

Board of Directors
Texas Tech Foundation, Inc.
November 4, 2005

Recommendation and Motion:

The Development Committee recommends the following motion be adopted by the Board of Directors:

"RESOLVED, that Texas Tech Foundation, Inc. adopts the attached minimum endowment levels for endowments held and managed by the foundation."

Statement of Pertinent Facts:

The current minimum endowment levels no longer produce the income necessary to support the needs for which they are established. Staff has worked with administration and faculty to determine the necessary minimum levels for the endowments.

TEXAS TECH FOUNDATION, INC.
Minimum Endowment Levels

Previously established endowments will not be modified or changed.

Endowment	Description	Current Minimum	New Minimum
Merit Scholarship Endowments:			
Presidential Scholarship	Reserved for the top academic award and administered centrally to qualified entering freshmen on the basis of high school class rank and SAT or ACT scores.	\$35,000	\$100,000 Rationale: Endowment level based on current scholarship awards and marketability to donors.
Honors Scholarship	Merit award administered centrally to qualified entering freshmen on the basis of high school class rank and SAT or ACT scores.	\$25,000	\$50,000 Rationale: Endowment level based on current scholarship awards and marketability to donors.
University Scholarship	Merit award administered centrally to qualified entering freshmen on the basis of high school class rank and SAT or ACT scores.	\$10,000	\$35,000 Rationale: Endowment level based on current scholarship awards and marketability to donors.
Health Sciences Center Scholarship	General support for scholarships	\$10,000	\$35,000 Rationale: Endowment level based on current scholarship awards and marketability to donors.
Other Scholarship Endowments:			
Opportunity Scholarship	Scholarships established to address financial need or reach out to multi-cultural, non-traditional, community college transfer, and first-generation students.	\$10,000	\$35,000 Rationale: Endowment level needed to assist student.
Chancellor's Graduate Fellowship	To provide stipends to outstanding graduate students.	\$50,000	\$100,000 Rationale: Endowment increases required to generate more adequate stipends.

Endowment	Description	Current Minimum	New Minimum
Faculty Support:			
Chair	To recruit and retain outstanding faculty members. Spendable income may supplement chair holder's salary and/or provide income to support their research and teaching.	\$1,000,000	Varies by unit and type of research. \$1,500,000 for selected chairs; \$1,000,000 for others. Rationale: A \$1,000,000 chair does not generate the funds needed to recruit or retain top faculty in some fields where laboratory intensive research is required. The dean will consult with the chief academic officer and Vice Chancellor for Institutional Advancement before determining the amount requested for a chair in various programs.
Professorship	To recruit and retain outstanding faculty members. Spendable income may supplement chair holder's salary and/or provide income to support their research and teaching.	\$500,000 for School of Medicine \$250,000 for others	Varies by unit and type of research. \$1,000,000 for selected professorships; \$500,000 for others. Rationale: Lower amounts do not generate adequate support to be competitive. The dean will consult with the chief academic officer and Vice Chancellor for Institutional Advancement before determining the amount requested for a professorship in various programs.
Faculty Development Fund	To support professional and leadership development of faculty.		\$250,000
Deanship, Department Chair or Director	To recruit and retain outstanding leaders by providing funds to support their salaries and to fund the pursuit of their professional goals and the development of the unit.		\$2,000,000 Rationale: Endowment needs to be large enough to generate adequate support. Inclusion of Department Chair and Director acknowledges need for endowments in these areas.

Endowment	Description	Current Minimum	New Minimum
Early Career Faculty Scholar	To attract and retain the best, brightest, and most promising early career faculty scholars through an annual award to supplement salary and/or teaching/research expenses of selected faculty. A faculty member can hold award for maximum of three years.		\$500,000
Lectureship	To support honoraria, publicity, and other expenses incurred in bringing distinguished leaders to lecture on campus.	\$200,000	\$250,000 Rationale: Increase in minimum will provide more spendable earnings to support a lecturer.
Other:			
Research	To support research in particular academic areas or topics specified by donor and agreed on by Dean and Provost.	\$100,000	\$500,000 for HSC; \$200,000 for TTU Rationale: Costs vary by discipline and type of research. Support funds should be adequate to support cost of conducting research in the discipline.
Library Book	To purchase books or professional journals in particular area designated by donor.	\$100,000	\$100,000
Minimum Level	To allow colleges or units to establish a scholarship or other endowment at the minimum level in cases where a higher level does not seem possible.	\$10,000	\$10,000 Rationale: Colleges prefer to maintain the minimum endowment level at \$10,000. Administrators must assure that endowments are solicited at levels that provide adequate support.



TEXAS TECH UNIVERSITY SYSTEM

Revenue Financing System

*Office of the Senior Vice Chancellor
and Chief Financial Officer*

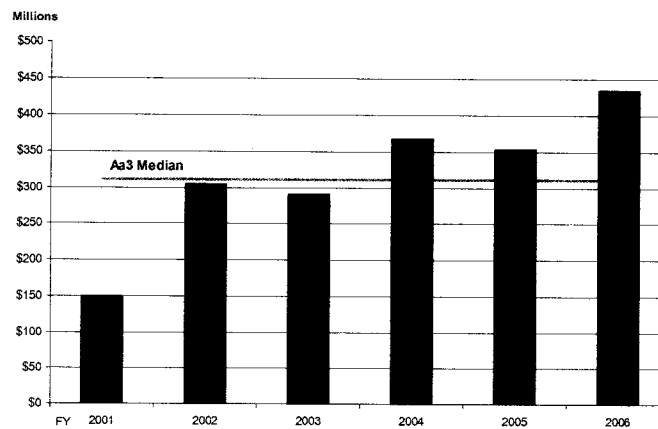
Board of Regents
December 15, 2005

TTUS Office of the CFO
Page 1




TEXAS TECH UNIVERSITY SYSTEM

Texas Tech University System
Principal Balance Outstanding at End of Fiscal Year Ending August 31st



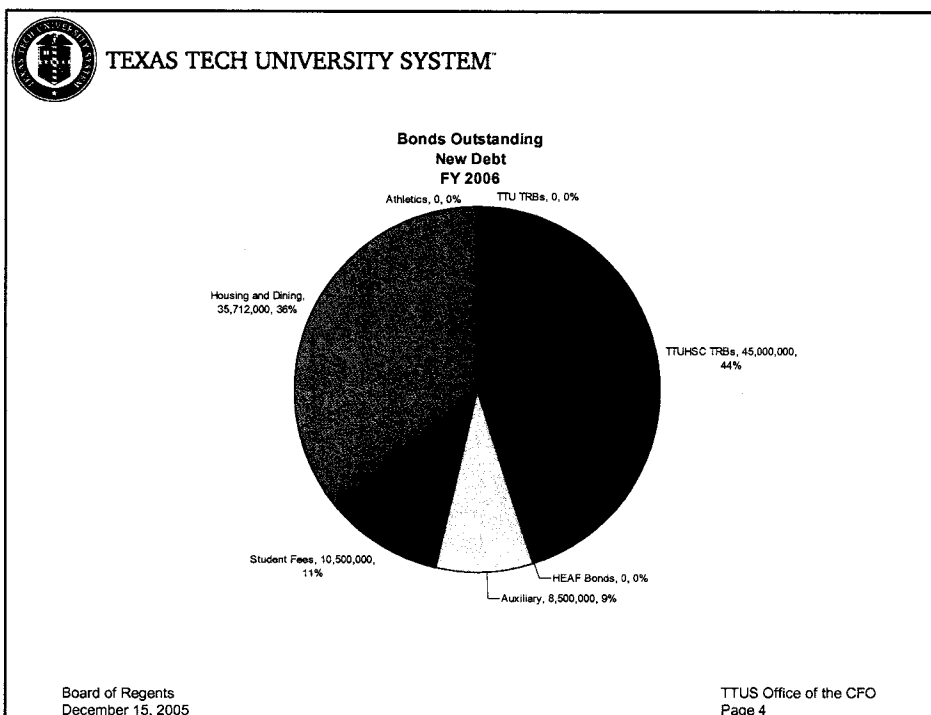
Board of Regents
December 15, 2005

TTUS Office of the CFO
Page 2

 TEXAS TECH UNIVERSITY SYSTEM	
<div>Series - 2006 Debt Financing</div>	
TTU	
Hulen / Clement Life Safety	3,229,033
Golf Course	3,000,000
Murray Hall	24,000,000
Student Union IIB	3,000,000
Student Wellness Center	7,500,000
Outreach and Extended Studies	5,500,000
Wall / Gates Life Safety	3,176,337
Sneed / Bledsoe / Gordon Life Safety	5,306,630
Total	54,712,000
TTUHSC	
El Paso Medical Facility	45,000,000
Grand Total	99,712,000

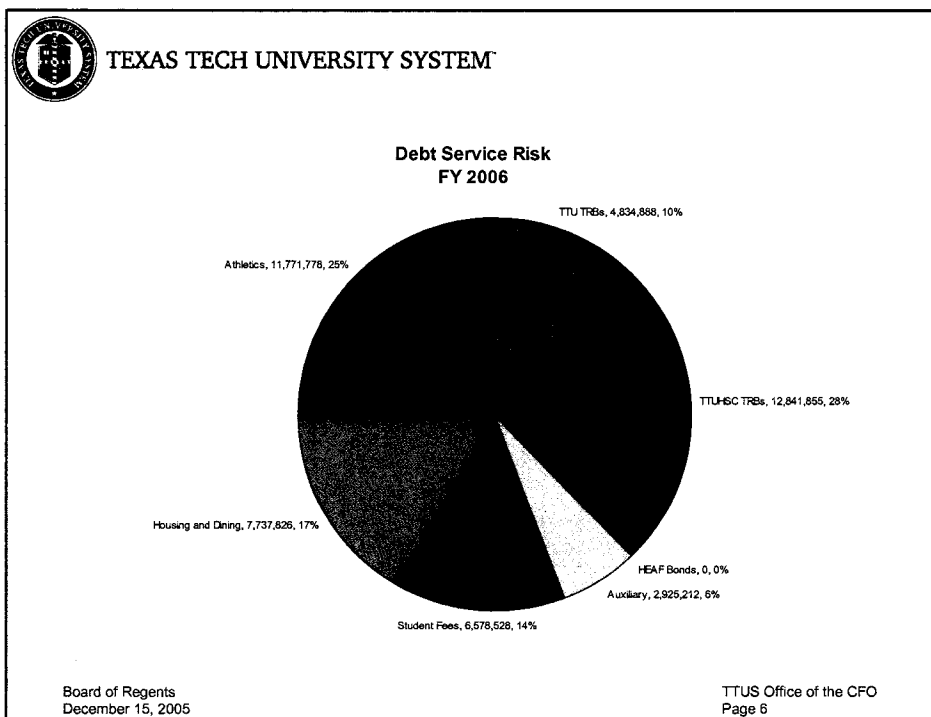
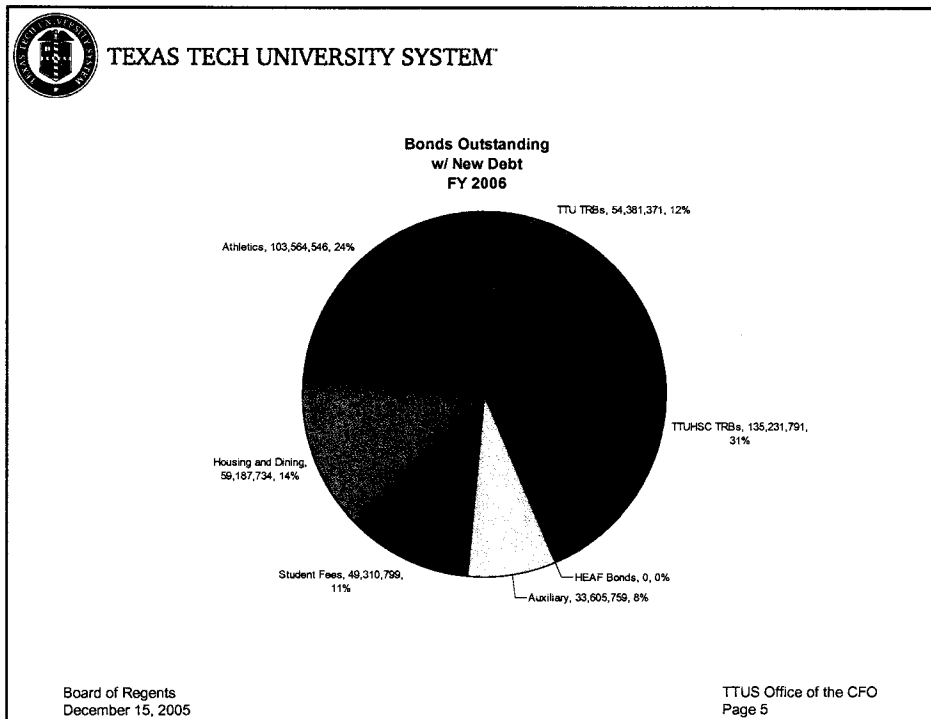
Board of Regents
December 15, 2005

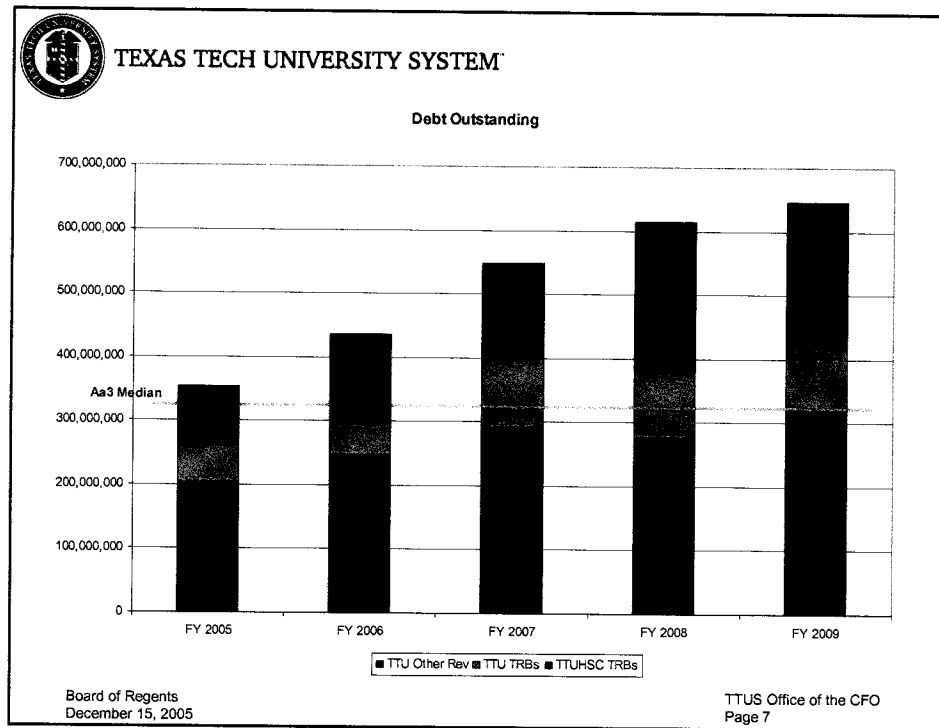
TTUS Office of the CFO
Page 3




Board of Regents
December 15, 2005

TTUS Office of the CFO
Page 4





 **TEXAS TECH UNIVERSITY SYSTEM**

Rating Medians: Moody's Public University Medians

Public Medians for 2004 – By Rating Level

	Aa2	Aa3	TTUS 2004	TTUS 2005	TTUS Trend	A1
CASH FLOW						
Actual Debt Service Coverage (x)	3.73	3.33	4.72	5.33	↑	3.28
Actual Debt Service to Operations (%)	2.2%	2.8%	4.17%	3.98%	↓	2.9%
BALANCE SHEET						
Expendable Financial Resources to Debt (x)	1.74	1.30	1.31	1.39	↑	1.00
Unrestricted Financial Resources to Debt (x)	0.77	0.55	0.94	1.05	↑	0.50

Board of Regents
December 15, 2005

TTUS Office of the CFO
Page 8



TEXAS TECH UNIVERSITY SYSTEM

REVENUE FINANCING SYSTEM BONDS, SERIES 2006

-TENTATIVE SCHEDULE OF EVENTS-

Date	Action
Month of December Including	Preparation of Bond Review Board (BRB) Application <ul style="list-style-type: none"> • Draft Resolutions • Draft Official Statement
December 16, 2005	Board of Regents Meeting <ul style="list-style-type: none"> • Bond Review Board Application • Bond Resolution adopted

Board of Regents
December 15, 2005

TTUS Office of the CFO
Page 9



TEXAS TECH UNIVERSITY SYSTEM

REVENUE FINANCING SYSTEM BONDS, SERIES 2006

-TENTATIVE SCHEDULE OF EVENTS-

Date	Action
Month of January	Bond Review Board Approval
January 10, 2006	Mail rating request to Insurance & Rating Agencies
Month of February	Print and electronically distribute POS Submit transcript to AG
February/March/April	Price Bonds
7 days after pricing	Distribute final OS
Approximately a month after pricing	Closing and Delivery of Bonds

Board of Regents
December 15, 2005

TTUS Office of the CFO
Page 10



TEXAS TECH UNIVERSITY SYSTEM

Four Proposed Debt Measures

CASH FLOW

- **Actual debt service coverage (x)**
 - Measures actual margin of protection for annual debt service payments from annual operations
 - The sum of annual operating surplus (deficit) plus depreciation expense plus interest expense divided by total of principal and interest payments
- **Actual debt service to operations (%)**
 - Measures burden of actual debt service payments relative to overall operating budget
 - Actual annual debt service divided by total operating expenses

BALANCE SHEET

- **Expendable financial resources to comprehensive debt (x)**
 - Measures coverage of comprehensive debt by financial resources that are ultimately expendable
 - Expendable financial resources divided by comprehensive debt
- **Unrestricted financial resources to comprehensive debt (x)**
 - Measures coverage of comprehensive debt by the most liquid resources
 - Unrestricted net assets divided by comprehensive debt

Board of Regents
December 15, 2005

TTUS Office of the CFO
Page 11



TEXAS TECH UNIVERSITY SYSTEM

Rating Medians: Moody's Public University Medians

Public Medians for 2004 – By Rating Level

	Aa2	Aa3	TTUS	A1
Total Direct Debt	620.9	310.3	367.6	131.2
Total Financial Resources	1518.9	670.1	940.4	301.6
Total Cash & Investments	1089.3	556.1	677.6	168.0
Total Revenues	1767.4	873.7	963.6	435.8
Total Expenses	1693.2	870.3	828.8	431.6
Total Enrollment FTE	44,077	26,835	27,569	17,977

Board of Regents
December 15, 2005

TTUS Office of the CFO
Page 12



TEXAS TECH UNIVERSITY SYSTEM

Moody's Public College and University Medians

2005-2006

Based on 2004 Financial and Enrollment Data

Aaa	Aa1	Aa2	Aa3	A1
Texas	Texas A&M	Missouri	Texas Tech	Oklahoma
		Nebraska	Colorado	Oklahoma State
		Kansas	Houston	North Texas
			Iowa State	
			Kansas State	

Board of Regents
December 15, 2005

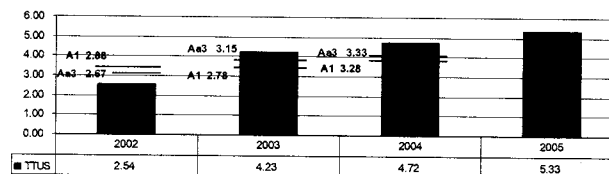
TTUS Office of the CFO
Page 13



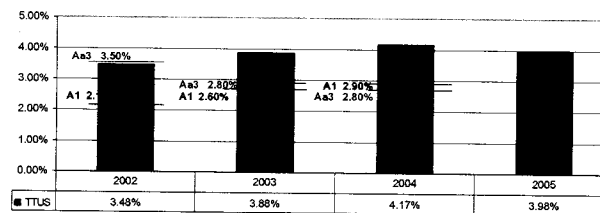
TEXAS TECH UNIVERSITY SYSTEM

CASH FLOW

Debt Service Coverage

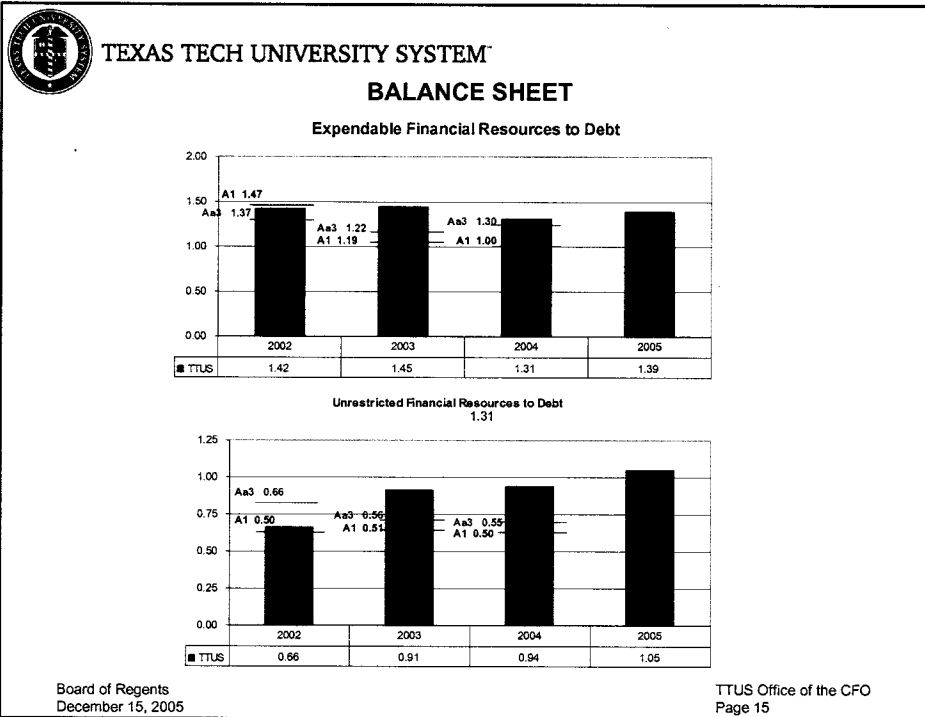


Debt Service to Operations



Board of Regents
December 15, 2005

TTUS Office of the CFO
Page 14



Draft 11/28/05

**TENTH 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, TENTH SERIES (2006) AND APPROVING AND
AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**

TENTH 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, TENTH SERIES (2006),
AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES
RELATING THERETO

TABLE OF CONTENTS

	<u>Page</u>
PREAMBLE	1
Section 1. DEFINITIONS	4
Section 2. AMOUNT, PURPOSE, AND DESIGNATION OF THE BONDS	4
(a) Maximum Authorized Amount	4
(b) New Money Authorization	4
(c) Refunding Bonds Authorization	5
(d) Refunding of Commercial Paper Notes	5
Section 3. DATE, DENOMINATIONS, NUMBERS, MATURITIES, AND TERM OF BONDS	5
(a) Terms of Bonds	5
(b) Method of Sale of the Bonds	5
(c) In General	6
Section 4. INTEREST	6
Section 5. REGISTRATION, TRANSFER, AND EXCHANGE; AUTHENTICATION AND BOOK-ENTRY ONLY SYSTEM	7
(a) Paying Agent/Registrar	7
(b) Registration Books	7
(c) Ownership of Bonds	7
(d) Payment of Bonds and Interest	7
(e) Authentication	7
(f) Transfer, Exchange or Replacement	8
(g) Substitute Paying Agent/Registrar	9
(h) Book-Entry Only System	9
(i) Successor Securities Depository; Transfers Outside Book-Entry Only System	10
(j) Payments to Cede & Co.	10
(k) Notice of Redemption	11
Section 6. FORM OF BONDS	11

Section 7.	ESTABLISHMENT OF REVENUE FINANCING SYSTEM AND ISSUANCE OF PARITY DEBT	11
Section 8.	SECURITY AND PAYMENTS	12
Section 9.	PAYMENTS TO PAYING AGENT/REGISTRAR	12
Section 10.	DAMAGED, MUTILATED, LOST, STOLEN OR DESTROYED BONDS	12
	(a) Replacement Bonds	12
	(b) Application for Replacement Bonds	12
	(c) Payment in Lieu of Replacement	12
	(d) Charge for Issuing Replacement Bonds	13
	(e) Authority for Issuing Replacement Bonds	13
Section 11.	AMENDMENT OF SUPPLEMENT	13
	(a) Amendments Without Consent	13
	(b) Amendments With Consent	14
	(c) Notice	14
	(d) Receipt of Consents	15
	(e) Effect of Amendments	15
	(f) Consent Irrevocable	15
	(g) Ownership	15
Section 12.	DEFEASANCE	15
Section 13.	TENTH SUPPLEMENT TO CONSTITUTE A CONTRACT; EQUAL SECURITY	16
Section 14.	SEVERABILITY OF INVALID PROVISIONS	16
Section 15.	PAYMENT AND PERFORMANCE ON BUSINESS DAYS	16
Section 16.	LIMITATION OF BENEFITS WITH RESPECT TO THE TENTH SUPPLEMENT	16
Section 17.	CUSTODY, APPROVAL, BOND COUNSEL'S OPINION, CUSIP NUMBERS, PREAMBLE AND INSURANCE	16
	(a) Submission of Proceedings to Attorney General	16
	(b) Bond Insurance	17
Section 18.	FURTHER PROCEDURES; OFFICIAL STATEMENT	17

Section 19.	CONTINUING ONGOING DISCLOSURE	18
	(a) Annual Reports	18
	(b) Material Event Notices	18
	(c) Limitations, Disclaimers, and Amendments	19
Section 20.	FEDERAL TAX COVENANTS	20
Section 21.	ADDITIONAL TAX COVENANTS REGARDING USE OF PROPERTY	22
	(a) Allocation of, and Limitation on, Expenditures for the Project	22
	(b) Disposition of Project	22
Section 22.	REFUNDING	22
	(a) Refunded Bonds	22
	(b) Refunded Commercial Paper Notes	23
Section 23.	REDEMPTION OF REFUNDED BONDS	23
Section 24.	ESCROW AGREEMENT	23
Section 25.	REPEAL OF CONFLICTING RESOLUTIONS	24
Section 26.	RULES OF CONSTRUCTION	24
Section 27.	PUBLIC NOTICE	24
Schedule I	LIST OF REFUNDABLE BONDS	
Schedule II	ELIGIBLE PROJECTS	
EXHIBIT A	DEFINITIONS	
EXHIBIT B	FORM OF BONDS	
EXHIBIT C	RULE 15c2-12 INFORMATION	

TENTH 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, TENTH SERIES (2006), 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"), 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, THIRDSERIES (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 heretofore has adopted 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 \$100,000,000 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, SIXTHSERIES (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 Parity Obligations issued pursuant to the First Supplement and the Second 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 aggregate principal amount of \$43,858,000 and anticipates having up to \$50,000,000 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 Parity Obligations listed in Schedule I to this Tenth Supplement, determined in accordance with the provisions of this Tenth 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 Tenth Supplement shall be financed with bonds authorized to be issued by this Tenth Supplement (the "Bonds"), in accordance with the provisions of this Tenth Supplement; and

WHEREAS, the Bonds are to be issued and delivered pursuant to Chapter 55, Texas Education Code, including, without limitation, Section 55.1739, 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 Tenth Supplement, the terms used in this Tenth 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 Tenth 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, TENTH SERIES (2006)**", are hereby authorized to be issued and delivered in the aggregate principal amount not to exceed \$260,000,000 **FOR THE PURPOSE OF (i) ACQUIRING, PURCHASING, CONSTRUCTING, IMPROVING, RENOVATING, ENLARGING OR EQUIPPING PROPERTY, BUILDINGS, STRUCTURES, FACILITIES, ROADS, OR RELATED INFRASTRUCTURE FOR TTU AND THE HEALTH SCIENCES CENTER, (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 55.1749 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 \$120,000,000. The Bonds issued under authority of Section 55.1749, 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 55.1749, 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 to be financed are described in Schedule II to this Tenth 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 for the transaction of at least two percent (2%) of the Refunded Bonds being achieved, which 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 \$45,000,000 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-1 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, 2036, 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 the 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. The Chief Financial Officer is directed to effect a negotiated sale of the Bonds, and is hereby further authorized to negotiate, on behalf of the Board, with the senior managing underwriter acting on its behalf and on behalf of the other investment banking firms comprising the underwriting syndicate, and as named in the Bond Purchase Contract (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 all matters relating to the sale of the Bonds, including determining and fixing the date of the Bonds, 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, the principal amount 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 Bonds, if any, to be issued to refund the Refunded Bonds, as described in Section 2(c) hereof, the principal amount 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 the Bonds, including, without limitation, the use of municipal bond insurance for the Bonds and the use or uses of premium, if any, received as a part of the purchase price for the Bonds. The actual sale of the Bonds, and the Bond Purchase Contract setting forth the terms of the sale of the Bonds, shall be approved by a resolution duly adopted by the Pricing Committee. In establishing the aggregate principal amount of the Bonds, the Pricing Committee shall establish an amount not to exceed the amount authorized in Section 2(a) hereof, which amount shall be sufficient to provide, *inter alia*, for the refunding of the Refunded Bonds in a manner that will result in a target present value savings for the transaction of at least two percent (2%) of the Refunded Bonds being achieved. Any finding or determination made by the Pricing Committee, acting under the authority granted by this Tenth Supplement, in adopting said resolution shall have the same force and effect as if made by the Board. The form of the Bond Purchase Contract is hereby approved. The Chief Financial Officer is authorized to sign the 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., Friday, April 28, 2006.

(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 Chief Financial Officer is authorized to solicit bids for and to select a Paying Agent/Registrar for the Bonds sold pursuant to this Tenth Supplement. The Chief Financial Officer is also 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 Tenth 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 Tenth 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 Tenth 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 Tenth 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 Tenth 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 Tenth Supplement shall constitute one of the Bonds for all purposes of this Tenth 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 Tenth 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 Tenth 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 Tenth 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 Tenth 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 Tenth Supplement, and a certified copy of this Tenth 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 Tenth 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 Tenth 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 Tenth 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 Tenth 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 Tenth 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 Tenth Supplement.

(j) ***Payments to Cede & Co.*** Notwithstanding any other provision of this Tenth 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 Tenth 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 Tenth 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 TTU and the Health Sciences Center. The Master Resolution is intended to establish a master plan under which revenue supported debt of the Financing System can be incurred. This Tenth Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, and security of the Bonds which are the tenth 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 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 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 Tenth 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. Currently, there are no outstanding Prior Encumbered Obligations.

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 Tenth Supplement equally and proportionately with any and all other Bonds duly issued under this Tenth 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 Tenth 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 Tenth 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 Tenth Supplement;

(ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Tenth 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 Tenth 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 Tenth 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 Tenth 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 Tenth 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 Tenth 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 Tenth 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 Tenth Supplement pursuant to the provisions of this Section, this Tenth 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 Tenth 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 Tenth Supplement to the contrary, it is hereby provided that any determination not to redeem Bonds defeased under the terms of this Tenth 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. TENTH 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 Tenth 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 Tenth Supplement by the Board and the covenants and agreements set forth in this Tenth 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 Tenth 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 Tenth 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 TENTH SUPPLEMENT. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Tenth 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 Tenth Supplement or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Tenth 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 Tenth Supplement is hereby adopted and made a part of this Tenth Supplement for all purposes.

(b) Bond Insurance. 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 the Bond Purchase Contract is executed (the "Bond Insurer") as additional security for the 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 Tenth 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 Tenth 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 Tenth 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 Tenth 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 2006, 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 Tenth 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 or default under the Tenth Supplement for purposes of any other provision of this Tenth 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 Tenth 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 Tenth 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 Schedule I, 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. Should Bonds be sold for the purpose of refunding all or a portion of the Refundable Bonds, 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 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 the 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 Schedule I 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 the 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 the 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 the Escrow Agreement 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 Tenth 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 Tenth Supplement, unless the context requires otherwise, all references to designated Sections and other subdivisions are to the Sections and other subdivisions of this Tenth Supplement. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Tenth Supplement as a whole and not to any particular Section or other subdivision. Except where the context otherwise requires, terms defined in this Tenth 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 Tenth Supplement is adopted by the Board and any future amendments thereto or successor provisions thereof. Any reference to the payment of principal in this Tenth 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 Tenth 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 Tenth Supplement was adopted; that this Tenth 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
LIST OF REFUNDABLE BONDS

SCHEDULE II
ELIGIBLE PROJECTS

EXHIBIT A DEFINITIONS

As used in this Tenth 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 Tenth Supplement.

The term "*Board Representative*" shall mean the Chancellor of the System, the Chief Financial Officer, the Assistant Chief Financial Officer, Cash Management and Investments, the Vice President for Fiscal Affairs of TTU, the Vice President for Fiscal Affairs of the Health Sciences Center, or such other official of the System, TTU 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 the bond purchase agreement, if any, between the Board and the Underwriters pertaining to the purchase of the Tenth Series Bonds by the Underwriters.

The term "*Bonds*" shall mean the Tenth Series Bonds, and all substitute bonds exchanged therefor, and all other substitute and replacement bonds issued pursuant to this Tenth 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 the System so appointed by the Board or the Chancellor of the System.

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 Tenth 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 "*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 resolution adopted by the Board on February 27, 2003, 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*" means 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 and, when delivered, the Tenth Series Bonds. The First Series Bonds and the Second Series Bonds are no longer outstanding as of the date the Tenth Supplement was adopted.

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

The term "*Pricing Committee*" shall mean the committee comprised of the Chancellor, the Chief Financial Officer, and the members of the "Finance Committee" of the Board of Regents.

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 the Schedule I to this Tenth Supplement.

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

The term "*Refunded Commercial Paper Notes*" shall have the meaning ascribed to said term in the preamble to this Tenth 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 Tenth 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 "*System*" shall mean the Texas Tech University System, under the governance of the Board.

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

The term "*Tenth Supplement*" shall mean this Tenth Supplemental Resolution adopted by the Board on December 16, 2005, authorizing the sale of the 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 Third Supplement adopted by the Board on November 8, 1996, authorizing the sale of the Third Series Bonds.

The term "*Underwriters*" shall mean the investment banking firm or syndicate of investment banking firms selected by the Pricing Committee which contract to purchase the Bonds in accordance with the terms and conditions of Section 3(b) of this Tenth Supplement and the Bond Purchase Contract.

All terms not herein defined shall have the meanings given to said terms by the Master Resolution or as otherwise defined in this Tenth 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,
TENTH SERIES (2006)

NO. R-			PRINCIPAL AMOUNT \$
<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
		_____, 2006	

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, 200____, and semiannually on each _____ 15 and _____ 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, at the corporate trust office in _____, _____ (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 Tenth Supplemental Resolution to the Master Resolution adopted December 16, 2005, 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 TTU AND THE HEALTH SCIENCES CENTER, (ii) REFUNDING THE REFUNDED BONDS, (iii) REFUNDING THE REFUNDED COMMERCIAL PAPER NOTES AND (iv) PAYING THE COSTS RELATED THERETO.**

ON _____ 15, 20____, or on any date thereafter, the Bonds of this series scheduled to mature on and after _____ 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 _____ 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 annually on _____ 15 in each of the years 20__ through 20__, and 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, Board of Regents
of Texas Tech University System

(BOARD SEAL)

Chair, Board of Regents of
Texas Tech University System

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.

**Exhibit C
to
Resolution**

**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 Tables 1, 2, A-1, A-2, A-3, A-4, A-5, A-9, A-10, A-11, A-12, and A-13, and in Appendix B to the Official Statement relating to the Bonds.

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.

Recommended changes to *Regents' Rules*:

Chapter 09 -- Investments, Endowments, and Income Producing Lands

09.02.11 Asset allocation

- a. To achieve the goal and objectives of the Long Term Investment Fund (LTIF), the fund's assets may be invested into the below listed categories. The LTIF shall be diversified both by asset class and, within asset classes, by economic sector, industry, and market capitalization (size). The purpose of diversification is to limit the specific risk associated with any single security or class of securities. The asset allocation of the LTIF shall be structured as follows:

Type of securities	Target	Range
Equity	53%	30-60%
Domestic Large Cap	21%	10-30%
Domestic Mid Cap	6%	0-10%
Domestic Small Cap	11%	0-15%
International	15%	10-30%
Real Estate Investment Trust	7%	5-15%
Alternative Asset Class	30%	15-34%
Hedge Funds	15%	10-17%
Private Equity	15%	5-17%
Fixed Earnings	10%	10-30%
Cash	-	0-10%



TEXAS TECH UNIVERSITY SYSTEM

Investments

*Office of the Senior Vice Chancellor
and Chief Financial Officer*

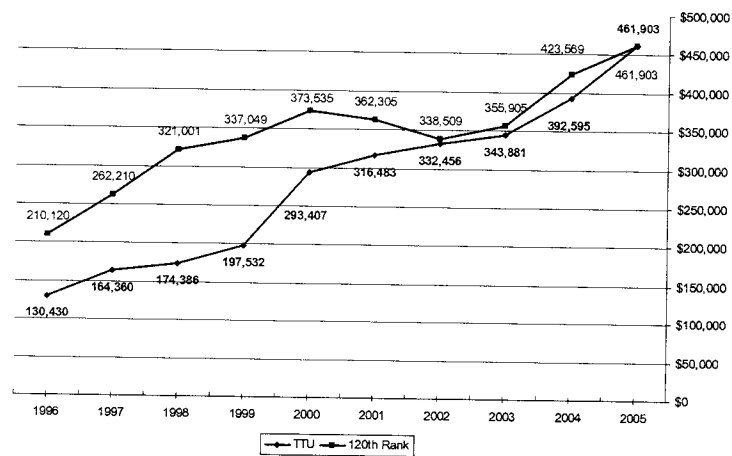
Board of Regents
December 15, 2005

TTUS Office of the CFO
Page 1



TEXAS TECH UNIVERSITY SYSTEM

Market Value of Endowment Assets
As of June 30
Compared to 120th Rank (\$000)

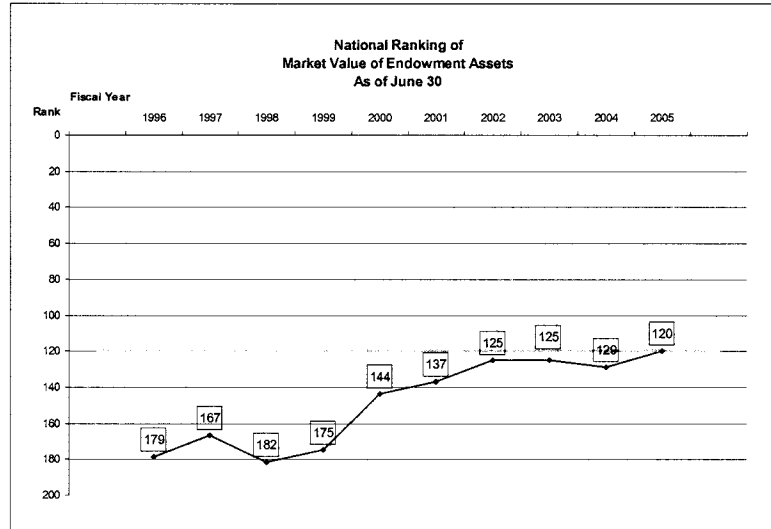


Board of Regents
December 15, 2005

TTUS Office of the CFO
Page 2



TEXAS TECH UNIVERSITY SYSTEM



Board of Regents
December 15, 2005

TTUS Office of the CFO
Page 3



TEXAS TECH UNIVERSITY SYSTEM

Investment Pool Compounded Nominal Rates of Return

June 30, 2005	1-year	Rank	3-years	Rank	5-years	Rank
Texas Tech	14.1%	2	12.3%	1	6.2%	1
Texas	13.6%	4	12.2%	2	5.8%	3
Kansas	13.6%	4	12.0%	3	4.9%	5
Texas A&M	13.6%	4	11.7%	4	5.8%	2
Oklahoma State	14.3%	1	11.4%	5	4.4%	6
Colorado	11.1%	7	11.0%	6	4.3%	7
Kansas State	13.7%	3	10.9%	7	5.0%	4
Nebraska	8.6%	8	10.3%	8	3.5%	8
Iowa State	8.6%	8	9.8%	9	1.7%	10
Oklahoma	5.6%	10	9.1%	10	2.5%	9

Board of Regents
December 15, 2005

TTUS Office of the CFO
Page 4



TEXAS TECH UNIVERSITY SYSTEM

Average Investment Pool Compounded Nominal Rates of Return for Fiscal Years Ending June 30, 2005, and Selected Three and Five- Year Periods

	1- year	3-year	5-year
Investment Pool Assets			
Greater Than \$1.0 Billion	13.8%	11.4%	5.4%
>\$500 Million to ≤\$1.0 Billion	11.3%	10.4%	3.9%
Texas Tech	14.10%	12.30%	6.20%
>\$100 Million to ≤\$ 500 Million	9.6%	9.3%	3.4%
Public	9.1%	9.0%	3.3%
Russell 3000	8.1%	9.5%	-1.4%
S&P 500	6.3%	8.3%	-2.4%
LB Aggregate	6.8%	5.8%	7.4%
CPI-U	2.5%	2.6%	2.4%

Board of Regents
December 15, 2005

TTUS Office of the CFO
Page 5



TEXAS TECH UNIVERSITY SYSTEM

Average Asset Class Allocation of Total Assets - 2005

	Equity	Fixed Income	Cash	Real Estate	Hedge Funds	Private Equity	Venture Capital	Natural Resource	Other	
Investment Pool Assets										
Greater Than \$1.0 Billion	44.9%	14.2%	2.0%	4.0%	21.7%	5.7%	3.6%	3.4%	0.4%	100.0%
> \$500 Million to ≤\$1.0 Billion	53.7%	16.0%	1.7%	3.7%	15.8%	4.7%	2.0%	1.9%	0.4%	100.0%
Texas Tech Actual Allocation	54.0%	8.3%	9.4%	5.3%	14.5%	4.8%	0.0%	0.0%	3.8%	100.0%
> \$100 Million to ≤\$ 500 Million	57.8%	18.9%	2.0%	3.0%	11.4%	2.2%	1.1%	1.3%	1.7%	100.0%
Public	58.5%	23.4%	4.2%	2.7%	7.1%	1.3%	0.6%	0.9%	1.2%	100.0%
Texas Tech Target Allocation	53.0%	10.0%	0.0%	7.0%	15.0%	15.0%	0.0%	0.0%	0.0%	100.0%

Board of Regents
December 15, 2005

TTUS Office of the CFO
Page 6



TEXAS TECH UNIVERSITY SYSTEM

Overview of Asset Allocation Changes

Observations:

- The returns to risk have diminished;
- High quality domestic growth, particularly large-cap, will provide somewhat better returns in the near-to-intermediate term;
- International stocks present a slightly better return prospective and provide some protection from a falling dollar;
- Well selected private equity managers will continue to provide higher returns.

Board of Regents
December 15, 2005

TTUS Office of the CFO
Page 7



TEXAS TECH UNIVERSITY SYSTEM

Overview of Asset Allocation Changes (continued)

Short-term adjustments to the Texas Tech portfolio:

- Reduce domestic equity by \$18 million (4 percent) and increase international equity by a similar amount;
- Reduce domestic mid-cap and small-cap exposure by several percentage points;
- Tilt the domestic equity to a modest growth bias.

Board of Regents
December 15, 2005

TTUS Office of the CFO
Page 8



TEXAS TECH UNIVERSITY SYSTEM

Long Term Investment Fund *Asset Allocation*

Type of securities	Target	Range	Prior Range
Equity	53%	30-60%	
Domestic Large Cap	21%	10-30%	
Domestic Mid Cap	6%	0-10%	5-10%
Domestic Small Cap	11%	0-15%	10-15%
International	15%	10-30%	10-20%
Real Estate Investment Trust	7%	5-15%	
Alternative Asset Class	30%	15-34%	
Hedge Funds	15%	10-17%	
Private Equity	15%	5-17%	
Fixed Earnings	10%	10-30%	
Cash	-	0-10%	

Board of Regents
December 15, 2005

TTUS Office of the CFO
Page 9

TTU OPERATING POLICY ON OPERATIONAL FUND BALANCES

Basis for Fund Balance Policy

Responsible fiscal management requires adequate reserves, or fund balances, to mitigate current and future risks. Adequate fund balances are essential in offsetting cyclical variations in revenues and expenditures and to protect against (1) catastrophic events, (2) unforeseen revenue declines and expenditure gaps, (3) unexpected legal obligations, and (4) failures and health/safety/code issues in infrastructure or major business systems.

The focus is on University level fund balances within the operational funds, that is, funds that support basic instruction, instructional support and institutional administration. Operational funds include education and general funds and designated funds, made up principally of student tuition and fees and educational department sales and services, indirect cost recovery, and other operating revenues. The primary concern is on an aggregate balance and not each single account fund balances. While we review the activity of all accounts, the policy is intended to define University level standards, primarily for E & G funds (including designated).

For the purpose of gauging their relative value, operational fund balances can be expressed either as a percentage of annual budgeted operating revenues or as operating expenditures sufficient to fund a specified period. The Government Finance Officers Association, for example, recommends that fund balances be maintained at a level that represents 5 to 15 percent of operating revenues or is sufficient to fund no less than one to two months of operating expenditures. This will vary, based on the program's source of support – state vs. student vs. fees. Self-supporting activities will need to consider maintaining a greater level of reserves than state-supported entities.

The level of operational fund balance should be related to the likelihood of need. Given the timing of tuition assessments, revenue cycles, and fluctuations in enrollment and tuition dollars, the need to maintain fund balances sufficient to stabilize the operating revenue stream for short periods is imperative.

Responsible fiscal policy, then, suggests that an institution should maintain ending annual operational fund balances sufficient to stabilize the operating revenue stream and cover unforeseen contingencies equal to approximately one month's operating expenditures, or about 10 percent of their annual budgeted operations revenues.

At the same time, because of the funding mix of state General Funds and student tuition and fees, any excess balances could be interpreted to represent excessive tuition and fee rates. Consequently, ending annual budgeted

operational fund balances should not exceed approximately two months of budgeted operations expenditures, or about 15 percent of annual budgeted operations revenues.

As we define the appropriate range, we should recognize that there are reasons that a reserve may fall below a minimum or exceed a ceiling. The value of the policy will be to raise an awareness of the necessity of the reserve within a given range and to expect a rationale that outlines when the reserve does not fall within the range.

Action Plan – Policy Implementation:

The University must recognize the necessity to retain sufficient reserves to address unknown, but probable, unbudgeted commitments. The present level of University-wide reserves is not adequate and requires planned actions over the next three years to realize a more secure financial position.

First, a policy should be adopted that establishes a floor, or minimum, and a ceiling for fund balances. It should be understood that maintenance of the fund balance at a specific level is as important to the University as other program priorities.

Second, given the decentralized nature of funding allocations to the vice president areas and their responsibility to ensure adequate controls, it should be recognized that they will have to address many unbudgeted commitments from their own "pools" until there are sufficient reserves managed centrally. The logical outcome is that VP/Deans/AVP/Directors must be part of the budget decision making when funding variances arise.

Third, the University will discuss and debate possible solutions for FY2006. As we better understand the limitations of our present budget, we should consider earmarking specific fund balances that can, in combination with central sources, be allocated to problem areas. We can capture a vacancy savings or other expenditure as we did in FY2005, but require more than a temporary fix.

Fourth, in FY2007, we seek to move closer to the 5% minimum by using a portion of the tuition increase, actively assessing permanent program reductions, absorbing increased funding requirements through reallocation of existing funds, and again looking at the availability of unbudgeted fund balances.

Fifth, by FY2008, we allocate new state funds and any tuition increases in a way that the 5% target can be reached. While we cannot simply put new state funds into a reserve, how they are allocated can and will influence decisions in the designated funds. All actions we consider in FY2006 must be done in the context of a three-year plan – what we achieve or don't achieve in FY2006 has an impact for FY2007 and FY2008.

TEXAS TECH UNIVERSITY SYSTEM
OFFICE OF AUDIT SERVICES
PRIORITIZED AUDIT PLAN
Fiscal Year 2006

PRIORITY	ENTITY	AUDIT AREA	BUDGETED HOURS	BUDGET ADJUSTMTS	STATUS AS OF DEC 1	ACTUAL HOURS	TIME STILL NEEDED	BUDGET vs ACTUAL
		TOTAL ENGAGEMENT HOURS AVAILABLE	16,095					
		REQUIRED AUDITS						
Required	TTUS	Texas Tech University Foundation	Financial (assist)	120	In Progress	30	90	0
Required	TTUS	Regents, Chancellor, & Presidents Travel and Credit Cards	Compliance (assist)	20	In Progress	16	4	0
Required	TTUS	Information Technology Data Center Services Inventory Validation	Compliance	150			150	0
Required	TTUS	Office of Audit Services Self-Study	Compliance	250			250	0
Required	TTUS	Office of Audit Services Peer Review	Compliance	80		2	78	0
Required	TTUS	Office of Audit Services Annual Plan and Annual Report	Compliance	120	Report Complete	38	82	0
Required	TTU & HSC	State Auditor's Office Miscellaneous Projects	Miscellaneous (assist)	200	(40)		160	0
		TTU: SAO A-133 Statewide Single Audit	Compliance	35	In Progress	5	30	0
		TTU: SAO Statewide CAFR Capital Assets		5	In Progress	2	3	0
Required	TTU	NCAA Compliance	Compliance	325			325	0
Required	TTU	Athletics Financial Review	Financial (assist)	240	In Progress	188	0	52
Required	TTU	KOHM-FM	Financial (assist)	300	In Progress	203	97	0
Required	HSC	Texas Higher Education Coordinating Board Residency Grants	Compliance	220	In Progress	40	180	0
Required	HSC	Correctional Managed Health Care Committee Contract	Compliance	200			200	0
Required	HSC	Family Practice Center at El Paso Contract	Compliance	90	Completed	84	2	4
		TOTALS FOR REQUIRED AUDITS	2,315	0		608	1,651	56
		AUDITS IN PROGRESS AT AUGUST 1, 2005						
Prior Year	ALL	Institutional Risk Assessments (PricewaterhouseCoopers)	Risk Assessment	5	Completed			5
Prior Year	TTU	Senior VP For Administration and Finance--Budget Office	Operational	288	On hold	2	286	0
Prior Year	TTU	SAO Financial Systems IT Review	Controls (co-source)	140	(50) Completed	37	0	43
Prior Year	TTU	NCAA Compliance	Compliance	25	Completed	69		(44)
Prior Year	HSC	Research Compliance (El Paso)	Compliance	95	Completed	51		44
Prior Year	HSC	Amarillo Control Environment	Management Review	145	Completed	169		(24)
Prior Year	HSC	Texas Higher Education Coordinating Board Reporting Process	Compliance	277	Completed	215		62
Prior Year	HSC	Compliance Review of HIPAA / GLBA / FERPA	Compliance	80	Completed	162		(82)
Prior Year	HSC	MPIP--Ophthalmology Business Processes	Controls/Operational	20	Completed	11		9
Prior Year	ALL	Wrap-up on Audits Included in August BOR Report		25	35 Completed	51		9
		TOTALS FOR AUDITS IN PROGRESS	1,100	(25)		767	286	22
		UNPLANNED SPECIAL PROJECTS AND INVESTIGATIONS						
		Total hours budgeted for Special Projects & Investigations	4,000	(1,932)			2,068	
		IN PROGRESS AT AUGUST 1, 2005						
Special	ALL	Confidential Reporting System (Hotline) Implementation	Special	200	Completed	180	20	0
Special	ALL	TeamMate Audit Software Implementation	Special	331	In progress	251	80	0
Special	N/A	UT Southwestern Peer Review	Special	27	Completed	27		0
Special	TTU	AMA Techtel Contract	Special	40	In progress	13	27	0
Special	TTU	Human Sciences Special	Special	20	Completed	20		0
Special	TTU	School of Art Procurement Card	Special	200	In progress	143	57	0
Special	HSC	El Paso Trust Fund Review	Special	41	Completed	41		0
Special	HSC	Amarillo Clinical Trials	Special	130	In progress	119	11	0
Special	HSC	Laser Vision Institute	Special	21	Completed	21		0
		BEGUN AFTER AUGUST 1, 2005						
Special	HSC	Student Health Services Cash Shortage	Special	74	Completed	72	2	0
Special	TTU	Housing Services	Special	115	Completed	113	2	0
Special	HSC	Amarillo Cash Controls	Special	80	In progress	48	32	0
Special	TTU	Mandatory Student Fees	Special	200	In progress	133	67	0
Special	N/A	UT San Antonio Peer Review	Special	80	In progress	5	75	0
Special	TTU	Chemistry Procurement Card	Special	3	Completed	3		0
Special	HSC	Odessa Physician Assistant Program Cash Shortage	Special	40	In progress		40	0
Special	TTU	Admissions Office	Special	150	In progress	93	57	0
Special	TTU	The Institute for Child and Family Studies	Special	100	In progress		100	0
Special	TTU	Animal Sciences Cash Controls	Special	40			40	0
Special	TTU	Student Media Cash Controls	Special	40			40	0
		SPECIAL PROJECTS AND INVESTIGATIONS TOTALS	4,000	1,932		1,282	650	0

TEXAS TECH UNIVERSITY SYSTEM
OFFICE OF AUDIT SERVICES
PRIORITIZED AUDIT PLAN
Fiscal Year 2006

Board Minutes
December 16, 2005
Attachment 5, page 2

PRIORITY	ENTITY	AUDIT AREA	BUDGETED HOURS	BUDGET ADJUSTMTS	STATUS AS OF DEC 1	ACTUAL HOURS	TIME STILL NEEDED	BUDGET vs ACTUAL
HIGHEST PRIORITY								
1	ALL	Endowment Spending						
1	TTU	Office of Student Financial Aid	Compliance	200		12	188	0
1	TTU	Graduate-On-Time Contract	Operational/Controls	500			500	0
1	TTU	Credit Card Customer Information Security	Controls	350	Completed	378	3	(31)
1	TTU	Information Technology General Controls Review	IT Controls	250			250	0
1	HSC	Odessa Operational and Financial Review	IT Controls	250			250	0
1	HSC	Credit Card Customer Information Security	Operational/Financial	350	In Progress	90	260	0
1	HSC	Information Technology General Controls Review	IT Controls	250			250	0
1	HSC	Institutional Animal Care & Use Committee (IACUC)	IT Controls	250	Planning	6	244	0
1	HSC	Medical Practice Income Plan (MPIP) Trust Fund	Compliance/Controls	350		6	344	0
			Controls	500	In Progress	198	302	0
HIGHEST PRIORITY TOTALS			3,250			690	2,591	(31)
MODERATE PRIORITY								
2	TTUS	Construction Management	Operational (assist)	40			40	0
2	TTU	Information Technology Risk Assessment	IT Risk Assessment	80			80	0
2	TTU	Financial Affairs	Operational/Controls	300			300	0
2	TTU	Library Financial Review	Financial/Controls	250			250	0
2	TTU	Student Recruiting and Admissions Process	Operational	350			350	0
2	TTU	Academic Advising Processes	Controls/Consulting	350			350	0
2	HSC	El Paso and Border Funding	Compliance/Controls	350			350	0
2	HSC	Health Care Systems (Medical Examiner's Office Business Processes)	Operational	500	In Progress	341	159	0
2	HSC	Information Technology Risk Assessment	IT Risk Assessment	80			80	0
2	HSC	Institutional Review Board	Compliance/Controls	300			300	0
2	HSC	School of Medicine	Compliance/Controls	400			400	0
MODERATE PRIORITY TOTALS			3,000			341	2,659	0
LOWER PRIORITY								
3	TTUS	Follow-up on 2004 Fraud Prevention & Elimination Rpts to Gov	Compliance	200	Completed	227	5	(32)
3	TTUS	Fraud Risk Assessment	Risk Assessment	250			250	0
3	TTU	Information Technology Help Central	Operational	200			200	0
3	TTU	Student Course Fees	Compliance	150	In Progress	256	15	(21)
3	TTU	President's Office Financial Review	Financial	200			200	0
3	TTU	Academic Advising Financial Review	Financial	150			150	0
3	HSC	Grant Expenditures	Compliance	150	Completed	292		(142)
3	HSC	Information Technology Help Desk	Operational	200			200	0
3	HSC	IDX and Related Controls	Controls	180			180	0
LOWER PRIORITY TOTALS			1,680	100		775	1,200	(195)
OTHER VALUE-ADDED WORK								
Total hours budgeted for Other Value-Added Work			750	(320)			430	
Other	ALL	Cash Handling and Control Environment Workshops		51	Ongoing	51		
Other	ALL	Ethics Workshop						
Other	ALL	Short / Intermediate Term Investment Advisory Committee						
Other	ALL	Social Security Number Elimination Committee		1		1		
Other	ALL	Banner Student Information System Committee (CUBITS)		4	Ongoing	4		
Other	All	Institutional Advancement Data Integration Steering Committee						
Other	TTU	Quality Service Award Committee						
Other	HSC	HIPAA Committee						
Other	ALL	Enterprise Risk Management						
Other	N/A	Professional Organizations (ACUA, TACUA, TSCPA, SAIAF)		19	Ongoing	19		
Other	ALL	Status Report Preparation		12	Ongoing	12		
Other	N/A	Other Miscellaneous Projects		173	Ongoing	173		
Other	ALL	Risk Dictionary		60	Completed	60		
OTHER RELATED WORK TOTALS			750	320		320		
TOTAL ENGAGEMENT HOURS			16,095	75		4,783	11,535	(148)

PRIORITY	ENTITY	AUDIT AREA	BUDGETED HOURS	BUDGET ADJUSTMTS	STATUS AS OF DEC 1	ACTUAL HOURS	TIME STILL NEEDED	BUDGET vs ACTUAL
ADDITIONAL PROJECTS NOT ON PLAN								
4	ALL	Fraud Risk Management	1,000	Walkthroughs & control work in areas identified through risk assessment				
4	TTUS	Construction audits (specific projects)	500	Outsourcing possibility				
		EXTRA AUDIT HOURS NEEDED	1,500					
KEY								
	TTUS	Texas Tech University System						
	TTU	General Academic Campus						
	HSC	Health Sciences Center						
	TTU & HSC	Areas with parallel functions or shared responsibility						
	ALL	Areas that will affect all institutions or that will be performed concurrently						
	N/A	Work that is not attributable to a particular institution or campus						
Required	Audits that are mandated by law, OPs, 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.							
4	Areas of exposure that need attention, but have not been included on the official plan because of lack of resources.							
Special	Investigations and Special Projects							
Follow-up	Unplanned Follow-up Work							
Other	Other projects, including committee service, class development and instruction, etc.							

EXECUTIVE SUMMARY

The TTUHSC Student Affairs Handbook and Code of Professional & Academic Conduct for 2005-2006 is in essence a completely revised Handbook and Code. A summary of the major changes is provided as follows and a summary of the renumbering, relettering, page number changes, etc is also provided.

The major changes are in the Code of Professional and Academic Conduct section with the deletion of all the individual school's disciplinary process for student conduct and implementation of a single HSC-wide processes. This was done in an effort to bring policy consistency among all five schools. In the past, each school maintained its own disciplinary policies. While the schools followed their policies, the existence of several policies that conflicted made it challenging for general counsel to advise when the process was questioned. Consequently a consistent process for managing student conduct issues was created. Among the major changes are:

- Addition and authorization of a student conduct board for each school to serve as the group to determine whether a student has violated the student code and to recommend sanctions that may be imposed when a rules violation has been committed.
- Addition of a student conduct administrator authorized by the Dean of each school to receive complaints and administer the procedures outlined.
- Addition of a Student Conduct Board Hearing process.
- Addition of an Appellate board.
- In addition to the categories of Misconduct outlined in Part II, D. professional and ethical standards for the individual TTUHSC schools have been added as Part II, E.

The sections dealing with regulations describing general misconduct as governed by state law have been revised. For example, the regulations dealing with alcoholic beverages, narcotics or drugs, firearms, weapons, explosives, theft, actions against members of the university community, gambling, hazing, violations of regulations of traffic and parking, housing and dining services, recreational center, computer equipment, student identification, misuse of records, other violations of university regulations or federal, state or local law, etc.

A section entitled "During Periods of Disruption" has been added which explains the process for managing threats of destruction to university premises, physical or emotional injury to human life on university premises or threats of willful disruption of the orderly operation of the university.

The section pertaining to registered student organizations has been revised for easier comprehension of regulations and expectations.

A revised space and facilities policy has been added.

The section pertaining to student travel has been revised for clarity and better explanation of student responsibilities as well as institutional liabilities.

The rules for Adding and Dropping a course have been revised.

The Bacterial Meningitis section has been updated.

The original section under Health Services has been replaced with updated more inclusive details to reflect current services provided as well as to include the regional campuses.

For clarity many of the sections have been incorporated into Part I, II, or III and are no longer a subsection by themselves such as grade grievances, sexual harassment policy, state residency, tuition and fees payments and refunds.

Corrections were made to the contact information section.

Editorial changes to Part I include:

Add header "2005-2006 TTUHSC Student Affairs Handbook" to each page

Add "PART I." before the word FOREWARD

Add letter "A." to subheading General Policy

Add number "1." To first paragraph

Line 2: Replace "organizations" with components

Line 4: Delete "s" and replace with capital "S"

Line 5: Delete "segments" and replace with "components"

Add the word "the" before Texas Tech University Health Sciences Center

Delete the words "Texas Tech University and"

Add number "2." To second paragraph

Line 4: Delete "s" and replace with capital "S"

Move " " to end of Schools

Line 5: Delete "also agree" and replace with "are required"

Add "of" after the word "all"

Add number "3." And new defining paragraph to "General Policy"

Add letter "B." to subheading Tobacco-Free Environment

Add number "1." To first paragraph

Add number "2." To second paragraph

Line 1: Delete Texas Tech University Health Sciences Center and replace with "TTUHSC"

Line 2: Add "Tobacco-Free Environment Policy after TTUHSC OP 70.29

Add letter "C." to subheading "Authority", delete the word "Disciplinary" from this line.

- Add number "1." To first paragraph
 - Line 1: Add "Texas Tech University System"
 - Line 3: Delete the word "appropriate"
- Add number "2." To second paragraph
 - Line 1: Add "Executive" before "Vice President for Academic Affairs"
- Add letter "D." to "Policy on Non-Discrimination"
- Add letter "E." to subheading "University Name, Document and Records"
 - Line 3: Add "See TTUHSC OP 67.02, *Publications Guidelines*" to end of sentence.
- Add letter "F." to "Definitions"
- Add entire old section of "Definition" and replace with new section of "F, items 1-26"

CODE OF PROFESSIONAL AND ACADEMIC CONDUCT

Editorial changes to Part II include:

Heading: Add "PART II." before the words "Code of Professional and Academic Conduct"

- Add " (Student Code)" after the heading
- Add number "1." To first paragraph
- Add number "2." To second paragraph
 - Line 2: Replace TTUHSC Student Code of Conduct with "Student Code"
 - Add the word "applicable" before "University"
 - Add the words "rules or regulations" after the word "University"
 - Add number "3." and new entire paragraph
 - Add number "4." and new entire paragraph
- Add entire new section under "B. Disciplinary Jurisdiction, item numbers 1 and 2"
- Add entire new section under "C. Violation of Law and TTUHSC Discipline, items number 1 and 2."
- Add letter "D." to subtitle Misconduct.
 - Add new paragraph "1. Alcoholic Beverages"
 - Line 1. add "or" to end of sentence
 - Add number "2." To Narcotics or Drugs subtitle
 - Add letter "a." under Narcotics or Drugs subtitle
 - Add "Note:" to paragraph "b."
 - 2.b. Note, line 3 add: "if appropriate, may"
 - 2.b. Note, line 5 add: "this"
 - 2.b. Note, line 6 add: "respective School," and "but is not limited to"
 - Add number "3." To Firearms, Weapons and Explosives
 - Add letter "a." under Firearms, Weapons and Explosives
 - 3.a. line 3 add: "or"
 - Add letter "b." under Firearms, Weapons and Explosives
 - Add number "4." To Theft, Damage or Unauthorized Use
 - Add letters "a.", "b.", "c." and "d." under this section
 - 4.c. line 2, add: "or" to the end of the sentence

Add number "5." To Actions Against Members of the University
Community

Add letters "a.", "b.", under this section

Add new sections items "c.", "d.", "e."

Add letter "f." under this section

Add new section item "g."

Add number "6." To Gambling, Wagering and Bookmaking

Add number "7." To Hazing

Line 1 add: "means"

Add new sections items "a.", "b."

Add letter "c." under this section

Add letters "d.", "e.", "f." under this section

7.e. line 4, add "-ing, or" to the last sentence

Add number "8." To False Alarms or Terrorist Threats

Add number "9." To Financial Responsibilities

Add number "10." To Unauthorized Entry, Possession or Use"

Add letter to paragraphs "a.", "b.", "c.", "d."

10.c. line 2 add: "or" to end of sentence

Add number "11." To Traffic and Parking

11.a. line 1 add: "or" to end of sentence

Add number "12." To Housing and Dining Services Regulations

Add number "13." To Student Recreation and Aquatic Center Regulations

Add number "14." To Failure to Comply with Reasonable Directions or
Requests of University Officials

Add number "15." To Failure to Present Student Identification

Add number "16." To Abuse, Misuse or Theft of University Computer Data,
Programs, Time, Computer or Network Equipment

Add number "17." To Providing False Information or Misuse of Records

Add number "18." To Skateboard, Roller Blades, or Similar Devices

18. line 1 add: "University" after the word "in"

Add number "19." To Academic

Add "Misconduct" to subtitle after the word "Academic"

Add new sections items "a.", "b.", "c."

Add new section items "i. – "xvi."

Add new sections items "d.", "e.", "f."

Add number "20." To Violation of University Policies, Rules or Regulations

Add "Published" to subtitle after the Violation of..."

Add new paragraph under this subtitle

Add new section items "21.", "22.", "22.a.", "22.b."

Add new lettering to paragraphs "c.", "d.", "e.", "f.", "g.", "h.", "i."

20.h. line 2, add: "this Student Code" to the end of the sentence"

Add entire new section "E. Other Professional and Ethical School Standards
for School of Medicine, School of Nursing, and School of Pharmacy"

Add letter "F." to Disciplinary Procedures

Add entire new section "F. Disciplinary Procedures" items 1., 2., 3.,
4.a-e., 5.a-o.,"

- Add entire new section "G. Sanctions" items "1. a-k, 2., 3., 4. a-c."
- Add entire new section "H. Request for Reconsideration to Appellate Board"
"items 1., 2., 3.a.-d., 4., 5., 6."
- Add entire new section "J. Interpretation and Revisions, items 1 – 2"

Attachments

- Add new attachments to this document.
 - Attachment A: Complaint of Misconduct
 - Attachment B: Sample Letter from Student Conduct Administrator
 - Attachment C: Guidelines for Student Conduct Board Hearing
 - Attachment D: Sample Hearing Notice
 - Attachment E: Sample Findings and Recommendations

Editorial changes to Part III Withdrawal of Consent include:

- Add new section: PART III. Withdrawal of Consent
 - Add "A. Recommendation to Withdraw Consent During Periods of Disruption"
 - Add new sections under number "1.", and letters "a.", "b.", "c."
 - Add new sections under item numbers "2.", "3.", "4."
 - Add new section "B. Concurrence by Dean," items numbers "1.", "2. a.-d", "3. a – b".
 - Add new section "C. Confirmation by President"
 - Add new sections under numbers "1." And "2."
 - Add new section "D. Hearing"
 - Add new sections under items "1.", "2. a. – h"

Editorial changes to Part IV Student Records include:

- Add new section heading: PART IV. Student Records
 - Delete FERPA statement and Replace with updated website information

Editorial changes to Part V Registration of Student Organizations include:

- Add new section heading: PART V. Registration of Student Organizations
 - Add new sections under item numbers "1.", "2. a – g", "3.", "4.", "5.", "6.", "7.", "8."
 - Add new section "B. Faculty or Staff Advisor"
 - Add new defining paragraphs under this section
 - Add new section "C. Conditions for Maintaining Registration"
 - Add new sections under item numbers "1. a – g"
 - Add new section "D. Denial of Registration"
 - Add new sections under item numbers "1." and "2."

Editorial changes to Part VI Use of University Space, Facilities and Amplification Equipment include:

- Add new section heading: PART VI. Use of University Space, Facilities and Amplification Equipment

Delete original information and replace with new website information and policy.

Editorial changes to Part VII Solicitations, Advertisements and Printed Materials include:

Add new section heading: PART VII. Solicitations, Advertisements and Printed Materials

Editorial changes to Part VIII Student Travel Policy include:

Add new section heading: PART VIII. Student Travel Policy

Add new section "A. TTUHSC OP 77.08., Student Travel Policy"

Add new sections item numbers "1.", "2. a – d", "3."

Add new section "B. Travel Using University-Owned Vehicles"

Add new sections item numbers "1.", "2. a.", "b., i. – vi", "c., i. – v",

"3. a. –

b., i. – ix", "c.", "d.", "4. a. – h."

Add new section "C. Travel Using Personal Vehicles"

Add new sections item numbers "1.", "2.", "3.", "4. a. – c."

Add new section "D. Policy Concerning Student Releases and Medical Authorization"

Add new section defining paragraph under this section

Add new section "E. Guidelines Concerning Safe Travel Practices"

Add new sections item numbers "1.", "2.", "3.", "4.", "5."

Editorial changes to Part IX Student Travel Policy include:

Add new section heading: PART IX. Miscellaneous Policies

Add new lettering "A." to first paragraph under this section.

Part IX. A. line 1, add: "certain items, including, but not limited to"

Part IX. A. line 4, add: "Schools"

Add number "1." To Absences

Add "School's to paragraph under this section

Add number "2." To Academic Requirements

Add "TTUHSC School to line 1 in this section

Add "School's" to line 2 in this section

Add "and/or School's" to line 3 of this section

Add number "3." To Admissions and Applicants

Line 2: Add "I" to "upper leve"

Line 4: Add "School"

Add new section under number "4." and defining paragraph.

Add number "5." To Attendance

Line 4: Add "School"

Add new section under number "5. Bacterial Meningitis"

Add new section item numbers: "a.", "b.", "c.", "i. – x.", "d.", "e.", "f."

Add number "7." To Credit by Exam

Line 1: Add "School."

Line 2: Add "however, the School of Nursing does not offer Credit by

Exam.”

Line 4: Add “TTUHSC School’s may”

Add number “8.” To Disabilities

Add “(Students) to subtitle

Line 1: Add “of the”

2nd paragraph, line 3 add: “accommodations”

Add number “9.” To Discrimination/Equal Opportunities

Line 2: Add “TTUHSC”

Line 6: Add “School’s”

Line 7: Add “School’s”

Line 8: Add “School’s”

Add number “10.” To Employment

Line 4: Add “TTUHSC OP” and “Non-faculty Employee Complaint and Grievance Procedures”

Add number “11.” To Exams

Add new defining paragraph

Add number “12.” To Financial Policies

Line 4: Add “action by TTUHSC, including, but not limited to”

Line 6: Add “In addition,”

Add letters “a.”, “b.”, “c.” to this section

12.c. line 1: add “(before registering or requesting a transcript, students may check on the presence of flags on their records by contacting the Office of the Registrar) and/or”

12.d. line 1: add “Reporting of financial problems to a credit agency or a collection agent.”

Add number “13.” To Grades/Grading

Add letters “a.”, “b.”, “c.”

13.b. add new defining paragraph

13.c. add “Cheating and other forms of academic misconduct are addressed in”

Add number “14.” To Graduation Procedures

Add letter “a.” to first paragraph in this section

14.a. line 1: add “School’s”

Add letter “b.” to second paragraph in this section

14.b. line1: add “Prior to graduation, all c...”TTUHSC”

Add letter “i. Complete all graduation requirements set forth by the applicable School”

Add letter “ii.” To new paragraph

14.b.ii. line 2: add “(t)”

14.b.ii. line 5: add “)”

14.b.iii. line1: add “iii. Be registered” and “and”

Add letter “c.” and “and” “s” to the word ring under this section

Add letter “d.” under this section

Add number “15. Health Services and Health Insurance Information”

Add letter “a.” and “Family Practice Center” under this section

15.a. line 2, add “certain” and “TTU”

- Add letter "b." and new defining paragraph under this section
- Add letter "c." under this section
- Add letter "d." and new defining paragraph under this section
- Add letter "e." and new defining paragraph under this section
- Add number "16. to Publications
 - Add letter "a.", "b." to this section
- Add number "17. to Registration
 - Add letter "a." and "School" to this section
 - Add letter "b." to this section
 - Add letters "c.", "d." and new defining paragraphs
- Add new section number "18. Religious Holy Days"
 - Add letters "a.", "b.", "c.", "d." and new defining paragraphs
- Add number "19." To State Residency Classification
- Line 4: delete "by administrative officials of the institution" and replace with "by the Office of the Registrar"
- Add number "20." To Sexual Harassment Policy
 - Line 2: Add "School" and "TTUHSC OP" and "Sexual Harassment"
- Add number "21." To Space and Facilities
 - Add letter "a." to this section.
 - Add letters "b.", "c.", "d.", "e.", "f.", "g." and new defining paragraphs
- Add number "22." To Tuition and Fees Installment Payment Options
 - Add letters "a." to this section
 - Add letters "i.", "ii." And "or under "i." for this section
 - Add letters "b. TTUHSC" under this section
 - Add letters "c. TTUHSC" under this section
 - Add letters "d." under this section
 - Add letters "e." under this section
 - 22.e. line 3 add: "business"
 - 22.e. line 4 add: "School"
 - Add letters "f. TTUHSC" under this section
 - Add letters "g." under this section
- Add number "23. Tuition and Fees Refund Policies"
 - Add letters "a.", "b." under this section
 - 23.b. line 3 add: "The percentage refund will be as follows"
 - Add letters "c." under this section

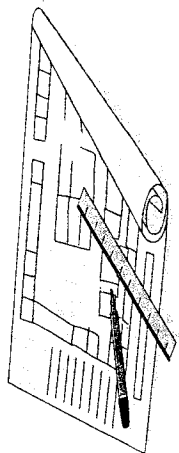
Contact Information

- Line 1: Add "School" to "Graduate of Biomedical Sciences"
- Line 6: Add "School" to "of Allied Health Admissions and Student Affairs"
- Line 7: Add "School" to "of Medicine Student Affairs"
- Line 8: Add "School" to "of Nursing-Undergraduate Programs"
- Line 8: Add "CINE Program 743-4843 or 1-800-851-8240"
- Line 9: Add "School" to "of Pharmacy Student Services"

Bricks and Mortar Report

Projects Under Construction December 2005

www.fpc.ttu.edu



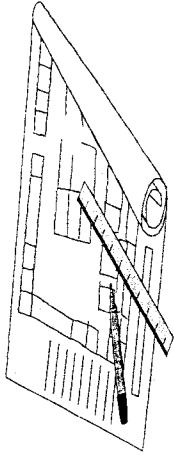
Project	Cost	Status	Completion Date
TTU			
Experimental Sciences Building	\$ 36,997,000.00	Substantially Complete	December 2005
Animal and Food Sciences Facility	\$ 17,000,000.00	Substantially Complete	December 2005
Student Union Building Phase II B	\$ 6,096,000.00	Under Construction	June 2006
Student Union Building Phase III	\$ 1,530,078.00	Under Construction	July 2006
NRHC - Christine DeVitt Wing	\$ 3,700,000.00	Under Construction	April 2006
Grover E. Murray Residence Hall	\$ 24,924,971.00	Substantially Complete	December 2005
CDRC / CSAR	\$ 8,126,506.00	Under Construction	October 2006
English-Philosophy Demo/Discovery Mall	\$ 1,210,000.00	Re-Design In Progress	May 2006
Outreach & Extended Studies Building	\$ 8,500,000.00	Under Construction	August 2006
Marsha Sharp Freeway [TxDOT Project]	TBD	Under Construction	2010+
Wall/Gates Life Safety Upgrade	\$ 3,700,000.00	Substantially Complete	December 2005
Student Wellness Center	\$ 9,350,000.00	Under Construction	December 2006
TOTAL	\$ 121,134,555.00		

Project	Cost	Status	Completion Date
HSC			
Combust Health & Wellness Center	\$ 1,605,210.00	Under Construction	December 2005
HSC Clinical Tower Research Center	\$ 36,167,550.00	Under Construction	June 2006/April 2007
Messer-Racz International Pain Center	\$ 4,250,000.00	Under Construction/In Re-design	TBD
El Paso Medical Science Bldg. I	\$ 38,890,868.00	Under Construction	December 2005
El Paso Medical Science Bldg. I Build Out	\$ 4,200,000.00	Under Construction	July 2006
El Paso Medical Education Bldg.	\$ 45,000,000.00	Under Construction	May 2008
Texas Tech Parkway	\$ 9,237,000.00	Substantially Complete	TBD
HSC Campus Infrastructure Improvement	\$ 5,000,000.00	Under Construction	December 2005
HSC Roof Replacement	\$ 1,950,000.00	Under Construction	March 2006
TOTAL	\$ 146,300,628.00		
GRAND TOTAL	\$ 267,435,183.00		

Bricks and Mortar Report

Projects In Design
December 2005

www.fpc.ttu.edu



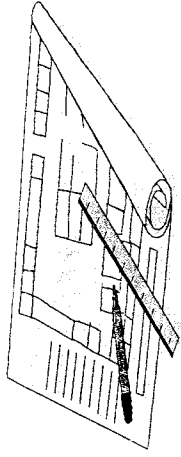
Project	Cost	Status	Completion Date
TTU			
Rawls College of Business Administration	\$ 60,000,000.00	Awaiting Funds	TBD
Lanier Law Prof. Development Center	\$ 12,000,000.00	Design In Progress	February 2008
Art 3-D Annex / Art Building	\$ 9,000,000.00	Design In Progress	TBD
Engineering Expansion/Renovation	\$ 10,000,000.00	Programming in Progress	TBD
Sneed/Gordon/Bledsoe Improvements	\$ 9,600,000.00	Design In Progress	August 2007
Utility Infrastructure Upgrade	TBD	Study In Progress	TBD
Experimental Science Lab Build Out	\$ 6,000,000.00	Design In Progress	TBD
Jones SBC Stadium East Garage & Suites	\$ 22,000,000.00	Study On-Going	TBD
Retirement Village	TBD	On Hold	TBD
TOTAL	\$ 128,600,000.00		
HSC			
Amarillo Campus Renovations	\$ 2,595,390.00	Design In Progress	TBD
TOTAL	\$ 2,595,390.00		
GRAND TOTAL	\$ 131,195,390.00		

Bricks and Mortar Report

Future Projects

December 2005

www.fpc.ttu.edu



Project	Cost	Status	Completion Date
---------	------	--------	-----------------

Texas Tech System

System Office Relocation	\$ 5,500,000	Study On-Going	TBD
TTU			
NCAA Soccer Complex	\$ 2,000,000	RFQ Posted	September 2006
CoBA Building Renovations	\$ 25,000,000.00	Study Complete	TBD
Scholarship Donor Recognition Walk	\$ 225,000.00	Proposed	TBD
Recreational Center Leisure Pool	\$ 7,000,000.00	Proposed	TBD
Bush Library	TBD	Awaiting Decision	TBD
Akron Avenue Parking Facility	\$ 16,000,000.00	On Hold	TBD
The Rawls Course Clubhouse	\$ 3,000,000.00	On Hold	TBD
Vietnam Center	\$ 35,000,000.00	Proposed	TBD

TOTAL \$88,225,000

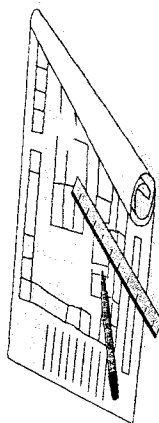
HSC

El Paso Medical Science Building II	\$ 95,000,000.00	Programmed	TBD
Midland Medical Education Expansion	\$ 13,500,000.00	TDH Project	TBD
School of Pharmacy Expansion	\$ 6,000,000.00	City of Abilene Project	TBD
TOTAL	\$ 114,500,000.00		
GRAND TOTAL	\$ 208,225,000.00		

Bricks and Mortar Report

Projects Completed
December 2005

www.fpc.ttu.edu



Project	Cost	Status	Completion Date
Student Parking Expansion	\$ 660,000.00	Complete	October 2005
Student Union Bldg. Expansion/Renov.	\$ 38,085,814.00	Complete	October 2003/February 2005
Museum NSRL Addition	\$ 4,100,000.00	Complete	August 2005
Admin Building Stone Repair	\$ 2,332,099.00	Complete	January 2005
Jones SBC Stadium Stage IIA/IIIB	\$ 53,740,000.00	Complete	May 2004/Sept 2004
Hulen Clement Fire Protection	\$ 3,623,110.00	Complete	August 2004
Football Training Facility	\$ 11,000,000.00	Complete	May 2004
Marsha Sharp Center for Student Athletes	\$ 3,850,266.00	Complete	January 2004
The Rawls Course Support Facilities	\$ 1,692,000.00	Complete	November 2003
Admin Building Roof Repairs	\$ 827,901.00	Complete	November 2003
The Rawls Course	\$ 9,013,000.00	Complete	August 2003
Horn/Knapp Fire Suppression	\$ 3,600,000.00	Complete	December 2002
Campus Conference Bonfire Circle	\$ 400,000.00	Complete	September 2002
English-Philosophy & Education Complex	\$ 46,199,000.00	Complete	August 2002
Flint Avenue Parking Facility	\$ 10,900,000.00	Complete	August 2002
Dan Law Field	\$ 1,612,000.00	Complete	June 2002
Fuller Track Field House	\$ 480,000.00	Complete	June 2002
Pfluger Fountain	\$ 826,000.00	Complete	April 2002
Recreation Center Expansion/Renovation	\$ 12,000,000.00	Complete	November 2001
Jones SBC Stadium Stage I	\$ 22,000,000.00	Complete	September 2001

TTU

Frazier Plaza & Masked Rider Statue	\$ 515,000.00	Complete	September 2001
Tennis-Softball Complex	\$ 4,059,784.00	Complete	September 2001
Campus Fiber Optic Connection	\$ 1,667,000.00	Complete	September 2001
West Hall/Visitors Center	\$ 6,000,000.00	Complete	August 2001
Broadway Gatehouses	\$ 816,000.00	Complete	August 2001
Marquee	\$ 352,000.00	Complete	August 2001
Stangel/Murdough Fire Suppression	\$ 1,704,000.00	Complete	August 2001
Chitwood/Weymouth Fire Suppression	\$ 2,769,000.00	Complete	August 2000
TOTAL	\$ 244,823,974.00		

Project	Cost	Status	Completion Date
HSC			
HSC El Paso Clinic Expansion/Renov	\$ 9,780,000.00	Substantially Complete	February 2005
HSC El Paso Hydronic Pipe Replacement	\$ 1,700,000.00	Substantially Complete	February 2005
HSC Academic Classroom Bldg.	\$ 15,400,000.00	Complete	October 2003
HSC Synergistic Center	\$ 2,300,000.00	Complete	March 2003
Amarillo Academic/Clinic Facility	\$ 23,319,252.00	Complete	April 2002
Midland Physicians Assistant Building	\$ 6,000,000.00	Complete	August 2001
HSC Admin Relocation	\$ 1,862,000.00	Complete	March 2001
Odessa Clinic Renovation	\$ 1,200,000.00	Complete	September 2000
Communications Disorders Renovation	\$ 2,161,000.00	Complete	May 2000
TOTAL	\$ 63,722,252.00		
GRAND TOTAL	\$ 308,546,226.00		

President's Report
Texas Tech University
Board of Regents Meeting
December 16, 2005

President Whitmore reported that the SACS accreditation team visited the campus last spring. Written responses were provided to SACS following the visit and the response has been received that Texas Tech University will be fully accredited for the next ten years. The accreditation event was very successful. Additional details will be provided to the board at a later date.

A folder of information was distributed to the board for its perusal. Dr. Whitmore noted that the packet contains information concerning faculty members who have received national and international distinction as well as student accomplishments and achievements.

Dr. Whitmore noted that his office has tried to increase visibility of the diversity initiatives on campus. The second newsletter on diversity is also included in the packet. The newsletter highlights the new student welcoming event which was held earlier this year. Over 300 students and faculty participated in this new event. The newsletter also mentions a new professor in the School of Law who was an undergraduate track star at Texas Tech. Also, the newsletter mentions the creation of a new Equity and Diversity Committee within the Athletics Department. This newsletter outlines a number of issues relating to our commitment to ensure that Texas Tech is a diverse campus and hopefully, more diverse in the near future.

Enrollment management updates were also included in the packet of information. The information details some of the enrollment management efforts that were presented at the November board meeting. Also, Dr. Whitmore mentioned his guest editorial from November which extends a Thanksgiving thanks to all of the different constituents that make up a university including its alumni, the community where the university is located, the regents, etc. This reminds us of the complexity in outreach that we have.

Finally, Dr. Whitmore stated that we are all very proud of Coach Leach and the football team for getting us to the Cotton Bowl this year. This is an outstanding accomplishment. Our record of 9 and 2 is the second best record of any team in the Big XII—North or South. Dr. Whitmore added that he is most proud of the fact that our football team is in the upper ranks of graduation rates for bowl teams again this year, as it was last year. That is a testament to Coach Leach and our academic athletic advisors and their advising program.

The New York Times printed a major story on Coach Leach last Sunday. Dr. Whitmore encouraged everyone to read the story. The story is twelve pages long and Coach Leach's picture is on the cover of the magazine in the Sunday edition. The story outlines the success of Coach Leach and our team in very positive ways for Texas Tech and for our athletic program.

Dr. Whitmore presented each regent with a Cotton Bowl lapel pin and asked the regents to wear them proudly before the Cotton Bowl and even more proudly when we defeat Alabama on January 2.

That concludes my report.

Regent Griffin noted that as a trustee for the Lubbock Independent School District, he wanted to thank Chancellor Smith and President Whitmore for their participation in a recent event that was held on the Estacado High School campus, which is a minority high school here in town. The outreach and the opportunities for partnership there are very significant for the school district. Regent Griffin wanted to express his appreciation to Dr. Smith and Dr. Whitmore, on a personal note, for their willingness to partner together in the event. It was a grand opportunity for expanding the diversity opportunities on the campus of Texas Tech. When leadership steps out and provides that type of exposure and commitment, it is appreciated. Regent Griffin stated that the school board is looking forward to working with Texas Tech in similar opportunities in the future.

President's Report
Texas Tech University Health Sciences Center
Board of Regents Meeting
December 16, 2005

President Wilson distributed the latest issue of *Pulse* magazine to the board.

Dr. Wilson noted that the dean's search in Lubbock is progressing well. He stated that we are starting the search for the founding dean in El Paso. The committee has been appointed and they will start their work in January. We will try to conduct both searches concurrently and try to get both positions filled by the beginning of the academic year.

Dr. Wilson mentioned the possible financial impact to the Health Sciences Center of the current fiscal year 2006 Labor HHS in Education bill. By way of background, Title VII is a program that deals with many health professions and programs, particularly those that relate to rural health and minority health. Each year the administration zeros it out and this year, we fought hard and thought that we had Title VII reinstated. Due to some financial problems particularly caused by the hurricanes and various other issues, the House went into their session to look at the Labor HHS in Education bill. They came out with a bill that almost gutted Title VII. There was quite a bit of lobbying against that bill, but when it went on the floor a lot of House members crossed over and went against the House leadership and defeated that bill. So, we were happy with that. However, it went into conference and what came out of conference is better than the initial version, but it still is going to have a tremendous impact. For example, the Hispanic Centers of Excellence—the minority centers of excellence—is going to have a 64% cut. The Health Careers Opportunity Program is going to have an 89% cut. These are two programs that we just applied for last year in El Paso. Both grants were awarded at over \$1 million each. We were very proud to receive these grants. Both of those grants will not be in jeopardy, however. Some of the other programs that we have like the Area Health Education Centers were spared. We did get a cut also in the Health Education Training Centers. We have that in El Paso and it was cut 100%. The cumulative affect of all of these cuts is yet to be seen, but we think it will be approximately \$3 million and most of it in El Paso.

Dr. Wilson reported that the Senate is going to consider the House Bill later today. He does not anticipate that it is going to get any better and it may get worse. So, we have a lot to make up for in terms of what we had last year versus what we are going to have this next year.

In addition, the conference bill contained no earmarks for anybody. We had a number of earmarks that we were counting on, including a border health issue for approximately \$1.1 million and our cardio vascular program which is about \$250,000. None of those are going to be funded. It is a huge financial hit for us and Dr. Wilson wanted the board to be aware of the situation.

That concludes my report.

Chancellor's Report
Texas Tech University System
Board of Regents Meeting
December 16, 2005

Dr. Smith commended the board for the establishment of the Regents Endowments for both chairs and for professorships. Dr. Smith thanked the team and reported that we had a total goal to be at or near \$20 million. He was proud to announce that the amount was actually over-matched and we ended up with \$20,619,500. Dr. Smith reported that this now represents the largest endowment for the faculty in the history of Texas Tech.

Dr. Smith noted that he met with Mr. Lindemood yesterday regarding fundraising. He announced that a couple of major gifts were received and it looks like we are going to close on perhaps the largest in the history of the Health Sciences Center in the next week or two. This will probably put us about \$3 to \$4 million ahead of last year's pace. Dr. Smith thanked Mr. Mark Lindemood, the presidents and the people that are involved in the fundraising efforts. We need to continue these strong efforts at Texas Tech and at the Health Sciences Center.

Dr. Smith added that these federal appropriations are very critical to the university. The board witnessed some of that yesterday in the area of research, but over the course of the last eight years, Texas Tech has actually accrued over \$108 million in federal appropriations for both the university and the Health Sciences Center. Almost \$70 million of that was acquired in the last four years. This gives the board a sense of scale and the trending of those dollars. The good news is that on the TTU side—and it is unfortunate for what has happened on the HSC side, although that affected everyone—there are no earmarks for anyone in the country this year on the Labor HHS Bill. That is something that we working to try to correct as we head into next year, but it is a difficult climate.

Dr. Smith commended Mr. Beto Cardenas for his hard work. Many of the regents know that Kay Bailey Hutchinson was here last week. We celebrated some issues related to renewable energy and a \$1.5 million new grant in the area of wind engineering. She came here to celebrate that. A lot of that is choreographed through his efforts. He is also now the chairman of the Association of Academic and Medical Centers in Washington's intergovernmental advisory committee. It is good to have him here. We are all battling for issues such as NIH—as reported to the board yesterday—the National Science Foundation, as well as these line items that exist within agencies such as HRSA—Health Resources Service Administration, the Title VII and the AHAD grants, etc. It is good to have him on the inside. He is actually going to be chairing that and we appreciate his leadership in that regard.

Dr. Smith also commended Regent Dueser. We had a good start to some efforts in Abilene with our vote with the Coordinating Board. There are still some steps that we have to undertake with the full board and, of course, with the small class supplement that are both issues for the expansion of pharmacy, but that was good to see.

Finally, Dr. Smith wanted to close with a point that Regent Griffin had mentioned and that is our efforts in diversity. We also recently completed a South Texas tour going to four communities in South Texas. As many of you know, our inner cities and areas such as South Texas, we have over a 50% drop out rate in Texas. Higher education cannot ignore that fact. One, we want to continue to do our job and have a job to do and that, of course, is to have the future labor force for the state of Texas going in and through our doors and the professionals that we need in the future and those that will train the professionals in the future. It is pivotal that we make these kind of relationships—these human contacts that Regent Stafford had talked about yesterday. Part of our strategy is to look at five to six elements that we can put together—everything from paralleling the federal program of gearing up to scholarships to getting counselors on site, to getting parents involved on the campus so that we deal with some of the fear factor that is out there for first generation families. They just think it is almost impossible. The board dealt with one of those issues yesterday, which is tuition. The perception is, even though we know families under \$40,000 are going to have their education covered, a lot of families do not know that. Part of our marketing efforts is to get that message out and get families and counselors engaged to know about Texas Tech. Dr. Smith thanked both presidents and their staffs for working on that.

That concludes my report.