TEXAS TECH UNIVERSITY
TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER
LUBBOCK, TEXAS

MINUTES OF THE BOARD OF REGENTS
OF
TEXAS TECH UNIVERSITY

SEPTEMBER 1, 1997 THROUGH AUGUST 31, 1998

VOLUME II

TEXAS TECH UNIVERSITY
TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

MINUTES OF THE BOARD OF REGENTS
OF
TEXAS TECH UNIVERSITY

FEBRUARY 6, 1998

Board of Regents
Texas Tech University
Texas Tech University Health Sciences Center
February 6, 1998

Finance Committee Meeting Minutes

The Finance Committee of the Board of Regents met on February 6, 1998, Merket Alumni Center, Room 204, 17th Street and University Avenue, Texas Tech University, Lubbock, Texas. The following regents were present: Mr. Alan White, chair; Mr. Mike Weiss; and Mr. Ed Whitacre.

Officials and staff present were Deputy Chancellor Jim Crowson; Assistant Vice Chancellor Ed McGee; Vice President Jim Brunjes, TTU; Donna Ammons, Assistant to the Vice Chancellor and General Counsel; and Marcie Johnston, Executive Director to the Board of Regents. Present by teleconference was Mr. Jeff Leuschel of McCall, Parkhurst & Horton.

The meeting was called to order by Chairman White at 11:30 A.M. Chairman White asked for approval of the minutes of the committee's December 16, 1997 meeting. Upon motion made and seconded, the minutes were approved unanimously.

The committee met to formally ratify the actions and formally approve the resolutions passed at the meeting held on the December 16, 1997. The adoption of the following resolution was considered:

> "RESOLVED that the Finance Committee of the Board of Regents hereby authorizes the execution of the liquidity agreement, the dealer agreement and the paying agent agreement, pursuant to the authority granted by the Fifth Supplemental Resolution, attached hereto as Attachment No. 1; and approve the agreements substantially in the form attached hereto as Attachments Nos. 2, 3, 4 and 5."

Chairman White called on Deputy Chancellor Crowson to address the item.

Deputy Chancellor Crowson stated that the committee was being asked to approve these documents that would implement the actions taken at the committee's December 16, 1997 meeting with regard to the selection of vendors for the commercial paper program.

Mr. Whitacre moved approval of the resolution. Mike Weiss seconded the motion. The motion passed unanimously.

Chairman White adjourned the meeting at 11:35 A.M.

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Attachment 1	Resolution
Attachment 2	Commercial Paper Dealer Agreement between Board of Regents of Texas Tech University and J. P. Morgan Securities, Inc.
Attachment 3	$55,550,000.00 Liquidity Agreement Between Board of Regents of Texas Tech University and Morgan Guaranty Trust Company of New York
Attachment 4	Commercial Paper Issuing and Paying Agent Agreement
Attachment 5	Board of Regents of Texas Tech University Revenue Financing System Commercial Paper Notes, Series A

I, James L. Crowson, the duly appointed and qualified Assistant Secretary of the Board of Regents, hereby certify that the above and foregoing is a true and correct copy of the Minutes of the Finance Committee meeting on February 6, 1998.

James L. Crowson
Assistant Secretary

SEAL

RESOLUTION
AUTHORIZING THE EXECUTION OF THE LIQUIDITY AGREEMENT, THE DEALER AGREEMENT AND THE PAYING AGENT AGREEMENT, PURSUANT TO THE AUTHORITY GRANTED BY THE FIFTH SUPPLEMENTAL RESOLUTION; AND TAKING ADDITIONAL ACTIONS RELATING THERETO

WHEREAS, on November 7, 1997, the Board of Regents of Texas Tech University (the "Board") adopted the "Fifth Supplemental Resolution to the Master Resolution Establishing the Revenue Financing System Commercial Paper Program and Approving and Authorizing Instruments and Procedures Relating Thereto" (the "Bond Resolution") and delegated to the existing Finance Committee of the Board the authority to designate a commercial paper dealer and a liquidity provider in support of the aforesaid commercial paper program, all as authorized by the Bond Resolution; and

WHEREAS, on December 17, 1997, the Finance Committee approved the selection of a commercial paper dealer (the "Dealer") and a liquidity provider (the "Provider") for the aforesaid commercial paper program; and

WHEREAS, it is hereby found and determined that the purposes of the Board as set forth in the Bond Resolution will be achieved through the selection of the Dealer and the Provider named herein.

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

Section 1. The Commercial Paper Dealer Agreement between the Board and J. P. Morgan Securities Inc., as Dealer for the commercial paper program established in accordance with the Bond Resolution, in substantially the form attached to this Resolution, is hereby approved.

Section 2. The Liquidity Agreement between the Board and Morgan Guaranty Trust Company of NewYork, as Provider of the liquidity support for the commercial paper program established in accordance with the Bond Resolution, in substantially the form attached to this Resolution, is hereby approved.

Section 3. The selection of Bankers Trust Company as Issuing and Paying Agent for the commercial paper program established in accordance with the Bond Resolution, is hereby approved, and the form of Paying Agent Agreement in substantially the form attached to this Resolution, is hereby approved.

Section 4. The use of the Commercial Paper Memorandum, in substantially the form attached to this Resolution, by the Dealer in connection with the sale of Commercial Paper Notes, is hereby approved.

Section 5. Any Authorized Representative is hereby authorized to execute each of the aforesaid agreements on behalf of the Board.

Section 6. It is hereby found and determined that each of the officers and members of the Finance Committee was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting at which this Resolution was adopted; that this Resolution would be introduced and considered for adoption at said meeting; that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

COMMERCIAL PAPER DEALER AGREEMENT

BETWEEN

BOARD OF REGENTS OF
TEXAS TECH UNIVERSITY

AND

J.P. MORGAN SECURITIES INC.

Dated as of April 29, 1998

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COMMERCIAL PAPER DEALER AGREEMENT

Commercial Paper Dealer Agreement, dated as of April 29, 1998 (this "Agreement"), between the BOARD OF REGENTS OF TEXAS TECH UNIVERSITY (the "Board") and J.P. MORGAN SECURITIES INC. (the "Dealer").

WHEREAS, by the "Supplemental Resolution" (as defined below), the Board has authorized the issuance and sale of its "Board of Regents of Texas Tech University Revenue Financing System Commercial Paper Notes, Series A" (the "Notes") in an aggregate principal amount to be outstanding at any time not to exceed $100,000,000, provided that under the terms of the Supplemental Resolution, Notes cannot be issued in an aggregate principal amount at any one time outstanding in excess of $50,000,000 without approval of the Board;

WHEREAS, the Board desires to appoint the Dealer to perform certain services as provided herein, and the Dealer is willing to do so on the terms and conditions set forth herein; and

WHEREAS, capitalized terms used herein and not otherwise defined have the meanings assigned to them in the "Master Resolution Establishing the Revenue Financing System Under the Authority and Responsibility of Texas Tech University" adopted by the Board on October 21, 1993, as amended on November 8, 1996 and on August 22, 1997 (as amended, the "Master Resolution"), as supplemented by the "Fifth Supplemental Resolution to the Master Resolution Establishing the Revenue Financing System Commercial Paper Program and Approving and Authorizing Instruments and Procedures Relating Thereto" adopted by the Board on November 7, 1997 (the "Supplemental Resolution"); provided that, except as otherwise indicated, any such term defined in both the Master Resolution and the Supplemental Resolution shall have the meaning assigned to such term in the Supplemental Resolution.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

Section 1. Agreements. (a) *Appointment of Dealer.* The Board hereby requests the Dealer to act, on the terms and conditions specified herein, as the Board's dealer for the offer and sale from time to time of the Notes to be issued by the Board and offered and sold in the United States commercial paper market, and the Dealer accepts such appointment and agrees so to act. The Dealer agrees to offer and sell the Notes, as the Board's sole agent, to institutional investors and other entities and individuals who normally purchase tax exempt commercial paper in the United States commercial paper market.

(b) *Sales.* The Dealer will be obligated to use its best efforts to offer and sell the Notes in one or more installments on behalf of the Board as hereinafter provided. The Notes will be issued by the Board either (a) as book-entry obligations represented by one or more master notes and recorded in the electronic book-entry system maintained by The Depository Trust Company, New York, New York ("DTC"), or a similar or successor organization, in accordance with the terms of the Letter of Representations among the Board, its agent and DTC or (b) as physical certificated notes delivered to the purchaser thereof or a person designated by such purchaser.

Section 2. Purchase of Commercial Paper. It is understood that the Dealer will purchase from time to time, on terms mutually agreeable to the Dealer and the Board, the Notes at an effective annual yield not exceeding (i) the effective annual yield at which the Dealer is selling comparable commercial paper to investors or (ii) if the Dealer advised the Board that it is proposing to purchase commercial paper for which it does not then have buyers, an effective annual yield commensurate with prevailing market conditions. If, at the end of customary trading hours for commercial paper, the Dealer has agreed to purchase the Notes for which it does not have buyers, the Dealer's commitment to purchase such Notes shall be subject to there then being functioning the overnight call money market in which dealers may borrow to finance their inventories of short-term securities.

If the Dealer is unable on any date to purchase the Notes in accordance with the provisions of this Agreement, the Dealer will give the Board notice on such date by 12:00 noon, New York time, to allow the Board to provide funds with which to purchase the Notes on such date.

Section 3. Placement Memorandum (a) The Dealer, with the assistance of the Board, will prepare and distribute to investors and potential investors in the Notes an offering memorandum (as periodically revised as described

below, the "Memorandum") containing information about the Board, the Revenue Financing System, the Participants in the Financing System, and the Notes. The Memorandum will be updated by the Dealer, with the Board's cooperation, on an annual basis or more often as necessary to reflect material changes in the business or financial condition of such programs. The Board agrees to pay the reasonable out-of-pocket expenses the Dealer incurs in connection with such updating and the reasonable fees and disbursements of Dealer's counsel.

(b) The Board agrees to furnish the Dealer with sufficient information concerning the Board, the Revenue Financing System and the Participants in the Financing System to enable the Dealer, and the Dealer's counsel, to prepare the original Memorandum and updates thereof, including immediately, any information concerning the financial condition or results of operations of the Board, the Revenue Financing System or any Participant in the Financing System that has been generally communicated to the public or that makes any statements in the Memorandum materially false or misleading. The Board will immediately furnish to the Dealer any information concerning the Board, the Revenue Financing System and the Participants in the Financing System that is material to the transactions contemplated by this Agreement.

(c) The Board agrees to furnish promptly to the Dealer copies of the most recently issued official statement and other supporting offering documentation of the Board prepared in connection with the issuance of notes, bonds, or other obligations on behalf of its Revenue Financing System, in sufficient numbers so that the Dealer may distribute a copy of such documents with the copies of the Memorandum. Each such official statement and supporting offering documentation may be used until the Board advises the Dealer that an updated, revised, or other official statement, or supporting offering documentation, should thereafter be used. The Board also agrees to furnish promptly to the Dealer on a continuing basis copies of its most recent annual financial report and any supplements thereto (audited or unaudited) issued from time to time.

(d) All information provided to the Dealer by the Board will be accurate and complete in all material respects and will not include any untrue statement of a material fact nor omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. At each time of issuance of any Note, the Board will be deemed to confirm to the Dealer, except as the Board may then otherwise advise the Dealer, that there has been no material adverse change in or affecting the general affairs, financial condition, revenues, or expenditures of the Board, the Revenue Financing System or any Participant in the Financing System, subsequent to the date of the most recent Memorandum.

Section 4. Termination. The Board may terminate this Agreement on not less than 30 days' written notice to the Dealer. The representations, warranties, and agreements of the Board to the Dealer, as provided herein, shall survive any termination under this Agreement.

The Dealer may terminate this Agreement on not less than 30 days' written notice to the Board. If at the date termination specified by the Dealer, the Board, after a good faith effort to obtain a substitute dealer, has been unable to find a substitute for the Dealer as dealer, the Dealer will continue to act as dealer hereunder for an additional 90 days.

Section 5. Compensation And Expenses. (a) Upon the effective date of this Agreement, the Board shall pay the Dealer not more than $5,300 which includes documentation fee, travel and out of pocket expenses, industry organizations assessments, legal expenses, expenses of printing and mailing of the Memorandum, and other miscellaneous expenses.

(b) The Board will pay the Dealer an annual fee, payable quarterly in arrears, commencing on July 31, 1998, of 4.5 basis points per annum on the aggregate daily average outstanding principal amount of Notes during such period.

(c) The Dealer shall be under no obligation to pay, and the Board shall pay, any expenses incident to the performance of the Board's obligations hereunder, including, but not limited to: (i) the cost of the preparation and printing of the Notes; (ii) the fees and expenses of Bond Counsel; (iii) the fees and disbursements of the Board's accountants, advisers, and of any other experts or consultants retained by the Board; and (iv) fees for Note ratings and any travel or other expenses incurred incident thereto.

(d) The Dealer shall pay (i) all advertising expenses in connection with the offering of the Notes; (ii) the cost of the preparation and distribution of this Agreement; and (iii) all other expenses incurred by it in connection with its offering and distribution of the Notes, except the fees and expenses described in Subsection (a) above.

Section 6. Dealer May Own Notes. The Dealer, in its individual capacity, either as principal or agent, may buy, sell, own, hold, and deal in any of the Notes, and may join in any action which any Holder of Notes may be entitled to take, with like effect as if it did not act in any capacity hereunder. The Dealer, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Board or any Participant in the Financing System and may act as depository, trustee or agent for any committee or body of Holders of Notes or other obligations of the Board or any Participant in the Financing System as freely as if it did not act in any capacity hereunder.

Section 7. Indemnification. The Board agrees, to the extent permitted by law, to indemnify the Dealer and hold the Dealer harmless against any loss, damage, claim, liability or expense (including reasonable cost of defense) arising out of, or based upon, any allegation that any of the information provided by the Board to the Dealer pursuant to this Agreement includes any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein not misleading in light of the circumstances under which they were made. At each time of issuance of any Notes, the Board will be deemed to confirm to the Dealer, except as the Board may otherwise advise the Dealer, that there has been no material adverse change in or affecting the general affairs, financial position or economic results of the operations of the Board or any Participant in the Financing System subsequent to the date of the most recent Memorandum. This obligation of the Board applies to and includes, without limitation, all reports mailed to holders of the Board's securities issued in connection with its Revenue Financing System, all information provided by the Board to securities analysts, and the most recent official statement and other documents prepared by the Board in connection with its last issuance of indebtedness issued in connection with its Revenue Financing System.

It is understood that in acting under this Agreement, the Dealer is not acting as an agent or employee of the Board.

Section 8. Amendments. (a) The Board agrees not to amend any documents relating to or affecting the Notes insofar as any such document relates to this Agreement or the rights and duties of the Dealer without the prior written consent of the Dealer, which consent shall not be unreasonably withheld.

(b) This Agreement may not be amended except by a writing signed by each of the parties hereto.

Section 9. Assignment by Dealer. The duties, rights, and obligations of J.P. Morgan Securities Inc. as the Dealer under this Agreement may be assigned at any time to any wholly owned subsidiary of J.P. Morgan & Co. Incorporated qualified to perform under this Agreement, upon giving prior written notice to the Board. Any costs and expenses in connection with any such assignment shall be borne solely by J.P. Morgan Securities Inc.

Section 10. Notices. Unless otherwise provided herein, all notices, certificates. requests, or other communications hereunder shall be deemed given when delivered in writing by hand or sent by facsimile transmission, tested telex, or registered mail, postage prepaid, addressed as follows:

If to the Board:

Board of Regents
Texas Tech University
Administration Building
Lubbock, TX 79409-1098
Attention: Edmund W. McGee

Telephone: (806) 742-3243
Telecopier: (806) 742-0717

If to the Dealer:

J.P. Morgan Securities Inc.
60 Wall Street, 33rd Floor
New York, NY 10260-0060
Attention: Tom Gallo
Tax Exempt Commercial
Paper Origination

Telephone: (212) 648-0913
Telecopier: (212) 648-5916

If to the Paying Agent:

Bankers Trust Company
Corporate Trust and Agency Group
4 Albany Street, 4th Floor
New York, NY 10006
Attention: Municipal Trust Department
Telephone: (212) 250-6461
Telecopier: (212) 250-6727

Each of the above parties may, by written notice given hereunder to the others, designate any further or different addresses to which, or means by which, subsequent notices, certificates, requests, or other communication shall be sent.

Section 11. Parties in Interest This Agreement is made solely for the benefit of the Board and the Dealer (including the respective successors or assigns), and no other person shall acquire or have any right hereunder or by virtue hereof.

Section 12. Effective Date. This Agreement shall become effective upon the execution of the acceptance hereof by a Board Representative and shall be valid and enforceable as of the time of such acceptance.

Section 13. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

Section 14. Governing Law. THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND SHALL BE CONSTRUED IN ACCORDANCE WITH AND SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS; PROVIDED THAT THE OBLIGATIONS OF THE DEALER HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written

BOARD OF REGENTS OF
TEXAS TECH UNIVERSITY

By

Name: James L. Crowson
Title: Deputy Chancellor

J.P. MORGAN SECURITIES, INC.

By _____

Name: _____
Title: Vice President

CERTIFICATE OF COMMERCIAL PAPER DEALER

The undersigned officer of J.P. Morgan Securities Inc., as the dealer (the "Dealer"), under the Commercial Paper Dealer Agreement dated as of April 29, 1998 (the "Agreement"), between the Dealer and the Board of Regents of Texas Tech University (the "Board"), relating to the Board's Revenue Financing System Commercial Paper Notes, Series A, hereby certifies as follows:

1. The Agreement was executed on behalf of the Dealer by the person named below whose office is set forth below, and such person was at the time of executing the Agreement, and is now, a duly elected, qualified and acting incumbent of such office; and the signature appearing after such person's name is the true and correct specimen of such person's genuine signature.

Name	Office	Signature
Barry T. Smitherman	Vice President	

2. The foregoing officer of the Dealer, by virtue of the authority delegated to such person by the Board of Directors of the Dealer pursuant to the source or sources of authorization set forth in Exhibit A, a true and correct copy of which is attached hereto as Exhibit A, is authorized to execute and deliver the Agreement on behalf of the Dealer, and to execute on behalf of the Dealer other and further documents as may be necessary or incidental to the acceptance and performance thereof as set forth in the Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of April, 1998.

J.P. MORGAN SECURITIES INC.

By: _____
Name: James C.P. Berry
Title: Assistant Secretary

[redacted]

Secretarial Certificate

EXHIBIT "A"

J.P. Morgan Securities

I, James C.P. Berry, (Assistant) Secretary of J.P. Morgan Securities Inc. ("JPMS"), hereby certify that the following resolutions were duly adopted by the Board of Directors of JPMS on the 6th day of January 1987, and that said resolutions have not been rescinded or modified and are now in full force and effect.

Resolved, that the President or any Managing Director of JPMS may establish a list of persons authorized to conduct business on behalf of JPMS and that each of the individuals so authorized, acting singly, be, and each hereby is, authorized, in the name and on behalf of JPMS, to establish and maintain one or more accounts with any broker, dealer, bank or other institution (the "Company") as they in their discretion deem appropriate for the purpose of purchasing and borrowing (on a secured or unsecured basis) from, selling (including short sales) and lending (on a secured or unsecured basis) to, and otherwise entering into transactions of any kind with such Company with respect to any and all securities and financial instruments, including (without limitation) shares, stocks, bonds, debentures, notes, participation certificates, forward contracts, option or futures contracts, repurchase (or reverse repurchase) transactions, or any other certificates or evidences of indebtedness or interest of any and every kind and nature whatsoever, secured or unsecured; and

Further Resolved, that any individual authorized under these resolutions be, and each hereby is, authorized, in the name and on behalf of JPMS, to give instructions to such Company and to execute and deliver any and all such documents and to take any and all such other action necessary to carry out the purposes of these resolutions; and

Further Resolved, that the President or any Managing Director of JPMS may modify the list of individuals established and given authority under these resolutions by written instructions submitted to such Company and that said list shall remain in full force and effect until the earlier of one year from the date thereof or receipt by such Company of written notice of the revocation or modification thereof; and

Further Resolved, that any resolution certified to such Company by the (Assistant) Secretary of JPMS shall remain in full force and effect until such Company shall receive certification of a subsequent resolution amending, superseding or revoking it.

In witness whereof, I have hereunto set my hand and affixed the corporate seal this 23rd day of April, 19 98.

(Assistant) Secretary

[Corporate Seal]

$55,550,000

LIQUIDITY AGREEMENT

dated as of

April 15, 1998

between

BOARD OF REGENTS OF TEXAS TECH UNIVERSITY

and

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

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LIQUIDITY AGREEMENT

This LIQUIDITY AGREEMENT is effective and dated as of April 15, 1998, between the BOARD OF REGENTS OF TEXAS TECH UNIVERSITY (the "Board") and MORGAN GUARANTY TRUST COMPANY OF NEW YORK (the "Bank").

W I T N E S S E T H:

WHEREAS, the Board desires to establish a commercial paper program to provide financing of certain "Project Costs" of "Eligible Projects" (with such quoted terms having the meanings assigned below) through the issuance of the Board's Revenue Financing System Commercial Paper Notes, Series A (the "Notes"); and

WHEREAS, the Board has requested that the Bank provide liquidity support to the Notes by making available a revolving line of credit, and the Bank is willing to make available to the Board a revolving line of credit subject to the terms and conditions of this Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The terms defined below have the following meanings when used herein unless the context shall indicate a contrary meaning:

"*Act*" shall mean, collectively, Articles 717k and 717q, V.A.T.C.S., as amended, and Chapter 55, Texas Education Code, as amended.

"*Advance*" shall mean an amount lent to the Board by the Bank pursuant to Article II of this Agreement.

"*Agreement*" shall mean this Liquidity Agreement, as from time to time amended or supplemented.

"*Authorized Representative*" shall mean one or more of the following: the Chancellor of TTU and the Health Sciences Center; the Deputy Chancellor of TTU and the Health Sciences Center; the Vice President for Fiscal Affairs of TTU; the Vice President for Fiscal Affairs of the Health Sciences Center; the Assistant Vice Chancellor for Investments; or such other official of TTU or the Health Sciences Center appointed by the Chairman of the Board to carry out the functions of the Board specified herein.

"*Available Bank Loan Commitment*" shall mean, with respect to the Bank and at any date, the Bank Loan Commitment less the aggregate principal amount of Advances made by the Bank to the Board.

"*Bank*" shall mean Morgan Guaranty Trust Company of New York or its herein permitted successors or assigns.

"*Bank Loan Commitment*" shall mean Fifty-Five Million, Five Hundred and Fifty Thousand Dollars ($55,550,000), being the maximum principal amount for which the Bank is committed to make Advances, as such amount may be reduced pursuant to Section 2.08(a) hereof.

"*Base Rate*" shall mean, for any day, a rate per annum equal to the higher of (i) the Prime Rate for such day or (ii) the sum of 1/2 of 1% plus the Federal Funds Rate for such day.

"*Board of Regents*" or "*Board*" shall mean the Board of Regents of Texas Tech University, acting separately and independently for and on behalf of TTU and the Health Sciences Center.

"*Bond Counsel*" shall mean Messrs. McCall, Parkhurst & Horton L.L.P., or such other nationally recognized firm experienced in municipal finance law designated by the Board as bond counsel.

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

"*Code*" shall mean the Internal Revenue Code of 1986, as amended from time to time, and when reference is made to a particular section thereof, the applicable Treasury Regulations from time to time promulgated or proposed thereunder.

"*Dealer*" shall mean J.P. Morgan Securities, Inc., or such other investment banking firm or firms selected from time to time by the Board (with the consent of the Bank, which shall not be unreasonably withheld) to serve as commercial paper dealer for the Notes, in accordance with Section 3.04 of the Supplemental Resolution.

"*Dealer Agreement*" shall mean the Dealer Agreement, dated as of April 29, 1998, between the Board and J.P. Morgan Securities Inc., as Dealer, approved and authorized to be entered into by Section 3.04 of the Supplemental Resolution, as from time to time amended or supplemented.

"*Default*" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"*Designated Trust Office*" shall mean the corporate trust office of the Paying Agent designated as the place of payment and transfer of the Notes pursuant to Section 2.03 of the Supplemental Resolution.

"*Effective Date*" shall have the meaning set forth for that term in Section 3.01 hereof.

"*Event of Default*" shall mean any of the events described in Section 7.01 hereof.

"*Federal Funds Rate*" shall mean, for any day, the rate per annum (rounded upward, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (i) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to the Bank on such day on such transactions.

"*Fiscal Year*" shall mean the fiscal year of the Board which currently ends on August 31 of each year.

"*Health Sciences Center*" shall mean Texas Tech University Health Science Center.

"*Holder*" shall mean the Bank and any other holder of the Promissory Note or any entity to which the Bank or any such other holder sells a participation in the Promissory Note (whether or not the Board was given notice of such sale and whether or not the Holder has an interest in the Promissory Note at the time amounts are payable to such Holder thereunder and under this Agreement) and any affiliated group (within the meaning of Section 1504 of the Code or any successor section thereto) of which any Holder is a member.

"*Interest Period*" shall mean the period commencing on the date of such Advance and ending 30 days thereafter; provided that:

(i) any Interest Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day; and

(ii) any Interest Period which begins before the Maturity Date and would otherwise end after the Maturity Date shall end on the Maturity Date.

"*Interest Recapture*" shall mean as of any date the cumulative amount by which the amount of interest accrued and payable as of such date in respect of all Advances made and repaid or prepaid prior to such date is, as a result of the limitations contained herein on the rate or amount of interest which may be charged or collected hereunder, less than the cumulative amount thereof which would have otherwise accrued and been payable thereon at the rate determined under Section 2.05 hereof.

"*Lending Office*" shall mean the Bank's office located at its address set forth on the signature pages hereof or such other office as the Bank may hereafter designate as its Lending Office by notice to the Board.

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

"*Maturity Date*" shall mean the second anniversary of the Termination Date.

"*Maximum Interest Rate*" shall mean the lesser of (a) the maximum nonusurious rate of interest permitted to be charged by applicable federal or Texas law (whichever shall permit the higher lawful rate) from time to time in effect or (b) the maximum net effective interest rate permitted by law to be paid on obligations issued or incurred by the Board in the exercise of its borrowing powers (currently prescribed by Article 717k-2, V.A.T.C.S., as amended, or any successor provision).

"*Notes*" shall mean the Notes as defined in the Preamble to this Resolution.

"*No-Issuance Event*" shall mean any of the events described in clauses (i) and (ii) of Section 2.15(b) hereof.

"*No-Issuance Notice*" shall have the meaning set forth in Section 2.15(b) hereof.

"*Notice of Advance*" shall have mean the meaning set forth in Section 2.02(a) hereof.

"*Paying Agent*" or "*Paying Agent/Registrar*" shall mean Bankers Trust Company, or such other agent selected from time to time by the Board to serve as issuing and paying agent and registrar for the Notes, pursuant to Section 3.03 of the Supplemental Resolution.

"*Paying Agent Agreement*" shall mean the Issuing and Paying Agent Agreement, dated as of April 29, 1998, between the Board and Bankers Trust Company, as Paying Agent, approved and authorized to be entered into by Section 3.03 of the Supplemental Resolution, as from time to time amended or supplemented.

"*Person*" shall mean an individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a governmental or political subdivision or an agency or instrumentality thereof.

"*Prime Rate*" shall mean the rate of interest publicly announced by Morgan Guaranty Trust Company of New York in New York City from time to time as its Prime Rate.

"*Promissory Note*" shall mean the promissory note of the Board evidencing the obligation of the Board to repay Advances, substantially the form of Exhibit A attached hereto, with appropriate completions, and any and all renewals, extensions or modifications thereof.

"*Rating Agency*" shall mean Fitch, Moody's or S&P.

"*Related Documents*" shall mean the Resolution, the Dealer Agreement, the Paying Agent Agreement, the Notes, the Promissory Note and any exhibits, instruments or agreements relating thereto or delivered at any time in connection therewith.

"*Resolution*" shall mean the Master Resolution as supplemented by the Supplemental Resolution.

"*Revolving Credit Period*" shall mean the period from the Effective Date to but not including the Termination Date.

"*Supplemental Resolution*" shall mean the "Fifth Supplemental Resolution to the Master Resolution Establishing the Revenue Financing System Commercial Paper Program and Approving and Authorizing Instruments and Procedures Relating Thereto" adopted by the Board on November 7, 1997.

"*Termination Date*" shall mean the Business Day next preceding the second anniversary of the Effective Date, or such later date, if any, as may be agreed to pursuant to Section 2.14 hereof.

Section 1.02. Incorporation of Certain Definitions by Reference; Time. Any terms with an initial capital letter which are used herein and which are not otherwise defined herein shall have the meanings assigned to them in the Resolution as in effect on the Effective Date unless the context shall indicate a contrary meaning; provided that, except as otherwise indicated, any such term defined in both the Master Resolution and the Supplemental Resolution shall have the meaning assigned to such term in the Supplemental Resolution. All references to time in this Agreement shall refer to local time in New York, New York.

Section 1.03. Accounting Terms. Except as provided below, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with Section 61.065 of the Texas Education Code; provided that if, for any reason, Section 61.065 of the Texas Education Code does not require that financial statements be prepared in accordance with generally accepted accounting principles and the Board, nonetheless, produces financial statements for any Participant prepared in accordance with generally accepted accounting principles ("GAAP Statements"), then the GAAP Statements for such Participant shall be delivered to the Bank in addition to financial statements prepared in accordance with Section 61.065 of the Texas Education Code.

ARTICLE II

REVOLVING CREDIT

Section 2.01. Commitment to Lend. The Bank agrees that it will, during the Revolving Credit Period, on the terms and conditions set forth in this Agreement, lend to the Board from time to time amounts up to, but not to exceed, an aggregate principal amount at any one time outstanding equal to the Bank Loan Commitment. Each Advance hereunder shall be made in such amount as may be requested by an Authorized Representative to pay principal and interest due or to come due under one or more Notes. Within the foregoing limits, the Board may borrow under this Section 2.01, prepay under Section 2.09 and reborrow under this Section 2.01 at any time and from time to time during the Revolving Credit Period.

Section 2.02. Method of Borrowing.

(a) Each Advance shall be made to the Board (or as directed by it) pursuant to its borrowing request made to the Bank as prescribed in this Section 2.02, which request shall be so made not later than 12:45 p.m. on the date of the proposed Advance (which date shall be a Business Day) unless by 12:00 noon on such date the Board has been notified by the Dealer that the Dealer has remarketed or committed to purchase Notes in the amount necessary to pay and redeem other Notes maturing on such date. A request for an Advance in the amount necessary to enable the Board to pay and redeem Notes maturing on the date of the Advance shall be made to the Bank by delivery or telecopy of a

completed and signed Notice of Advance or by telephonic notice, confirmed as soon as possible (but in any event no later than 1:00 p.m.) by delivery or telecopy of a completed and signed Notice of Advance on the Business Day on which the Advance is requested to be made, by written request in substantially the form of Exhibit B hereto executed by an Authorized Representative (a "Notice of Advance") and delivered, or transmitted by telecopy, to the Bank.

(b) Each Notice of Advance, whether by telephone, telecopy or in writing, requesting an Advance shall specify therein:

(i) the time and date of such Advance (which shall not be later than seven days after the date of such request); and

(ii) the amount of such Advance.

(c) If the Bank makes a new Advance hereunder on a day on which the Board is to repay all or any part of an outstanding Advance from the Bank, the Bank shall apply the proceeds of its new Advance to make such repayment and only an amount equal to the difference (if any) between the amount being borrowed and the amount being repaid shall be made available by the Bank as provided in subsection (d) of this Section.

(d) Upon receipt by the Bank of the Notice of Advance, the Board's request for an Advance as therein set out shall not be revocable by the Board. At or prior to 3:00 p.m. on the date for which the Advance is requested, except as provided in subsection (c) above, and subject to satisfaction of the applicable conditions set forth in Section 3.02, the Bank shall make available, in federal or other immediately available funds, to the Paying Agent the funds necessary for such Advance, for the account of the holders of Notes, as directed by the Board in its Notice of Advance.

Section 2.03. Promissory Note.

(a) The Advances of the Bank shall be evidenced by a single Promissory Note payable to the order of the Bank for the account of its Lending Office in an amount equal to the aggregate unpaid principal amount of the Bank's Advances.

(b) Upon receipt of the Promissory Note pursuant to Section 3.01(a)(ii), the Bank shall record, and prior to any transfer of its Promissory Note shall endorse on the schedules forming a part thereof, appropriate notations to evidence, the date and amount of each Advance made by it and the date and amount of each payment of principal made by the Board with respect thereto; provided that the failure of the Bank to make any such recordation or endorsement shall not affect the obligations of the Board hereunder or under the Promissory Note. The Bank is hereby irrevocably authorized by the Board so to endorse its Promissory Note and to attach and make a part thereof a continuation of any such schedule as and when required.

Section 2.04. Maturity of Advances. Any Advance which is outstanding prior to the Termination Date and which is not repaid in full on the Termination Date shall mature, and the principal amount thereof shall be due and payable, in eight consecutive substantially equal quarterly installments ending on the Maturity Date, and shall have Interest Periods consistent with such amortization.

Section 2.05. Interest Rates on Advances.

(a) Subject to Sections 2.06 and 2.17, each Advance shall bear interest on the outstanding principal amount thereof, for each day from the date such Advance is made until it becomes due, at a rate per annum equal to: (i) for each day during the first 90 days such Advance is outstanding, the Base Rate for such day, if such day falls prior to the Termination Date; and (ii) for each subsequent day such Advance is outstanding, the sum of 1% plus the Base Rate for such day. Such interest shall be payable for each Interest Period on the last day thereof. Subject to Section 2.06, any overdue principal of and, to the extent permitted by law, overdue interest on any Advance shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of 3% plus the Base Rate for such day.

(b) The Bank shall determine each interest rate applicable to the Advances hereunder and its determination thereof shall be conclusive in the absence of manifest error. The Bank shall give prompt notice to the Board by facsimile transmission, telex or cable of each interest rate so determined.

(c) Notwithstanding anything contained herein to the contrary, the interest rates applicable to Advances may be changed at any time upon the mutual written agreement of the Board and the Bank. If any such change in the interest rates applicable to Advances is so agreed to, this Agreement and the Promissory Note shall remain outstanding and continue in full force and effect, without modification other than as to the change in the interest rates applicable to Advances, and all Advances will continue to be made under the Promissory Note in accordance with this Agreement, modified only to reflect the agreement of the parties with respect to the changed interest rates applicable to Advances.

Section 2.06. Maximum Interest Rate Limitation.

(a) If the rate or amount of interest applicable to an Advance, when calculated or determined pursuant to the provisions of Section 2.05, at any time would exceed the Maximum Interest Rate, expressed as a daily rate on the basis of a year of 365 days (or 366 days in a leap year), or would produce an amount which would be greater than the amount of interest determined at such rate, then the applicable rate and amount of interest payable in regard to such Advance shall be reduced to the Maximum Interest Rate and the amount determined at a rate per annum equal to the Maximum Interest Rate.

(b) In the event that the amount of interest accrued in respect of any Advance is, as a result of the above limitations, less than the amount of interest which would have otherwise accrued at a rate determined solely pursuant to the provisions of Section 2.05, then (for so long as outstanding) such Advance will continue to bear interest at the Maximum Interest Rate until such date (or the Maturity Date or date of accelerated maturity, if earlier) as the cumulative amount of interest accrued on such Advance equals the cumulative amount of interest which would otherwise have accrued in accordance with the provisions of Section 2.05 ("Interest Recapture"), at which date the rate of interest on such Advance shall revert to the rates otherwise provided for in Section 2.05; and to the extent and for such periods as is necessary for the Bank to obtain Interest Recapture as to an Advance or Advances previously made and repaid (or until the Maturity Date or date of accelerated maturity if earlier) each subsequent Advance made prior to Interest Recapture in respect of a previous Advance shall itself bear interest at the Maximum Interest Rate until Interest Recapture in respect of such prior Advance shall occur (unless the Maturity Date or accelerated maturity shall occur prior thereto).

(c) In all events, all interest accruing on or becoming payable in respect of the Advances, including not only amounts so denominated herein but also any other payment, consideration, value, benefit or other compensation for the use, forbearance or detention of money, shall never exceed an amount or produce a rate in excess of the maximum amount or rate that may lawfully be contracted for, charged, reserved, received or paid under applicable law in respect of the Advances.

Section 2.07. Commitment Fees. During the Revolving Credit Period, the Board shall pay to the Bank a commitment fee (calculated on the basis of a year of 365 days (or 366 days in a leap year) and paid for the actual number of days elapsed (including the first day and excluding the last day)) based on the Available Bank Loan Commitment at the rate of 0.09% per annum or, with respect to the period of any extension of the Termination Date, such other rate as shall have been mutually agreed in connection with such extension pursuant to Section 2.17. Such commitment fee shall accrue from (and including) the Effective Date to (but excluding) the Termination Date and, subject to the first sentence of Section 209(b) hereof, shall be payable quarterly in arrears (i) on the last day of each March, June, September and December during the term hereof and (ii) on the Termination Date. No commitment fee shall be payable or accrue in respect of outstanding Advances under the Bank Loan Commitment.

Section 2.08. Termination or Reduction of Available Bank Loan Commitment.

(a) During the Revolving Credit Period, the Board may, upon at least 30 days' notice to the Bank and to each Rating Agency then rating the Notes, terminate entirely at any time or reduce from time to time the Available

Bank Loan Commitment at the time by an aggregate amount equal to $1,000,000 or any integral multiple thereof (the "Principal Reduction"), plus an amount (the "Interest Reduction") equal to interest on the amount of the Principal Reduction for 270 days calculated at a rate of 15 percent per annum; provided that the Board may not reduce the Available Bank Loan Commitment if such proposed reduction would cause the then Available Bank Loan Commitment to be less than the amount of "Available Bank Loan Commitment" required to be maintained by the Board under Section 4.02 of the Supplemental Resolution.

(b) If the Available Bank Loan Commitment is terminated in its entirety, all accrued commitment fees shall be payable only on the effective date of such termination. If the Available Bank Loan Commitment is reduced (but not terminated in full), commitment fees on the amount by which the Available Bank Loan commitment is so reduced shall cease to accrue on the effective date of such reduction, but payment of accrued amounts thereof shall be payable on the regularly scheduled dates for payment thereof.

(c) The Bank Loan Commitment shall terminate on the Termination Date, and any Advances then outstanding (together with accrued interest thereon) shall be due and payable on such date; provided that any such Advance which is not repaid in full on the Termination Date shall mature and be paid in accordance with Section 2.04 of the Agreement.

Section 2.09. Prepayments.

(a) On or before the Termination Date, the Board shall use reasonable efforts to issue Notes in order to prepay any Advance and all Advances are subject to prepayment in whole or in part on any Business Day on or before the Termination Date. The Board shall provide notice to the Bank of any such prepayment by 12:00 noon on the date of prepayment.

(b) The Board may, upon at least two Business Days' notice to the Bank, prepay any Advance outstanding after the Termination Date in whole at any time, or from time to time in part in an amount equal to $1,000,000 or any integral multiple thereof, by giving notice to the Bank by 1:30 p.m. and by paying the principal amount to be prepaid together with accrued interest thereon to (but not including) the date of prepayment.

(c) Upon receipt of a notice of prepayment by the Bank pursuant to this Section, such notice shall not be revocable by the Board.

Section 2.10. General Provisions as to Payment.

(a) The Board shall make each payment of the commitment fee hereunder and of principal of and interest on the Advances not later than 12:00 noon on the day when due, in federal or other funds immediately available at the office of the Bank referred to in Section 10.01.

(b) When any payment of the commitment fees and of principal of and interest on the Advances shall be due on any day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day. If the date for any payment or prepayment of principal is extended by the preceding sentence, operation of law or otherwise, interest thereon shall be payable for the period of such extension at the rate applicable thereto under other provisions of this Agreement.

Section 2.11. Changes in Rate of Interest.

(a) Any change in the interest rate on the Promissory Note resulting from a change in the Base Rate shall become effective as of the opening of business on the day on which such change in the Base Rate shall become effective.

(b) The Bank shall promptly notify the Board of the effective date and the amount of such change in the Base Rate and of the new Base Rate as of such date; provided that any failure by the Bank to notify the Board of a change in the Base Rate shall not affect or defer the effectiveness of such change in the rate of interest accruing on the Promissory Note.

(c) Prior to due date, the Bank shall give the Board written notice of the amount of any scheduled payment of principal or interest in respect of Advances or of commitment fees to be paid in respect of the Available Bank Loan Commitment, subject to adjustments to reflect intervening changes in the rate of interest applicable to such Advances or in the amount of Advances outstanding or of the Available Bank Loan Commitment; provided that any failure by the Bank to notify the Board of such amounts shall not relieve the Board of its obligation to pay such amounts when due.

Section 2.12. Computation of Interest. Interest on Advances shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and paid for the actual number of days elapsed (including the first day but excluding the last day).

Section 2.13. Security For Promissory Note. The Promissory Note is a special obligation of the Board, payable from and secured by the funds pledged therefor pursuant to the Resolution, including specifically Section 2.11(b) of the Supplemental Resolution, and this Agreement, as authorized thereby. To provide ratable security for the payment of the principal of and interest on the Notes and the Promissory Note, as the same shall become due and payable, the Board has pledged, pursuant to the Resolution, and as to the Promissory Note does hereby grant to Bank a lien on and pledge of, Pledged Revenues, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein and to the provisions of Section 6.09 hereof (allowing issuance of certain Debt). Notwithstanding anything contained herein to the contrary, the security interest in and pledge of Pledged Revenues is subordinate and inferior to the pledge thereof ("Priority Lien") securing the payment of Prior Encumbered Obligations, and the principal of and interest on the Notes, the Promissory Note and other "Parity Debt" (as defined in the Master Resolution) shall be and the same are hereby equally and ratably secured solely by and payable from a security interest in, lien on, and pledge of Pledged Revenues, subject and subordinate only to the Priority Lien. The Promissory Note shall further be entitled to the benefits of Article VI hereof.

Section 2.14. Request for Extension of Term of Agreement. The Termination Date may be extended an unlimited number of times, in each case for one or more whole years after the then current Termination Date and in the manner set forth in this Section. If the Board wishes to extend the Termination Date, it shall send a written request, in substantially the form set forth in Exhibit C hereto, to the Bank not less than 45 nor more than 60 days immediately prior to each anniversary date of the Effective Date; provided that only one request for extension may be made during any request period. The Bank may, in its sole and absolute discretion, decide to accept or reject any such proposed extension. If the Bank responds affirmatively on or prior to the day (the "Extension Effective Date") which is 30 days of receipt of such request, then, subject to receipt by the Bank and the Board on or prior to such Extension Effective Date of counterparts of an executed copy of the extension request in substantially the form of Exhibit C hereto duly completed and signed by both parties (or, in the case of either party as to which an executed counterpart shall not have been received, receipt by the Bank or the Board, as appropriate, in form satisfactory to it of telegraphic, telex or other written confirmation from such other party of execution of a counterpart thereof by such party), the Bank shall, on the Extension Effective Date, notify the Board in writing that the Termination Date is extended, effective on the Extension Effective Date, for a period of one or more whole years after the previously effective Termination Date, it being understood that the failure of the Bank to notify the Board of any decision by the Extension Effective Date shall be a rejection and that the Bank shall not incur any liability or responsibility whatsoever by reason of its failure to notify the Board of its decision by such Extension Effective Date. Immediately upon any such extension of the Termination Date, the Board shall furnish written evidence thereof to each Rating Agency then rating the Notes.

Section 2.15. Notice of Paying Agent; No-Issuance Notice.

(a) The Board will give notice to the Bank of the current Paying Agent and any substitute Paying Agent, which notice shall specify the name and address of the Paying Agent.

(b) If

(i) an Event of Default shall have occurred and be continuing; or

(ii) the representations and warranties of the Board set forth in Article IV hereof are not true and correct in all material respects on and as of the date of the No-Issuance Notice referred to below, with the same effect as though made on and as of the date of such notice;

the Bank may deliver a notice to the effect (a "No-Issuance Notice") to the Paying Agent and the Board shall not issue any additional Notes after the delivery of such No-Issuance Notice to the Paying Agent. Concurrently with the delivery of a No-Issuance Notice, the Bank shall notify the Board and the Dealer of the giving of such notice. A No-Issuance Notice shall be delivered (x) when the same, if in writing, is delivered to the Paying Agent at the aforesaid address or addresses (and current notice thereof shall be given to an Authorized Representative of the Board at its address set forth on the signature pages hereof), substantially in the form of Exhibit D hereto, or (y) when the same, if delivered orally, has been given by specifying to the Paying Agent the appropriate information set forth in Exhibit D hereto, but if given orally shall be confirmed in writing to the Paying Agent within 24 hours after such verbal notice. Failure to give written confirmation of verbal notice within such 24-hour period when verbal notice has been given to the Paying Agent shall not render such verbal notice ineffective, and failure to give an Authorized Representative concurrent notice of the delivery of a No-Issuance Notice (or of oral notice thereof) shall not render such notice ineffective.

Section 2.16. Failure of Bank to Advance. The failure of the Bank to make any requested Advance required to be made under this Agreement or the Promissory Note shall not release the Bank from its agreement to make such Advances, nor shall receipt and acceptance by the Board of any Advance or portion thereof from the Bank be a release, discharge or waiver of any claim, demand or cause of action of, or for the benefit of, the Board arising out of or in connection with any such failure to advance funds.

Section 2.17. Compliance With Law. Notwithstanding any other term or provision of this Agreement or of the Promissory Note, the maximum amount of interest which may be payable by, charged to, or collected from the Board, or any other person either primarily or conditionally liable for the payment of the Promissory Note, shall be limited to, and shall in no event or under any circumstances exceed, the maximum amount of interest which could be lawfully charged under applicable law (including, to the extent applicable, the provisions of Article 717k-2, Vernon's Annotated Texas Civil Statutes, as in effect at the time and the provisions of any applicable amendment thereto or other successor or superseding provision of law) so that, notwithstanding any other term or provision of this Agreement or of the Promissory Note, the aggregate of the interest on any Advance, including all fees and other amounts which constitute interest under applicable state law (and any applicable federal statutes), shall never exceed the maximum amount of interest which under said laws could be lawfully charged on or in respect of such Advance. Accordingly, the Board and the Bank stipulate and agree that this Agreement and the Promissory Note shall not be construed to create a contract to pay interest for the use, forbearance or detention of money at a rate in excess of the Maximum Interest Rate or maximum amount permitted to be charged under applicable state law (and any applicable federal statutes), and the Board shall never be liable for interest in excess of the maximum amount or Maximum Interest Rate that could be lawfully charged under such laws.

Specifically and without limiting the generality of the foregoing, it is further agreed by the Board and the Bank that the maximum amount of interest contracted for and payable on or under the Promissory Note, now or hereafter shall be calculated in order that strict compliance may be had with the applicable state laws (and any applicable federal statutes), and such parties agree that:

(i) in the event of voluntary prepayment of any Advance or payment prior to the normal maturity date of any Advance, if the aggregate amount of any interest calculated thereunder or thereon, plus any other amounts which constitute interest on such Advance would, in the aggregate, if charged or paid (if calculated in accordance with provisions other than those set forth in this Section) exceed the maximum amount of interest which, under applicable state laws (and any applicable federal statutes), may lawfully be charged or paid on or in respect of the Advance involved, then in such event the amount of such excess shall not be charged, payable or due (if not previously paid) or (if paid) shall be credited toward the payment of the principal of the Advance involved so as to reduce the amount thereof and if, and to the extent, the entire principal amount has been paid in full, refunded to the Board; and

(ii) if under any circumstances the aggregate amounts paid on any Advance prior to or incident to final payment thereof include any amounts which under applicable state laws (and any applicable federal statutes) would be deemed interest and which would exceed the maximum amount of interest which, under applicable state laws (and any applicable federal statutes), could lawfully have been paid and collected on or in respect of such Advance, such payment and collection shall be deemed to have been the result of mathematical error on the part of all parties hereto, and the party receiving such excess payment shall promptly refund the amount of such excess (to the extent only of the excess of such interest payments above the maximum amount which could lawfully have been collected and retained under said state laws and any applicable federal statutes) upon discovery of such error by the party receiving such payment or notice thereof from the party making such payment.

The provisions of this Section 2.17 shall control over any other provisions of this Agreement, the Promissory Note, any other instrument or writing evidencing, respecting or affecting any Advance, and the Bank further agrees that any limitations or restrictions imposed on it, or on payments which it may receive, by reason of this Section 2.17 shall apply and be recognized in all circumstances and to all payments, regardless of the source or payor thereof.

All commitment fees prescribed in Section 2.07 hereof shall constitute exclusively consideration for the Bank's agreement to have available funds in the amount committed by the Bank in respect of Advances and to make such Advances in the future as provided herein and shall not constitute or be treated as compensation for the use of, forbearance, or detention of money actually loaned and advanced hereunder.

Section 2.18. Increased Cost and Reduced Return.

(a) If on or after the date hereof, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank (or its Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) shall subject the Bank (or its Lending Office) to any tax, duty or other charge with respect to Advances, the Promissory Note or its obligation to make Advances, or shall change the basis of taxation of payments to the Bank (or its Lending Office) of the principal of or interest on Advances or any other amounts due under this Agreement in respect of its Advances or its obligation to make Advances (except for changes in the rate of tax on the overall net income of the Bank or its Lending Office imposed by the jurisdiction in which such Bank's principal executive office or Lending Office is located); or

(ii) shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, the Bank (or its Lending Office) or shall impose on the Bank (or its Lending

Office) any other condition affecting its Advances, its Promissory Note or its obligation to make Advances;

and the result of any of the foregoing is to increase the cost to the Bank (or its Lending Office) of making or maintaining any Advances, or to reduce the amount of any sum received or receivable by the Bank (or its Lending Office) under this Agreement or under its Promissory Note with respect thereto, by an amount deemed by the Bank to be material, then, within 15 days after demand by the Bank, the Board shall pay to the Bank such additional amount or amounts as will compensate the Bank for such increased cost or reduction.

(b) If the Bank shall have determined that, after the date hereof, the adoption of any applicable law, rule or regulation regarding capital adequacy, or any charge therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency or would have the effect of reducing the rate of return on capital of the Bank (or its parent) as a consequence of the Bank's obligations hereunder to a level below that which the Bank (or its parent) could have achieved, but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy) by an amount deemed by the Bank to be material, then from time to time, within 15 days after demand by the Bank, the Board shall pay to the Bank such additional amount or amounts as will compensate the Bank (or its parent) for such reductions.

(c) The Bank will promptly notify the Board of any event of which it has knowledge, occurring after the date hereof, which will entitle the Bank to compensation pursuant to this Section and will designate a different Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of the Bank, be otherwise disadvantageous to the Bank. A certificate of the Bank claiming compensation under this Section and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, the Bank may use any reasonable averaging and attribution methods.

ARTICLE III

CONDITIONS

Section 3.01. Conditions to Closing. The Revolving Credit Period shall commence on the date (the "Effective Date") on which the conditions set out in subsections 3.01(a) and (b) shall have been satisfied.

(a) The Bank shall have received all of the following:

(i) a counterpart of this Agreement duly executed by the Board and Bank;

(ii) the duly executed Promissory Note, dated the Effective Date.

(iii) copies of the Master Resolution and the Supplemental Resolution and executed copies of each other Related Document, all certified by the Secretary or an Assistant Secretary of the Board as being in full force and effect;

(iv) a certificate of the Secretary or an Assistant Secretary of the Board certifying as to the names and signatures of each Authorized Representative;

(v) an opinion of the general counsel for the Board, dated the Effective Date, substantially in the form of Exhibit E hereto, with such changes, modifications, deletions or additions as may be acceptable to such counsel and counsel for the recipients thereof;

(vi) an opinion of Bond Counsel, dated the Effective Date, substantially in the form of Exhibit F hereto, with such changes, modifications, deletions or additions as may be acceptable to such counsel and counsel for the recipients thereof;

(vii) evidence satisfactory to the Bank that the Attorney General of the State of Texas shall have approved this Agreement and the Promissory Note, all as required by the Act;

(viii) a certificate, dated the Effective Date, of an Authorized Representative to the effect that (i) each of the representations and warranties of the Board contained in Article IV of this Agreement is true and correct on and as of the date of such certificate as though made on and as of such date and (ii) on such date no Default has occurred and is continuing; and

(ix) such other documents, instruments, approvals (and, if requested by the Bank, certified duplicates of executed copies thereof) or opinions as the Bank may reasonably request.

(b) In addition, the Board shall have received all of the following, with a copy for the Paying Agent:

(i) a counterpart of this Agreement duly executed by the Board and Bank;

(ii) a certificate, dated the Effective Date, of an officer of Bank, authorized to execute and deliver such certificate, to the effect that each of the representations and warranties of Bank contained in this Agreement are true and correct on and as of the date of such certificate as though made on and as of such date and additionally to the effect that the Bank has received the instruments set forth in Section 3.01(a), that such instruments are in satisfactory form and that the conditions set forth in Section 3.01(a) have been satisfied;

(iii) an opinion of Vinson & Elkins L.L.P., counsel to the Bank, dated the Effective Date and substantially in the form of Exhibit G, with such changes, modifications, deletions or additions as may be acceptable to such counsel and counsel for the recipients thereof; and

(iv) such other documents, instruments, approvals (and, if requested by the Board, certified duplicates of executed copies thereof) or opinions as the Board may request.

Section 3.02. Conditions to Advances. The obligation of Bank to make any Advance, when so requested hereunder upon or after the Effective Date and during the Revolving Credit Period, is subject to receipt by the Bank of a Notice of Advance as required by Section 2.02 and to the satisfaction of the following further conditions at the time the Advance is made:

(i) the Notes shall not have been found to have been illegally issued and/or unenforceable by a final non-appealable judgment;

(ii) no Debt of the Board secured by or payable from Pledged Revenues which is at least on a parity with the Notes shall have been found to have been issued illegally or in violation of any additional debt test by a final non-appealable judgment; and

(iii) no Event of Default under Section 7.01(a), (f), (g), (h), (i), (j), (k), (l), (n), (o) or (p) shall have at the time occurred.

In addition, the Bank shall have no obligation to make an Advance to the Board to pay the principal of or interest on any Notes which were issued by the Board after receipt by the Paying Agent of a No-Issuance Notice.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE BOARD

The Board represents and warrants:

Section 4.01. Organization and Powers. The Board (a) is duly established and validly existing under the laws of the State of Texas under and pursuant to the Constitution of the State of Texas and is an agency of the State of Texas, (b) has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted, (c) has full power and authority to operate TTU and the Health Sciences Center and to acquire, construct, finance and operate the Eligible Projects, (d) has full power and authority to establish the Revenue Financing System for the purpose of providing a financing structure for revenue supported indebtedness of TTU and the Health Sciences Center, and (e) has full power and authority to adopt the Resolution, to execute, deliver and perform the Resolution and this Agreement, to borrow hereunder and to execute, deliver and perform the Promissory Note.

Section 4.02. Authorization; Contravention. The execution, delivery and performance by the Board of the Resolution, this Agreement and the Promissory Note and the making of the Advances hereunder have been duly authorized by all necessary action by the Board and do not contravene, or result in the violation of or constitute a default under, any provision of applicable law or regulation, the Act, or any order, rule or regulation of any court, governmental agency or instrumentality or any agreement, resolution or instrument to which the Board is a party or by which it or any of its property is bound.

Section 4.03. Governmental Consent or Approval. No authorization, consent, approval, permit, license, or exemption of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality that has not been obtained or issued is or will be necessary for the valid adoption, execution, delivery or performance by the Board of the Resolution, this Agreement and the Promissory Note.

Section 4.04. Binding Effect. This Agreement, the Resolution and the Promissory Note constitute valid and binding obligations of the Board.

Section 4.05. Restrictions on Use of Proceeds. The proceeds of the Advances will be applied by the Board only to the refunding of the Notes. None of the funds borrowed by virtue of this Agreement will be used in any manner or for any purpose except in the manner and for the purposes authorized by Texas law and the Supplemental Resolution.

Section 4.06. Federal Reserve Regulations. No part of the proceeds of any Advance will be used for the purpose, whether immediate, incidental or ultimate, to purchase or carry any margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, as amended from time to time) or to extend credit to others for the purpose of purchasing or carrying any margin stock or for any other purpose which would violate any of the regulations of said Board of Governors.

Section 4.07. Litigation. There is no action, suit or proceeding pending or, to the knowledge of the Board, threatened against or affecting the Board, TTU, the Health Sciences Center or relating to the Act, or other applicable laws or regulations, or this Agreement in any court or before or by any governmental department, agency or instrumentality which, if adversely determined, would materially affect the ability or authority of the Board to perform its obligations under this Agreement or the Promissory Note, or which in any manner questions the validity or enforceability of this

Agreement, the Resolution or the Promissory Note or the granting, perfection, enforceability or priority of the lien on and pledge of the funds and revenues provided in Section 2.11 of the Resolution, except any action, suit or proceeding which may be brought subsequent to the date hereof as to which Bank has received an opinion of counsel satisfactory to Bank, in form and substance satisfactory to Bank and its counsel, to the effect that such action, suit or proceeding is without substantial merit.

Section 4.08. No Default Under the Resolution. No event of default in connection with any covenant contained in the Master Resolution or the Supplemental Resolution or in the payment of Debt of the Board secured by or payable from Pledged Revenues, or of any interest thereon, and no event which, with the giving of notice or lapse of time or both would become such an event of default, has occurred and is continuing.

Section 4.09. Incorporation of Representations and Warranties by Reference. The Board hereby makes to the Bank the same representations and warranties as are set forth in the Related Documents, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. No amendment to such representations and warranties or defined terms made pursuant to the Related Documents (whether or not effective for purposes of amending the Related Documents) shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the written consent of the Bank.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE BANK

The Bank represents and warrants:

Section 5.01. Organization and Powers. The Bank (a) is duly established and validly existing under the laws of the State of New York; and (b) has full power and authority to execute, deliver and perform this Agreement and to make Advances in accordance with its Bank Loan Commitment and this Agreement.

Section 5.02. Authorization; Contravention. The execution, delivery and performance by the Bank of this Agreement and its Advances to be made hereunder have been duly authorized by all necessary action by the Bank and do not contravene, or result in the violation of or constitute a default under, any provision of applicable law or regulation, its charter, or any order, rule or regulation of any court, governmental agency or instrumentality or any material agreement, resolution or instrument to which the Bank is a party or by which it or any of its property is bound.

Section 5.03. Governmental Consent or Approval. No authorization, consent, approval, permit, license, or exemption of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality that has not been obtained or issued is or will be necessary for the valid execution, delivery or performance by the Bank of this Agreement.

Section 5.04. Bank Obligations Valid. The Bank represents that this Agreement is a valid and binding agreement of the Bank, enforceable against the Bank in accordance with its terms, assuming that this Agreement is a valid and binding agreement of the Board.

Section 5.05. Litigation. There is no action, suit or proceeding pending or, to the knowledge of the Bank, threatened against or affecting the Bank, in any court or before or by any governmental department, agency or instrumentality which, if adversely determined, would materially affect the ability or authority of the Bank to perform its obligations under this Agreement, or which in any manner questions the validity of this Agreement or the Promissory Note.

ARTICLE VI

COVENANTS OF THE BOARD

The Board agrees that during the term of this Agreement and while any amount payable under either of the Promissory Note remains unpaid:

Section 6.01. Information. The Board will deliver to the Bank:

(a) (i) immediately upon receipt after the end of each Fiscal Year, a copy of the unaudited annual financial reports of TTU, the Health Sciences Center and each other Participant in the Financing System, each of which reports shall include a balance sheet of the related Participant and related statements of income and a statement of cash receipts and disbursements, prepared in accordance with Section 61.065 of the Texas Education Code, provided that if such financial reports have been audited, the audited reports shall be provided; provided, further, that GAAP Statements shall be provided to the extent required by Section 1.03 of this Agreement, (ii) the financial reports provided pursuant to the immediately preceding clause (i) shall be accompanied by a certificate of an Authorized Representative (A) to the effect that as of the date of such certificate no Default has occurred, or (B) if such Default has occurred, specifying the nature of such Default, the period of its existence and the action which the Board is taking or proposes to take with respect thereto, and (iii) as soon as practicable but in any event within ten Business Days after the issuance thereof, the audited annual financial statement of the State of Texas, prepared by the State Comptroller of Public Accounts and audited by the State Auditor's Office;

(b) as soon as available and, in any event, within 60 days after the end of each fiscal quarter, a copy of the most recent quarterly unaudited financial statements of TTU, the Health Sciences Center and each other Participant in the Financing System showing operating funds flow for the preceding fiscal quarter with comparisons to the same fiscal quarter of the preceding Fiscal Year;

(c) as soon as practicable, but in any event within ten Business Days after the issuance thereof, copies of any prospectus, official statement, offering circular, placement memorandum or similar or corresponding document, and any supplements thereto and updates and amendments thereof, that the Board makes available in connection with the offering for sale of any securities of which it is the issuer, and, on request, copies of such other financial reports as the Board shall customarily and regularly provide to the public;

(d) as soon as practicable, but in any event within ten Business Days after the filing thereof, copies of all reports and notices filed by the Board with any nationally recognized municipal securities information repository, any state information depository ("SID") or the Municipal Securities Rulemaking Board ("MSRB"); provided that the Board shall deliver to the Bank a copy of any material event notice filed with the SID or the MSRB on the same date such notice is so filed;

(e) as soon as practicable, but in any event within ten Business Days after the same are supplied to any rating agency, copies of any materials supplied to each Rating Agency in connection with their rating of the Notes or any Debt of the Board secured by or payable from Pledged Revenues;

(f) forthwith upon the occurrence of any Default, a certificate of an Authorized Representative setting forth the details thereof and the action which the Board is taking or proposes to take with respect thereto;

(g) concurrently with the delivery of the reports set out in subsection (b) above, a report showing the aggregate amount of Notes issued at the end of the preceding quarter; and

(h) upon written request of the Bank, information relating to the Board, TTU, the Health Sciences Center, any Participant in the Financing System or the Revenue Financing System or any other financial information reasonably requested.

Section 6.02. Access to Records. The Board will furnish to the Bank such information regarding the financial condition, results of operations or business of the Board, TTU, the Health Sciences Center and each other Participant in the Financing System as the Bank may reasonably request and will permit any officers, employees or agents of the Bank to visit and inspect any of the properties of the Board, TTU, the Health Sciences Center and each other Participant in the Financing System and to discuss matters reasonably pertinent to an evaluation of the credit of the Revenue Financing System, all at such reasonable times as the Bank may reasonably request. Further, the Bank, at its request, will be kept informed of regular and special meetings of the Board, and a representative of the Bank may attend any such meeting, subject to provisions of Texas law authorizing executive sessions of the Board which may be closed to the general public. All information received by or provided to the Bank pursuant to this Agreement, unless otherwise made public by the Board, will be held as confidential information by the Bank.

Section 6.03. Proceeds of Notes. The proceeds of the Notes will be used by the Board solely for the purpose of paying or prepaying, as the case may be, in whole or in part, other Notes, the Promissory Note or Project Costs of Eligible Projects or, pending such payments or prepayments, for temporary investment.

Section 6.04. No Amendment of Certain Contracts or Resolutions. The Board will not consent to any amendment to or modification or waiver of any of the provisions of the Resolution or the Related Documents which would be materially adverse to the Bank's interests. The Board will give the Bank notice as promptly as practicable (but in no event less than ten Business Days) of any proposed amendments to or modifications or waivers of any provisions of the Resolution and of any meeting of the Board at which any of the foregoing will be discussed or considered.

Section 6.05. Sales of Parity Obligations or Other Obligations. The Board shall use its best efforts and reasonable efforts to offer and sell "Parity Obligations" (as defined in the Master Resolution) or other obligations of the Board or to obtain a new liquidity agreement, in an amount sufficient to pay, and for the purpose of paying, on the Termination Date the aggregate outstanding principal amount of the Promissory Note and all other amounts due to the Bank hereunder in respect thereof not previously paid from other funds available to the Board. The Board covenants that Advances outstanding under the Promissory Note at the time shall be retired in full, or pro rata if not in full, with proceeds of "Parity Obligations" (as defined in the Master Resolution) or other obligations of the Board sold, issued or created by the Board prior to any other payment or use of the proceeds of such "Parity Obligations" (as defined in the Master Resolution) or other obligations of the Board. The Board covenants that except for Parity Obligations and Subordinate Debt, no Debt, other than the Notes and the Agreement (including the Promissory Note), shall be issued or incurred by the Board payable from and secured by a lien on or a pledge of Pledged Revenues, without the prior written consent of the Bank.

Section 6.06. Other Covenants. The Board shall fully and faithfully perform each of the covenants required of it pursuant to the provisions of the resolutions of the Board authorizing the Prior Encumbered Obligations.

Section 6.07. Taxes and Liabilities. The Board will pay all its indebtedness and obligations promptly and in accordance with their terms and pay and discharge or cause to be paid and discharged promptly all taxes, assessments and governmental charges or levies imposed upon it or upon its income and profits, or upon any of its property, real, personal or mixed, or upon any part thereof, before the same shall become in default.

Section 6.08. Supplemental Resolutions and Further Assurances. The Board will not adopt any supplemental resolutions, pursuant to the Resolution or otherwise, which would adversely affect the ability of the Board to make payments on the Promissory Note when due; provided that nothing herein shall prevent the Board from issuing additional Parity Obligations as provided in this Agreement and Section 5 of the Master Resolution. The Board will at any and all times, insofar as it may be authorized so to do by law, pass, make, do, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, recordings, filings, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, revenues and other funds and Pledged Revenues hereby pledged or assigned to the payment of the Promissory Note, or intended so to be, of which the Board may become bound to pledge or assign.

Section 6.09. Additional Borrowings. The Board may issue Parity Obligations or other obligations of the Board in such amounts and on such terms as the Board shall determine, subject only to the covenants contained herein and in the Resolution.

Section 6.10. Efforts to Pay. In the event that the Promissory Note is not paid at maturity, the Board shall as quickly as possible take all actions reasonably necessary to allow payment from any available funds.

Section 6.11. Federal Tax Status of Interest on the Promissory Note. It is the intention of the parties that the Promissory Note not be an obligation described in section 103(a) of the Code and that the interest payable with respect thereto not be excludable from the gross income of the Bank. Accordingly, in furtherance thereof, the Board represents that it has not taken, and covenants not to take the actions, including the filing of any information returns required by the Code, which would be required to cause any interest on the Promissory Note to be excludable from gross income of the Bank.

Section 6.12. Incorporation by Reference. The Board agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in the Resolution and the other Related Documents, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety. To the extent that (i) any such incorporated provision permits any person to waive compliance with or consent to such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to any person and (ii) any such waiver or consent or acceptance of a document, opinion or other instrument would adversely affect the interests of the Bank, for purposes of this Agreement, such provision shall be complied with only if it is waived or consented to in writing by the Bank and such document, opinion or other instrument shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Bank. Without the written consent of the Bank, no amendment to such covenants and agreements or defined terms made pursuant to the Resolution or any other Related Document shall be effective to amend such covenants and agreements and defined terms as incorporated by reference herein, if such amendment would adversely affect the interests of the Bank.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default. If one or more of the following events ("Events of Default") shall have occurred and be continuing:

(a) the Board shall fail to pay any principal or interest due under the Promissory Note (and, in the case of any payment of interest, such default shall continue for five Business Days);

(b) the Board shall fail to pay any commitment fee within five Business Days of the due date thereof;

(c) any representation, warranty, certification or statement made by the Board in this Agreement or in any certificate, financial statement or other document delivered pursuant to this Agreement shall prove to have been incorrect in any material respect when made;

(d) breach by the Board of any covenant or agreement or condition contained in Section 6.03 through 6.12, inclusive; or a breach by the Board of any other covenant or agreement or condition (other than those referred to or contained in clauses (a), (b), (c) above) contained in this Agreement or the Promissory Note and the continuation thereof for more than 60 days after written notice thereof has been given to the Board by the Bank without cure or correction to the satisfaction of the Bank;

(e) if default, other than a default described in (k) below, shall be made by the Board in the performance or observance of any covenant, agreement or condition on its part in the Resolution or in the Notes contained, and

such default shall continue for a period of 60 days after written notice thereof to the Board by the Bank or the holders of not less than 10% in aggregate principal amount of the Notes then outstanding; or if the holder of any Prior Encumbered Obligations, Parity Obligations or other obligations of the Board secured by or payable from Pledged Revenues exercises its rights as a result of an event of default under the constituent instruments under which such obligations were issued or incurred to declare the principal thereof (and interest accrued thereon) to be payable prior to the maturity thereof; notwithstanding anything contained herein to the contrary, the parties hereto acknowledge that, as of the date of this Agreement, the Board has not agreed to, and there are not outstanding, any constituent instruments under which Prior Encumbered Obligations, Parity Obligations or other obligations of the Board secured by or payable from Pledged Revenues were issued which grant to any holder of any Prior Encumbered Obligations, or Parity Obligations or other obligations of the Board secured by or payable from Pledged Revenues any rights to declare the principal of such Prior Encumbered Obligations, or Parity Obligations or other obligations of the Board secured by or payable from Pledged Revenues (or interest accrued thereon) to be payable prior to the stated maturity thereof, and the Board does not presently intend to adopt any resolution granting or creating any such rights; or

(f) the Board shall commence a voluntary case or other proceeding seeking (i) liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect, or (ii) the appointment of a receiver, liquidator, custodian, or other similar official with respect to TTU, the Health Sciences Center or any other Participant in the Financing System, or any substantial part of thereof, or shall consent to or acquiesce in any such relief or the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it; or

(g) a receiver, liquidator, custodian or other official, appointed in an involuntary case or proceeding commenced against the Board, appointed without consent or acquiescence of the Board, takes charge of TTU, the Health Sciences Center or any other Participant in the Financing System, or any substantial part thereof and such action as to its property is not promptly stayed, discharged or vacated; or

(h) (i) the Board shall make a general assignment for the benefit of creditors, or shall declare a moratorium with respect to its debts, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing, or (ii) the State of Texas or any other governmental entity having jurisdiction over the Board shall impose a debt moratorium that results in a restriction on repayment when due of any debt of the Board; or

(i) an involuntary case or other proceeding shall be commenced against the Board seeking (i) liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect, or (ii) the appointment of a custodian, receiver or trustee or similar official with respect to TTU, or the Health Sciences Center or any other Participant in the Financing System, or any substantial part thereof, and such proceeding or case shall not be dismissed or stayed within 30 days after the filing thereof or an order of relief shall be entered against the Board under the Federal Bankruptcy Laws as now or hereafter in effect; or

(j) any material provision of this Agreement, the Promissory Note or the Resolution shall be declared by any court having jurisdiction to be null and void or the Notes or any other Debt of the Board secured by or payable from Pledged Revenues at least on a parity with the Notes shall be declared to have been illegally issued or in violation of any additional debt test by any court having jurisdiction (unless, in each instance, such judgment is being appealed by the Board in good faith and by appropriate proceedings), or the Master Resolution or the Supplemental Resolution shall be repealed or the validity or enforceability of this Agreement, the Promissory Note, the Master Resolution, the Supplemental Resolution, the Notes or any other Debt of the Board secured by or payable from Pledged Revenues shall be contested or repudiated by the Board; or

(k) if the Board shall default under the Resolution or the Notes and such default extends beyond any period of grace provided with respect thereto and relates to the obligation to pay any principal interest or other payments due under the Resolution or the Notes; or

(l) a final judgment or order for the payment of money in excess of $5,000,000 shall be rendered against the Board and such judgment or order shall continue unsatisfied and unstayed for a period of 60 days or the Board shall have failed promptly to lift any execution, garnishment or attachment of or against its properties issued pursuant to such a money judgment as will impair its ability to carry on its business; or

(m) the Board shall be in default in the payment of any principal of or interest on any obligation for borrowed money in excess of $5,000,000 or for the deferred purchase price of any property or asset in excess of $5,000,000 (unless the failure to make a payment of such deferred purchase price is consequent upon a contest or negotiation being diligently pursued by the Board) or on any obligation in excess of $5,000,000 guaranteed by the Board or in respect of which it is otherwise contingently liable beyond any period of grace stated with respect thereto in any such obligation or in any agreement under which such obligation is created or shall default in the performance of any agreement under which any such obligation is created if the effect of such default is to cause such obligation to become, or to permit any holder or beneficiary thereof, or a trustee or trustees on behalf thereof, with notice if required or lapse of time, or both, to declare such obligation to be due prior to its normal maturity; or

(n) Moody's, S&P or Fitch shall have assigned to any other Debt of the Board secured by or payable from Pledged Revenues at least on a parity with the Notes a long-term rating below Baa or BBB, or the equivalent thereof, or shall have withdrawn the ratings on the Notes or any other Debt of the Board secured by or payable from Pledged Revenues other than as a result of debt maturity, redemption or defeasance or nonapplication or nonprovision of information; or

(o) the Board shall be in default in the payment of any principal of or interest on any Debt of the Board secured by or payable from Pledged Revenues at least on a parity with the Notes; or

(p) any one or more of the Constitution of the State of Texas and the Acts are amended, repealed or otherwise modified (whether directly or indirectly, and including, without limitation, by legislative or judicial action), and any such amendment, repeal or modification may have an adverse affect on (i) the power of the Board to perform its obligations under any one or more of this Agreement or the Related Documents, or (ii) any pledge, lien or security interest created by the Master Resolution, the Supplemental Resolution or this Agreement (including, but not limited to, the pledge of the Pledged Revenues);

then, and in any such event, the Bank may, (i) by giving written notice to the Board, terminate the Bank Loan Commitment, if any (except as provided below), and such Bank Loan Commitment shall thereupon terminate to the extent hereinafter permitted and (ii) declare the Promissory Note, and all accrued interest thereon and all other amounts payable under this Agreement, to be forthwith due and payable, whereupon the Promissory Note, and all such interest and all such amounts, shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are expressly waived by the Board; provided, however, that the occurrence of any one or more Events of Default shall not terminate the Bank Loan Commitment and shall not terminate or affect the obligations of Bank to make Advances under this Agreement, subject to the conditions set out in Section 3.02, to the extent, but only to the extent, necessary for the Board to make required payments of principal and interest on Notes that were issued and sold prior to the time a No-Issuance Notice was received by the Paying Agent. If there is any termination or reduction of the Bank Loan Commitment, the Board will promptly notify each Rating Agency then rating the Notes of such termination or reduction.

Failure to take action in regard to one or more Events of Default shall not constitute a waiver of the right to take action in the future in regard to such or subsequent Events of Default.

Section 7.02. Suits at Law or in Equity and Mandamus. In case one or more Events of Default shall occur, then and in every such case the Holder of the Promissory Note shall be entitled to proceed to protect and enforce such Holder's rights by such appropriate judicial proceeding as such Holder shall deem most effectual to protect and enforce any such right, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained in this Agreement, or in aid of the exercise of any power granted in this Agreement, or to enforce

any other legal or equitable right vested in the Holders by this Agreement or the Promissory Note or by law. The provisions of this Agreement shall be a contract with each and every Holder and the duties of the Board shall be enforceable by any Holder by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction.

Section 7.03. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised at any time or from time to time, and as often as may be necessary, by any Holder.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Notices and Accounts. Except as otherwise provided herein, all notices, requests and other communications to any party hereunder shall be in writing (including bank wire, facsimile transmission, telex or similar writing) and shall be given to such party at its address set forth on the signature pages hereof or such other address or telex number as such party may hereafter specify for the purpose of giving notice. Each such notice, request or other communication shall be effective (i) if given by telex, when such telex is transmitted to the telex number hereafter specified by any party for the purpose of giving notice and the appropriate answer-back is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (iii) if given by any other means, when delivered at the address specified in this Section; provided that notices to the Bank under Article II hereof shall not be effective until received.

Section 8.02. No Waivers. No failure or delay by the Bank in exercising any right, power or privilege hereunder or under the Promissory Note or otherwise shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 8.03. Costs, Expenses and Taxes. The Board shall pay (i) all reasonable out-of-pocket expenses of the Bank (including reasonable fees and disbursements of counsel to the Bank) in connection with the preparation of this Agreement, any waiver or consent hereunder or any amendment hereof or any Default or alleged Default by the Board hereunder, and (ii) if an Event of Default occurs, all out-of-pocket expenses incurred by the Bank, in connection with such Event of Default and collection and other enforcement proceedings resulting therefrom. In addition, the Board shall pay any and all stamp taxes and other taxes and fees payable or determined to be payable in connection with the execution and delivery of this Agreement and the Promissory Note.

Section 8.04. Amendments or Modification. Any provision of this Agreement or the Promissory Note may be amended or modified if, but only if, such amendment or modification is in writing and is signed by the Board and the Bank.

Section 8.05. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized shall be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof.

Section 8.06. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 8.07. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Complete sets of counterparts shall be lodged with the Board and the Bank.

Section 8.08. Governing Law. THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF TEXAS; PROVIDED THAT THE OBLIGATIONS OF THE BANK HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Section 8.09. Successors and Assigns; Participations. This Agreement may not be assigned by the Bank, other than by operation of law to a successor or merged institution, unless with the consent of the Board, provided that this shall not restrict the Bank in the sale of participations. The Board recognizes that the Bank contemplates or anticipates entering into participation agreements with certain other participants whereby the several participants will participate with the Bank in the Promissory Note and in a portion of each Advance made by the Bank under the Promissory Note. Accordingly, the Board confirms that all of its representations, warranties, covenants, certifications and obligations under this Agreement and the Promissory Note, as well as all rights under the lien and pledge securing the payment of the Promissory Note and granted to the Bank pursuant to the Resolution and Section 2.13 of this Agreement, are for the benefit of the participants as well as for the benefit of the Bank. No assignee, participant or other transferee of the Bank's rights shall be entitled to receive any greater payment under Section 2.18 than the Bank would have been entitled to receive with respect to the rights transferred, unless such transfer is made with the Board's prior written consent or by reason of the provisions of Section 2.18 requiring the Bank to designate a different Lending Office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist. The Bank shall promptly notify the Board in writing of any such participation agreement pertaining to Advances to be made under this Agreement; provided that any failure by the Bank to so notify the Board of any such participation agreement shall not affect the right of the Bank to enter into such participation agreement, the validity of such participation agreement or the obligations of the Board under this Agreement.

[Execution Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

BOARD OF REGENTS OF
TEXAS TECH UNIVERSITY SYSTEM

By: _____
Title: Deputy Chancellor
Administration Building
Akron at Broadway
Lubbock, Texas 79409-1098

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By: _____
Vice President

Lending Office:
Morgan Guaranty Trust Company of New York
Attention: Mr. William Wood
c/o J.P. Morgan Services, Inc.
500 Stanton Christiana Road
Newark, Delaware 19713
Telephone: (302) 634-4204
Telecopier: (302) 634-4061
Telex: 177425
(Answer Back: 174425 MBDEL UT)

EXHIBIT A

BOARD OF REGENTS OF TEXAS TECH UNIVERSITY
REVENUE FINANCING SYSTEM
LIQUIDITY FACILITY PROMISSORY REVENUE NOTE
SERIES A

Lubbock, Texas
_____, 1998

For value received, the BOARD OF REGENTS OF TEXAS TECH UNIVERSITY, an agency of the State of Texas, organized and existing under and by virtue of the laws of the State of Texas (the "Borrower"), promises to pay to the order of MORGAN GUARANTY TRUST COMPANY OF NEW YORK (the "Bank"), for the account of its Lending Office, the unpaid principal amount of each Advance made by the Bank to the Borrower pursuant to the Liquidity Agreement (as defined below) on the Maturity Date provided for in the Liquidity Agreement, provided that any Advances which are outstanding on the Termination Date provided for in the Agreement shall be subject to amortization in seven consecutive, substantially equal, quarterly installments ending on the Maturity Date. The Borrower promises to pay interest on the unpaid principal amount of each such Advance on the dates and at the rate or rates provided for in the Liquidity Agreement. All such payments of principal and interest shall be made in lawful money of the United States in federal or other immediately available funds at the office of Morgan Guaranty Trust Company of New York, New York, New York.

All Advances made by the Bank, the respective maturities thereof and all repayments of the principal thereof shall be recorded by the Bank and, prior to any transfer hereof, endorsed by the Bank on the schedule attached hereto, or on a continuation of such schedule attached to and made a part hereof; provided that the failure of the Bank to make any such recordation or endorsement shall not affect the obligations of the Borrower hereunder or under the Liquidity Agreement.

This note is the Promissory Note referred to in the Liquidity Agreement dated as of April 15, 1998 between the Borrower and the Bank (as the same may be amended from time to time, the "Liquidity Agreement"). Terms defined in the Liquidity Agreement are used herein with the same meanings. Reference is made to the Liquidity Agreement for provisions for the prepayment hereof and the acceleration of the maturity hereof.

This note, including the interest hereon, is payable solely from and secured by a lien upon certain revenues and certain other available funds and moneys of the Borrower, all as set forth in the Liquidity Agreement and the Resolution; and this note does not constitute a general obligation or indebtedness of the Borrower within the meaning of any constitutional, charter or statutory limitations or provisions (and the holder hereof shall never have the right to require or compel the levy of ad valorem taxes for the payment of the principal of and interest on this note). Reference is made to the Liquidity Agreement and such Resolution for the provisions relating to the security of this note and the duties and obligations of the Borrower.

IN WITNESS WHEREOF, the Board has authorized and caused this note to be executed on its behalf by the manual or facsimile signatures of the Chairman of the Board and the Secretary of the Board.

THE BOARD OF REGENTS OF
TEXAS TECH UNIVERSITY

By _____
Chairman

ATTEST:

_____
Secretary

[THE FOLLOWING CERTIFICATE WILL BE REQUIRED IF THE PROMISSORY NOTE IS EXECUTED BY FACSIMILE SIGNATURES]

AUTHORIZED REPRESENTATIVE
CERTIFICATE OF AUTHENTICATION

This note is the Promissory Note referred to in the Liquidity Agreement and the signatures set forth above are the facsimile signatures of the Chairman of the Board and the Secretary of the Board, respectively.

THE BOARD OF REGENTS OF
TEXAS TECH UNIVERSITY

By _____
Authorized Representative

PROMISSORY NOTE (cont'd)

ADVANCES AND PAYMENTS OF PRINCIPAL

Date	Amount of Advance	Amount of Principal Repaid	Notation Made By

EXHIBIT B

NOTICE OF ADVANCE

TO: Morgan Guaranty Trust Company of New York ("Bank")

FROM: Board of Regents of Texas Tech University ("Board")

The Board, acting herein by the undersigned Authorized Representative, pursuant to Section 2.02 and related provisions of the Liquidity Agreement dated as of April 15, 1998 between the Board and the Bank (the "Agreement"), issues this notice for an Advance to be made under the Agreement as follows:

1. Date and Time Advance is to be made (which shall be a Business Day):

_____;

2. Amount of Advance:

_____;

The Advance, to the extent provided in Section 2.02 of the Agreement, shall be available for the account of holders of the Board's Revenue Financing System Commercial Paper Notes, Series A at _____, the Paying Agent.

In connection with this Notice of Advance, the Board certifies to the Bank that, at the date of this Notice of Advance and on the date of the Advance, the conditions specified in Section 3.02 of the Agreement have been satisfied. Capitalized terms herein are used with the meaning given in the Agreement.

Date of this Notice of Advance:

BOARD OF REGENTS OF
TEXAS TECH UNIVERSITY

BY: _____
Authorized Representative

EXHIBIT C

[Letterhead of Texas Tech University]

Morgan Guaranty Trust Company
of New York
60 Wall Street
New York, New York 10260

Re: Liquidity Agreement dated as of April 15, 1998 (the "Agreement") concerning Board of Regents of Texas Tech University (the "Board") Revenue Financing System Commercial Paper Notes, Series A

In accordance with Section 2.14 of the Agreement, the Board hereby requests an extension of the Termination Date defined in the Agreement. The current Termination Date is _____, 199__, and the Board requests your agreement to an extension of the Termination Date to _____, 199__, which date is one or more whole years after the current Termination Date.

[Further, in accordance with Section 2.07 of the Agreement, the Board agrees that your commitment fee accruing from (and including) the current Termination Date of _____, 199__, to (but excluding) the extended Termination Date shall be calculated in the manner set forth in said Section 2.07, except that the commitment fee accruing during such period shall be calculated at the rate of ____% per annum.]*

Your delivery to the Board of your execution of a copy of this letter will constitute a binding agreement in accordance with the terms of the Agreement.

BOARD OF REGENTS OF
TEXAS TECH UNIVERSITY

By:_____
Title:

* Bracketed language to be included only if the per annum rate to be used in calculating the commitment fee of Morgan Guaranty Trust Company of New York will be changed during the period from the current Termination Date to the extended Termination Date.

The undersigned agrees that the Termination date is hereby extended to _____, 199__.

Dated this ____ day of _____, 199___.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

By:_____
Its:_____

EXHIBIT D

NO-ISSUANCE NOTICE

TO: PAYING AGENT ("Paying Agent")
[Address]

Board of Regents of
Texas Tech University (the "Board")
Administration Building
Akron at Broadway
Lubbock, Texas 79409-1098
Attention: James L. Crowson

J.P. Morgan Securities Inc.
60 Wall Street, 33rd Floor
New York, New York 10260-0060
Attention: Tom Gallow
Tax Exempt Commercial
Paper Origination

FROM: Morgan Guaranty Trust Company of New York,
as the "Bank" identified in the Agreement

This No-Issuance Notice is given by the Bank under Section 2.15(b) of the Liquidity Agreement between the Board and the Bank dated as of April 15, 1998 ("Agreement") relating to the Board's Revenue Financing System Commercial Paper Notes, Series A (the "Notes"). This No-Issuance Notice is being given concurrently to the Paying Agent and the Board [to confirm the verbal notice previously given].

The Bank:

1. Gives notice of the occurrence of an event identified in Section 2.15(b) (i) or (ii).

2. Directs the Board, from and after the initial notice of such events and until this No-Issuance Notice has been rescinded by the Bank, in writing, not to issue any Notes in addition to those outstanding prior to the delivery to the Paying Agent of the initial notice as to such events.

3. If this No-Issuance Notice is given to confirm oral notice, such initial notice was given to the Paying Agent at: _____ (time).

Morgan Guaranty Trust Company
of New York

By:_____

EXHIBIT E

[Letterhead of General Counsel]

_____, 1998

Morgan Guaranty Trust Company
of New York
New York, New York
(the "Bank")

Ladies and Gentlemen:

I am Vice Chancellor and General Counsel to the Board of Regents of Texas Tech University (the "Board") and I have acted in such capacity in connection with the Liquidity Agreement (the "Agreement") between the Bank and the Board dated April 15, 1998, the issuance of a promissory note of the Board (the "Promissory Note") under the Agreement in an aggregate principal amount of up to $55,550,000 and the fifth supplemental resolution adopted November 7, 1997 (the "Supplemental Resolution") relating to the issuance of Notes (as defined in the Supplemental Resolution) and providing for the execution and delivery of the Agreement and issuance of the Promissory Note. This opinion is provided to the Bank pursuant to Section 3.01(a)(v)of the Agreement. Terms defined in the Agreement and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

In connection with my opinion, I have examined the following:

1. A certified copy of the Resolution;

2. An executed counterpart of the Agreement;

3. An executed counterpart of the Dealer Agreement;

4. An executed counterpart of the Paying Agent/Registrar Agreement;

5. The executed Promissory Note;

6. The Act and such other provisions of the Constitution and laws of the State of Texas and the United States of America as I believe necessary to enable me to render the opinions herein contained; and

7. Such other agreements, documents, certificates, opinions, letters, and other papers, including all documents delivered or distributed on the Effective Date pursuant to Section 3.01 of the Agreement, as I have deemed necessary or appropriate in rendering the opinions set forth below.

In my examination, I have assumed the authenticity of all documents and agreements submitted to me as originals, conformity to the originals of all documents and agreements submitted to me as certified or photocopies and the authenticity of the originals of such latter documents and agreements. I have also assumed that the Agreement constitutes the valid and binding agreement of the Bank, enforceable in accordance with its terms against the Bank.

Based upon the foregoing, and subject to the qualifications described below, I am of the opinion, under applicable laws of the Untied States of America and the State of Texas in force and effect on the date hereof, that:

1. The Board is the governing body of Texas Tech University and, acting separately and independently, is the governing body of Texas Tech University Health Sciences Center, each a duly organized and validly existing agency of the State of Texas; and the Board has full power and authority to operate the

Revenue Financing System as currently operated and to pay the costs in connection with the Revenue Financing System. The Board has full legal right, power and authority (a) to enter into and perform under the Agreement, the Dealer Agreement and the Paying Agent/Registrar Agreement; (b) to establish the Revenue Financing System for the purpose of providing a financing structure for revenue supported indebtedness of the Participants of the Financing System; (c) to adopt the Resolution; (d) to sell, issue and deliver the Notes; (e) to execute and deliver the Promissory Note and to borrow, repay and reborrow under the Promissory Note, and (f) to carry out and consummate the transactions contemplated by the Resolution, the Agreement, the Promissory Notes, the Dealer Agreement and the Paying Agent/Registrar Agreement; and the Board has complied, at the Effective Date, with applicable law, including the terms of the Act, and with the obligations on its part contained in the Resolution, the Notes, the Agreement, the Promissory Note, the Dealer Agreement and the Paying Agent/Registrar Agreement.

2. By official action of the Board, the Board has duly adopted the Resolution, has duly authorized and approved the execution and delivery of, and the performance by the Board of the obligations on its part contained in, the Notes, the Resolution, the Agreement and the Promissory Note and the consummation by it of all other transactions contemplated by such instruments and has all necessary power and authority to conduct its business as presently conducted and to perform its obligations under the Agreement, the Promissory Note and the Notes.

3. Each of the Resolution, the Agreement, the Promissory Note and the Notes has been executed and delivered by duly authorized officers of the Board. The Resolution, the Agreement, the Notes and (to the extent of the amounts advanced or paid to the Board thereunder) the Promissory Note each constitute valid and binding obligations of the Board enforceable against the Board in accordance with their respective terms (limited in the case of the Promissory Note to the amounts advanced thereunder or otherwise payable in accordance with the terms thereof), except as such enforcement is limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter in effect relating to or affecting generally the enforcement of creditors' rights and remedies.

4. No authorization, consent or approval of any governmental authority, agency or bureau not already obtained is required in connection with (i) the valid execution and delivery of the Resolution, the Notes, the Agreement, the Promissory Notes, the Dealer Agreement, or the Paying Agent/Registrar Agreement by the Board; (ii) the performance by the Board of its obligations under such documents; or (iii) the borrowing, repayment, and reborrowing under the Promissory Note by the Board in accordance with the terms of the Agreement and the Promissory Note.

5. The Board is not in breach of or in default under any applicable constitutional provision, law or administrative regulation, or any applicable judgment or decree or any loan agreement, indenture, bond, note resolution, agreement or other instrument to which the Board is a party or to which the Board or any of its property or assets is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default by the Board under any such instrument; the execution and delivery by the Board of the Notes, the Agreement, the Promissory Note, the Dealer Agreement, and the Paying Agent/Registrar Agreement, the adoption of the Resolution and compliance by the board with the provisions of the Resolution, the Notes, the Agreement, the Promissory Note, the Dealer Agreement and the Paying Agent/Registrar Agreement, and the borrowing of Advances pursuant to the terms of the Promissory Note and the Agreement do not and will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgement, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Board is a party or to which the Board or any of its properties or assets is otherwise subject.

6. There is no action, suit, investigation, inquiry or proceeding (whether or not purportedly on behalf of the Board) pending, or to the best of my knowledge, threatened or that could be reasonably asserted against the Board or any of its assets in any court, governmental agency, public board or body or before any

arbitrator or before or by any governmental body, (i) affecting the corporate existence of the Board or the titles of the officers of the Board to their respective offices, or (ii) contesting the powers of the Board or questioning or affecting the ability of the Board to establish Revenue Financing System for the purpose of providing a financing structure for revenue supported indebtedness of the Participants of the Financing System; or (iii) questioning or affecting the ability of the Board to pledge, or the Board's pledge of, Pledged Revenues for the purposes set forth in, and in accordance with, the Resolution, or (iv) affecting or seeking to prohibit, restrain, or enjoin the sale, issuance or delivery of the Notes or the Promissory Note, or (v) in any way contesting or affecting the validity or enforceability of the Notes, the Resolution, the Agreement, the Promissory Note, the Dealer Agreement or the Paying Agent/Registrar Agreement, or (vi) contesting the tax-exempt status of the interest on the Notes or (vii) contesting any authority or proceedings for the issuance, sale or delivery of the Notes or the Promissory Note, the adoption of the Resolution, or the execution and delivery of the Agreement, the Notes, the Promissory Note, the Dealer Agreement, or the Paying Agent/Registrar Agreement, or the performance of the Board's obligations thereunder, or (viii) which involves the possibility of any ruling, order, judgment or uninsured liability which may result in any material adverse change in the business, properties or assets or the condition, financial or otherwise, of the Revenue Financing System, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Notes, the Resolution, the Agreement, the Promissory Note, the Dealer Agreement, or the Paying Agent/Registrar Agreement; the current routine litigation of the Board does not entail any potential recovery or liability for a material amount which is not otherwise covered by the Board's insurance policies.

7. The Promissory Note is a special obligation of the Board and constitutes Parity Debt under the Master Resolution. Subject to the provisions of the resolutions authorizing Prior Encumbered Obligations, the Resolution and the Agreement duly and effectively grant a lien on and pledge of Pledged Revenues, as security for the Promissory Note, ratably with the Notes and other Parity Debt.

Yours very truly,

EXHIBIT F

[Letterhead of McCall, Parkhurst & Horton L.L.P.]

_____, 1998

Morgan Guaranty Trust Company
of New York
New York, New York
(the "Bank")

Ladies and Gentlemen:

We have acted as bond counsel to the Board of Regents of Texas Tech University (the "Board") in connection with the issuance of a promissory note of the Board (the "Promissory Note") in an aggregate principal amount of up to $55,550,000 under the Liquidity Agreement dated April 15, 1998 (the "Agreement") between the Bank and the Board and in connection with the fifth supplemental resolution adopted November 7, 1997 (the "Supplemental Resolution") relating to the issuance of Notes (as defined in the Supplemental Resolution) and providing for the execution and delivery of the Agreement and issuance of the Promissory Note. This opinion is provided to the Bank pursuant to Section 3.01(a)(vi) of the Agreement. Terms defined in the Agreement and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

In connection with our opinion, we have examined the following:

(1) certified copies of the Resolution;

(2) an executed counterpart of the Agreement;

(3) the executed Promissory Note;

(4) the Act and such other provisions of the Constitution and laws of the State of Texas and the United States of America as we believe necessary to enable us to render the opinions herein contained;

(5) an opinion of Pat Campbell, Esq, Vice Chancellor and General Counsel to the Board, of even date herewith provided to you under Section 3.01(a)(v) of the Agreement; and

(6) such other agreements, documents, certificates, opinions, letters, and other papers, including all documents delivered or distributed on the Effective Date pursuant to Section 3.01 of the Agreement, as we have deemed necessary or appropriate in rendering the opinion set forth below.

In our examination, we have assumed the authenticity of all documents, agreements and certificates submitted to us as originals, conformity to the originals of all documents, agreements and certificates submitted to us as certified or photocopies and the authenticity of the originals of such latter documents and agreements. We have also assumed, as to the Agreement, that such constitutes the valid and binding agreement of the Bank, enforceable in accordance with its terms as to the Bank.

Based upon the foregoing, and subject to the qualifications set out below, we are of the opinion, under applicable laws of the Untied States of America and the State of Texas in force and effect on the date hereof, that:

1. The Board is the governing body of Texas Tech University and, acting separately and independently, is the governing body of Texas Tech University Health Sciences Center, each a governmental

agency of the State of Texas, and has requisite power and authority under Texas law to adopt the Resolution, to establish the Revenue Financing System for the purpose of providing a financing structure for revenue supported indebtedness of the Participants of the Financing System, to issue the Promissory Note and to enter into and perform under the Agreement, and to borrow, repay and reborrow under the Promissory Note in accordance with therewith and in accordance with the Agreement.

2. The Board has duly adopted the Resolution, and established the Revenue Financing System for the purpose of providing a financing structure for revenue indebtedness of the Participants of the Revenue Financing System and has duly authorized and approved the execution and delivery of, and the performance by the Board of the obligations on its part contained in, the Promissory Note, the Resolution, the Notes and the Agreement, and the consummation by it of all other transactions contemplated by such instruments.

3. The Agreement and the Promissory Note have been executed and delivered by duly authorized officers of the Board. The Agreement and the Promissory Note each constitute a valid and binding obligation of the Board, enforceable against the Board in accordance with their respective terms (such obligations being limited in the case of the Promissory Note to the amounts advanced and outstanding thereunder or otherwise payable in accordance with the terms thereof).

4. No authorization, consent, approval, permit, license or exemption of, or filing or registration with, any governmental department, commission, board, instrumentality, authority, agency or bureau not already obtained is required for the valid execution and delivery of the Resolution, the Agreement, or the Promissory Note by the Board or in connection with the performance by the Board of its payment obligations under such documents.

5. The execution and delivery by the Board of the Notes, the Agreement and the Promissory Note and the adoption of the Resolution and compliance by the Board with the provisions of the Resolution, the Notes, the Agreement and the Promissory Note do not and will not conflict with or constitute a breach of or default under any constitutional provision, law or administrative regulation.

6. The Promissory Note is a special obligation of the Board and constitutes Parity Debt under the Master Resolution and, subject to the provisions of the resolutions authorizing Prior Encumbered Obligations, the Promissory Note, ratably with the Notes and other Parity Debt, is a solely payable from and, pursuant to the Resolution and the Agreement, is duly effectively secured by the grant of a lien on and pledge of Pledged Revenues.

Our opinions in paragraphs 3 and 6 above as to enforcement are qualified and limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter in effect relating to or affecting generally the enforcement of creditors' right and remedies and by the limitations on creditors' remedies contained in the Act, and such opinions as to enforcement are subject to general principles of equity which may permit the exercise of judicial discretion, to the reasonable exercise in the future by the State of Texas and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

The Bank is hereby authorized to rely upon our "bond opinion" rendered in connection with the Notes as if it were an addressee thereto.

Very truly yours,

EXHIBIT G

[Letterhead of Vinson & Elkins L.L.P.]

_____, 1998

Board of Regents
Texas Tech University
Administration Building
Akron at Broadway
Lubbock, Texas 79409-1098

Ladies and Gentlemen:

We have acted as special counsel to Morgan Guaranty Trust Company of New York, a New York trust company (the "Bank"), in connection with the Liquidity Agreement dated as of April 15, 1998 (the "Agreement") between the Board of Regents of Texas Tech University (the"Board") and the Bank. Terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Agreement.

In our capacity as special counsel, we have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, records, certificates of public officials and other instruments and have conducted such other investigations of fact and law as we have deemed necessary or advisable for purposes of this opinion and have, with your approval and without limiting the generality of the foregoing, assumed the correctness in all material respects of the representations and warranties made in the Agreement by the Board.

In our examination we have assumed the authenticity of all documents submitted to us as originals (except for an original of the Agreement, which we have independently determined to be authentic), the conformity to the original document of all documents submitted to us as certified or photostatic copies, the authenticity of the originals of such latter documents and the accuracy of the statements as to factual matters contained in such certificates. In addition, we have assumed the genuineness of all signatures except signatures of officers of the Bank, the due authorization, execution and delivery of all documents referred to herein by parties other than the Bank and the due authority of all persons executing such documents except persons executing such documents on behalf of the Bank.

Upon the basis of the foregoing, we are of the opinion that:

1. The Bank has the power and authority to execute, deliver and perform its obligations under the Agreement.

2. The Agreement has been duly executed and delivered by the Bank pursuant to due authorization.

3. Assuming the due authorization, execution and delivery of the Agreement by the Board, the Agreement constitutes a valid and binding agreement of the Bank enforceable against the Bank in accordance with its terms, except as (x) the enforceability thereof against the Bank may be limited by insolvency, reorganization, liquidation, moratorium, conservatorship, receivership or other similar laws affecting the enforcement of creditors' rights generally as such laws would apply in the event of the insolvency, reorganization or liquidation of, or other similar occurrence with respect to, the Bank or in the event of any moratorium or similar occurrence affecting the Bank and (y) the availability of equitable remedies (including

without limitation the remedy of specific performance) may be limited by equitable principles of general applicability.

The opinions expressed above are qualified to the extent that a bank regulatory agency with jurisdiction over the Bank may limit or suspend any rights, power or authority of the Bank.

With your approval, the opinion contained herein is limited to the laws of the State of Texas and the State of New York and the federal law of the United States of America. Except for the opinion set forth above, we express no opinion herein with respect to the Notes, the Resolution and any of the transactions contemplated by the Notes or the Resolution or any other agreement or instrument and no opinion is implied or may be inferred beyond the matters expressly stated.

This opinion is furnished to you solely in connection with the transactions being consummated on the date hereof as contemplated in the Agreement, and may not be relied upon or described or quoted from by any other person, firm or entity without, in each instance, our prior written consent. We understand that a copy of this opinion may be delivered to and relied upon by Moody's Investors Service, Inc., Standard & Poor's Rating Group, a division of McGraw-Hill, and Fitch IBCA, Inc. in connection with the rating of the Notes. We hereby consent to such delivery and reliance.

Very truly yours,

Effective Date: APR 29 1998

COMMERCIAL PAPER ISSUING AND PAYING AGENT AGREEMENT

THIS AGREEMENT ("Agreement") is entered into by and between the Board of Regents of Texas Tech University (the "Issuer") with offices at Administration Building, Broadway and Akron Streets, Lubbock, Texas 79409-2013 and Bankers Trust Company (the "Bank") with offices at 4 Albany Street, New York, New York 10006.

1. Appointments

The Issuer appoints and authorizes the Bank to act as agent for the Issuer in connection with the issuance and payment of its Revenue Financing System Commercial Paper Notes, Series A (the "Obligations"), which are to be initially issued in book-entry form only and which are to be initially evidenced by a Master Note Certification (the "Note Certificate") in the form appended hereto in Exhibit A. The Bank agrees to act as such agent for the Issuer subject to the provisions of this Agreement commencing on the Effective Date shown above.

2. Certificate Agreement

The Issuer acknowledges that (i) the Bank has previously entered into a commercial paper Certificate Agreement (the "Certificate Agreement"), a copy of which is appended hereto as Exhibit B, with The Depository Trust Company, New York, New York ("DTC") and (ii) the continuation in effect of the Certificate Agreement is a necessary prerequisite to the Bank's providing services related to the issuance and payment of the Obligations. The Issuer understands and agrees that the Certificate Agreement shall supplement the provisions of this Agreement and that the Issuer is bound by the provisions of the Certificate Agreement.

3. Letter of Representations, Resolution, Authorized Officers

Prior to the Effective Date, the Issuer will deliver to the Bank an executed Letter of Representations (the "Representations") a copy of which is appended hereto as Exhibit C. Further, the Issuer understands and agrees that such Representations when executed by the Issuer, the Bank and DTC shall supplement the provisions of this Agreement and that the Issuer, the Bank and DTC shall be bound by the provisions of the Representations. The Bank and the Issuer agree to comply with the relevant portions of DTC's Commercial Paper Issuing and Paying Agent Manual, and the DTC Same Day Settlement System Rules (collectively, the "DTC Rules").

The Issuer has delivered to the Bank (a) a certified copy of the resolutions, adopted by the Issuer concerning the issuance and payment of the Obligations by the Issuer (the "Resolution"), which copy is appended hereto as Exhibit D, and (b) a certified original of the Issuer's Signature Identification Certificate (the "Certificate"), containing the name, title, and true signature of those officers of the Issuer authorized by the Ordinance to take action with respect to the Obligations (the "Authorized Officers"), which certificate is appended hereto as Exhibit E. The

Issuer agrees to provide the Bank with revised certified resolutions and/or signature identification certificates when and as required by changes in authorization of personnel.

4. Authorized Persons

The Issuer authorizes the Bank to accept and to execute Instructions given pursuant to Section 6 hereof by any one of the employees and/or sales agents or commercial paper dealers authorized by a separate agreement between the Issuer and its sales agents or dealers (each, an "Agent") of the Issuer who are designated in a certificate that is signed by the requisite number of Authorized Officers. Such designated employees or Agents shall be hereinafter collectively referred to as "Authorized Persons." The initial written designation of Authorized Person(s) is appended hereto as Exhibit F. The Issuer agrees to provide the Bank with revised written designations in the form of Exhibit F when and as required by changes in the Authorized Persons.

5. Note Certificates

Prior to the Effective Date, the Issuer will deliver to the Bank the Note Certificates evidencing the Obligations, which are issued on an interest at maturity basis ("IAM Issuances"). Such Note Certificates shall (i) bear the manual or facsimile signatures of the requisite number of Authorized Officers, (ii) specify the date of issuance, full legal name of the Issuer, and the name of the Bank, acting as paying agent for the Issuer, and (iii) be registered in the name of Cede & Co., as nominee of DTC.

Any Obligations (as evidenced by the Note Certificates or any certified Obligation issued in replacement therefor pursuant to the next succeeding paragraph bearing the manual or facsimile signature of an Authorized Officer), upon the Bank's issuance of such Obligation on behalf of the Issuer, shall bind the Issuer notwithstanding that such Authorized Officer shall have died or shall have otherwise ceased to hold office on the date such Obligation is issued by the Bank. Furthermore, the Issuer agrees that the Bank shall have no duty or responsibility to determine the genuineness of the facsimile and/or manual signatures appearing on the Note Certificates or such certified Obligations.

6. Instructions

The term "Instructions" shall mean a communication, purporting to be from an Authorized Officer or Authorized Person, in the form of either (a) a written notice including those transmitted through facsimile transmittal equipment; (b) a telephone call (confirmed in writing as provided below), and/or (c) a transmission through an instruction and reporting communication service ("Noteline Direct") offered by the Bank pursuant to Section 10 hereof, in each case received by the Bank at the address specified in Section 15 prior to 1:00 P.M. (New York time) on the day on which the Instructions are to be operative, which shall be a day the Bank is open for business.

If the Bank, at its option, acts upon Instructions received after 1:00 P.M. (New York time) on the day on which the Instructions are to be operative, the Issuer understands and agrees

that (a) such Instructions shall be acted upon, on a best efforts basis, by the Bank pursuant to the custom and practice of the commercial paper market, and (b) the Bank makes no representations or warranties that the issuance and delivery of any Note Certificate or Obligation pursuant to Section 7 hereof shall be completed prior to the close of business on the issue date specified in the Instructions.

Any Instructions given by telephone shall be confirmed to the Bank in writing by an Authorized Officer or Authorized Person prior to 1:00 P.M. (New York time) on the day on which such Instructions are to be operative. In the absence of the Bank's timely receipt of such written confirmation or in the event the Bank acts upon Instructions received after 1:00 P.M. (New York time) on the day on which the Instructions are to be operative, the Issuer understands and agrees that the Instructions given by telephone or received after the aforementioned 1:00 P.M. (New York time), as understood by the Bank, shall be the true and controlling Instructions for all purposes of this Agreement.

Notwithstanding anything to the contrary in this Section 6, the Issuer acknowledges that the Bank may act upon the Instructions without any duty to make any inquiry regarding the genuineness of such Instructions.

7. Issuance

The Bank's sole duties in connection with the issuance of the Obligations when the Issuer delivers the Note Certificates to the Bank in the form described in Section 5 herein, shall be as follows:

(a) to hold the Note Certificate in safekeeping;

(b) to assign to each Instruction received from the Issuer a CUSIP number as specified in and in accordance with the CUSIP number assignment received by the Bank from the Cusip Bureau;

(c) to cause to be delivered an Obligation on behalf of the Issuer upon receipt of Instructions from the Issuer, or an Authorized Officer or Authorized Person, as to the principal amount, net dollar amount, payee, date of issue, maturity date, rate, and amount of interest, by way of data entry or data transfer to the DTC Same Day Funds Settlement System ("SDFS"), and to receive from SDFS a confirmation receipt that such delivery was effected;

(d) to credit the net proceeds of all deliveries of the Obligations to the Issuer's Series A Note Payment Account established with the Bank, under the advice to the Issuer at the address specified in Section 15 hereof; and

(e) to mail to the Issuer at the address specified in Section 15 hereof a monthly activity report detailing confirmation copy of each Instruction received by the Bank.

The Issuer acknowledges that pursuant to the custom and practice of the commercial paper market, the delivery or mailing of an Obligation against payment of the net amount of the Obligation (i.e., the principal amount of an interest bearing Obligation) and the actual receipt of payment thereof are not simultaneous transactions. Therefore, whenever the Instructions direct the Bank to deliver any Obligation against payment, the Bank is authorized to and will deliver such Obligation to the party specified in the Instructions and hold as receipt a confirmation copy generated by SDFS (in the case of Book Entry transactions) in lieu of immediate payment by the purchaser of the Obligation (the "Purchaser"). The Issuer also acknowledges that pursuant to the custom and practice of the commercial paper marker, the Purchaser is obligated to settle in immediately available funds at or before the close of business on the Issue Date specified on the Obligation. The Issuer understands and agrees that whenever the Bank delivers an Obligation against payment as set forth above, the Issuer and not the Bank shall bear the risk of the Purchaser's failure to remit the net amount of the Obligation purchased.

The Bank shall have no duty or responsibility to make any transfer of the proceeds of the sale of the Issuer's Obligations, or to advance any monies or effect any credit with respect to such proceeds or transfers unless and until (i)the Bank has actually received the proceeds of the sale of the Obligations, and (ii) such receipt of the proceeds is not subject to reversal or cancellation. If the Bank, at its sole option and upon written notice to the Issuer (which notice can be given by facsimile transmission or other telecommunication equipment and shall be orally confirmed by the sender immediately after such notice is transmitted), effects any such transfer that results in an overdraft in any account of the Issuer, the amount of such overdraft shall be considered as a loan to the Issuer, and the Issuer agrees to pay the Bank on demand the amount of such loan together with interest thereon at the rate customarily charged by the Bank on similar loans.

8. Payment

The Bank's sole duties in connection with the payment of the Obligations shall be upon presentment at maturity of an issued Obligation, to pay the principal amount of and interest on an IAM Issuance to the party appearing to be entitled thereto, and to debit the appropriate account of the Issuer for such amount under advice to the Issuer at the address specified in Section 15 hereof.

The Bank shall have no obligation to pay, at maturity, the amount referred to in this section unless sufficient funds have been received by the Bank in collected funds. If the Bank, at its sole option, makes any such payment that results in an overdraft in any account of the Issuer, the amount of such overdraft shall be considered a loan to the Issuer, and the Issuer agrees to pay the Bank on demand the amount of such loan together with interest thereon at the rate customarily charged by the Bank on similar loans.

9. United States Dollar

The Issuer agrees that the Obligations issued or presented hereunder shall be denominated in United States dollars. The Issuer further agrees that payment of any and all amounts due pursuant to the provisions of this Agreement shall be made solely in United States dollars.

10. Noteline Direct

The Issuer is granted a personal, non-transferable, and non-exclusive right to use the instruction and reporting communication service Noteline Direct ("Noteline Direct") to transmit through the Noteline Direct system Instructions made pursuant to Section 6 hereof. The Issuer, by separate agreement between the Issuer and one or more of its Agents may authorize the Agent (in each case other than the Bank) to directly access Noteline Direct for the purposes of transmitting Instructions to the Bank or obtaining reports with respect to the Obligations.

The Issuer acknowledges that (a) some or all of the services utilized in connection with Noteline Direct are furnished by Digital Transactions Inc. ("DTI"), Dynamic Microprocessor Associates Inc. ("DMA") and the Bank, (b) Noteline Direct is provided to the Issuer "AS IS" without warranties or representations of any kind whatsoever by DTI, DMA or the Bank, and (c) Noteline Direct is proprietary and confidential property disclosed to the Issuer in confidence and only on the terms and conditions and for the purposes set forth in this Agreement.

By this Agreement, the Issuer acquires no title, ownership or sublicensing rights whatsoever in Noteline Direct or in any trade secret, trademark, copyright or patent of the Bank, DTI, or DMA now or to become applicable to Noteline Direct. The Issuer may not transfer, sublicense, assign, rent, lease, convey, modify, translate, convert to a programming language, decompile, disassemble, recirculate, republish or redistribute Noteline Direct for any purpose without the prior written consent of the Bank and, where necessary, DTI and DMA.

In the event (a) any action is taken or threatened which may result in a disclosure or transfer of Noteline Direct, or any part thereof, other than as authorized by this agreement, or (b) the use of any trademark, trade name, service mark, service name, copyright or patent of the Bank, DTI or DMA by the Issuer amounts to unfair competition, or otherwise constitutes a possible violation of any kind, then the Bank and/or DTI and/or DMA shall have the right to take any and all action deemed necessary to protect their rights in Noteline Direct, and to avoid the substantial and irreparable damage which would result from such disclosure, transfer or use, including the immediate termination of the Issuer's right to use Noteline Direct.

To permit the use of Noteline Direct to issue Instructions and/or obtain reports with respect to the Obligations, the Bank will supply the Issuer with an identification number and initial passwords. From time to time thereafter, the Issuer may change its passwords directly through Noteline Direct. To the extent permitted by law, the Issuer will keep all information relating to its identification number and passwords strictly confidential and will be responsible for the maintenance of adequate security over its customer identification number and passwords. For security purposes, the Issuer should change its passwords at least once a year.

Instructions transmitted over Noteline Direct and received by the Bank pursuant to Section 6 hereof accompanied by the Issuer's identification number and the passwords, shall be deemed conclusive evidence that such Instructions are correct and complete and that the issuance or redemption of the Obligations directed thereby has been duly authorized by the Issuer.

11. Representation

(a) This Agreement, the Obligations and the appointment of the Bank as issuing and paying agent for the Issuer hereunder are within the Issuer's powers and have been duly authorized and this Agreement when executed and the Obligations when issued in accordance with Instructions, will be valid and binding obligations of the Issuer, enforceable in accordance with their terms, subject to bankruptcy, insolvency and similar laws affective creditors' rights generally, and subject further as to enforceability to general principles of equity.

(b) Neither this Agreement nor any transaction contemplated herein will violate any applicable federal or Texas state statute or regulation or cause a default by the Issuer under any other agreement by which the Issuer is bound.

(c) That prior to the Effective Date, the Issuer will have obtained or made all authorizations and approvals of and all registrations and filings with governmental agencies and authorities necessary for the execution, delivery and performance by the Issuer of this Agreement and the Obligations, and such authorizations, approvals, registrations and filings, as the case may be, shall be, as of the Effective Date, in full force and effect.

(d) Each Obligation issued under this Agreement will be exempt from registration under the Securities Act of 1933, as amended.

Each Instructions by the Issuer to issue Obligations under this Agreement shall be deemed a representation and warranty by the Issuer as of the date thereof that the representations and warranties herein are true and correct as if made on and as of such date.

12. Compensation

The Issuer agrees to pay such compensation for the Bank's issuing and paying agent services pursuant to this Agreement in accordance with the Bank's published schedule fees, as amended from time to time. Such fee schedule is attached hereto as Exhibit G.

13. Indemnification

The Issuer agrees that the Bank shall not be liable for any losses, damages, liabilities or costs suffered or incurred by the Issuer as a result of (a) the Bank's having executed Instructions, (b) the Bank's improperly executing or failing to execute any Instructions because of unclear Instructions, failure of communications media or any other circumstances beyond the Bank's control, (c) the actions or inactions of DTC or any broker, dealer, consignee or agent not selected by the Bank, or (d) any other acts or omissions of the Bank (or of any of its agents or correspondents) relating to this Agreement or the transactions or activities contemplated hereby except to the extent, if any, that such other acts or omissions constitute negligence or willful misconduct by the Bank. The Issuer, in the absence of negligence or willful misconduct by the Bank, and to the extent permitted by Texas law, agrees to indemnify the Bank and to hold it harmless from

and against (a) any and all losses, expenses (including attorneys fees and expenses), liabilities, litigation costs, claims (groundless or otherwise), suits, fines and penalties arising out of the Bank's actions or omissions relating to the Bank's activities under this Agreement or activities or transactions contemplated therewith and (b) any damages, costs, expenses (including legal fees and disbursements), losses or liabilities relating to any such actions, claims, suits, fines or penalties or to any breach of this Agreement by the Issuer. This Section 13, Indemnification, shall survive any terminations of this Agreement and the issuance and payment of any Obligations.

14. Termination

Either the Bank or the Issuer may terminate this Agreement at any time by not less than thirty (30) days' prior written notice to the other. No such Termination shall affect the rights and obligations of the Issuer and the Bank which have accrued under this Agreement prior to termination.

15. Addresses

Instructions hereunder shall be (a) mailed, (b) telephoned, (c) transmitted by facsimile device, and/or (d) transmitted via Noteline Direct to the Bank at the address, telephone number, and/or facsimile number specified below and shall be deemed delivered upon actual receipt by the Bank's Commercial Paper Issuance Operations at the address, telephone number, and/or facsimile number specified below.

Bankers Trust Company
23 Washington Street
New York, New York 10005
Attention: Commercial Paper Issuance Operations
Telephone: (212) 250-3939
Facsimile: (212) 250-0079

All notices, requests, demands and other communications hereunder (excluding Instructions) shall be in writing and shall be deemed to have been duly given (a) upon delivery by hand (against receipt), or (b) by the United States Post Office certified mail (against receipt) or by regular mail (upon receipt) to the party and at the address set forth below or at such other address as either party may designate by written notice.

(a) Board of Regents of Texas Tech University
Broadway and Akron Streets
Administration Building
Box 42013
Lubbock, Texas 79409-2013
Attention: Deputy Chancellor James L. Crowson
Telephone (806) 742-0012
Facsimile: (806) 742-8050

(b) Bankers Trust Company
Corporate Trust and Agency Group
4 Albany Street, 4th Floor
New York, New York 10006
Attention: Municipal Trust Department
Telephone: (212) 250-6461
Facsimile: (212) 250-6727

16. Miscellaneous

(a) This Agreement is to be delivered and performed in, and shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Texas, provided that the duties and obligations of the Bank hereunder shall be governed by and construed in accordance with the laws of the State of New York, and, as applicable, operating circulars of the Federal Reserve Bank, federal laws and regulations as amended, New York Clearing House rules, the DTC Rules, and general commercial bank practices applicable to commercial paper issuance and payment, funds transfer and related activities.

(b) This Agreement may not be assigned by either the Issuer or the Bank and may not be modified, or amended or supplemented except by a writing or writings duly executed by the duly authorized representatives of the Issuer and the Bank.

(c) This Agreement contains the entire understanding and agreement between the parties with respect to the subject matter hereof; all prior agreements, understandings, representations, statements, promises, inducements, negotiations, and undertakings and all existing contracts previously executed between said parties with respect to said parties with respect to said subject matter are superseded hereby.

(d) With respect to all references herein to nouns, insofar as the context requires, the singular form shall be deemed to include the plural, and the plural form shall be deemed to include the singular.

(e) This Agreement may be executed in counterparts, each of which shall be an original, and all of which shall constitute but one and the same instrument.

List of Exhibits:

Exhibit A	DTC Master Note
Exhibit B	DTC Certificate Agreement
Exhibit C	DTC Letter of Representations
Exhibit D	Resolution
Exhibit E	Certificate of Incumbency
Exhibit F	Authorized Persons
Exhibit G	Fee Schedule

Agreed to and Accepted by:

BANKERS TRUST COMPANY

Signature

Name COLLEEN SHAY-PERSAUD

Title ASST. TREASURER

Date

BOARD OF REGENTS,
TEXAS TECH ~~UNIVERSITY~~

Authorized Officer's Signature

Name James L. Crowson

Title Assistant Secretary

Date March 9, 1998

EXHIBIT "A"

See Document under Tab 12 of the Transcript of Proceedings

EXHIBIT "B"

DTC Certificate Agreement

BOOK-ENTRY-ONLY MONEY MARKET INSTRUMENT (MASTER NOTE) PROGRAM

Certificate Agreement

This Agreement is dated as of December 1, 1993, by and between The Depository Trust Company ("DTC") and Bankers Trust Company ("Custodian").

Whereas, Custodian performs, as agent of the issuers, certain paying agency functions with respect to one or more issues of money market instrument notes issued under the programs listed on Exhibit A, as it may be amended in writing with the addition or deletion of a program from time to time by the parties (the "Securities"); and

Whereas, in order to enhance the efficiency of the processes for issuing and redeeming such Securities, Custodian has agreed to act as custodian of master note certificates registered in the name of DTC's nominee, Cede & Co., evidencing the Securities (the "Certificates") and has established procedures to perform the services hereinafter set forth.

Now, therefore, in consideration of the representations, warranties, and covenants herein contained the parties agree as follows:

1. Custodian shall assure that each Certificate held pursuant to this Agreement shall be in registered form, registered in the name of Cede & Co., and shall bear the following legend:

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

Custodian agrees that the foregoing provisions of this Paragraph constitute as to Custodian a timely written notice of an adverse claim by DTC as to each such Certificate regardless of whether the legend actually appears thereon.

2. Subsequent to the issuance of Certificates, Custodian shall hold the Certificates awaiting DTC's instructions. On receipt of instructions from DTC, and except as hereinafter provided, Custodian shall deliver to DTC or as directed by DTC any or all Securities or Certificates held for DTC in accordance with such instructions.

3. Custodian shall confirm to DTC the amount of Securities evidenced by each Certificate on a daily or other periodic basis, as DTC may reasonably request.

4. As between DTC and Custodian (including, without limitation, its creditors, lien holders, and pledgees), the Securities evidenced by a Certificate and such Certificate shall be deemed to be the sole property of DTC. Custodian shall not by reason of any provision of this Agreement or the delivery to it of Securities in connection with their issuance obtain any legal or equitable right, title, or interest in or to Securities evidenced by such Certificate.

5. Custodian shall itself at all times hold all Certificates in one of its secured areas.

6. (a) Notwithstanding any event whatsoever, other than an event described in subparagraph (b) of this Paragraph or in the proviso to Paragraph 8, Custodian shall, upon the request of DTC, deliver or make available to DTC any or all Securities or Certificates within 24 hours after receipt of such request, except that Custodian shall not be required hereby to deliver or make available Securities or Certificates to DTC on a day that Custodian is not open for business.

(b) Custodian shall notify DTC immediately after it determines that any Securities or Certificate received by it from the issuer, deliverable by it to DTC, or held by it pursuant to the provisions of this Agreement has apparently been lost, destroyed, wrongfully taken, or is unaccounted for by Custodian (each, a "Missing Security"). Custodian shall promptly replace any Missing Security without cost to DTC.

7. Custodian represents and warrants that it is insured under an insurance policy in the form of Financial Institution Bond Standard Form 24, or similar coverage, in the amount of $ 125 Million, with a deductible of $ 10 Million, which Custodian reasonably believes to be adequate to cover all losses under all programs that Custodian has and shall have with DTC. Custodian will deliver promptly to DTC, if DTC so requests, a writing signed by its insurance broker or agent which evidences the existence of such insurance coverage in such amount and with such deductible, and Custodian covenants and agrees to maintain at its expense such insurance (or a comparable plan of insurance) in no less amount, no greater deductible, and with like coverage during the term of this Agreement, subject to its right to cancel, decrease, or limit the same. Custodian shall notify DTC promptly in writing of any material changes in such insurance coverage. Custodian shall, prior to the first anniversary of the date of this Agreement and prior to each succeeding anniversary of this Agreement during its term, deliver promptly to DTC, if DTC so requests, a writing signed by its insurance broker or agent which shall evidence the amount, deductible, and coverage of Custodian's insurance and shall state whether or not such insurance is equivalent to Financial Institution Bond Standard Form 24. Custodian agrees that whenever Custodian ships Securities or Certificates to DTC, Custodian shall either provide adequate insurance coverage or require such coverage from the carrier of the Securities or Certificates, such coverage to cover losses of Securities or Certificates while in transit and until received. Custodian shall, if DTC so requests, promptly furnish DTC with documentation evidencing the amount, deductible, and coverage of the insurance provided by Custodian for any such shipment of Securities or Certificates.

8. Custodian agrees that it shall not for any reason, including the assertion of any claim, right, or lien of any kind, refuse or refrain from delivering any Securities or Certificates to or as directed by DTC in accordance with the terms of this Agreement; *provided, however*, that if Custodian shall be served with a notice of levy, seizure, or similar notice, order, or judgment, issued or directed by a governmental agency or court, or an officer thereof, having jurisdiction over Custodian, which on its face affects Securities evidenced by Certificates in the possession of

Custodian pursuant to the provisions hereof. Custodian may, pending further direction of such governmental agency or court, refuse or refrain from delivery or making available to DTC in contravention of such notice or levy, seizure, or similar notice, order, or judgment. Securities not greater in amount than the Securities which are affected by such notice of levy, seizure, or similar notice, order, or judgment on the face thereof.

9. Custodian may act relative to this Agreement in reliance upon advice of counsel in reference to any matters connected with its duties under this Agreement, and shall not be liable for any mistake of fact or error of judgment, or for any acts or omissions to act of any kind, unless caused by its own negligence.

10. Custodian may at any time, without any resulting liability to itself, act under this Agreement in reliance upon the signature of any person who it reasonably believes has authority to act for DTC with respect to this Agreement, but Custodian shall not be required so to act, and may in its discretion at any time require such evidence of the authenticity of such signature and of the authority of the person acting for DTC as may be satisfactory to Custodian.

11. So long as this Agreement remains in effect as to any issue of Securities, Custodian shall furnish to DTC as soon as available a copy of any report on the adequacy of Custodian's internal accounting control procedures relating to the safeguarding of securities in its custody prepared for any regulatory agency by Custodian's independent outside auditor.

12. This Agreement may be terminated by either party upon ten business days' prior written notice to the other party. In the event of the termination of this Agreement or the termination hereunder of this Agreement as to issues of Securities evidenced by specific Certificates, it shall be deemed that Custodian has received as of the time of such termination a request by DTC within the meaning of Paragraph 6(a) with regard to: (i) all Securities or Certificates subject hereto if this Agreement is terminated; or (ii) the specific Securities or Certificates in respect of which this Agreement shall terminate.

13. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to principles of conflicts of law.

14. All notices, instructions, requests, and other communications required or contemplated by this Agreement shall be in writing, shall be delivered by hand or sent, postage prepaid, by certified or registered mail, return receipt requested, and shall be addressed to Custodian at 10005 16 Wall St., New York, NY, Attn: Issuance Services Manager, and to DTC at 49th Floor; 55 Water Street; New York, NY 10041-0099, Attn: General Counsel. Notice given as aforesaid shall be deemed given upon the receipt thereof. Either party may change the address to which notices shall be sent upon notice to the other in the manner hereinabove provided.

15. (a) Custodian agrees to indemnify and hold harmless DTC from and against any and all losses, liabilities, claims, penalties, charges, and expenses (including reasonable counsel fees and expenses) suffered or incurred by or asserted or assessed against DTC by reason of Custodian's negligent action or negligent failure to act; *provided, however*, that should Custodian be held to be negligent hereunder and should DTC be held to have been contributorily negligent in connection therewith, then the aforementioned liability shall be shared between Custodian and DTC in such proportion as may be set forth in any decision of a court or other tribunal having jurisdiction, unless Custodian and DTC shall agree in writing to share such liability in a different proportion.

(b) DTC agrees to indemnify and hold harmless Custodian from and against any and all losses, liabilities, claims, taxes, assessments, penalties, charges, and expenses (including reasonable counsel fees and expenses) suffered or incurred by or asserted or assessed against Custodian by reason of any action pursuant to this Agreement or following the instructions of DTC in connection with the performance of its duties under this Agreement where Custodian has acted in good faith and without negligence; *provided, however*, that should Custodian be held to be negligent hereunder and should DTC be held to have been contributorily negligent in connection therewith, then the aforementioned liability shall be shared between Custodian and DTC in such proportion as may be set forth in any decision of a court or other tribunal having jurisdiction, unless Custodian and DTC shall agree in writing to share such liability in a different proportion.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Bankers Trust Company
(Custodian)

By: _____

Vice President
(Title)

_____
(Attest)

THE DEPOSITORY TRUST COMPANY

By: _____
Richard B. Nesson
General Counsel
(Title)

EXHIBIT "C"

See Document under Tab 21 of the Transcript of Proceedings

EXHIBIT "D"

See Document under Tab 1 of the Transcript of Proceedings

Fifth Supplemental Resolution to Master Resolution

EXHIBIT "E"

See Document under Tab 19 of the Transcript of Proceedings

Closing Certificate
(See next page)

CLOSING CERTIFICATE

THE STATE OF TEXAS :
TEXAS TECH UNIVERSITY :

I, the Deputy Vice Chancellor of Texas Tech University, hereby certify as follows:

1. That this certificate is made for the benefit of the hereinafter defined Provider, and for the benefit of the initial purchasers of the Board of Regents of Texas Tech University Revenue Financing System Commercial Paper Notes, Series A, authorized to be outstanding at any one time in the principal amount of $50,000,000 (the "Notes") authorized by the Master Resolution adopted by the Board of Regents of Texas Tech University (the "Board") on October 21, 1993, as amended, and the fifth supplemental resolution to the Master Resolution, adopted by the Board on November 7, 1997 (collectively, the "Resolution").

2. That in connection with the establishment of the commmercial paper note program and the issuance of the Notes, the Board shall enter into a Liquidity Agreement, dated as of April 15, 1998 (the "Liquidity Agreement"), by and between the Board and Morgan Guaranty Trust Company of New York (the "Provider"), an Issuing and Paying Agent Agreement between the Board and Bankers Trust Company, dated as of April 29, 1998 (the "Paying Agent Agreement"), and a Commercial Paper Dealer Agreement between the Board and J.P. Morgan Securities Inc., dated as of April 29, 1998 (the "Dealer Agreement"). The Credit Agreement, the Paying Agent Agreement and the Dealer Agreement are herein collectively referred to as the "Commercial Paper Agreements". The Commercial Paper Agreements have been duly authorized, executed and delivered by the Board, and each constitutes a legal, valid and binding obligation of the Board, enforceable against the Board in accordance with its terms, except insofar as the enforcement of any of the provisions thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights and remedies generally, and by general principles of equity.

3. That each of the representations and warranties made by the Board in the Commercial Paper Agreements were true and correct as of the date of the adoption of the Resolution, the date of the Commercial Paper Agreements, and after giving effect thereto as though made on and as of the date hereof. As of the date hereof, no Default (as defined in the Liquidity Agreement) has occurred or is continuing.

4. That no event has occurred and is continuing or would result from the transactions contemplated by the Resolution and the Commercial Paper Agreements which would constitute a Default or an Event of Default (as defined in the Liquidity Agreement) or an event of default under any Commercial Paper Agreement but for the requirement that notice be given or time elapse or both.

5. That except as heretofore disclosed by the Board, there is no action, suit, investigation or proceeding litigation pending in any court in Lubbock County, Texas, or, to our knowledge, threatened (a) to restrain or enjoin the issuance of the Notes or the Promissory Note (as defined in the Liquidity Agreement) or the collection of the revenues and assets of the Board pledged or to be pledged to pay the principal of and interest on the Notes or the Promissory Note or the pledge

thereof, (b) contesting or affecting the validity or enforceability of the Resolution, the Liquidity Agreement, the Notes or the Promissory Note or any transactions contemplated thereby or (c) contesting the powers of the Board or contesting the authorization of the Notes, the Promissory Note, or the Resolution or contesting in any way the accuracy, completeness, or fairness of the Offering Memorandum prepared in connection with the issuance of the Notes (the "Memorandum").

6. To the best of our knowledge, the statements and representations in the Memorandum are true and accurate, and insofar as the Board and its affairs, including its financial affairs, are concerned, the Memorandum does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

7. All consents, permits, licenses and approvals of, and filings, registrations and declarations with, government authorities that are required to be obtained by or made by the Board in connection with the Commercial Paper Notes and the Commercial Paper Agreements have been obtained or made.

8. The Board has not taken or permitted to be taken any action which would materially adversely affect the enforceability of the Resolution, the Commercial Paper Agreements, the Notes or the Promissory Note against the Board to repay the Advances (as defined in the Resolution) or the legal ability of the Board to repay the Advances or to pay its obligations secured by the Pledged Revenues (as defined in the Resolution) of the Revenue Financing System (as defined in the Resolution).

9. The Board has not defaulted in the payment when due of any Debt which is secured by the Pledged Revenues. None of the Pledged Revenues are pledged or encumbered to the payment of any debt or obligation of the Board, except (i) in connection with outstanding Parity Obligations, and (ii) in connection with the Promissory Note, to the extent Advances are made and not immediately repaid in accordance with the terms of the Liquidity Agreement.

10. The financial information regarding the Revenue Financing System furnished to the Bank by the Board is true and correct in all material respects as of the date of entry into the Liquidity Agreement by the Board.

11. That the following are the duly appointed and incumbent Board Representatives (as such term is defined in the Resolution), duly authorized to act on behalf of the Board for purposes of the Liquidity Agreement referred to above, each being an employee of the Board and holding the office set forth opposite the name thereof and the true and correct signature of each is as set forth opposite same name:

Office	Name	Signature
Deputy Chancellor	James Crowson	
Vice Chancellor for Administration and Finance	John E. Opperman	
Assistant Vice Chancellor for Investments	Ed McGee	

The following is the duly appointed and incumbent Vice Chancellor and General Counsel to the Board and the true and correct signature thereof is set forth opposite his name:

Office	Name	Signature
Vice Chancellor and General Counsel	Pat Campbell	

EXECUTED this APR 29 1998

Deputy Chancellor and Assistant Secretary,
Board of Regents, Texas Tech University

Vice Chancellor and General Counsel,
Board of Regents, Texas Tech University

(SEAL)

EXHIBIT "F"

Authorized Persons

James Crowson, Deputy Chancellor
John E. Opperman, Vice Chancellor for Administration and Finance
Ed McGee, Assistant Vice Chancellor for Investments

EXHIBIT "G"

Fee Schedule

TEXAS TECH UNIVERSITY $100,000,000 REVENUE FINANCING SYSTEM
ISSUING AND PAYING AGENT
FEES FOR ISSUANCE

1.	Acceptance Fee:	WAIVED
2.	Annual Administration Fee:	$1,500.00 /per year
3.	Outside Counsel:	WAIVED

NOTE: Legal fees will not be charged unless we are required to provide a legal opinion or we are asked to review a non-standard legal agreement (Issuing & Paying Agency Agreement). Our fees would be capped at $1,500 relating to the opinion & $1,000 relating to a non-standard Issuing & Paying Agency Agreement.

COUNSEL:
Orrick, Herrington & Sutcliffe - Orrick Herrington & Sutcliffe is one of the nation's leading law firms. The firm represents local, national and international clients ranging from Fortune 500 companies to entrepreneurial start-ups. Orrick's clients include many of the world's preeminent financial institutions and corporations and numerous governmental entities throughout the country.

Contact Information
Mr. Arnold Gulkowitz
Orrick, Herrington & Sutcliffe
666 Fifth Avenue
New York, New York 10103
Ph 212-506-5140

4.	Out of Pocket Expenses:	AT COST
5.	ACTIVITY FEES:	
	Book-entry notes issued	$10.00 per note
	Physical notes issued	$12.00 per note
	Wire Transfers	$10.00 per wire
6.	**Total estimated fee for processing commercial paper through DTC on a book-entry-only system.**	$3,000-$4,000/yr. (Approximately)

7. Bank Failure Scenario

The University has transferred good funds in the amount of $50,000,000 to your institution for payment of principal and interest to University note holders. After your receipt of those funds and before payment to the note holders has taken place, your institution fails and closes its doors. What mechanisms are in place and what measures would be taken to insure that the University's note holders receive payment with the University's funds?

"In the Event that a banking institution such as ours were to fail, it would be (under current law) subject to receivership by the FDIC. The FDIC has traditionally honored all fiduciary obligations of banks for which it is a receiver."

May 1, 1998

BOARD OF REGENTS OF TEXAS TECH UNIVERSITY
REVENUE FINANCING SYSTEM COMMERCIAL PAPER NOTES, SERIES A

THE TAX-EXEMPT COMMERCIAL PAPER

The Board of Regents of Texas Tech University Revenue Financing System Commercial Paper Notes, Series A (the "TECP") are issued under the authority of Chapter 55, Texas Education Code, and Article 717q, Vernon's Texas Civil Statutes, as amended (collectively, the "Act"), and pursuant to a resolution (the "Note Resolution") adopted on November 7, 1997, by the Board of Regents of Texas Tech University (the "Board"). The Note Resolution authorizes a short-term borrowing program in an amount not to exceed $100 million outstanding principal amount at any one time. Under the terms of the Note Resolution, TECP cannot be issued in an aggregate principal amount at any one time outstanding in excess of $50 million without approval of the Board, which approval has not been given. The "Liquidity Agreement" (as defined below) provides liquidity support for up to $50 million in principal amount of the TECP in satisfaction of the requirements of the Note Resolution. See "LIQUIDITY AGREEMENT". The TECP will be issued as interest bearing or discount obligations in minimum denominations of $100,000, with maturities not to exceed 270 days from the respective issue dates. Principal of and interest on the TECP will be payable at the issuance agency department of Bankers Trust Company, New York, New York (the "Paying Agent"). The TECP will be issued to provide interim financing for capital improvements and acquisition of equipment for Texas Tech University (the "University") and Texas Tech University Health Sciences Center (the "Health Sciences Center") and to pay interest on TECP and to refund TECP as it matures.

TEXAS TECH UNIVERSITY AND
TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

The Board is responsible for the governance, management and control of the University and the Health Sciences Center. The University and the Health Sciences Center were established pursuant to the provisions of the Constitution and laws of the State of Texas (the "State") as institutions of higher education. For the 1997 Fall Semester, the University had a total enrollment of 25,022 students and the Health Sciences Center had a total enrollment of 1,548 students. The University is a fully-accredited multi-purpose state university organized into the following colleges: Agricultural Sciences and Natural Resources; Architecture; Arts and Sciences; Business Administration; Education; Engineering; and Human Sciences. These colleges, together with the School of Law and Graduate School, have approximately 54 academic departments offering the bachelor's degree in 148 fields and graduate degrees in 151 fields of study and 170 majors. The Health Sciences Center includes the following schools: a School of Medicine offering educational programs leading to an M.D. degree and to master's and doctoral degrees in the basic sciences; a School of Nursing offering courses leading to bachelor's, master's and doctoral degrees in nursing and providing a family nurse practitioner program at the master's and post-master's level; a School of Allied Health offering courses leading to a bachelor's degree in clinical laboratory science, communication disorders and occupational therapy and providing graduate programs in physical therapy and communication disorders and certificate-level programs in emergency medicine; and a Pharmacy School offering courses leading to the Pharm. D. degree. The 1997-1998 budgets for the University and the Health Sciences Center are $310,742,937 and

$304,403,607, respectively. In addition, the University and the Health Sciences Center benefit from endowments, subject to restrictions, of approximately $123,505,000 and $40,855,000, respectively.

THE REVENUE FINANCING SYSTEM

A Master Resolution adopted by the Board on October 21, 1993, as amended on November 8, 1996 and on August 22, 1997, created the "Revenue Financing System" to provide a financing structure for revenue supported indebtedness of the University and the Health Sciences Center and other entities which may be included in the future, by Board action, as participants in the Revenue Financing System ("Participants"). **Currently, the University and the Health Sciences Center are the only Participants in the Revenue Financing System.** The Revenue Financing System is intended to facilitate the assembling of all of the Participants' revenue-supported debt capacity into a single financing program in order to provide a cost-effective debt program to Participants and to maximize the financing options available to the Board. The Master Resolution provides that once a university or agency becomes a Participant, the lawfully available revenues, income, receipts, rentals, rates, charges, fees, including interest or other income, and balances attributable to that entity and pledged by the Board become part of the "Pledged Revenues" under the Master Resolution; provided, however, that, if at the time an entity becomes a Participant it has outstanding obligations secured by such sources, such obligations will constitute "Prior Encumbered Obligations" under the Master Resolution and the pledge of such sources as Pledged Revenues will be subject and subordinate to such outstanding Prior Encumbered Obligations. Thereafter, the Board may issue bonds, notes, commercial paper, contracts, or other evidences of indebtedness, including credit agreements, on behalf of such institution, on a parity, as to payment and security, with the outstanding "Parity Obligations" under the Master Resolution, subject only to the outstanding Prior Encumbered Obligations, if any, with respect to such Participant. Upon becoming a Participant, an entity may no longer issue obligations having a lien on Pledged Revenues prior to the lien on the outstanding Parity Obligations. Currently, there are no Prior Encumbered Obligations outstanding and the Board does not presently anticipate adding Participants to the Revenue Financing System which would result in the assumption of Prior Encumbered Obligations.

Pursuant to the Master Resolution, the Pledged Revenues consist of, subject to the provisions of Prior Encumbered Obligations, the "Revenue Funds" (as defined below), including all of the funds and balances now or hereafter lawfully available to the Board and derived from or attributable to any Participant which are lawfully available to the Board for payments on Parity Obligations; provided, however, that the following are not included in Pledged Revenues: (a) amounts received by the University or the Health Sciences Center under Article VII, Section 17 of the State Constitution (generally, a provision of the State Constitution providing for an annual appropriation of $175 million to be allocated among eligible agencies and institutions of higher education for the purpose of providing funds for acquisition of capital assets and the construction of capital improvements), including the income therefrom and any fund balances relating thereto; (b) except to the extent so specifically appropriated, general revenue funds appropriated to the Board by the State Legislature; and (c) "Practice Plan Funds" of the Health Sciences Center, including the income therefrom and any fund balances relating thereto, to the extent not included in "Pledged Practice Plan Funds." "Revenue Funds" means generally the revenues, incomes,

receipts, rentals, rates, charges, fees, grants and tuition levied or collected from any public or private source, including interest or other income from those funds, derived by the Board from the operations of each of the Participants; provided that "Revenue Funds" does not include any tuition, rentals, rates, fees or other charges attributable to any student which, at the time of adoption of the Note Resolution, is exempt by law from paying such tuition, rentals, rates, fees or other charges. All legally available funds of the University or the Health Sciences Center, including unrestricted fund and reserve balances, are included as Pledged Revenues and are equally and ratably pledged to the payment of the TECP and the outstanding Parity Obligations.

As of August 31, 1997, the available Pledged Revenues (not including fund balances) for the fiscal year then ended were $204,793,862; pledgeable unappropriated fund balances were $83,545,737; and the total Pledged Revenues were $288,339,599. See "OUTSTANDING PARITY OBLIGATIONS."

FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE BOARD, THE UNIVERSITY, THE HEALTH SCIENCES CENTER AND THE REVENUE FINANCING SYSTEM FOR THE YEAR ENDED AUGUST 31, 1997, ARE AVAILABLE FROM THE NATIONALLY RECOGNIZED MUNICIPAL SECURITIES INFORMATION REPOSITORIES ("NRMSIR'S") AND THE STATE INFORMATION DEPOSITORY. THE BOARD AND J.P. MORGAN SECURITIES INC. WILL RESPOND TO REASONABLE REQUESTS FOR ADDITIONAL FINANCIAL INFORMATION CONCERNING THE BOARD, THE UNIVERSITY, THE HEALTH SCIENCES CENTER AND THE REVENUE FINANCING SYSTEM. See "MISCELLANEOUS."

OUTSTANDING PARITY OBLIGATIONS

As of March 31, 1998, $123,955,000 in aggregating principal amount of outstanding Parity Obligations (other than the TECP) are payable from Pledged Revenues. The average annual debt service of such Parity Obligations over the remaining life of the issues (fiscal years 1999-2017) is $6,523,947. The maximum annual debt service of such Parity Obligations is $15,499,749 in fiscal year 1999. As stated above, as of August 31, 1997, the total Pledged Revenues available were $288,339,599.

ADDITIONAL PARITY OBLIGATIONS

The Board reserves the right to issue or incur additional Parity Obligations for any purpose authorized by law pursuant to the provisions of the Master Resolution and a supplemental resolution. The Board may incur, assume, guarantee, or otherwise become liable with respect to any Parity Obligations if the Board has determined that it will have sufficient funds to meet the financial obligations of the University or the Health Sciences Center, including sufficient Pledged Revenues to satisfy the annual debt service requirements of the Revenue Financing System and to meet all financial obligations of the Board relating to the Revenue Financing System. The Master Resolution provides that the Board will not issue or incur additional Parity Obligations unless (i) the Board determines that the Participant for whom the Parity Obligations are being issued or incurred possesses the financial capacity to satisfy its respective proportionate share of outstanding Parity Obligations, after taking into account the then proposed additional Parity Obligations, and

(ii) a designated financial officer of such Participant delivers to the Board a certificate stating that, to the best of his or her knowledge, the Board is in compliance with all covenants contained in the Master Resolution and any supplemental resolution and is not in default in the performance and observance of any of the terms, provisions and conditions thereof. The Master Resolution provides that "Nonrecourse Debt" and "Subordinated Debt" may be incurred by the Board without limitation. No such Nonrecourse Debt or Subordinated Debt has been issued by the Board on behalf of either the University or the Health Sciences Center.

LIQUIDITY AGREEMENT

Pursuant to the Note Resolution, the Board has covenanted to maintain available funds or an "Available Bank Loan Commitment" under a Liquidity Agreement, or a combination thereof, in amounts such that the amount available from available funds, a borrowing under the Liquidity Agreement, or a combination thereof, would be sufficient to pay the principal of all outstanding TECP and interest thereon for 90 days computed at the rate of 15 percent per annum; provided that the availability for borrowing such amounts under the Liquidity Agreement may be subject to reasonable conditions precedent, including, but not limited to, bankruptcy of the Board.

As of April 15, 1998, the Board and Morgan Guaranty Trust Company of New York ("Morgan Guaranty") have entered into a Liquidity Agreement pursuant to which Morgan Guaranty became obligated, during a "Revolving Credit Period" that began on April 29, 1998, the effective date of the Liquidity Agreement and ends on the business day next preceding the second anniversary of such effective date, on the terms and conditions set forth in the Liquidity Agreement, to lend to the Board from time to time an aggregate amount not to exceed $55,550,000 (the "Bank Loan Commitment," which amount is in excess of $50 million, plus interest thereon for 270 days, computed at the rate of 15 percent per annum) to pay principal and interest due under the TECP. Accordingly, the Bank Loan Commitment provides liquidity support for the authorized amount of TECP ($50 million) in satisfaction of the requirements of the Note Resolution. Each "Advance" under the Loan Agreement is conditioned upon delivery by the Board of a "Notice of Advance" and to the satisfaction of the following further conditions: (i) the TECP shall not have been found to have been illegally issued and/or unenforceable by a final non-appealable judgment; (ii) no "Debt" of the Board secured by or payable from Pledged Revenues which is at least on a parity with the TECP shall have been found to have been issued illegally or in violation of any additional debt test by a final non-appealable judgment; and (iii) no "Special Event of Default" shall have at the time occurred. In addition, Morgan Guaranty shall have no obligation to make an Advance to the Board under the Liquidity Agreement to pay the principal of or interest on any TECP issued by the Board after receipt by the Paying Agent for the TECP of a "No-Issuance Notice" from Morgan Guaranty, which notice may be given if an "Event of Default" shall have occurred and be continuing under the Liquidity Agreement or the representations and warranties of the Board, as set forth in Article IV of the Liquidity Agreement, are not true and correct in all material respects on and as of the date of the No-Issuance Notice, with the same force and effect as though made on and as of the date such notice. As used above, "Special Event of Default" means, generally, (a) default by the Board in the payment of principal or interest due under the Promissory Note issued to Morgan Guaranty under the Liquidity Agreement (and, in the case of interest, such default shall continue for five business days); (b) the institution by or against the Board of certain bankruptcy proceedings or other proceedings seeking the appointment of a

receiver or similar official with respect to the Board or any substantial part of its property; (c) the Board shall make or authorize a general assignment for the benefit of creditors or shall declare or authorize a debt moratorium or shall fail or shall authorize failure to pay generally its debts as they become due; (d) any material provision of the Liquidity Agreement, the Promissory Note, the Master Resolution or the Note Resolution shall be declared by a court having jurisdiction to be null and void (unless the Board is appealing the judgment in good faith by appropriate proceedings) or shall be repealed or contested by the Board; (e) default by the Board in the payment of amounts owed under the Master Resolution or the Note Resolution or the TECP, which default extends beyond any grace period with respect thereto; (f) a final judgment shall be rendered against the Board for the payment of money in excess of $1,000,000, which continues unsatisfied and unstayed for 45 days or the Board fails promptly to lift any execution, garnishment or attachment of or against its property pursuant to any such judgment as will impair its ability to carry on its business; (g) default by the Board in the payment of Debt of the Board in excess of $5,000,000, which is secured by and payable from Pledged Revenues, at least on a parity with the TECP, or default in the performance of any agreement under which such Debt is created if the effect of such default is to permit an acceleration of such Debt; or (h) Fitch, Moody's or S&P shall have assigned to any other Debt of the Board secured by or payable from Pledged Revenues a rating below "BBB" or shall have withdrawn the ratings on the TECP or such other Debt other than as a result of debt maturity, redemption or defeasance or nonapplication or nonprovision of information. The Promissory Note issued to Morgan Guaranty under the Liquidity Agreement constitutes a Parity Obligation of the Board.

Certain information regarding Morgan Guaranty is contained in Appendix A hereto.

RATE COVENANT

In the Master Resolution, the Board has covenanted that, in each fiscal year, it shall establish, charge and use its reasonable efforts to collect at each Participant the Pledged Revenues which, if collected, would be sufficient to meet all financial obligations of the Board relating to the Revenue Financing System, including deposits or payments due on or with respect to outstanding Parity Obligations for such fiscal year.

THE TECP DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE BOARD, THE UNIVERSITY, THE HEALTH SCIENCES CENTER, THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF. THE BOARD HAS NO TAXING POWER AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE TECP.

BOOK-ENTRY ONLY SYSTEM

The following language has been provided by The Depository Trust Company ("DTC"), New York, New York for inclusion in disclosure documents for obligations which use DTC's book-entry-only system.

DTC will act as securities depository for the TECP. The TECP will be issued as fully-

registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered certificate will be issued for each issue of the TECP, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (the "DTC Participants") deposit with DTC. DTC also facilitates the settlement among the DTC Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in the DTC Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its DTC Participants are on file with the Securities and Exchange Commission.

Purchases of the TECP under the DTC system must be made by or through Direct Participants, which will receive a credit for the TECP on DTC's records. The ownership interest of each actual purchaser of TECP ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the TECP are to be accomplished by entries made on the books of the DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the TECP, except in the event that use of the book-entry system for the TECP is discontinued.

To facilitate subsequent transfers, all TECP deposited by the DTC Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of the TECP with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the TECP; DTC's records reflect only the identity of the Direct Participants to whose accounts such TECP are credited, which may or may not be the Beneficial Owners. The DTC Participants will remain responsible for keeping account of the holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to Cede & Co. If less than all of the TECP within a series

are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the TECP. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the TECP are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the TECP will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payment date. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant and not of DTC, the Dealer, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Board, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to a series of the TECP at any time by giving reasonable notice to the Board. Under such circumstances, in the event that a successor securities depository is not obtained, certificates of the applicable series are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository) with respect to the TECP. In that event, TECP certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

ABSENCE OF LITIGATION

Except as described below, none of the Board, the University or the Health Sciences Center is a party to any litigation or other proceeding pending or, to the knowledge of such parties, threatened, in any court, agency, or other administrative body (either state or federal) which, if decided adversely to such parties, would have a material adverse effect on Pledged Revenues, and no litigation of any nature has been filed or, to their knowledge, threatened that would affect the provisions made for the use of Pledged Revenues to secure or pay the principal of or interest on the Parity Obligations, including the TECP, or in any manner questioning the validity of the TECP.

BOND COUNSEL OPINION

In the opinion of Bond Counsel, a copy of which is attached thereto as Appendix B, except as otherwise stated therein, interest on the TECP is excludable from the gross income of the owners for federal income tax purposes under statutes, regulations, published rulings, and court decisions existing on the date of such opinion.

RATINGS

The TECP and the other outstanding Parity Obligations of the Board are presently rated as follows:

	TECP	Bonds
Moody's Investors Service	P-1	A-1
Standard & Poor's Rating Group	A-1+	AA
Fitch IBCA, Inc.	P-1+	AA

An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations, and the Board makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the TECP.

MISCELLANEOUS

Periodic public reports relating to the financial condition of the Board, the University, the Health Sciences Center and the Revenue Financing System and the balances, revenues, and disbursements of the various funds of the Board are prepared by the Board from time to time. Copies of such reports and additional information concerning the Board and its financial affairs may be obtained upon request from the Board by contacting Mr. Edmund W. McGee, Assistant Vice Chancellor for Investments at (806)742-3243.

Additional financial information and operating data relating to the Board, the University, the Health Sciences Center and the Revenue Financing System is available from the NRMSIRs and the State information depository. The addresses for the NRMSIRs are as follows: Bloomberg Municipal Repositories, P.O. Box 840, Princeton, NJ 08542-0840, telephone: (609)279-3200; DPC Data Inc., One Executive Drive, Fort Lee, NJ 07024, telephone (201)346-0701; Kenny Information Systems Inc., Attention: Kenny Repository Service, 65 Broadway, 16th Floor, New York, NY 10006, telephone: (212)770-4595; and Thomson NRMSIR, Attention: Municipal Disclosure, 395 Hudson Street, 3rd Floor, New York, NY 10014, telephone: (212)807-5001. The address for the State information depository is Municipal Advisory Council of Texas, 600 West 8th Street, P.O. Box 2177, Austin, Texas 78768-2177, telephone: (512)476-6947.

NO DEALER, BROKER, SALESMAN, OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION

OTHER THAN AS CONTAINED IN THIS COMMERCIAL PAPER MEMORANDUM OR THE MOST RECENT OFFICIAL STATEMENT WITH RESPECT TO THE REVENUE FINANCING SYSTEM OF THE BOARD IN CONNECTION WITH THE OFFERING DESCRIBED HEREIN, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THIS COMMERCIAL PAPER MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE TECP OFFERED HEREBY, NOR SHALL THERE BE ANY OFFER OR SOLICITATION OF SUCH OFFER OR SALE OF TECP IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION, OR SALE. NEITHER THE DELIVERY OF THIS COMMERCIAL PAPER MEMORANDUM NOR THE SALE OF ANY OF THE TECP IMPLIES THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF. THE INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED FROM THE BOARD'S OFFICIAL STATEMENT, PUBLISHED SOURCES, AND OTHER DATA FURNISHED BY THE BOARD. J.P. MORGAN SECURITIES INC. MAKES NO REPRESENTATION AS TO EITHER THE ACCURACY OR COMPLETENESS OF THE INFORMATION HEREIN. ADDITIONAL COPIES OF THIS COMMERCIAL PAPER MEMORANDUM MAY BE REQUESTED FROM YOUR J.P. MORGAN SECURITIES INC. REPRESENTATIVE OR FROM J.P. MORGAN & CO. AT (212)648-0913 OR (713)276-4620.

The date of this Commercial Paper Memorandum is May 1, 1998.

APPENDIX A

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Morgan Guaranty Trust Company of New York ("Morgan Guaranty") is a wholly owned subsidiary and the principal asset of J.P. Morgan & Co. Incorporated ("Morgan"), a Delaware corporation whose principal office is located in New York, New York. Morgan Guaranty is a commercial bank offering a wide range of banking services to its customers both domestically and internationally. Its business is subject to examination and regulation by Federal and New York State banking authorities. As of March 31, 1998, Morgan Guaranty and its subsidiaries had total assets of $189.5 billion, total net loans of $33.1 billion, total deposits of $61.9 billion, and stockholder's equity of $10.7 billion. As of December 31, 1997, Morgan Guaranty and its subsidiaries had total assets of $196.4 billion, total net loans of $30.9 billion, total deposits of $60.7 billion, and stockholder's equity of $10.4 billion.

The Consolidated statement of condition of Morgan Guaranty as of March 31, 1998, is set forth on page 9 of Exhibit 99 to Form 8-K dated April 14, 1998, as filed by Morgan with the Securities and Exchange Commission. Morgan Guaranty will provide without charge to each person to whom this Commercial Paper Memorandum is delivered, on the request of any such person, a copy of the Form 8-K referred to above. Written request should be directed to: Morgan Guaranty Trust Company of New York, 60 Wall Street, New York, New York 10260-0060, Attention: Office of the Secretary.

The information contained in this Appendix relates to and has been obtained from Morgan Guaranty Trust Company of New York. The delivery of the Commercial Paper Memorandum shall not create any implication that there has been no change in the affairs of Morgan Guaranty Trust Company of New York since the date hereof, or that the information contained or referred to in this Appendix is correct as of any time subsequent to its date.

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April 29, 1998

BOARD OF REGENTS OF TEXAS TECH UNIVERSITY
REVENUE FINANCING SYSTEM COMMERCIAL PAPER NOTES, SERIES A

AS BOND COUNSEL for the Board of Regents of Texas Tech University (the "Board"), we have reviewed a record of proceedings relating to the issuance from time to time of up to an aggregate principal amount of One Hundred Million Dollars ($100,000,000) of Commercial Paper Notes, Series A (the "Commercial Paper Notes"), all in accordance with the resolutions of the Board authorizing the issuance of such Commercial Paper Notes (collectively the "Resolution"). Terms used herein and not otherwise defined shall have the meaning given in the Resolution.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Board relating to the authorization, issuance, sale, and delivery of the Commercial Paper Notes, including the Resolution, certificates and opinions of officials of the Board, and other pertinent instruments relating to the issuance of the Commercial Paper Notes.

WE ARE FURTHER OF THE OPINION THAT, under existing laws, upon due execution, authentication and payment and upon compliance by the Board with conditions and covenants of the Resolution, the Commercial Paper Notes, together with the other Parity Obligations (as defined in the Resolution), are payable from and equally secured by the Pledged Revenues (as defined in the Resolution); provided, however, that the lien on and pledge of the Pledged Revenues is junior and subordinate to the lien and pledge securing the payment of the Prior Encumbered Obligations, all as further defined and described in the Resolution. The Commercial Paper Notes do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Board, except with respect to the Pledged Revenues as described in the Resolution, and the holders thereof shall never have the right to demand payment of the Commercial Paper Notes from any sources or properties of the Board except as described in the Resolution.

THE AGREEMENTS, COVENANTS AND OBLIGATIONS described in the foregoing paragraph, however, may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally.

IN OUR OPINION, except as discussed below, the interest on the Commercial Paper Notes is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Commercial Paper Notes are not "private activity bonds" and that accordingly, interest on the Commercial Paper Notes will not be included as an individual or corporate alternative minimum tax

preference item under section 57 (a) (5) of the Internal Revenue Codes of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, and assume compliance by the Board with certain representations and covenants regarding the use and investment of the proceeds of the Commercial Paper Notes. We call your attention to the fact that failure by the Board to comply with such representations and covenants may cause the interest on the Commercial Paper Notes to become includable in gross income retroactively to the date of issuance of the Commercial Paper Notes.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Commercial Paper Notes, is (a) included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax and environmental tax imposed on corporations by sections 55 and 59A of the Code, (b) subject to the branch profits tax imposed on foreign corporations by section 884 of the Code and (c) included in the passive investment income of an S corporation and subject to the tax imposed by section 1375 of the Code.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Commercial Paper Notes.

YOU MAY CONTINUE to rely on this opinion to the extent (i) there is no change in existing law subsequent to the date of this opinion and (ii) the representatives, warranties and covenants contained in the Resolution, and certificates dated the date of this opinion and executed and delivered by authorized officials of the Board remain true and accurate.

WE HAVE ACTED AS BOND COUNSEL for the Board for the sole purpose of rendering an opinion with respect to the legality and validity of the Commercial Paper Notes under the Constitution and laws of the State of Texas and with respect to the exclusion from gross income of the interest on the Commercial Paper Notes for federal income tax purposes, and for no other reason or purpose. We have not been requested to investigate or verify, and have not investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Board and have not assumed any responsibility with respect thereto.

Respectfully,

McCall, Parkhurst & Horton L.L.P.