROGRESS AT AUGUST 1, 2007							
Prior Year	TTUSA	IT Application Review of BSR Advance System	IT Controls	288		Complete	208		80
Prior Year	TTU	State Auditor's Office: Enrollment Audit	Compliance	2		Complete			2
Prior Year	TTU	Contracting Office	Operational/Compliance	50		Complete	90		(40)
Prior Year	TTU	Texas Higher Education Coordinating Board TWD Grants	Compliance	62		Complete	403		(341)
Prior Year	TTU	Centers and Institutes	Governance/Compliance	250		Complete	301		(51)
Prior Year	TTU	School of Law	Financial/Operational	10		Complete	10		0
Prior Year	TTU	Research Funds	Financial/Compliance	5		Complete	11		(6)
Prior Year	TTU & HSC	State Auditor's Office: 2007 Statewide Financial Audit	Financial	10		Complete	5		5
Prior Year	HSC	El Paso Department of Internal Medicine	Financial/Controls	60		Complete	41		19
Prior Year	HSC	HIPAA Security Compliance	IT/Compliance	5		Complete	12		(7)
Prior Year	TTUS	Wrap-up on Audits Included in August BOR Report		15		Complete	30		(15)
		TOTALS FOR AUDITS IN PROGRESS		757	-		1,111	-	(354)
		UNPLANNED SPECIAL PROJECTS AND INVESTIGATIONS							
		Total Hours Budgeted for Special Projects & Investigations		4,425					
		IN PROGRESS AT AUGUST 1, 2007							
Special	TTU	Turf Management	Special			Complete	153		
Special	TTU	Parent Relations	Special			Complete	83		
Special	TTU	Student Financial Aid Travel Procedures	Special			Complete	35		
Special	HSC	Excluded Parties Special	Special			Complete	463		
		BEGUN AFTER AUGUST 1, 2007							
Special	TTU	PostTech Cash Controls	Special			Complete	54		
Special	HSC	Lubbock Orthopaedic Cash Shortage	Special			Complete	38		
Special	TTU	Copy Tech Cash Controls	Special			Complete	33		
Special	TTUS	TeamMate TEC Implementation	Special			In progress	151		
Special	ASU	Ram Band	Special			Complete	62		
Special	TTU	Southwest Collection Follow-Up Procedures	Special			Complete	25		
Special	TTU	Physical Plant Warehouse Inventory	Special			In progress	102		
Special	TTU	Human Sciences Scholarships	Special			In progress	227		
Special	HSC	Expenditure Review	Special			In progress	100		
Special	HSC	El Paso Facilities Maintenance & Operations	Special			In progress	386		
Special	TTUS	The University of Texas System Peer Review	Special			Complete			
Special	ALL	Misc. Hotline Projects	Special			Complete	99		
		SPECIAL PROJECTS AND INVESTIGATIONS TOTALS		4,425			2,011		2,414

TEXAS TECH UNIVERSITY SYSTEM
OFFICE OF AUDIT SERVICES
PRIORITIZED AUDIT PLAN
Fiscal Year 2008

PRIORITY	ENTITY	AUDIT AREA		BUDGETED HOURS	BUDGET ADJUSTMTS	STATUS AS OF JULY 31	ACTUAL HOURS	HOURS TO FY 2009	BUDGET vs ACTUAL
		HIGHEST PRIORITY							
[illegible]	TTUS	Conflicts of Interest	Governance/Compliance	400		**Complete**	314		86
[illegible]	TTUS	Health Sciences Center IT Security	IT Controls/Mgt Advisory	400	100	**In progress**	252	100	148
[illegible]	TTUSA	Construction Management	Financial/Operational	400	150	**In progress**	127	430	(7)
[illegible]	TTUSA	Office of Investments	Operational		200	**Complete**	82		118
[illegible]	TTU	Physical Plant	Operational	400		**Complete**	374		26
[illegible]	TTU	Credit Card Customer Information Security	IT Controls	400	100	**Complete**	630		(130)
[illegible]	TTU	International Travel	Operational/Compliance		300	**Complete**	302		(2)
[illegible]	TTU	Athletics Business Office	Controls		250	**In progress**	143	135	(28)
[illegible]	HSC	El Paso Dean's Office	Governance	350	(350)	**Complete (hours merged with HR)**			0
[illegible]	HSC	Office of Human Resources	Operational/Compliance	450	350	**Complete**	871		(71)
[illegible]	ASU	Controller's Office	Operational/Controls	400	52	**In progress**	525	100	(173)
[illegible]	ASU	Construction Management	Financial/Operational	400	175	**In progress**	335	255	(15)
		HIGHEST PRIORITY TOTALS		**3,600**	**1,327**		**3,955**	**1,020**	**(48)**
		MODERATE PRIORITY							
2	TTUS	Audit Report Follow-Up Procedures and Reporting	Follow-Up	250		**Complete**	265		(15)
2	TTUS	IDEA Software Script Development	Risk Assessment	200		**Complete**	179		21
2	TTU & HSC	Research Infrastructure	Operational/Compliance	400		**In progress**	349	10	41
2	TTU	Office of International Affairs	Operational/Compliance	400	75	**Complete**	553		(78)
2	TTU	Rawls College of Business Administration	Financial/Controls	350		**Complete**	494		(144)
2	TTU	Environmental Health & Safety	Operational/Compliance	350		**Complete**	380		(30)
2	HSC	IDX TES Implementation	IT Controls/Mgt Advisory	400	150	**In progress**	681	20	(151)
2	HSC	Contracting Process	Operational/Compliance	400		**Complete**	417		(17)
2	ASU	Student Safety	Controls	250		**Complete**	308		(58)
2	ASU	Carr Foundation Management	Compliance/Operational	350		**Complete**	310		40
		MODERATE PRIORITY TOTALS		**3,350**	**225**		**3,936**	**30**	**(391)**
		LOWER PRIORITY							
3	TTUS	Exchange Services Review	IT Controls	400		**Complete**	405		(5)
3	TTUS	Fraud Risk Assessment	Risk Assessment	200		**Complete**	213		(13)
3	TTU	College of Engineering	Financial/Controls	350		**Complete**	475		(125)
3	TTU	Personnel Activity Reporting Process	Compliance	225		**Complete**	248		(23)
3	HSC	Personnel Activity Reporting Process	Compliance	225		**Complete**	205		20
3	HSC	El Paso State Funding	Financial/Compliance	300		**Complete**	256		44
3	HSC	School of Medicine--Odessa Campus	Operational/Financial	350		**In progress**	225	140	(15)
3	HSC	School of Medicine--Amarillo Campus	Operational/Financial	350		**In progress**	339	20	(9)
3	ASU	Restricted Special Contributions	Financial/Compliance	150	100	**Complete**	329		(79)
3	ASU	Student Accounts Receivable	Financial	200		**Complete**	341		(141)
		LOWER PRIORITY TOTALS		**2,750**	**100**		**3,036**	**160**	**(346)**
		OTHER VALUE-ADDED WORK							
		Total Hours Budgeted for Other Value-Added Work		**518**					
Other	TTUS	Cash Handling and Control Environment Workshops				Ongoing	126		
Other	TTUS	Fraud Awareness Training				Ongoing	185		
Other	TTUS	Ethics Training				Ongoing			
Other	TTUS	ConnecTech Steering Committee (Banner project)				Ongoing	36		
Other	TTUS	ConnecTech Security Committee (Banner project)				Ongoing	33		
Other	TTUS	ConnecTech Transition Testing (Banner project)				Ongoing	40		
Other	TTUS	ConnecTech Reporting Group (Banner project)				Ongoing	11		
Other	TTUS	Enterprise Risk Management				Ongoing			
Other	TTUS	Texas Tech Compliance and Ethics Line Maintenance				Ongoing	57		
Other	TTU	TTU Ethical Institution Task Force				Ongoing			
Other	HSC	Institutional Compliance Committee				Ongoing	11		
Other	ASU	Residence Life Software Implementation Committee				Ongoing	3		
Other	ALL	Professional Organizations (ACUA, TACUA, TSCPA, SAIAF, ACFE)				Ongoing	125		
Other	ALL	Miscellaneous Conference Presentations				Ongoing	10		
Other	TTUS	Other Miscellaneous Projects				Ongoing	291		
		OTHER VALUE-ADDED WORK TOTALS		**518**			**928**		**(410)**
		TOTAL PLANNED ENGAGEMENT HOURS		17,700	1,679		17,343	1,380	657
		Unplanned administrative, staff turnover, and leave time		**(358)**					

TEXAS TECH UNIVERSITY SYSTEM
OFFICE OF AUDIT SERVICES
PRIORITIZED AUDIT PLAN
Fiscal Year 2008

PRIORITY	ENTITY	AUDIT AREA		BUDGETED HOURS	BUDGET ADJUSTMTS	STATUS AS OF JULY 31	ACTUAL HOURS	HOURS TO FY 2009	BUDGET vs ACTUAL
		TOTAL ACTUAL AUDIT HOURS		17,343					

TEXAS TECH UNIVERSITY SYSTEM
OFFICE OF AUDIT SERVICES
PRIORITIZED AUDIT PLAN
Fiscal Year 2008

PRIORITY	ENTITY	AUDIT AREA	BUDGETED HOURS	BUDGET ADJUSTMTS	STATUS AS OF JULY 31	ACTUAL HOURS	HOURS TO FY 2009	BUDGET vs ACTUAL
		KEY						
	TTUS	Texas Tech University System and/or inclusive of multiple Texas Tech institutions						
	TTUSA	Texas Tech University System Administration						
	TTU	Texas Tech University						
	HSC	Texas Tech University Health Sciences Center						
	TTU & HSC	Areas with parallel functions or shared responsibility						
	ASU	Angelo State University						
	N/A	Work that is not attributable to a particular institution or campus						
Required	Audits that are mandated by law, Operating Policies, standards, contracts, etc. Will be performed based on timing of external deadlines.							
Prior Year	Engagements from prior year annual plan that were in progress at August 1. Goal is to complete them early in the year.							
1	Engagements that were deemed most critical per the risk assessment at August 1.							
2	Engagements that were deemed to be moderately critical per the risk assessment at August 1.							
3	Engagements that were deemed least critical per the risk assessment at August 1.							
Special	Unplanned special projects and investigations							
Other	Other projects, including committee service, class development and instruction, professional organizations, etc.							

TEXAS TECH UNIVERSITY SYSTEM™

Facilities Committee

TTUS
Report on MP1 Update

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

ASU Capital Projects List
(BOR Approved May 9, 2008)

PROJECT NAME	AMOUNT
1. Hardeman Student Services Center Renovation	$ 12,000,000
2. Massie Residence Halls Renovation	$ 1,400,000
3. Houston Harte University Center Dining Facility	$ 2,500,000
4. Property Acquisition	$ 12,000,000
5. College of Nursing & Allied Health	$ 45,000,000
6. Massie Residence Halls Connection	$ 6,771,000
7. Addition to the Center for Human Performance	$ 7,000,000
8. Porter Henderson Library IT Commons	$ 4,380,000
9. Performing Arts Center	$ 50,000,000
10. Fine Arts Living/Learning Center	$ 15,000,000
11. Central Plaza Renovation	$ 7,800,000
Total	**$ 163,851,000**

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

ASU Capital Projects List
Revised

PROJECT NAME	AMOUNT
1. Hardeman Student ~~Services~~ Center Renovation	$ 12,000,000
2. Housing 9	$ 40,000,000
3. Addition to the Center for Human Performance	$ 7,000,000
4. Porter Henderson Library IT Commons	$ 4,380,000
5. Fine Arts Living/Learning Center	$ 15,000,000
6. College of Nursing & Allied Health	$ 45,000,000
7. Performing Arts Center	$ 82,000,000
8. Campus Expansion	$ 12,000,000
9. Massie Residence Halls Connection	$ 6,771,000
10. Central Plaza Renovation	$ 7,800,000
Total	$ 231,951,000

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

TTU Project List

PROJECT NAME	AMOUNT
1. Rawls College of Business Administration	$ 70,000,000
2. College of Engineering Expansion/Renovation	$ 60,000,000
3. College of Business Administration Renovation	$ 25,000,000
4. Experimental Science Lab Build Out	$ 6,000,000
5. Jones AT&T Stadium Phase IV	$ 62,000,000
6. Stadium Video Screen	$ 7,500,000
7. Utility Infrastructure Upgrade Phase II	$ 13,000,000
8. Architecture Building Life Safety Upgrade	$ 2,637,052
9. Biology Building Life Safety Upgrade	$ 2,324,093
10. Warehouse Building	$ 1,500,000
11. Parking Facility II	$ 16,000,000
12. Performing Arts Center	$ 90,000,000
13. Plant & Soil Sciences Building	$ 21,000,000
14. Upgrade Athletic Facilities	$ 8,000,000
15. Rawls Golf Course Club House	$ 5,000,000

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

TTU Project List
Continued

PROJECT NAME	AMOUNT
16. Administration Bldg. Abatement and ADA Compliance	$ 3,850,000
17. College of Human Sciences Life Safety Upgrade	$ 2,000,000
18. Chemistry Building Life Safety Phase III	$ 1,500,000
19. Honors College	$ 6,000,000
Total	**$ 378,311,145**

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

TTUHSC Project List

PROJECT NAME	AMOUNT
1. Lubbock Modernization and Renovation	$ 35,000,000
2. El Paso – Medical Science and Education Building	$ 95,000,000
3. El Paso – Clinical Sciences Building	$ 29,000,000
4. El Paso – MSB1 LARC Expansion	$ 4,887,000
5. Odessa – Academic Building	$ 18,000,000
6. Lubbock – Preston Smith Library Basement Build-Out	$ 3,200,000
7. Amarillo – Renovate Women's Health and Research Institute	$ 12,800,000
8. El Paso – Clinic Renovations	$ 4,800,000
9. El Paso – 1,200-Space Parking Garage	$ 18,000,000
10. Larry Combest Health and Wellness Center Addition	$ 3,000,000
11. Real Property Purchase	$ 6,000,000
12. Lubbock – Institute on Aging	$ 25,000,000
Total	**$ 254,687,000**

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

TTUHSC Project List
Revised

PROJECT NAME	AMOUNT
1. Lubbock Education & Research Expansion	$ 35,000,000
2. El Paso – Research and Dental Sciences Building	$ 95,000,000
3. El Paso – Clinical Sciences Building	$ 29,000,000
4. El Paso – MSB1 LARC Expansion	$ 4,887,000
5. Permian Basin Academic Facility	$ 18,000,000
6. Lubbock – Preston Smith Library Basement Build-Out	$ 3,200,000
7. Amarillo – Renovate Women's Health and Research Institute	$ 12,800,000
8. El Paso – Clinic Renovations	$ 4,800,000
9. El Paso – Parking Facility	$ 18,000,000
10. Larry Combest Health and Wellness Center Addition	$ 3,000,000
11. Real Property Purchase	$ 6,000,000
12. Lubbock – Institute on Aging	$ 25,000,000
Total	**$ 254,687,000**

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

TTUSA Project List

PROJECT NAME	AMOUNT
1. Campus Chapel	$ 3,000,000
Total	**$ 3,000,000**

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Summary

INSTITUITION	AMOUNT
Angelo State University	$ 231,951,000
Texas Tech University	$ 378,311,145
Texas Tech University Health Sciences Center	$ 254,687,000
Texas Tech University System	$ 3,000,000

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

TEXAS TECH UNIVERSITY SYSTEM™

Facilities Committee

TTUS
Campus Master Plan Issues

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Agenda

- Purpose of a Master Plan

Purpose of a Master Plan

- Support the Academic Plan
- Guide Long-Term Development
- Provide an Organizational Framework for Growth and Change
- Define the Overall Character and Organization of the Campus
- Support Decision Making

Agenda

- Purpose of Master Plans
- Factors Influencing Master Plans
- Master Planning Principles
- Master Planning Assumptions
- Current Master Planning Issues
- Angelo State University Studies
- Discussion

Influencing Factors

- Enrollment Growth
- Program Changes
- Research Growth
- Faculty Growth/Changes
- Regulatory Requirements
- Campus Land Uses
- Community Development/Re-development
- Other External Factors

IRA FINK AND ASSOCIATES, INC.
UNIVERSITY PLANNING CONSULTANTS

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Agenda

- Purpose of Master Plan
- Factors Influencing Master Plans
- **Master Planning Principles**
- Master Planning Assumptions
- Current Master Planning Issues
- Angelo State University Update
- Discussion

Master Planning Principles

- Comprehensive Approach
- Campus Open Space Structure
- Pedestrian Circulation
- Building Opportunities
  - Building Infill Strategy Ties New Buildings into Existing Campus Fabric
  - Concentrates Academic Growth within Ten-Minute Walk
- Vehicular Circulation and Transit
- Bicycle Circulation
- Parking
- Development of Northwest Campus

Infrastructure Master Planning Principles

- The Master Plan Contains Infrastructure Planning Principles for All Utility Systems
- Issues
  - Capacity
  - Utility Tunnel System Expansion

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Agenda

- Master Planning Assumptions

Master Planning Assumptions

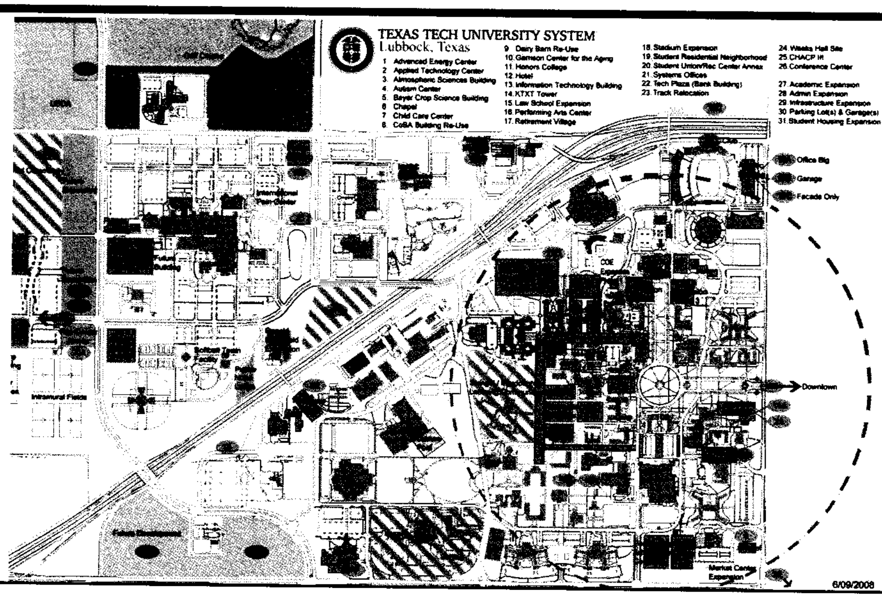
- Pedestrian Friendly Urban Campus
- Established Campus Zones
- Ten-Minute Walk Between Classes
- Three-story Buildings in Academic Core
- Institutional Quality Buildings
- Spanish Renaissance Architecture
- House Freshman Class on Campus
- One Parking Space per Student Bed

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Agenda

➢ **Current Master Planning Issues**

Current Master Plan Issues

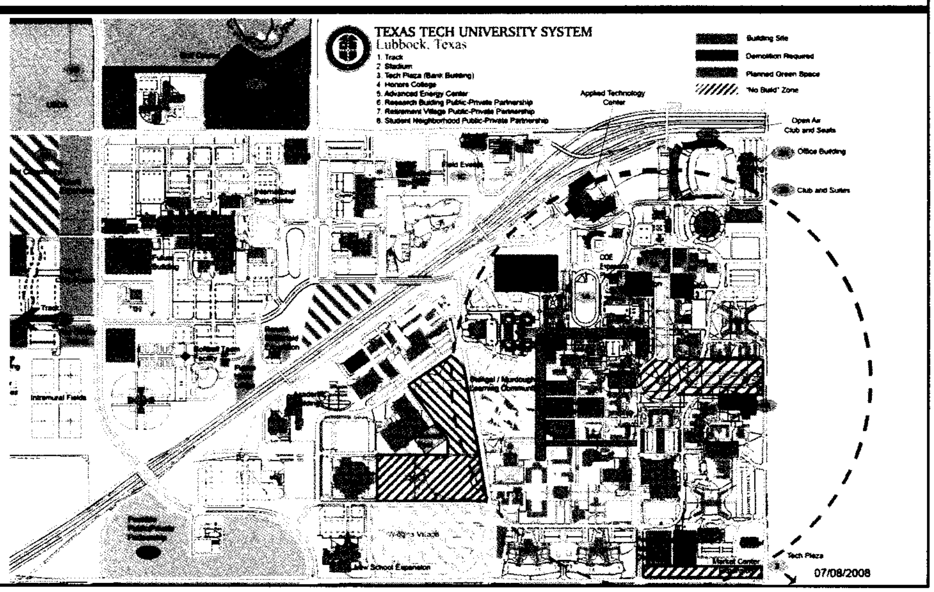


Master Planning Questions

1. **What is the Best Use of Texas Tech's Land Endowment?**
   - Reserve for Future Academic Use
   - Develop for Academic & Related Purposes Only
   - Develop to Maximize Return
2. **What New Facilities Will Best Position Texas Tech for Future Growth?**
3. **What is the Best Use of Texas Tech's Existing Facilities?**

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Specific Master Plan Issues



Specific Issues

1. Track
2. Stadium
3. Tech Plaza (Bank Building)
4. Honors College
5. Advanced Energy Center
6. Research Building Public-Private Collaboration
7. Retirement Village Public-Private Collaboration
8. Student Neighborhood Public-Private Collaboration

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

TEXAS TECH UNIVERSITY SYSTEM™

Facilities Committee

Track

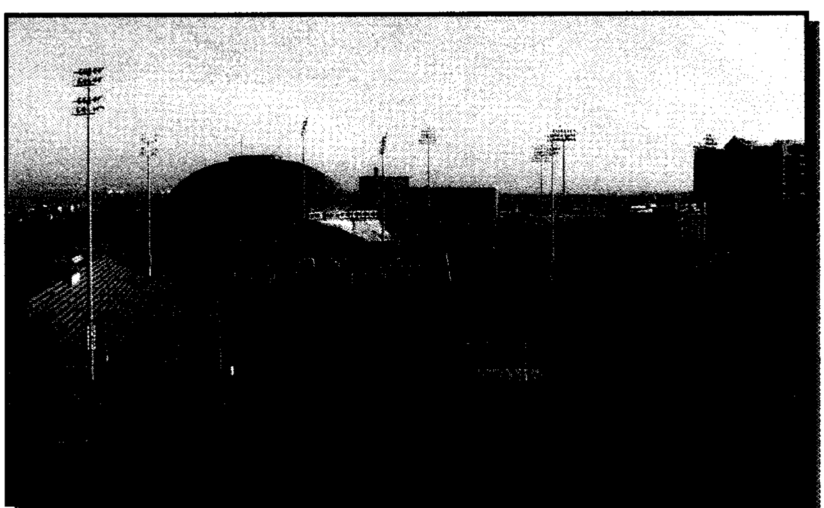
FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Track

- Renovate or Relocate?
- Area for Future Academic Expansion
- Challenging Fund Raising Target
- Hosting 2009 Big XII Championship
- High Performing Track Team
- Field Events Require Significant Space

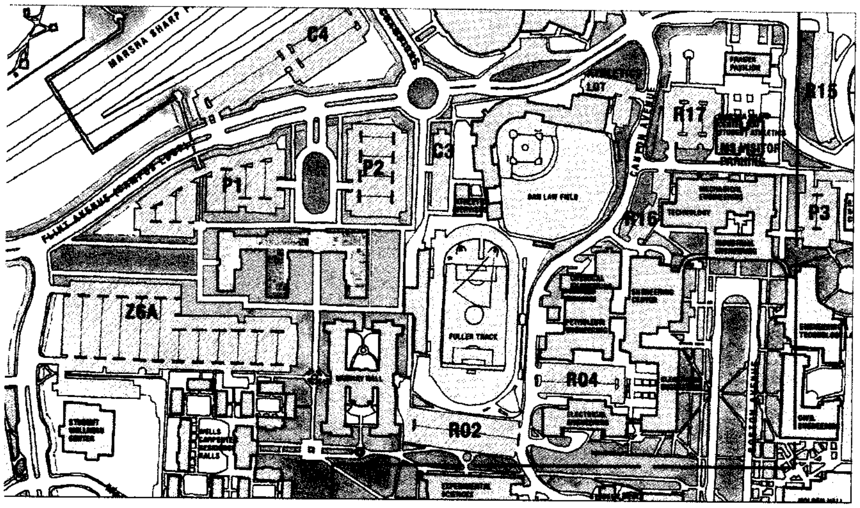
FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Fuller Track



FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

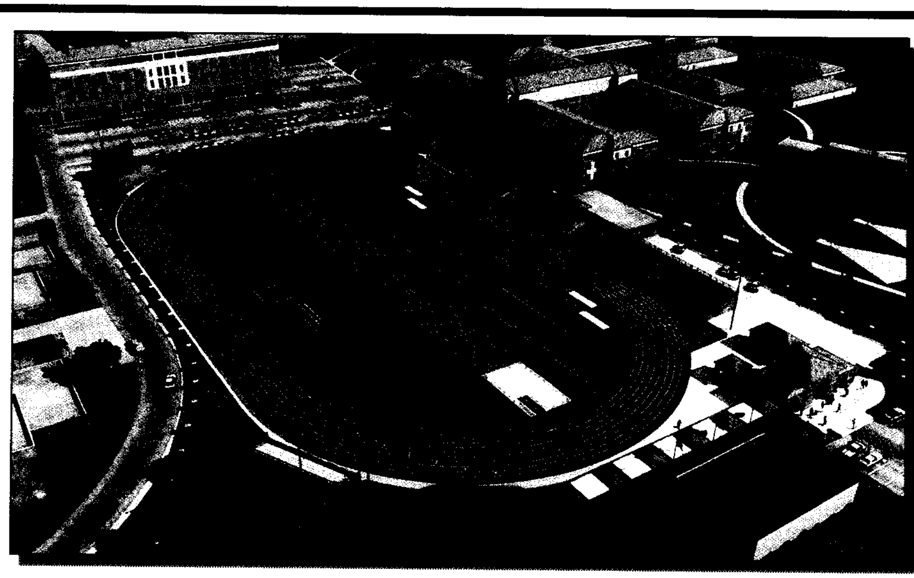
North Campus Gateway



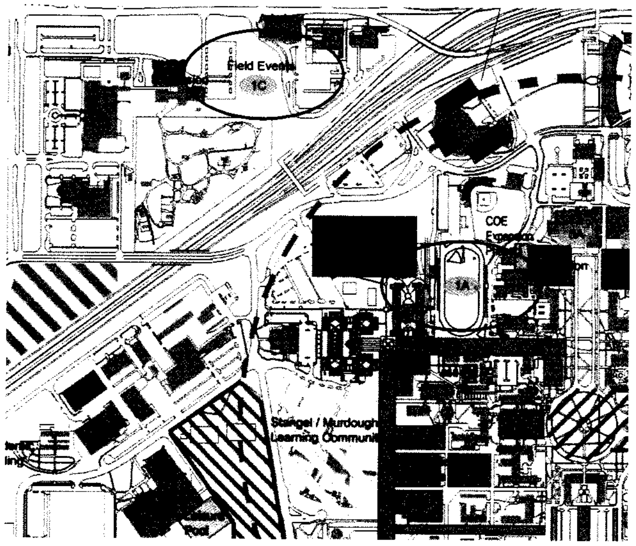
SCHEME D – CONTEXT PLAN

D0

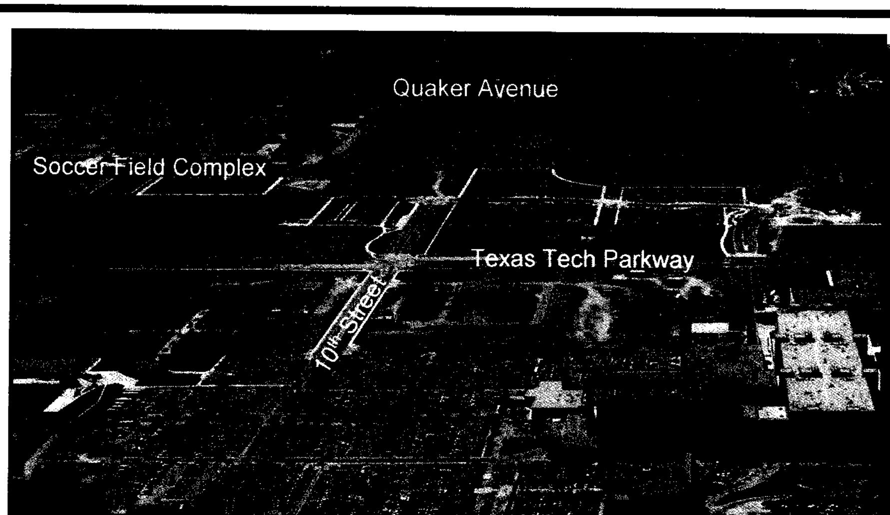
Track and Field Complex



Track and Field Complex

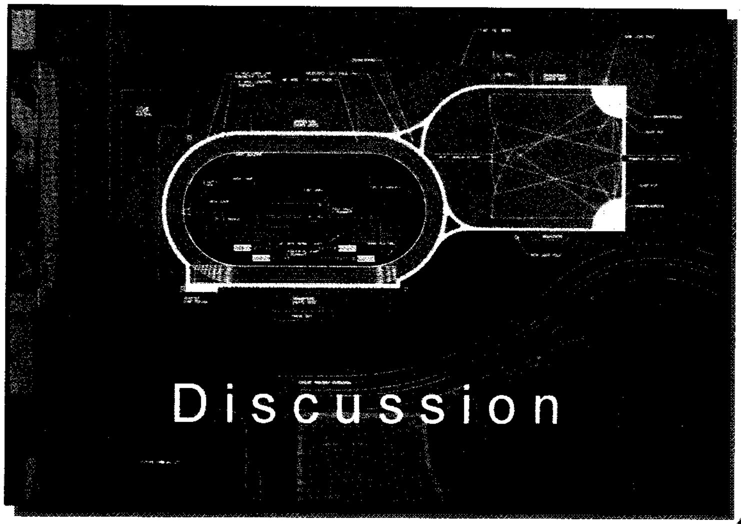


Future Track Location



FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Future Track Plan



FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

TEXAS TECH UNIVERSITY SYSTEM™

Facilities Committee

Stadium

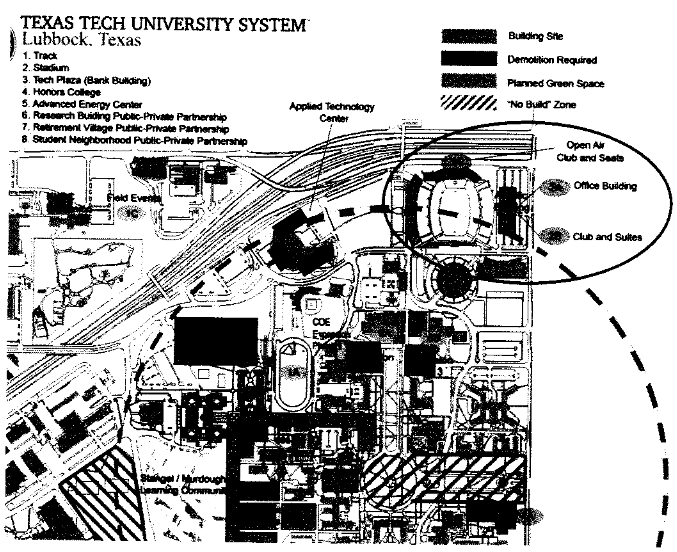
FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Stadium Expansion

- Improve Stadium Appearance
- Additional Seats
- Additional Suites
- Additional Club Seats
- Co-locate Ticket Office and Red Raider Club
- Relocate Double T Shoppe
- Fundraising Challenges

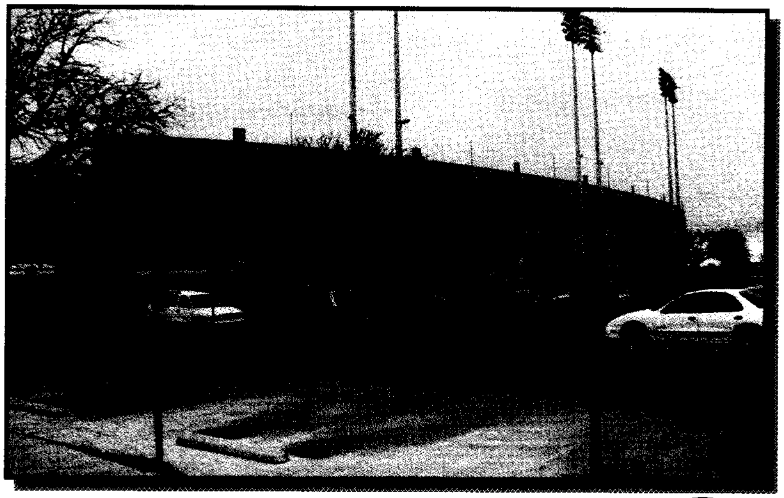
FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Stadium Expansion



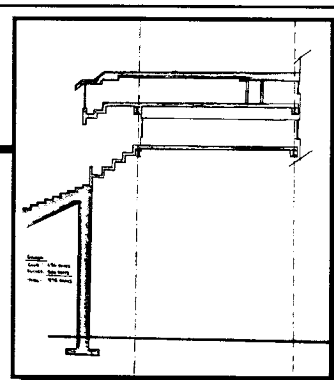
FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Expand East Side of Jones AT&T Stadium

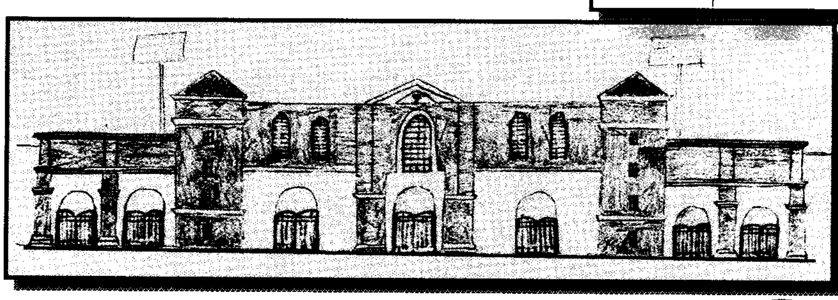


FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

East Stadium Expansion



Discussion



FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

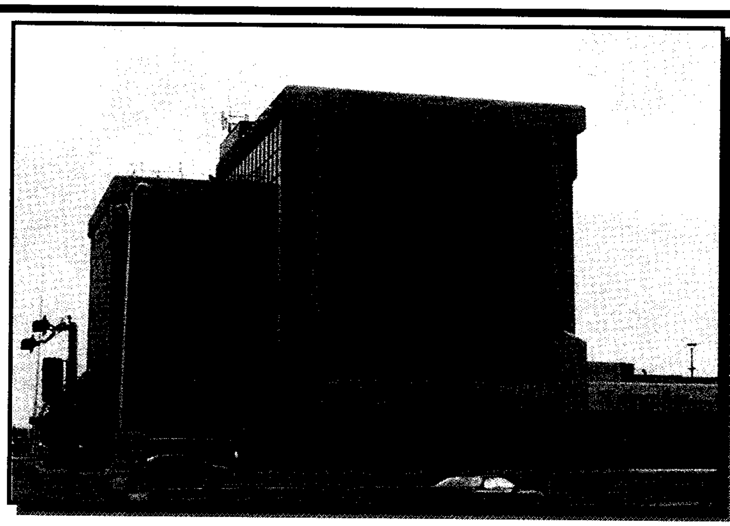
TEXAS TECH UNIVERSITY SYSTEM™

Facilities Committee

Tech Plaza (Bank Building)

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Tech Plaza



FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Tech Plaza

- Highest and Best Use of Building
- Two Long Term Leases
- Primarily Texas Tech Tenants
- Space Currently Underutilized
- Admin Building Abatement/ADA Project
- Options

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Tech Plaza

Tech Plaza		Current Tenants
First Floor	West Wing	Bank
	East Wing	Merrill Lynch
Second Floor	West Wing	Associate VP for Operations
	East Wing	Quality Service
Third Floor	West Wing	Intellectual Properties Rural Export Center Vacant Space
	East Wing	Physical Plant SPICE Communication & Marketing Vacant Space
Fourth Floor	West /East Wing	Institutional Advancement, KOHM Admin
Fifth Floor	West Wing	Communication & Marketing
	East Wing	Vacant
Sixth Floor	West Wing	Skyviews
	East Wing	RHIM KOHM General Meeting Rooms

Discussion

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Tech Plaza

Tech Plaza		Current Tenants	Future Tenants	Comments
First Floor	West Wing	Bank	No Change	Lease Expires 2018
	East Wing	Merrill Lynch	General Council and CIO	Lease Expires 2011
Second Floor	West Wing	Associate VP for Operations	Facilities Planning & Construction	
	East Wing	Quality Service	Facilities Planning & Construction	
Third Floor	West Wing	Intellectual Properties Rural Export Center Vacant Space	Institutional Advancement and Technology Transfer	
	East Wing	Physical Plant SPICE Communication & Marketing Vacant Space	Institutional Advancement	
Fourth Floor	West /East Wing	Institutional Advancement, KOHM Admin	Institutional Advancement	
Fifth Floor	West Wing	Communication & Marketing	Chancellor	FP&C Temporarily
	East Wing	Vacant	CFO and Governmental Relations	FP&C Temporarily
Sixth Floor	West Wing	Skyviews	No Change	
	East Wing	RHIM KOHM General Meeting Rooms	Board of Regents Office and Board Rooms	

TEXAS TECH UNIVERSITY SYSTEM™

Facilities Committee

Honors College

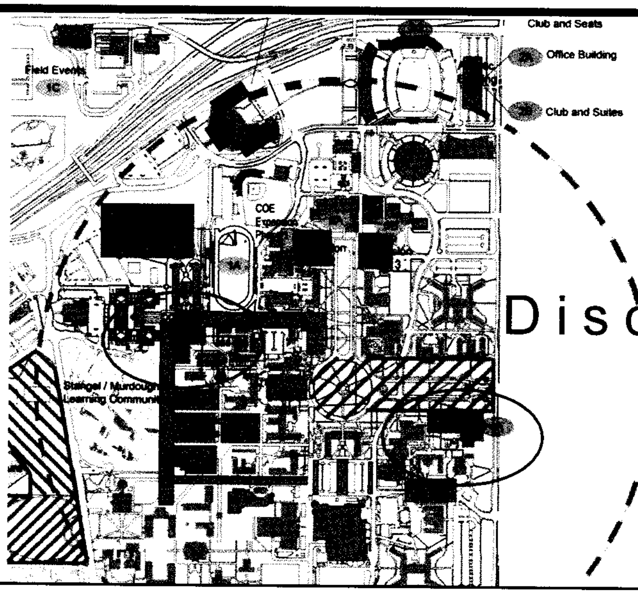
FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Honors College

- What Is It?
- How Big Is It?
- Where Is It?
- Combine with Graduate School?
- Discuss at Future BOR Meeting with ACS Committee

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Honors College



Discussion

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

TEXAS TECH UNIVERSITY SYSTEM™

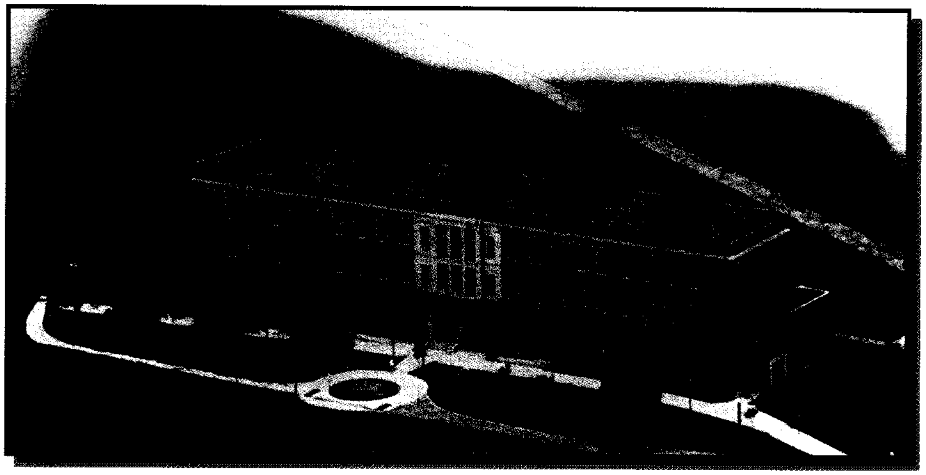
Facilities Committee

Advanced Energy Center

Advanced Energy Center

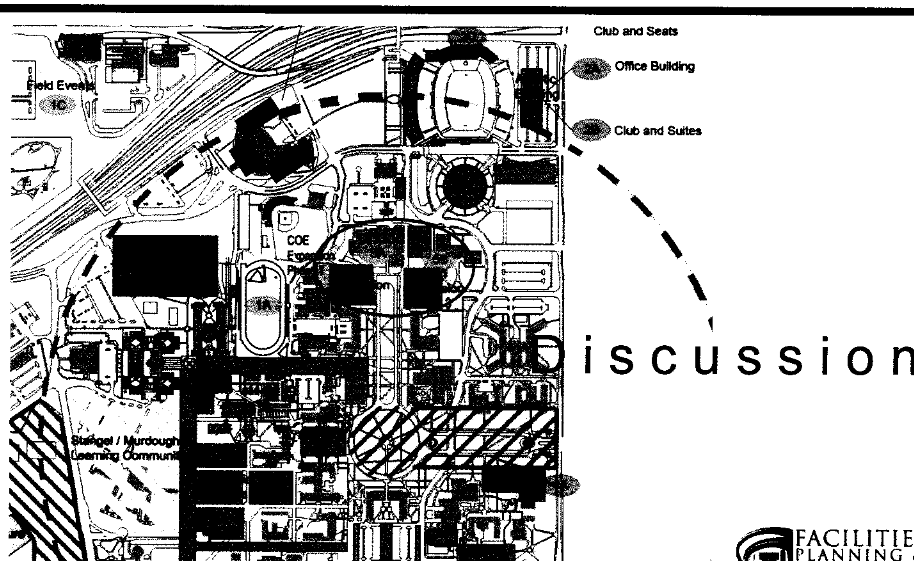
- Nuclear Engineering Program (Reactor May Not Be Required)
- Possible Collaboration with DOE Labs
- Alternate Energy Programs
- Research Collaboration Opportunities
- Donor Naming Opportunity

Advanced Energy Center



FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Advanced Energy Center



FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

TEXAS TECH UNIVERSITY SYSTEM™

Facilities Committee

Public-Private Collaboration

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Master Planning Questions

1. **What is the Best Use of Texas Tech's Land Endowment?**
   - Reserve for Future Academic Use
   - Develop for Academic & Related Purposes Only
   - Develop to Maximize Return
2. **What New Facilities Will Best Position Texas Tech for Future Growth?**
3. **What is the Best Use of Texas Tech's Existing Facilities?**

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Public-Private Collaboration

- Leverage Texas Tech's Capital
- Use Texas Tech's Land Endowment to Generate Income
- Aggressive Stewardship of Texas Tech's Land Endowment
- Opportunities:
  - Research Building
  - Retirement Village
  - Student Neighborhood

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

TEXAS TECH UNIVERSITY SYSTEM™

Facilities Committee

Research Building

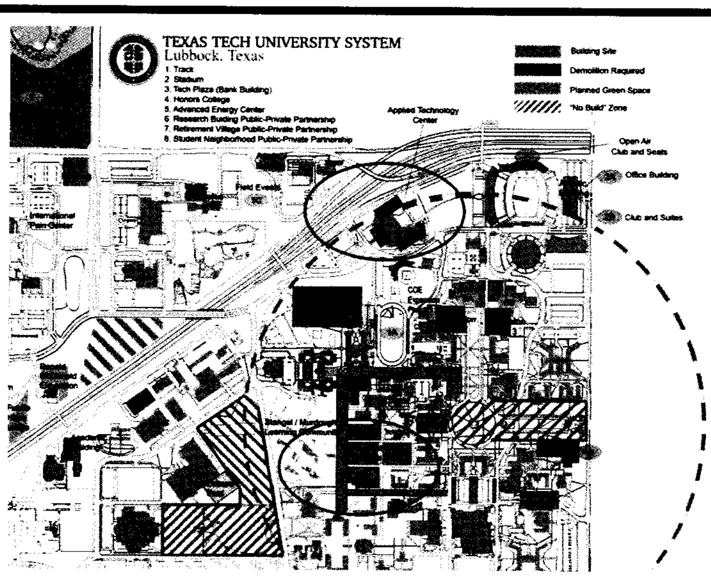
FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Research Building

- Major International Company
- Fund Construction of a Research Building
- Contribute to a Companion Academic Building
- Add Researchers/Adjunct Professors
- Graduate and Undergraduate Research Opportunities/Employment

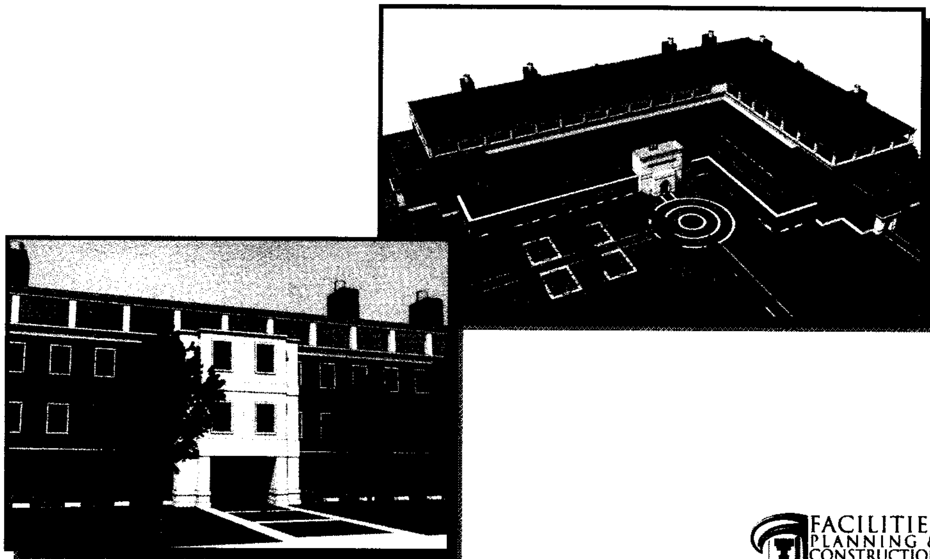
FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Research Building Sites



FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Research Building Concept



FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

TEXAS TECH UNIVERSITY SYSTEM™

Facilities Committee

Research Building Discussion

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

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Facilities Committee

Retirement Village

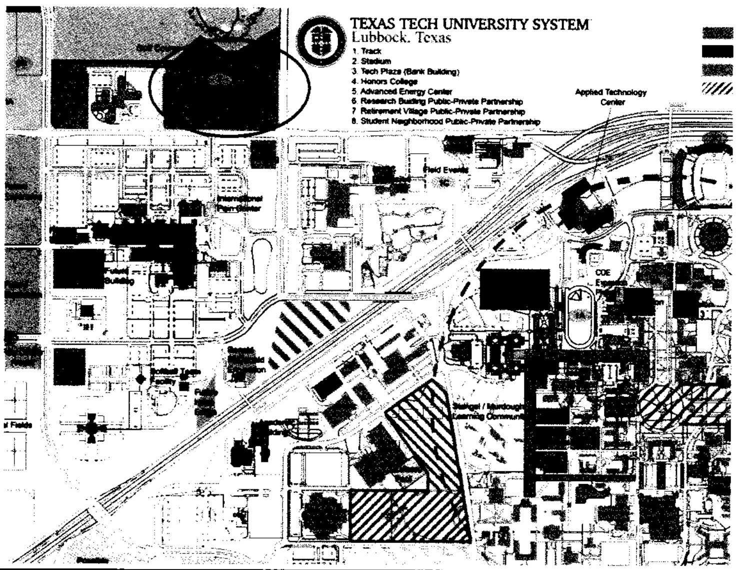
FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Retirement Village

- Significant Alumni Interest
- Compatible with University and Health Sciences Center Missions
- Life Long Learners
- Participation in Campus Activities, e.g. Golf, Athletics and Performing Arts
- Donor Opportunities

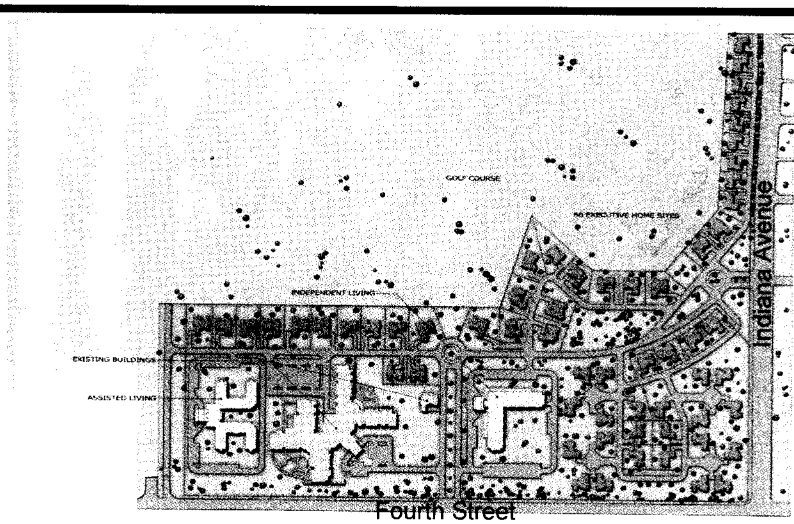
FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Retirement Village Site



FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Retirement Village Concept



FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Higher Ed Campus Retirement Communities

- Duke University
- Indiana University
- Notre Dame
- Penn State University
- University of Arizona
- University of Florida
- University of Michigan
- University of Virginia
- Stanford University
- University of Georgia (Planned)

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

TEXAS TECH UNIVERSITY SYSTEM™

Facilities Committee

Retirement Village Discussion

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

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Facilities Committee

Student Neighborhood

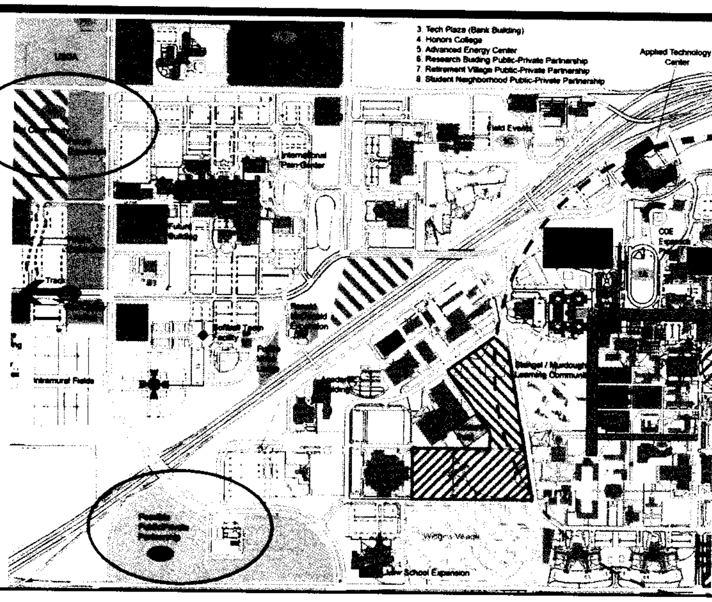
FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Student Neighborhood

- Opportunity to Create an Engaging Environment
- Recruitment/Retention of Upper Class, Graduate and Professional Students
- Recruitment/Retention of Urban Students, e.g., University Park
- Generate Income to Support Scholarships
- Location, Location, Location...

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

TTU Student Neighborhoods



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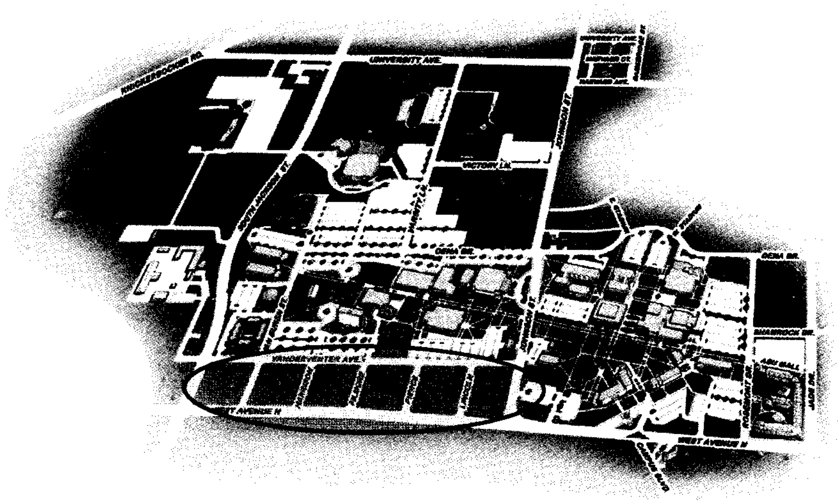
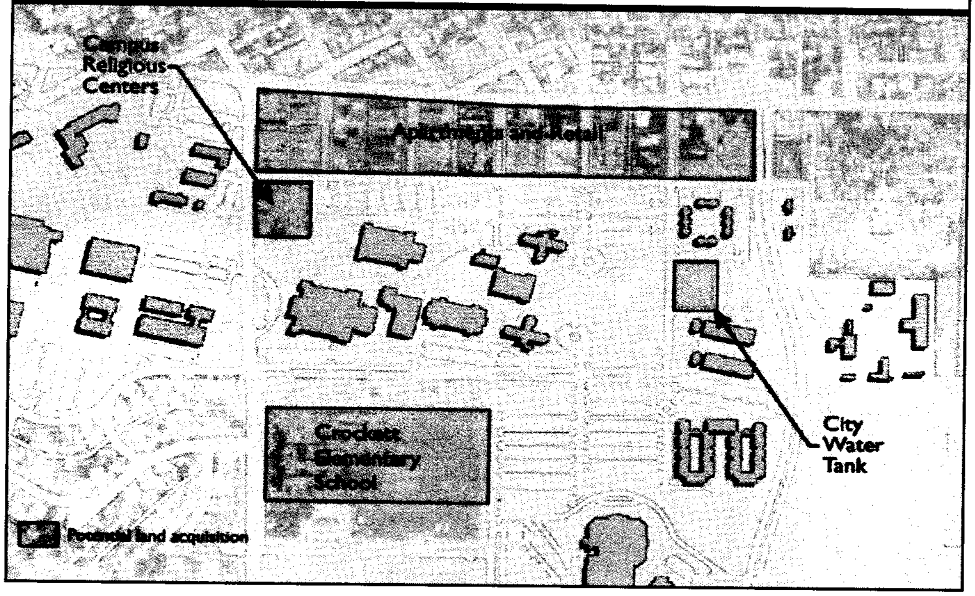
ASU Student Neighborhood



FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

ASU Student Neighborhood



TEXAS TECH UNIVERSITY SYSTEM™

Facilities Committee

Student Neighborhood Discussion

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Agenda

- Purpose of Master Plans
- Factors Influencing Master Plans
- Master Planning Principles
- Master Planning Assumptions
- [illegible]
- **Angelo State University Update**
- [illegible]

Angelo State University Campus Master Plan

Angelo State University Centennial Master Plan 2028

Goals of the Centennial Master Plan 2028

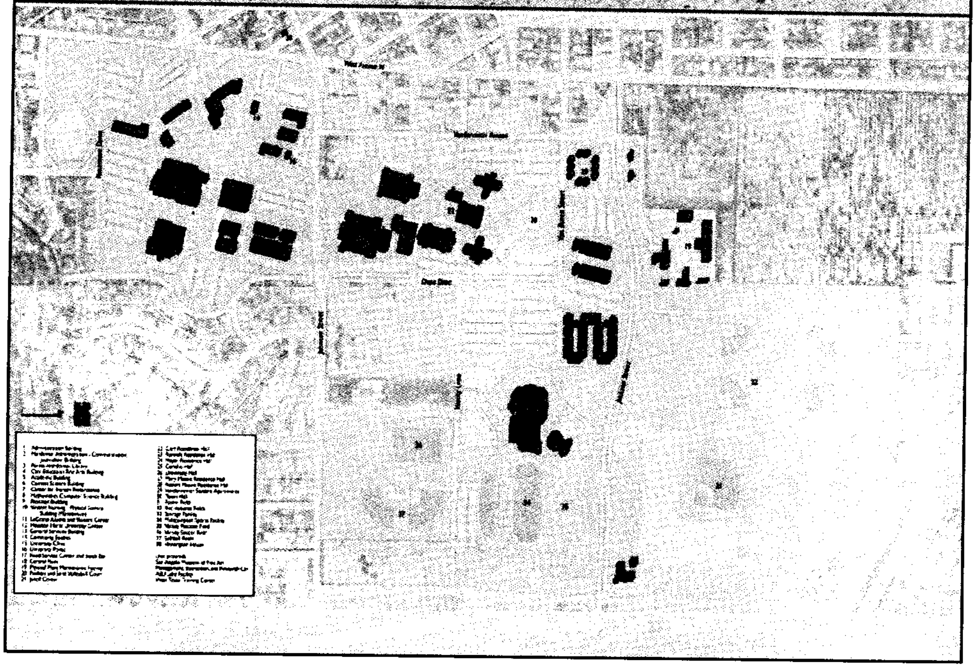
- Planned Growth up to 10,000 Students
- Increase On-Campus Housing to 3,500 Beds
- Increase Campus Life
- Identifiable Campus Entries, Boundaries
- Improved Signage to and on Campus
- Enhanced Academic Community

Angelo State University Centennial Master Plan 2028

Current Status

- Current Enrollment of 6,200 Students
- Enrolment Increased 150 Students in the Past Two Years
- The Fall 2008 Freshman Class is Projected to Grow by 300 Students
- Currently Housing 1,800 Students on Campus
- Turned Away Approximately 200 to 300 Students Each Year for the Past Two Years Due to a Lack of Housing
- Improvements Made to the University Have Increased Upperclassmen Demand for On-Campus Housing
- ASU Must Continue to Grow

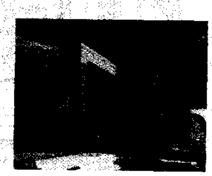
Angelo State University Centennial Master Plan 2028



Angelo State University Centennial Master Plan 2028

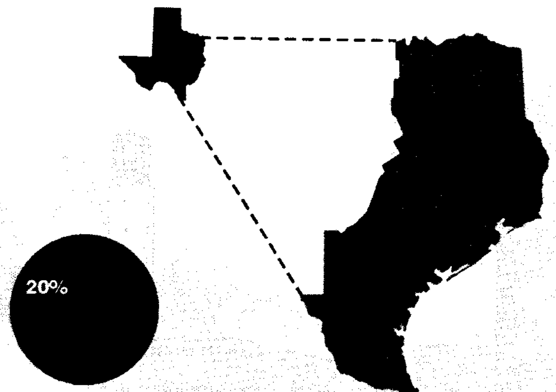
Master Plan Challenges

- Lack of Adequate Housing
- Property Acquisition
- Additional Traffic and Parking
- Funding
- Enrollment Profile

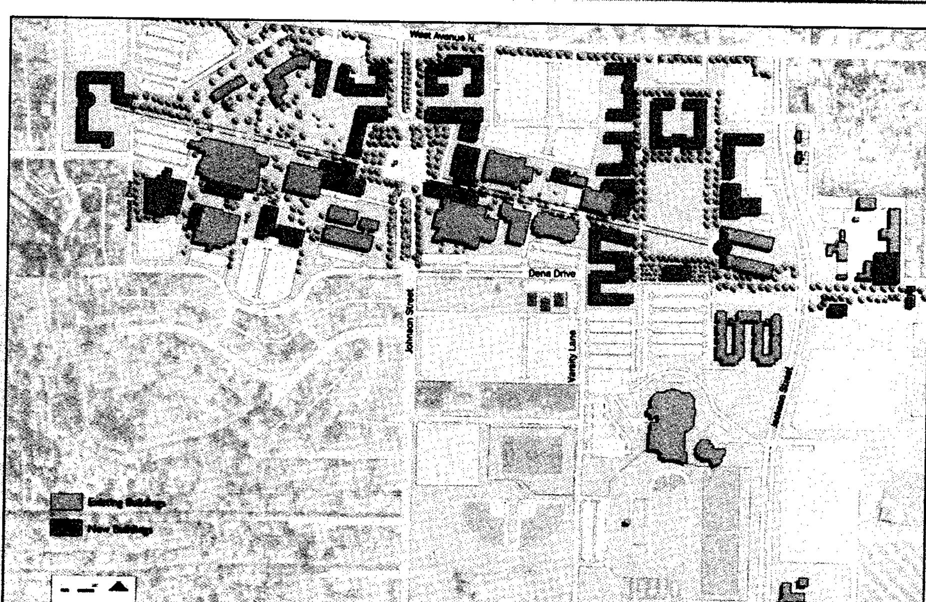


Angelo State University Centennial Master Plan 2028

Enrollment Profile



Angelo State University Centennial Master Plan 2028



Angelo State University Centennial Master Plan 2028

Strategies

- Acquire New Land in Critical Areas
- Organize Campus by Functional Tiers
- Create Well-Defined Campus Perimeter
- Strengthen Campus Identity Within City
- Increase Campus Activity with new Facilities
- Make Campus People Friendly

Angelo State University Centennial Master Plan 2028

Progress

Completed Projects

- Demolition of Mayer and Runnels Hall
- Demolition of the Police Station
- Signage Project

Current Projects

- Centennial Village Under Construction
- Hardeman Student Center Being Designed

Angelo State University Centennial Master Plan 2028

Progress

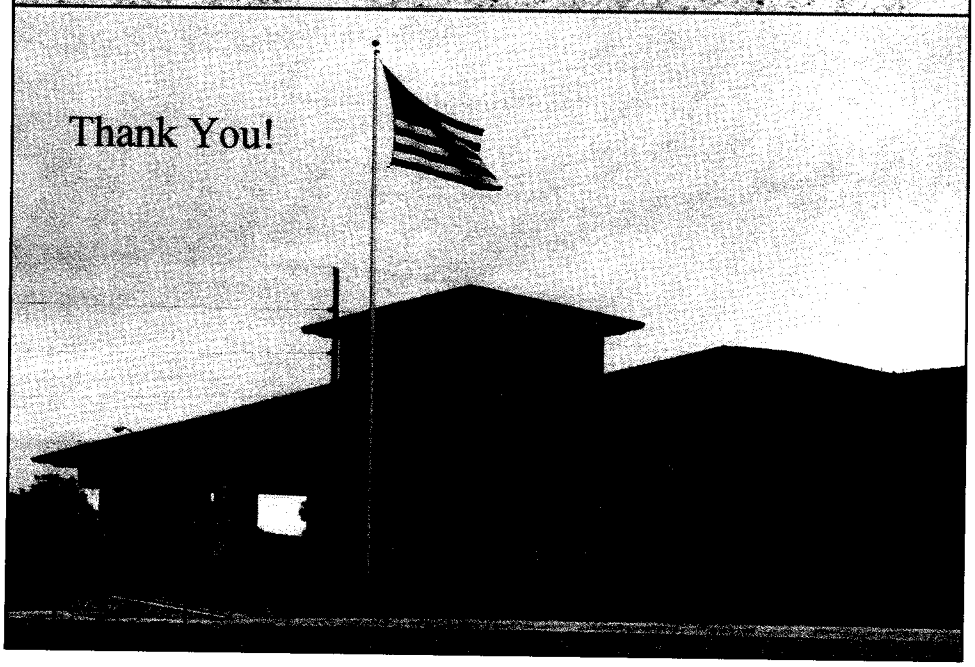
Current Planning

- Demolition of University Hall
- Preliminary Design for the Next Residence Hall
- Center for Human Performance Recreation Center Addition
- Land Acquisitions as Available or with Privatized Development
- Library Information Commons Renovation

Long Range Plan

- College of Nursing and Allied Health
- Performing Arts Center
- Additional Housing
- Property Acquisitions

Angelo State University Centennial Master Plan 2028



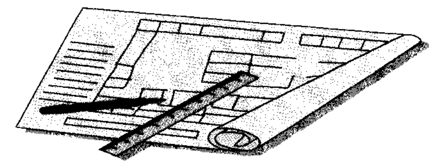
FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Bricks and Mortar Report

Projects Under Construction

July 2008

www.fpc.ttu.edu



TTU

Project	Cost		Status	Completion Date
High Performance Research Computer Facility	$	1,800,000	Under Construction	August 2008
Art 3D Annex Ceramics/Kiln Yard	$	1,100,000	Under Construction	October 2008
Student Leisure Pool	$	8,250,000	Under Construction	September 2009
Engineering Expansion/Renovation Phase I	$	10,000,000	Under Construction	January 2009
Sneed/Bledsoe HVAC Upgrade	$	6,000,000	Sneed Complete / Bledsoe Under Construction	August 2008
Bledsoe Window Replacement	$	1,000,000	Under Construction	August 2008
Marsha Sharp Freeway [TxDOT Project]		TBD	Under Construction	2010+
TOTAL	**$**	**28,150,000**		

ASU

Project	Cost		Status	Completion Date
UC Dining Services Expansion	$	2,500,000	Under Construction	TBD
Centennial Village Residence Hall	$	28,215,000	Under Construction	August 2008/October 2008
TOTAL	**$**	**30,715,000**		

HSC

Project	Cost		Status	Completion Date
El Paso Vivarium Upgrade	$	600,000	Under Construction	November 2009
International Pain Center	$	7,000,000	Under Construction	August 2008
Amarillo Family Medicine Relocation	$	7,700,000	Negotiating GMP	July 2009
Amarillo HSC - Coulter Research Building	$	18,000,000	Under Construction	September 2008
TOTAL	**$**	**33,300,000**		
GRAND TOTAL	**$**	**92,165,000**		

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Bricks and Mortar Report

Projects In Design

July 2008

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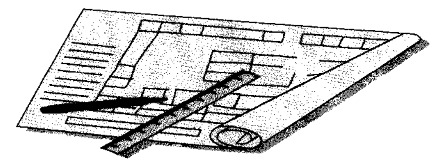

TTU

Project	Cost	Status	Completion Date
Rawls College of Business Administration	$ 70,000,000	Design In Progress	TBD
CoBA Building Renovations	$ 25,000,000	DP Selected	TBD
Architecture Building LifeSafety Upgrade	$ 2,716,164	DP Selected	TBD
Biology Building LifeSafety Upgrade	$ 3,021,321	DP Selected	TBD
Utility Infrastructure Upgrade Phase I	$ 5,000,000	Sewer Upgrade Contracted	TBD
Experimental Science Lab Build Out	$ 6,000,000	Programming In Progress	TBD
Jones AT&T Stadium East Expansion	$ 22,500,000	Design In Progress	TBD
Soccer Team Facility	$ 4,000,000	Design In Progress	TBD
Softball Team Facility	$ 3,000,000	Design In Progress	TBD
Softball Field Improvements	$ 1,000,000	Dugouts Under Construction /Design In Progress	TBD
Admin Bldg Abatement and ADA Compliance	$ 4,000,000	Study In Progress	TBD
Pulse Power Lab	$ 1,500,000	Design In Progress	TBD
TOTAL	**$ 147,737,485**		

ASU

Project	Cost	Status	Completion Date
University Hall Demolition	$ 1,500,000	RFQ Advertised	TBD
Rec/Wellness/CHP Expansion	$ 7,000,000	RFQ Advertised	TBD
Hardeman Hall Renovation	$ 12,000,000	Design In Progress	TBD
New Residence Hall	$ 35,000,000	RFQ Advertised	TBD
Library IT Commons Renovation	$ 4,000,000	RFQ Advertised	TBD
Total	**$ 59,500,000**		

Project	Cost	Status	Completion Date
HSC			
El Paso Strategic Space Study	$ TBD	Study In Progress	TBD
Lubbock Simulation Center	$ 7,236,000.00	Preparing RFQ	TBD
Lubbock Cancer Research Labs	$ 3,700,000.00	Preparing RFQ	TBD
Amarillo School of Pharmacy Expansion	$ 8,010,000	Design In Progress	September 2009
TOTAL	**$ 18,946,000**		
GRAND TOTAL	**$ 226,183,485**		

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FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Bricks and Mortar Report

Future Projects

July 2008

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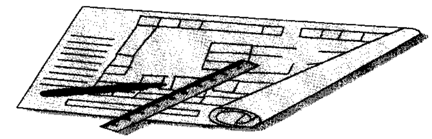

Project	Cost	Status	Completion Date
TTU			
Campus Chapel	$ 3,000,000	Planned	TBD
Engineering Expansion/Renovation Phase II	$ 60,000,000	Study In Progress	TBD
Honors College	$ 10,000,000	Proposed	TBD
The Rawls Course Clubhouse	$ 2,500,000	Proposed	TBD
Dairy Barn Renovation	$ TBD	Proposed	TBD
Track Renovation/Relocation	$ 5,000,000	Reviewing Alternatives	TBD
Vietnam Center	$ 100,000,000	Proposed	TBD
TOTAL	**$ 180,500,000**		

Project	Cost	Status	Completion Date
HSC			
HSC Lubbock Campus Expansion	$ 30,000,000	Proposed	TBD
El Paso Clinical Sciences Building	$ 35,000,000	Proposed	TBD
El Paso Medical Science and Education Building	$ 95,000,000	Proposed	TBD
Amarillo Simulation Center	$ TBD	Proposed	TBD
TOTAL	**$ 160,000,000**		
GRAND TOTAL	**$ 340,500,000**		

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FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Bricks and Mortar Report

Projects Completed

July 2008

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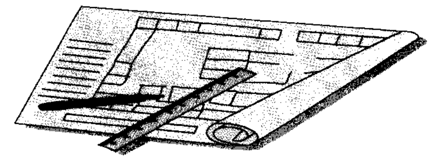

Project		Cost	Status	Completion Date
TTU				
Mark & Becky Lanier Prof. Development Center	$	13,665,000	Complete	April 2008
NCAA Soccer Complex	$	2,078,000	Complete	August 2007
Art 3-D Annex	$	9,000,000	Complete	September 2007
Outreach & Extended Studies Building	$	8,000,000	Complete	October 2007
Softball Field Repairs	$	545,000	Complete	September 2007
Discovery Mall	$	1,210,000	Complete	July 2007
Student Wellness Center	$	9,350,000	Complete	March 2007
CDRC / CSAR	$	8,126,506	Complete	October 2006
Scholarship Donor Recognition Walk	$	225,000	Complete	November 2006
Sneed/Gordon/Bledsoe Lifesafety Upgrades	$	5,792,000	Complete	September 2006
Jones AT&T Stadium Field Improvements	$	2,860,000	Complete	August 2006
Student Union Building Phase II B	$	6,096,000	Complete	November 2006
Student Union Building Phase III	$	1,530,078	Complete	July 2006
NRHC - Christine DeVitt Wing	$	3,700,000	Complete	June 2006
Experimental Sciences Building	$	37,330,087	Complete	March 2006
Texas Tech Parkway	$	9,237,000	Complete	February 2006
Grover E. Murray Residence Hall	$	24,924,971	Complete	January 2006
Animal and Food Sciences Building	$	16,800,000	Complete	February 2006
Wall/Gates Life Safety Upgrade	$	3,094,012	Complete	January 2006
Student Parking Expansion	$	660,000	Complete	October 2005
Student Union Bldg. Expansion/Renovation	$	37,745,556	Complete	October 2003/February 2005
Museum NSRL Addition	$	3,518,594	Complete	August 2005
Admin Building Stone Repair	$	2,332,099	Complete	January 2005
Jones SBC Stadium Stage IIA /IIB	$	53,740,000	Complete	May 2004/Sept 2004
Hulen Clement Fire Protection	$	3,234,692	Complete	August 2004
Football Training Facility	$	11,000,000	Complete	May 2004

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Marsha Sharp Center for Student Athletes	$	3,789,332	Complete	January 2004
The Rawls Course Support Facilities	$	1,692,000	Complete	November 2003
Admin Building Roof Repairs	$	827,901	Complete	November 2003
The Rawls Course	$	9,013,000	Complete	August 2003
Horn/Knapp Fire Suppression	$	3,026,015	Complete	December 2002
Campus Conference Bonfire Circle	$	400,000	Complete	September 2002
English-Philosophy & Education Complex	$	46,199,000	Complete	August 2002
Flint Avenue Parking Facility	$	10,900,000	Complete	August 2002
Dan Law Field	$	1,612,000	Complete	June 2002
Fuller Track Field House	$	480,000	Complete	June 2002
Pfluger Fountain	$	826,000	Complete	April 2002
Recreation Center Expansion/Renovation	$	12,070,277	Complete	November 2001
Jones SBC Stadium Stage I	$	22,000,000	Complete	September 2001
Frazier Plaza & Masked Rider Statue	$	515,000	Complete	September 2001
Tennis-Softball Complex	$	4,059,784	Complete	September 2001
Campus Fiber Optic Connection	$	1,667,000	Complete	September 2001
West Hall/Visitors Center	$	5,703,441	Complete	August 2001
Broadway Gatehouses	$	816,000	Complete	August 2001
Marquee	$	352,000	Complete	August 2001
Stangel/Murdough Fire Suppression	$	1,616,293	Complete	August 2001
Chitwood/Weymouth Fire Suppression	$	2,779,706	Complete	August 2000
TOTAL	**$**	**406,139,344**		

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HSC

Project	Cost	Status	Completion Date
El Paso - Archer Building Renovations	$ 1,700,000	Complete	March 2008
Texas Tech Physicians Medical Pavilion	$ 36,462,388	Complete	June 2006/Dec 2007
El Paso Medical Education Bldg.	$ 45,000,000	Complete	November 2007
Abilene School of Pharmacy	$ 9,087,743	Complete	July 2007
El Paso Medical Science Bldg. I Build Out	$ 4,200,000	Complete	July 2006
Amarillo Campus Improvements	$ 1,502,390	Complete	September 2006
HSC Roof Replacement	$ 1,754,116	Complete	April 2006
The Larry Combest Health & Wellness Center	$ 1,605,210	Complete	January 2006
El Paso Medical Science Bldg. I	$ 39,055,979	Complete	February 2006
HSC Campus Infrastructure Improvement	$ 5,028,277	Complete	January 2006
HSC El Paso Clinic Expansion/Renov	$ 9,780,000	Complete	February 2005
HSC El Paso Hydronic Pipe Replacement	$ 1,700,000	Complete	February 2005
HSC Academic Classroom Bldg.	$ 14,963,993	Complete	October 2003
HSC Synergistic Center	$ 1,995,105	Complete	March 2003
Amarillo Academic/Clinic Facility	$ 23,636,894	Complete	April 2002
Midland Physicians Assistant Building	$ 6,000,000	Complete	August 2001
HSC Admin Relocation	$ 1,862,000	Complete	March 2001
Odessa Clinic Renovation	$ 1,200,000	Complete	September 2000
Communications Disorders Renovation	$ 2,161,000	Complete	May 2000
TOTAL	**$ 208,695,095**		
GRAND TOTAL COMPLETED	**$ 614,834,439**		
PROGRAM TOTAL	**$ 1,273,682,924**		

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TEXAS TECH UNIVERSITY SYSTEM™

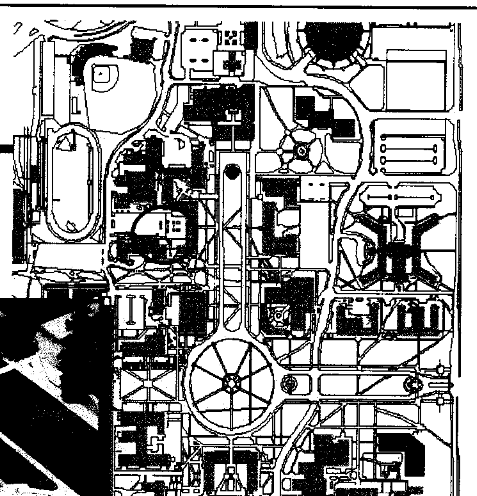
Facilities Committee

TTU

Approve a Construction Project to Expand the College of Engineering Pulse Power Research Facilities

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Project Location

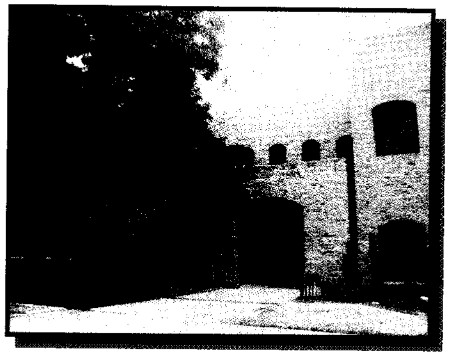


Campus Map

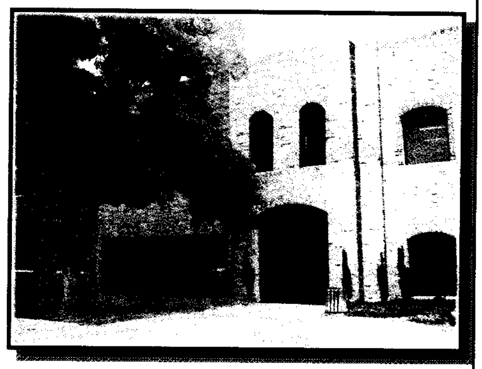
Aerial View

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Pulse Power Research Facilities

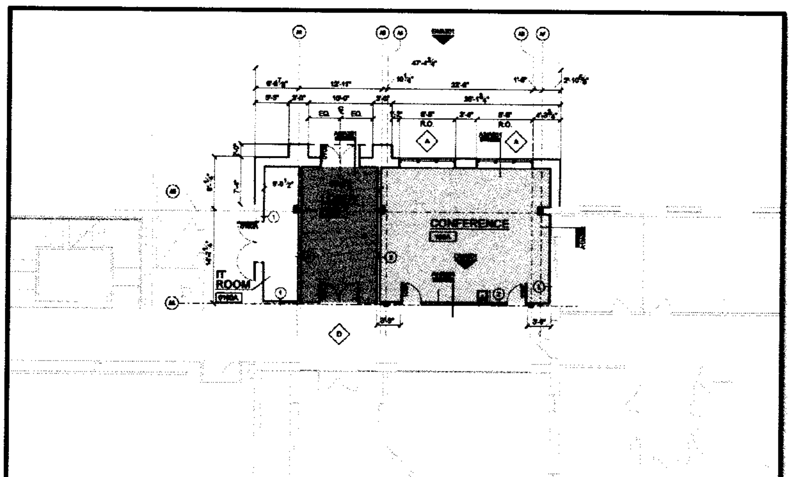


Before



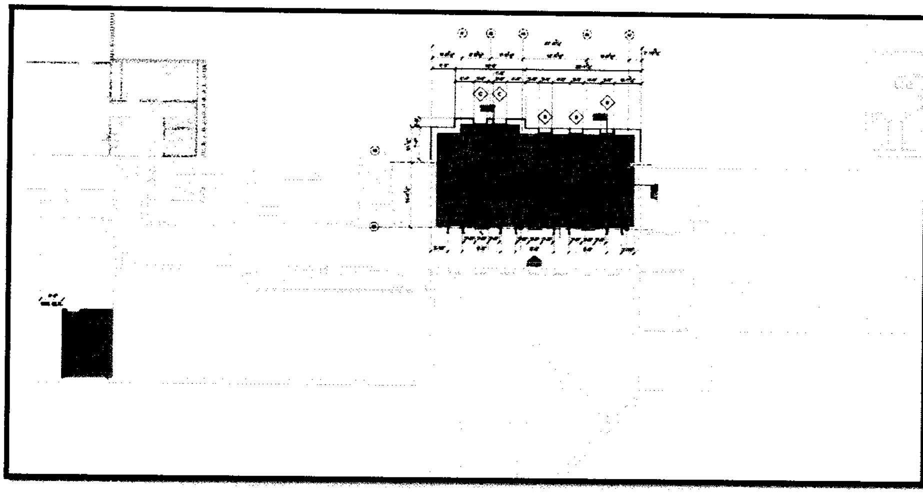
After

First Floor Plan



FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Second Floor Plan



FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Scope of Work

- Construct a 2,350 GSF Addition to the Existing Electrical Engineering Building for Faculty Offices and a Conference Room
- Renovate 370 SF of Existing Space for a Secure Workroom
- Project Includes Improvements to the Utility Infrastructure, Landscape Enhancements, and Public Art

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Budget

Project Budget	**$ 1,500,000**
Construction	$ 801,750
Professional Services	$ 117,500
FF&E	$ 168,000
Administrative Costs	$ 35,325
BOR Directed Fees	$ 87,000
Contingency	$ 290,425 *

* Possible Utility Relocations

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Schedule

➢ Start Construction	November 2008
➢ Substantial Completion	June 2009
➢ Final Completion	July 2009

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

THECB Criteria

➢ TTU MP1 Report FY 2008	Not Listed
➢ Space Need	Meets
➢ Cost ($275/SF)	Meets
➢ Efficiency at 70% *Office, Technology – 65%*	Meets
➢ Deferred Maintenance	Meets
➢ Critical Deferred Maintenance	Meets
➢ Classroom Utilization*	Does Not Meet
➢ Class Lab Utilization*	Meets

** Guidelines*

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Recommendation

- Approve a Construction Project to Expand the College of Engineering Pulse Power Research Facilities with a Project Budget of $1,500,000 Funded with Higher Education Assistance Funds

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

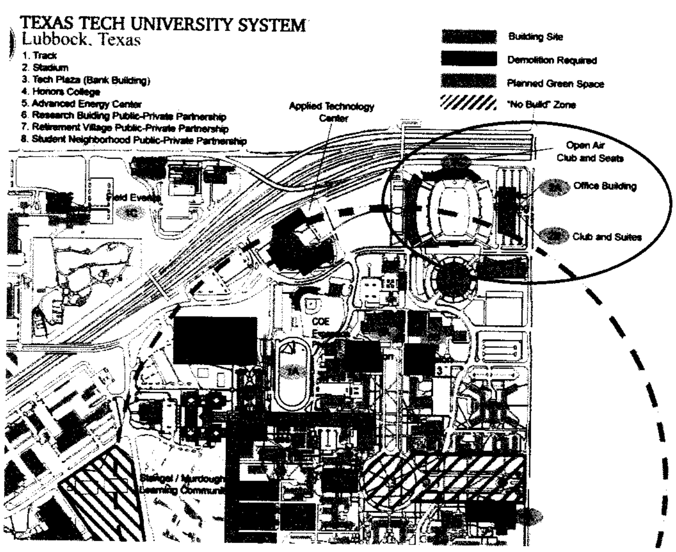
TEXAS TECH UNIVERSITY SYSTEM™

Facilities Committee

TTU
Approve a Construction Project to Expand the East Side of Jones AT&T Stadium

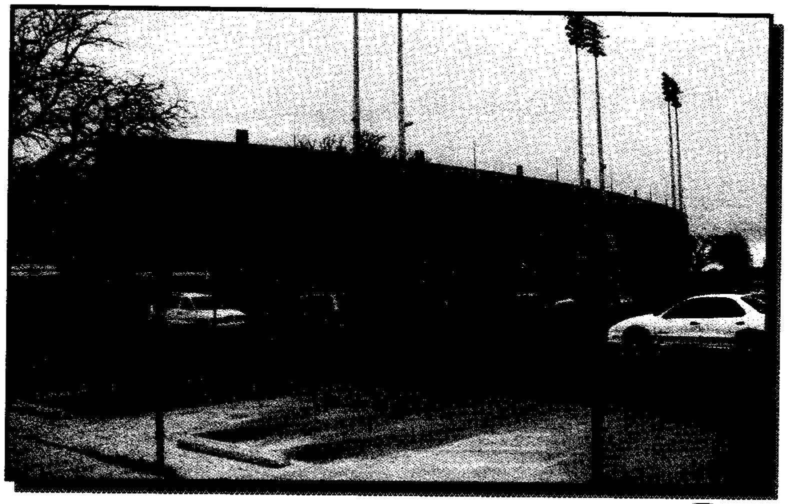
FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Expand East Side of Jones AT&T Stadium



FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Expand East Side of Jones AT&T Stadium



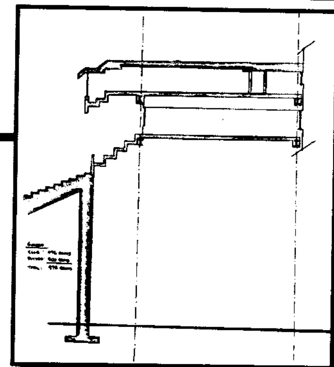
FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

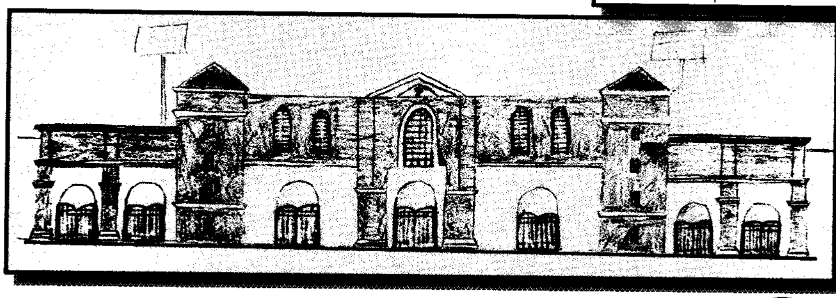
Scope of Work

- Improve Stadium Appearance
- Construct 61,000 GSF East Stadium Building with
  - 20+ Suites
  - 500+ Club Seats
- Ground Level with Space for:
  - Ticket Office
  - Red Raider Club
- Related Site and Utilities Infrastructure Work, Parking Revisions, Landscape Enhancements, and Public Art
- Budget: $25,000,000

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

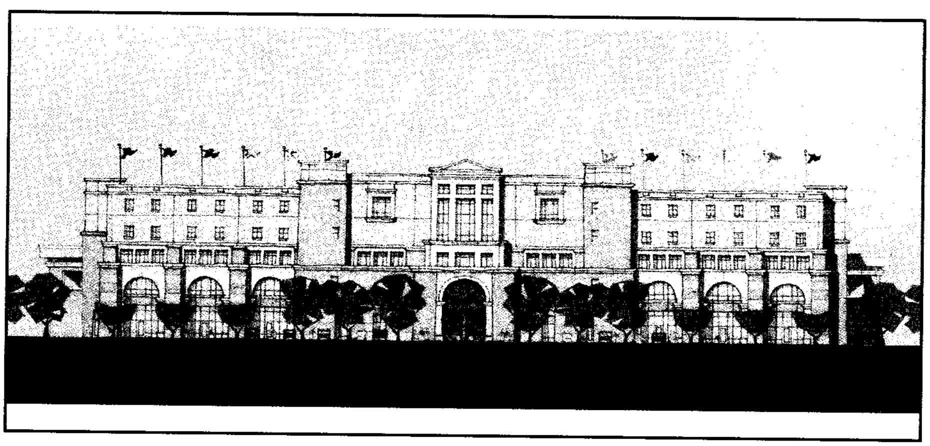
East Stadium Expansion





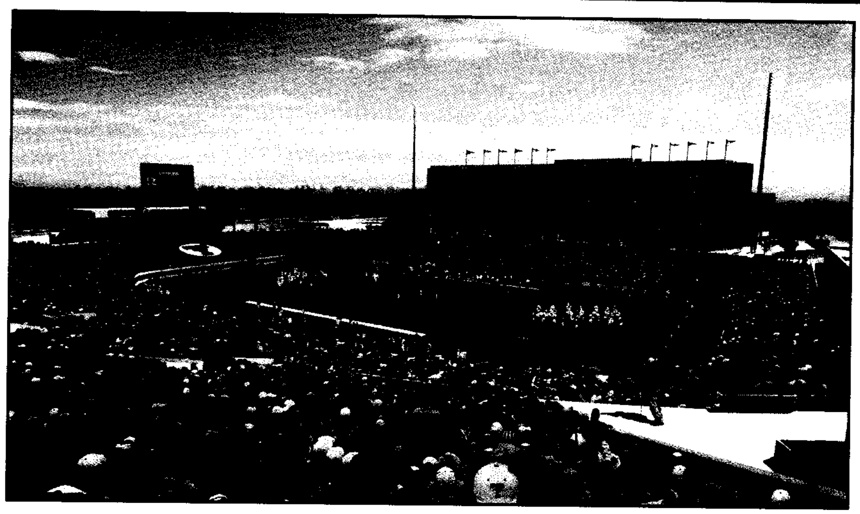
FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

East Stadium Building

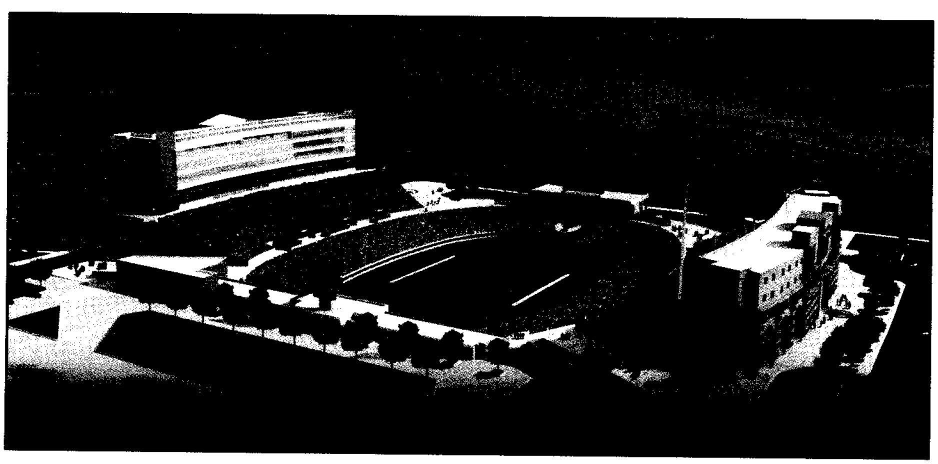


FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

East Stadium Building Field Side



East Stadium Aerial View



FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Budget

Project Budget	**$25,000,000**
Construction	$ 20,000,000
Professional Services	$ 1,842,875
FF&E	$ 650,000
Administrative Costs	$ 78,600
BOR Directed Fees	$ 1,275,194
Contingency	$ 1,153,331

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Schedule*

- Start Construction November 2008
- Substantial Completion June 2010
- Complete Construction July 2010

*Depending on the Availability of Funds

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

THECB Criteria

➢ TTU MP1 Report FY 2008	4 of 18
➢ Space Need	N/A
➢ Cost ($326/SF)	Does Not Meet
➢ Efficiency *General Use Facility – 60%*	Meets
➢ Deferred Maintenance	Meets
➢ Critical Deferred Maintenance	Meets
➢ Classroom Utilization*	Does Not Meet
➢ Class Lab Utilization*	Meets

* *Guidelines*

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Recommendation

➢ Approve a Construction Project to Expand the East Side of Jones AT&T Stadium with a Project Budget of $25,000,000 Funded Through the Revenue Finance System Repaid with Gifts and Donations and Future Athletic Revenues

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

TEXAS TECH UNIVERSITY SYSTEM™

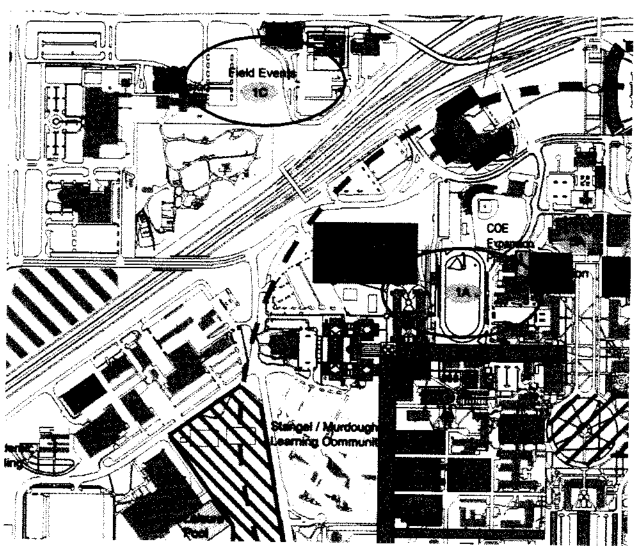
Facilities Committee

TTU

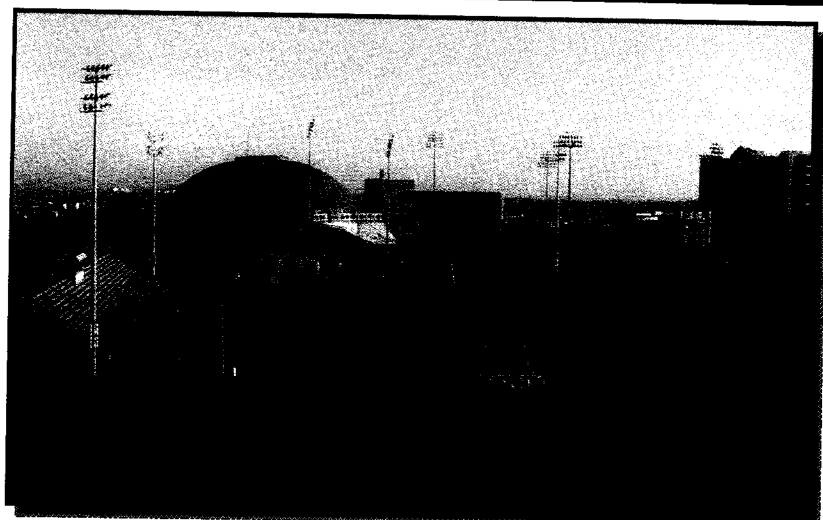
Approve a Construction Project to Renovate the Track

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

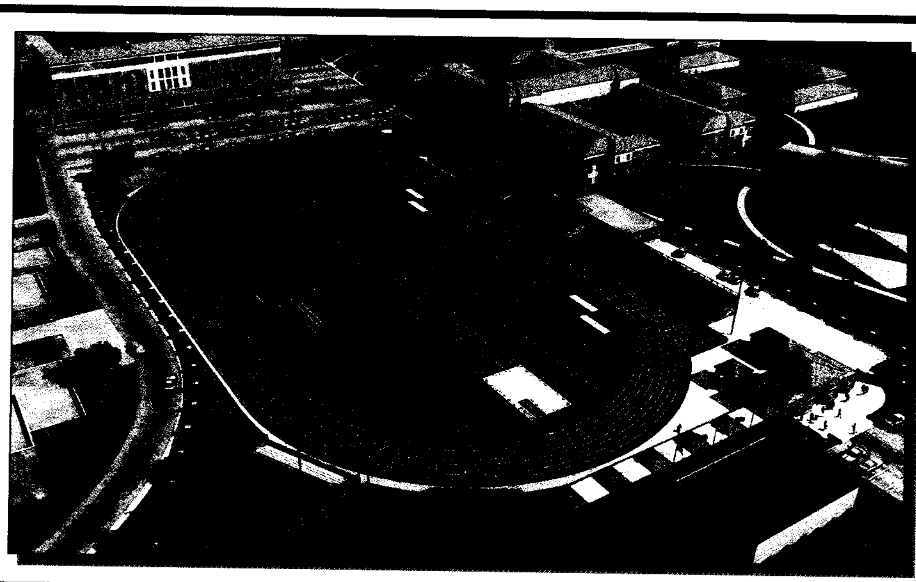
Track and Field Complex



Fuller Track



Track and Field Complex



Scope of Work

- Provide New Track Surface
- Provide New Infield Surfaces
  - Sprint Lanes
  - Long Jump/Triple Jump Pits
  - Pole Vault Areas
  - Shot Put Areas
- Relocate Field Events Adjacent to the NRHC
- New Timing & Scoring Building
- New Concession/Public Restroom Building
- Grandstand Improvements

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Budget

Project Budget	**$ 4,000,000**
Construction	$ 3,273,500*
Professional Services	$ 244,500
FF&E	$ 106,000
Administrative Costs	$ 10,600
BOR Directed Fees	$ 231,996
Contingency	$ 133,404

** $2.0M Repair & Renovation Project Already Under Contract*

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Schedule*

➢ Start Construction	July 2008
➢ Substantial Completion	December 2008
➢ Final Completion	January 2009

** Track Renovation Only*

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

THECB Criteria

➢ TTU MP1 Report FY 2008	13 of 18
➢ Space Need	N/A
➢ Cost ($250/SF)	Meets
➢ Efficiency	Meets
➢ Deferred Maintenance	Meets
➢ Critical Deferred Maintenance	Meets
➢ Classroom Utilization*	Does Not Meet
➢ Class Lab Utilization*	Meets

** Guidelines*

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Recommendation

- Approve a Project to Renovate the Track and Field Complex with a Project Budget of $4,000,000 Funded Through the Revenue Finance System Repaid with Gifts and Donations

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

TEXAS TECH UNIVERSITY SYSTEM™

Facilities Committee

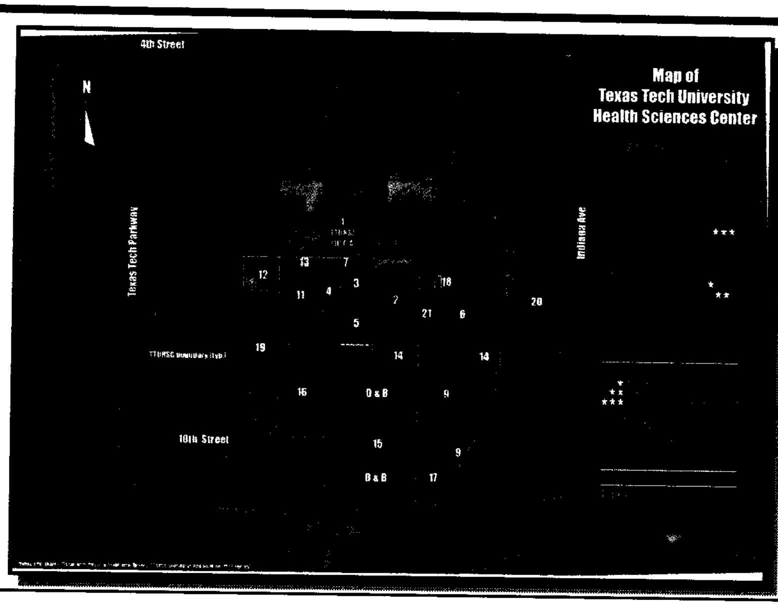
TTUHSC
Approve a Conveyance of Land to University Medical Center

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

TTUHSC Campus

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

TTUHSC Campus



Details

- TTUHSC to Convey a 1.25 Acre Tract of Land to University Medical Center (UMC) to Construct an East Hospital Tower
- Conveyance Will Decrease the Amount of Leased Land
- UMC will Pay all Costs Associated with Planning, Construction, and Maintenance
- Total of TTU and TTUHSC Land Deeded or Leased to UMC
  - Deeded 12.392 Acres
  - Leased 26.802 Acres

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

Recommendation

- Approve Conveyance of a 1.25 Acre Tract of Texas Tech University Health Sciences Center Land to the University Medical Center for the Construction of the East Hospital Tower

FACILITIES PLANNING & CONSTRUCTION
TEXAS TECH UNIVERSITY SYSTEM

TEXAS TECH UNIVERSITY

Enrollment Taskforce
Presentation to the Board of Regents
August, 2008

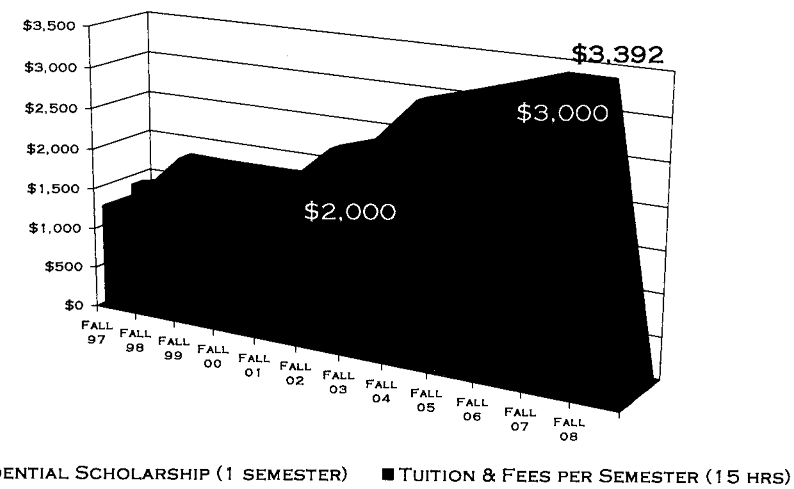
ENROLLMENT TASKFORCE

2007 Growth Strategies

- *Operational Improvements*
- *Scholarship Program Expansion and Enhancement*
- *Top Scholar Recruitment*

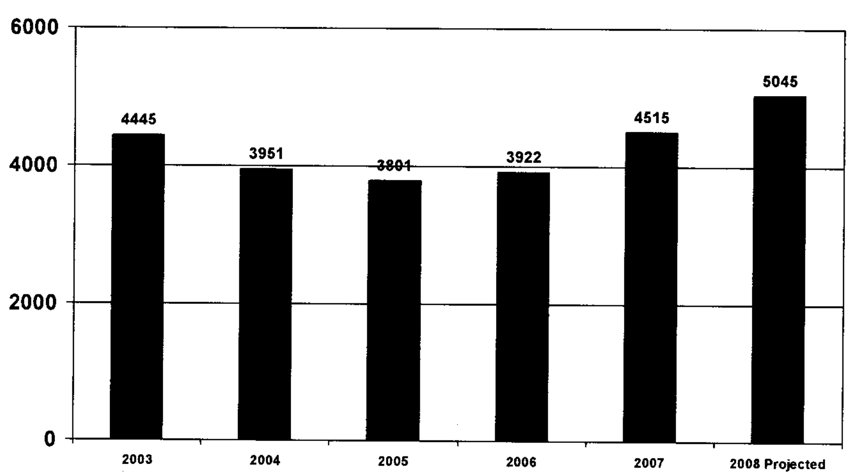
Tuition vs. Presidential Scholarship

Presidential Scholarship amounts were flat for 8 years, while tuition and fees doubled. In 2008 this scholarship was increased from $2,000 - $3,000 a semester.



Enrolled

Freshmen – 11.73% projected increase over 2007's record class

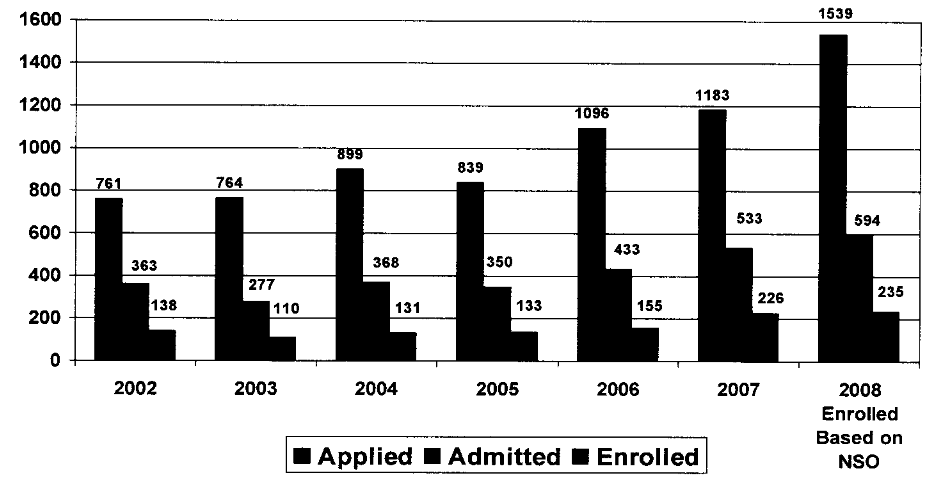


African American Freshmen Enrollment

Applications – 30% increase from 2007

Admits – 11.4% increase from 2007

Enrolled – 4% increase from 2007

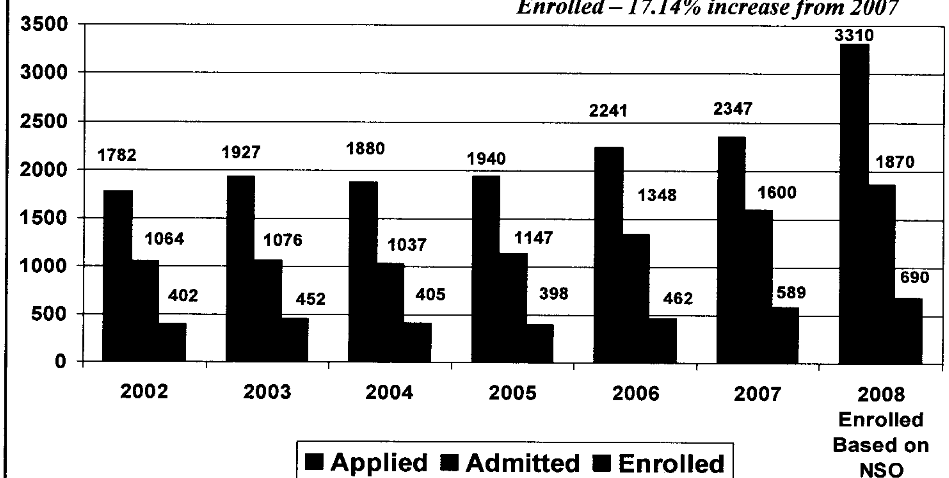


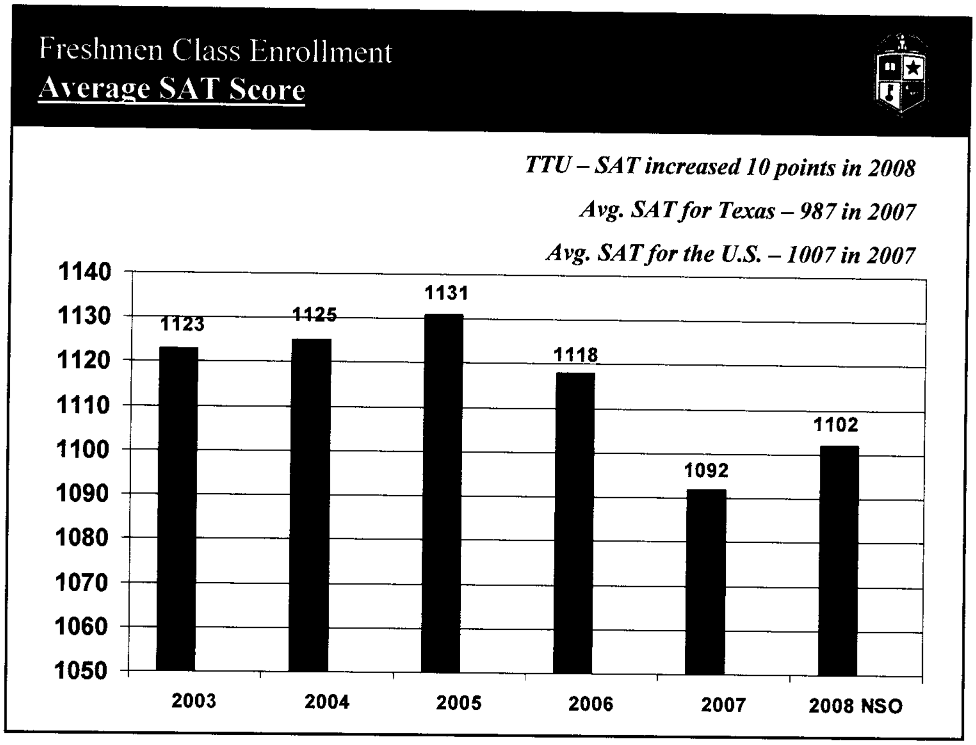
Hispanic Freshmen Enrollment

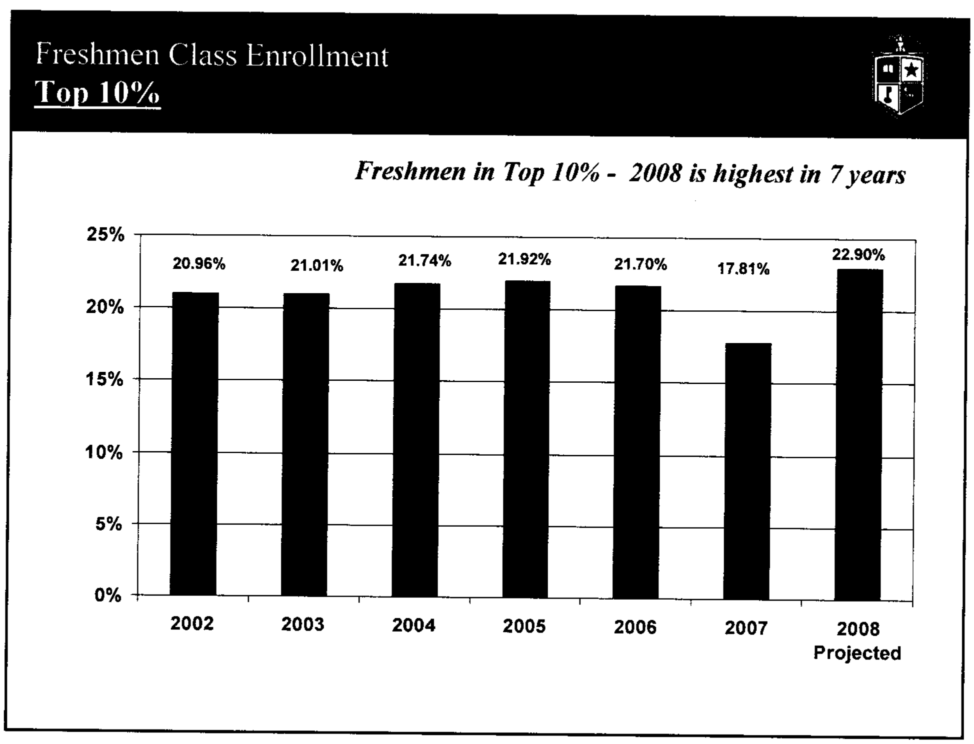
Applications – 41% increase from 2007

Admits – 16.87% increase from 2007

Enrolled – 17.14% increase from 2007

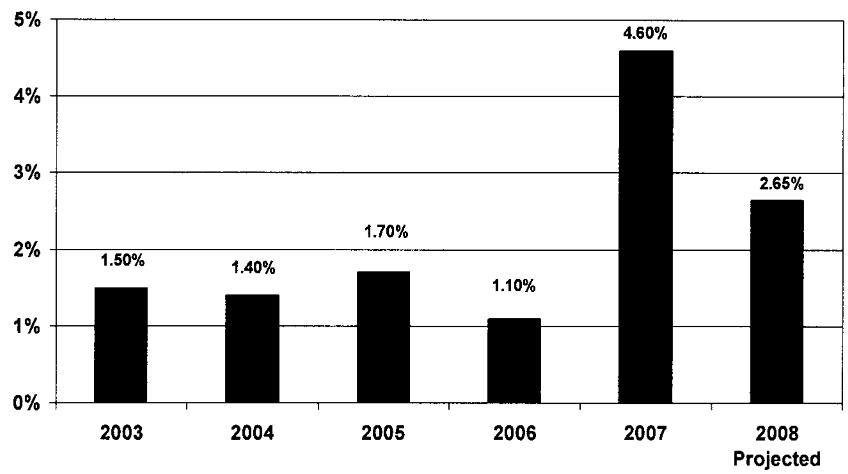



Freshmen Class Enrollment
Average SAT Score
TTU – SAT increased 10 points in 2008
Avg. SAT for Texas – 987 in 2007
Avg. SAT for the U.S. – 1007 in 2007
1140
1130
1120
1110
1100
1090
1080
1070
1060
1050
1123
1125
1131
1118
1092
1102
2003
2004
2005
2006
2007
2008 NSO


Freshmen Class Enrollment
Top 10%
Freshmen in Top 10% - 2008 is highest in 7 years
25%
20%
15%
10%
5%
0%
20.96%
21.01%
21.74%
21.92%
21.70%
17.81%
22.90%
2002
2003
2004
2005
2006
2007
2008
Projected

Freshmen Class Enrollment
4th Quarter Class Rank

Decrease in 4th quarter students contributes to over-all quality

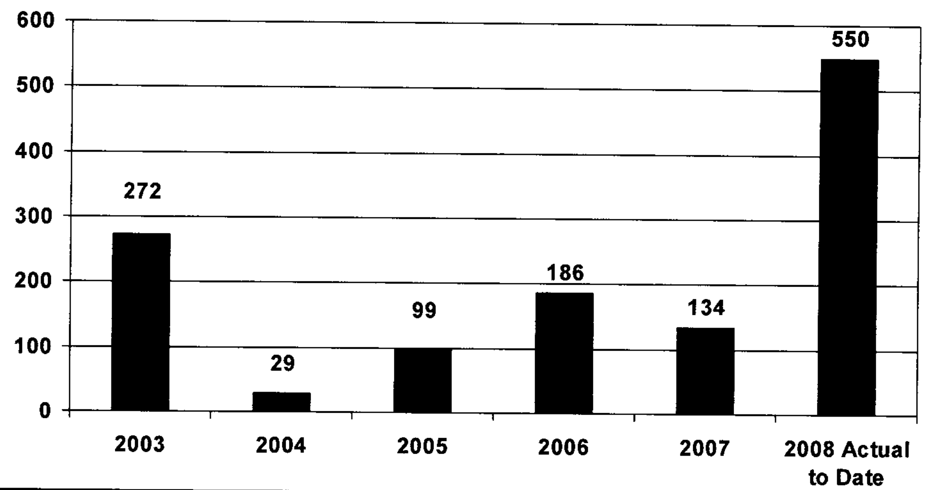


FALL 2008 PROJECTIONS / COMPARISONS

- Transfer Students
  - *Applications – 7.38% increase from 2007*
  - *Admitted students – 1% increase from 2007*
  - *Enrollment – flat*

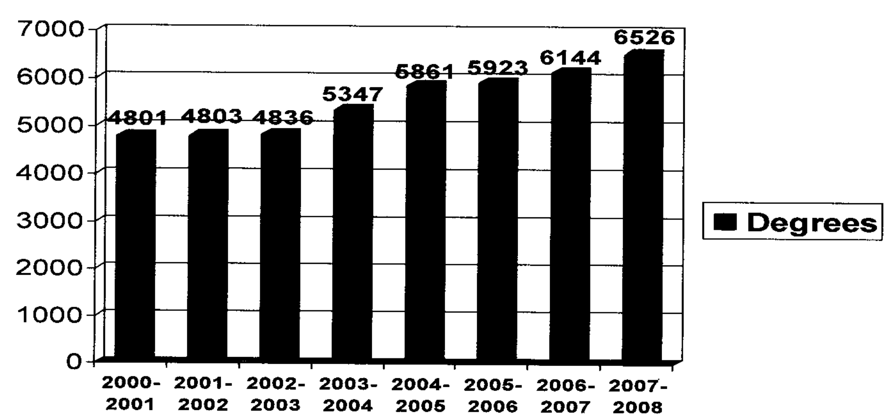
Gateway Enrollment

2008 – Gateway increased 310%



DEGREES AWARDED

- ***Higher graduation rates creating downward pressure on growth***
- ***2008 - 382 degrees over last year's record***



ENROLLMENT TASKFORCE

Focus Going Forward

- Graduate Education
- Retention
- Transfer Students
- Distance Education
- Scholarships
- Marketing
- Incentives

FALL 2008 PROJECTIONS / COMPARISONS

- Graduate Education
  - *Benefits*
    - Raises over-all academic credibility
    - Increases formula funding
    - Enhances research
    - Contributes to undergraduate teaching

GRADUATE EDUCATION

[illegible]

	Total Enrollment	Undergraduate	Postgraduate*	Number of Undergrad per Postgrad	Rank
University of Iowa	30,409	20,907	9,502	2.2	1
University of Oklahoma - Norman	29,721	20,598	9,123	2.3	2
University of Kansas	29,260	20,298	8,962	2.3	2
University of Texas	49,696	36,878	12,818	2.9	3
University of Missouri	28,477	21,653	6,824	3.2	4
University of Nebraska - Lincoln	22,973	17,371	4,655	3.7	5
Oklahoma State University	23,005	18,368	4,637	4.0	6
Texas A&M University	46,540	37,357	9,183	4.1	7
Iowa State University	26,160	21,004	5,156	4.1	8
[illegible]	[illegible]	23,021	5,239	[illegible]	9
Kansas State University	23,332	19,124	4,208	4.5	10
University of Colorado - Boulder	28,988	24,473	4,515	5.4	11
Baylor University	13,886	11,831	2,055	5.8	12
			Average	3.7	

GRADUATE EDUCATION

[illegible]

	Total Enrollment	Undergraduate	Postgraduate*	Number of Undergrad per Postgrad	Rank
University of Texas at Dallas	14,556	9,266	5,290	1.8	1
University of Oklahoma - Norman	29,721	20,598	9,123	2.3	2
University of New Mexico	24,092	18,027	6,065	3.0	3
University of Texas at Arlington	24,888	18,810	6,078	3.1	4
University of Houston	35,344	26,959	8,385	3.2	5
University of Arkansas	18,647	14,441	4,206	3.4	6
University of Nebraska - Lincoln	22,973	17,371	4,655	3.7	7
Arizona State University	64,394	51,311	13,083	3.9	8
University of North Texas	34,153	27,424	6,911	4.0	9
Oklahoma State University	23,005	18,368	4,637	4.0	9
[illegible]	[illegible]	[illegible]	5,239	[illegible]	[illegible]
University of Alabama	25,580	21,064	4,516	4.7	11
University of Wisconsin - Milwaukee	29,205	24,273	4,932	4.9	12
			Average	3.6	

GRADUATE EDUCATION

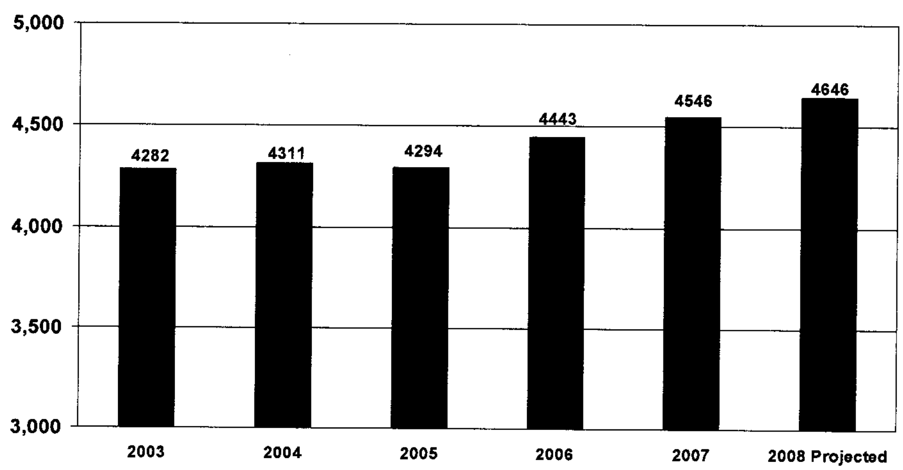
- ***Doctoral students generate an avg. of 8 times more funding than fresh. & soph.***

2008-2009 Weighted Formula Funding Rate

	Lower Division	Upper Division	Masters	Doctoral
Science	$98.56	$172.93	$430.26	$1183.35
Business Adm.	$69.64	$99.15	$218.37	$1126.10
Engineering	$145.19	$207.16	$436.16	$1006.29
Agriculture	$119.22	$156.99	$420.81	$706.47
Liberal Arts	$59.02	$104.47	$236.67	$586.66
Fine Arts	$88.53	$148.14	$333.46	$577.22
Teacher Ed.	$78.50	$105.65	$158.17	$454.45
Home Econ.	$69.05	$108.01	$189.45	$419.04
Law				$209.52

GRADUATE ENROLLMENT

Graduate Enrollment - 2.2% increase from 2007 record



RETENTION

- **Background**
  - ***Enrollment growth cannot be achieved without increasing retention***
  - ***Over the last several years, over-all retention has increased***
  - ***Better than state or national avg.***

RETENTION

- **Examples of Proposed Strategies**
  - ***Expanding Freshmen Interest Groups (FIGS) to more colleges***
  - ***Retooling IS1100 Freshman Seminar***
  - ***Early identification of at-risk students***

Chancellor's Report
Texas Tech University System
Board of Regents Meeting
August 8, 2008

Chancellor Hance presented his report: The Texas Work Force Commission has indicated that Chairman Tom Paulkin and the director of education, Doug Ridge, will be in Lubbock on August 22 to present a million dollar grant to Tech on work force training programs for the wind energy industry. Tech will be the only university in the nation doing that. The reason Tech was selected is because we are the natural choice and the only one with a Ph.D. program in wind energy.

Ambassador Nagy was introduced to you earlier. The importance of the International Program should be emphasized. After September 11, 2001, the number of foreign students dropped dramatically nationwide. It leveled off in 2004, but since 2004 Tech has had a 77 percent increase in the number of foreign students. That is excellent.

This week, Tech was part of the West Texas Municipal Power Agency collaboration with a company from Dallas—a private sector deal that will help build a transmission line from this area into the ERCOT System in the Dallas/Fort Worth Area. Our part will be a five percent override. They are projecting that this will result in a significant amount of money. It will likely be five to seven years before any of that will be seen, but at that time we should hopefully see between $5 million to $10 million a year of additional monies for research. This is a project that the Lubbock Economic people have worked on along with the City of Lubbock—Mayor Miller had started on this and Mayor Martin has followed up on it. We have had great success in this which is just one more way that we can generate additional research dollars.

Regent Griffin stated that he had been involved in a couple of those meetings. He commended Corkey Dragoo in his involvement with those meetings. This is a significant project and the dollars that are going to be spent and the investment that will be made has a real potential to be a great benefit to this institution.

Chancellor Hance stated that Corkey has been the point person on that project. The price tag on that project is $8 billion. It is really huge. One thing to keep in mind—Texas utilities asked for eight coal-fired power plants in the Dallas area. They were turned down on all of them but one or two. So, there will be a dramatic increase in the need for electricity in the metroplex and the eastern part of the state. This is a project that is for clean energy. It is primary wind energy, but is also biomass, clean coal and natural gas. It is a huge project and the fact that we are included in it is very important.

Regent Turner asked about Tech's role in the project.

Chancellor Hance stated Tech will be an advisor for technical matters and they have agreed that when Tech's engineering staff needs to work on technical matters that the School of Engineering will be paid separately and individuals will be paid separately for that as well. That will not come out of our five percent. The key is that we had other people who were looking at similar projects like this. We made an agreement with them that we will not do any other similar type project with anyone else without them signing off on that. We did have something to offer. For them to get this done, they really did need us.

For the Federal Affairs Wind Engineering and Science Program, Senator Kay Bailey Hutchison has secured a $2 million item in the appropriations bill as well $300,000 on HSC for some programs. The bill will not be finalized until October, but those are a couple of things that are already in there.

About two months ago, I hosted a dinner at my home for Dr. Joe Corriveau, the director of Research and Technology at the Edgewood Chemical Biological Center in Aberdeen, Maryland. That was an excellent visit. Dr. Corriveau toured the facilities at Reese and visited with Dr. Ron Kendal. It is hoped that there will be some additional research money coming from them.

Dean Pam Eibeck and I have had discussions about the possibility of adding a nuclear engineering program to Tech. We both met with some of the top people and have a meeting scheduled next week with the chairman of the Nuclear Regulatory Commission in Washington, D.C., Dale Klein. Many met him during the commencement ceremony in May 2008. That meeting will take place next week.

Our College of Human Sciences division, Personal and Financial Planning, has received a contract to enter into a partnership with Fort Hood to allow the young soldiers to take a course in personal and financial responsibility to help them prepare for when they are out of the military and on how to spend money. That is an excellent program. No money will be earned from that project, but it is a great service. Fort Hood is very enthused about it.

On the compact pulse power, a MOU has been signed with the University of Missouri. Tech has an $8.5 million request on pulse power this year. The full $8.5 million may not be acquired, but it will be a substantial increase. The reason Missouri was selected is that they have 18 people on their engineering staff who have Ph.D.s from Texas Tech and their dean of engineering is from Texas Tech as well. It was a natural selection. Dr. Christian, who heads up the program for us, had been the sponsor many of them when they were working on their Ph.D.s.

The farm bill that passed this year has for the first time ever a provision for non-land grant colleges of agriculture to receive specific items in the farm bill. That is huge. Tech is the largest in the nation in agriculture that is not a land grant school. That is very important for Tech in getting funding.

The Abilene Research Institute, the College of Engineering worked with a group out of Florida on having a joint intelligence software initiative to take place at the Abilene site. We are pleased that is moving forward.

The Department of Homeland Security and their Center for Explosive Detections and Mitigation and Response was awarding a large grant that we tried to get but it went to the University of Rhode Island. Tech got the Texas congressmen involved and 15 members of the congressional delegation in Texas and a bipartisan group signed a letter to the Secretary of Homeland Security. It looks like Tech will be receiving part of that funding. Our collaboration will be with the University of Rhode Island.

On diversity affairs, Jodey Arrington touched on that yesterday. Our equal access scholarship initiative has been worked on—the Easy scholarships and the Impact scholarships. A little money has been received on the Easy scholarships but more is expected. Meetings have taken place with Regent Serna and that is headed in the right direction. Anytime something new is started, the first year is usually a learning experience. The Impact scholarship was done which has $1.6 million.

The Maddox Foundation in Hobbs, New Mexico, which has been very good to Tech, has awarded $100,000 to organize a summer bridge program that targets Hispanic students from Lea county in Hobbs and that area to help us. That is a big plus.

Some major gifts have been received which will be discussed later. A chair in nursing from Covenant was received for $1 million. Another $2 million from friends of Petroleum Engineering was also received. A lady named Betsey from Austin just gave a planned gift for $2 million. Fred and Angela Currey gave a planned gift of $1.5 million. All of that is also included plus the amount that will be announced later this month of $15 million for Petroleum Engineering.

President's Report
Texas Tech University
Board of Regents Meeting
August 8, 2008

Dr. Bailey commented on the President's newsletter and the 2008 Economic Impact Study which were distributed to the Board. I encouraged the Board to review the newsletter at their leisure. I would like to highlight two points about the newsletter. One is the range of accomplishmenst which span from recognition for poetry to faculty members who are helping with the nuclear situation in Iraq—assisting with decontamination and dismantlement in Iraq—to our ranch horse team. There are a wide range of accomplishments. One of the things the newsletter does is show excellence from across the University. In a comprehensive university, that is the kind of thing you would expect. We are a great University as this newsletter states. However, our best years are still ahead of us. In listening to the chancellor's report, we heard how we can address critical issues like energy which face the country. It is clear that the best days are ahead. Again, the newsletter covers a wide range of areas at Texas Tech from engineering and science and the humanities.

The second document—Michael Shonrock had commissioned an economic impact statement. That was a two-page study of TTU's current impact and potential impact as enrollment grows. Tech generates $1.15 billion per year for Lubbock county. That is a massive economic impact. The University can be a good economic engine. The second bullet point states that the University helps sustain around 13,300 jobs in Lubbock county annually. On the flip side of the handout, changes are listed which are likely to occur as Tech increases its enrollment goals. The economic impact in constant dollars increases to $1.63 billion per year. TTU will help sustain around 18,800 jobs in Lubbock. The growth can be seen there. On the last part of this report, the addition of 12,000 more students will result in a total economic output of $500 million annually and the increase of total employment will increase by 5,500 jobs. The impact that Tech can have over time is dramatic. Another point, this understates the economic impact that will actually occur. This doesn't address increasing research, and our efforts to make the commercialization of that research easier for our faculty. Right now it is not as easy for our faculty to get patents and to commercialize that research. As we do that and as our colleagues at the HSC do, the economic impacts of the research will grow dramatically as well. The University is a tremendous asset to the city and to the region and is something we can always keep in mind. When we think about academic excellence it is great for us internally but it is good for everyone else as well. What we are doing is good for us, great for the University, great for our students and it's great for our entire community. It is important to keep that in mind as well.

This concludes my report.

SGA President's Report
Texas Tech University
Board of Regents Meeting
August 8, 2008

Lee Bobbitt stated that the Student Government Association report was being handed out. She thanked the Board for their dedication and leadership. Not very many student body presidents get to present to the Board of Regents and not many have a direct line to the chancellor and the president. That is unique and shows how much Tech's administration cares about its students.

Ms. Bobbitt discussed three issues being handled by the SGA. Those were recruitment, retention, and scholarships. In supporting undergraduate recruitment, the SGA would like to develop a best practice in finding ways that are effective and successful at least nine times out of ten but preferably ten times out of ten. We have partnered with Dallas/Fort Worth and their regional center. We had talked with them in finding student opinion leaders on their campuses. We are hosting several receptions in Dallas with some of the student leaders from Tech and those students. We plan to talk Texas Tech up to them. Hopefully when they come for University Day and other Texas Tech events, we can host exclusive presidential receptions for them and make the feel important and that they are already a part of the campus so they will hopefully one day call Tech home. We will monitor these students from their admission, their acceptance to when they step on the campus. With the help of Dr. Shonrock and Noel Levitiz, we will be looking at that and finding new and other innovative ways of reaching out to students. We plan to hone our skills in recruiting students.

Second is retention. Dr. Marcy discussed yesterday how students often leave this campus due to economic hardships, but it can be due to academic reasons as well. We feel that the best college to start looking at that problem is one of our largest, the College of Arts and Sciences. They currently do not have an Arts and Sciences ambassador program where several student leaders are selected to work with recruitment and other programs on the campus. We have met with the assistant dean and the dean, Dr. Jane Winer. We will be creating some focus groups on advising, as well as Arts and Sciences Ambassadors to help with that and to get students involved and to make sure that everyone's experience at Tech is the best that it can be. We want everyone to enjoy their time at Tech while getting a great education.

Third, our scholarship campaign is coming to an end. In 2005, under President Nathan Nash, that campaign was initiated—Paving the Way for Success. The initial goal was $5 million in five years. We have raised $10 million in three years. This is a great program which will provide merit and need based scholarships for all of the students of Texas Tech. We are looking at ways in the coming years to expand that to the Graduate School as well. We thank the Office of Institutional Advancement for their help, leadership and guidance through that process.

Two other things that the SGA is doing on campus: the Quality Enhancement Plan. Through the Office of Strategic Planning, we have jumped on board with their QEP. We will be finding ways to take that to the students. There are several programs that we have decided to work with regarding the statement of ethical principles, academic integrity, community service and diversity. We plan to work to let the students know how important each of these issues is and to send a message to the administration that the SGA is just as passionate about many of the same issues they are passionate about.

Some future discussion items: the SGA will be taking a state legislature trip in February 2009—that will be discussed further in October; transportation; bussing—specifically, how some of those issues will be addressed; and lastly, our involvement with the Texas Students Association. We had a meeting a couple of weeks ago in Austin. We will be reforming the Texas Students Association along with 20 to 25 other universities in the state of Texas. An update will be provided at the next meeting regarding the Texas Students Association.

Again, thank you for your leadership. We welcome Dr. Bailey to the campus. We are very excited he has joined us at Tech.

President's Report
Texas Tech University Health Sciences Center
Board of Regents Meeting
August 8, 2008

Dr. Baldwin began by welcoming Dr. Bailey.

I have several things to mention. First, about ten days ago, I attended the semi-annual meeting of SACS, our accrediting agency. I attended the sessions there and also met with Dr. Bill Whelan, the president of SACS. Dr. Whelan concurs that we are well on our way to a successful visit this coming spring. Dr. Rial Rolfe has very ably led a careful preparation process. We are staying in close contact with our SACS liaisons. As mentioned by the chancellor, I was appointed to the Governor's Select Commission on Higher Education. That has been a very gratifying experience. Having someone, anyone from Texas Tech participating in that commission is a huge improvement based on what has been surmised from previous meetings of that ilk. We have gotten some good visibility there. The Lieutenant Governor should be thanked as well; he has done a lot of things for Tech recently including helping with some issues of security at our El Paso partner hospital—Thomason Hospital. The Lt. Governor took a direct role in improving our security issues there.

With the chancellor's approval, I was elected to serve on the Board of LEDA (Lubbock Economic Development Association) and also the Board of Visit Lubbock. That has been a great opportunity for the HSC to participate with community and assist through the University with economic development in Lubbock.

Chairman Dueser and Mayor Archibald hosted me during a visit to Abilene in July. Discussions were about technology transfer particularly as it pertains to the Pharmacy School. Those meetings were concurrent with recruitment efforts. We have been after William Hildebrandt from the University of Oklahoma who is a very prominent NIH investigator who has successfully transferred technology and established some new companies in conjunction with the Emerging Technology Fund in Austin. A number of programs are ongoing in international issues—educational and health issues. Ambassador Nagy has been quite helpful in that endeavor. Will Davis from the HSC President's Office has just returned from Mongolia. The HSC has been invited from the auspices of Bill Ritter to participate in a competition in helping the Mongolian government develop its health programs. It seems a far field—it in fact could hardly be any further a field on this planet, but in fact there are some important analogies in terms of our rural health program and expertise and the demography of Mongolia. We also have ongoing programs related to rural health in Mexico and strong possibilities in other parts of the world. I recently gave a presentation at the Texas Tech Museum about some of the HSC's efforts in that area and about some things done previously in Kosovo.

The HSC is actively involved with the University of Texas System through the interest of acting Chancellor Ken Shine who visited UTEP and made some entreaties to our HSC people there in increasing collaboration between our El Paso campus and UTEP. We have done a number of things with UTEP in terms of a collaborative program in breast cancer research and also in terms of some of the issues discussed yesterday regarding viral infection and RNA interference. Currently, work is being done by Pat Campbell and others in the administration on a MOU with the University of Texas that is very important. That collaboration will continue to be enhanced.

The Texas Tech Community Medical School which was a great success last year will continue again this year beginning in September. Imitation is the best form of flattery. The Medical School in Amarillo is starting a program that looks suspiciously exactly as the one in Lubbock. That is pleasing to see.

As mentioned before, many recruitments have been recently made. In July, I visited El Paso where the recruitment of 14 new faculty members over the past year was celebrated. Those recruits came from places such as John Hopkins, UT-San Antonio, Emory and Harvard University. Some magnificent artwork was also unveiled in El Paso. The Board met in El Paso earlier this year, but if plans are made to return to El Paso—which the Board is exhorted to do—it can be seen that the artwork on campus is complete. That was presented by a distinguished women in El Paso who is fairly close to one our of Board member's—Ginger Francis, who was the chair of the committee of art on the El Paso campus. They did a great job.

As heard from Doug Stocco, grant activity has been strong. Recently, $855,000 was received by the Texas Health and Human Services Commission for the Nurse Practitioner Program. Dr. Bright, who is in the Department of Microbiology, recently received $500,000 from the Department of Defense for his research in prostate cancer. Our NIH funding, year-in-year, is up by 50 percent and our research expenditures this year currently stand at a little over $21 million which is a very significant improvement in a short time. I am proud of the faculty and all that they are doing. They have a sense of common purpose and things are going well.

Regent Turner asked for Dr. Baldwin to give more details on the commission he was appointed to—who is on the commission and what the charge is of the commission.

Dr. Baldwin replied that the commission is named the Select Commission on Higher Education and Global Competitiveness. The Governor and the Lieutenant Governor have presented data to the commission about a number of perceived inefficiencies in the Texas educational system that they believe result in our relatively disadvantageous global competitiveness particularly in technology. Texas does compare unfavorably with California as many know—the University of California System and the economic engine in California. The mission of the commission is to look at some of the leakage points in the educational system. Starting from pre-kindergarten and through college there are some significant leakage points at the eighth grade level where a lot of kids disappear from the system. There is a big leakage point after high school graduation. The commission is focused on how to improve, not just through enrollment, but with meaningful throughput and undergraduate college education. Suggestions are also being considered for changing the formula funding to recognize more clearly the success of colleges not only in graduating students but in graduating students who are able to find meaningful employment. The focus has been narrowed down to about five elements of those problems. By the end of this calendar year, a report should be produced. Woody Hunt was recently elected as the chairman of that commission. As mentioned by the chancellor, there are 15 members: 5 were appointed by the Governor, 5 from the Lieutenant Governor and 5 from the Speaker. An example of Chairman Woody Hunt's visionary and bold approach: one of the proposals he brought to the commission from his role as chairman of the Governor's Business Council was the dissolution of the Coordinating Board. Everything is on the table with this commission. It is refreshing to be able to represent Tech and too that the commission as a whole is being listened to.

Regent Turner asked how many active admissions are there on the 15 member board.

President Baldwin stated that included Chancellor Cunningham from the University of Texas; former president, Kern Wildentah from UT Southwestern and himself.

SGA President's Report
Texas Tech University Health Sciences Center
Board of Regents Meeting
August 8, 2008

Rick Bliss presented his report to the board. The Student Government has been planning the year throughout the summer months. Along with the established goals of community service and community outreach, a student satisfaction survey was completed to determine addition areas of interest. The students would like more student government involvement with their individual activities. So, part of what is being done this year is increasing cooperative events with individual graduate student associations with the student government in having joint community services with them.

The HSC students will also participate in the Focus Lubbock program this year which is put on by the Chamber of Commerce. This will be the first year that the HSC will be participating in addition to the TTU campus and other schools around Lubbock.

Another thing that the SGA will be doing is visiting the satellite campuses throughout the West Texas area. The executive officers will be making trips to each campus to provide outreach to those students. That will begin in September.

Regarding recruitment, the Graduate Student Association and the Graduate School of Biomedical Sciences has had student representation at the first NIH graduate and professional school fair. TTUHSC had representation from its students at that event in an effort to increase Ph.D. recruits in addition to M.D. Ph.D. recruits. The Graduate School and the GSA are planning to provide potential short courses in South America and Latin America to try to increase international recruiting of Ph.D. students—specifically cell physiology and biophysics. That is an effort to increase international recruiting.

The School of Medicine held its first-year City of Lights Charity Ball. They raised over $32,000 for local Lubbock children's charities. Also within the School of Medicine, the first year class was welcomed. The SGA and the GSA welcomed them at the welcome events. The annual scrub party was held in which alumni from the Medical School gives scrubs to each of the incoming first-year medical students. That was a good event.

According to the Offices of Student Affairs and the Medical School, our third-year medical school class, as of now, from all of the scores that have been reported for the step one of the U.S. medical licensing exam, have a 100 percent first-time pass rate.

Thank you.

President's Report
Angelo State University
Board of Regents Meeting
August 8, 2008

Dr. Rallo began by welcoming Dr. Bailey to Texas Tech. At his previous campus, Western Illinois, they were in the same athletic conference.

ASU has also been focusing on recruitment and retention. Some highlights: Centennial Villiage already has 100 percent occupancy. It was opened on time. Expansion of additional dining facilities in the University Center is under way. A new student recreation center is in the works. Boats and kayaks have been put at the Lake House, where the regents were hosted last fall for their retreat. That will be a nice expansion. Activities have also been dramatically expanded for new students. All campuses have an introduction to the university and ideas to engender school spirit but also to make sure that when the students go home for the Labor Day weekend that they think positively about the campus. Our activities used to end at 10 o'clock at night but students at that age usually wake up at that time. Those activities are now being expanded so they will begin at 2 pm on Fridays and end at 3 am on Saturday. They will offer games, movies, food, sand volleyball, magicians, and block parties. This is in an effort to reach out to those new students who have to come back.

A first new-student convocation will take place this year. That has never occurred at ASU before.

It is too early to tell at this point how our marketing and recruiting issues are going, but the numbers are up. Prospective inquiries for this fall are up about 28 percent. Applications are up over 12 percent and our sophomore and junior registrations are up as well. More positive news should be available at our next meeting.

Our development efforts continue and tying them into the new emerging capital campaign and also to recruitment and retention. Formal approval will be requested at the next meeting. Close work has taken place with Alvin and Patricia New. He is one of the four principals of Town and Country. They will be giving $600,000 to fund honor plus scholarships as well as build a new corporate board room in the Business School because Alvin believes that students should learn in the way that they will be moving into a professional environment. We are receiving great support for our activities and initiatives.

Our cheerleaders are one from 50 teams of Division I, II and III to compete in a Cheerleaders Association camp. They won the top award for the best collegiate image as voted by the staff. They will be going to nationals in Orlando in January.

Two upcoming events which the Board is welcomed to attend: on August 14, the West Texas Legislative Summit will be on campus. More importantly, Representative Darby has invited 30 legislators to visit the campus with the primary focus to show them our new proposed location for the College of Nursing and Allied Health. He is on board and supportive of that endeavor. On September 25, the Community Lectureship Series will take place. The speaker will be Maureen Dowd of the New York Times. That will be a good time to be on campus.

SGA President's Report
Angelo State University
Board of Regents Meeting
August 8, 2008

Seth Chomout stated that it a bit frustrating hearing about everything that the HSC and TTU student are able to do due to their budgets being larger. ASU has 6,000 students and TTU has over 30,000, but the ASU SGA is still moving along. We have a lot of activities that are coming up.

One of things being worked on this year is the establishment of an attendance policy that is across the board—something students can to go. Currently, it is the professor who makes the ultimate decision on how a grade is determined based on attendance. That is being worked on.

A big deal in working with our community is voting. A couple of big events will be held to get students registered and to encourage them to go out and vote this fall.

In the past, homecoming events have not been big and as exciting as they should be. This year, students have already begun working on it. This should be the best homecoming we have ever had.

This past summer—actually two weeks ago—our student orientation advising event took place. It was the largest attendance ever at ASU.

Another thing being done at ASU: the Lake House facility is getting a nice remodel. The University Recreation, Bradley Petty, is working on that project.

Dr. Rallo discussed earlier about an event taking place on September 14. A Student Senate meeting will take place on September 15 at the Lake House. All regents are invited to attend. We will hold a "meet the administration" time during that meeting. Any interested regents should contact me.

Finally, the most exciting project of the summer has been the campus-wide calendar for all of the organizations. That will be put on a 32 inch touch screen, flat panel screen in our University Center and that should be up by the end of September.