

RESOLUTION
AMENDING FIRST SUPPLEMENTAL RESOLUTION TO THE
MASTER RESOLUTION AND AUTHORIZING AN
INTEREST RATE SWAP AGREEMENT

WHEREAS, the Board of Regents (the "Board") of The University of Texas System has adopted the "Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System" (the "Master Resolution"), originally adopted on April 12, 1990, amended and restated on February 14, 1991 and further amended on October 8, 1993, to establish a new System-wide financing structure for revenue supported indebtedness which would provide reduced costs and increased borrowing capacity to the components of the System, additional security to the credit markets, and greater financial flexibility to the Board; and

WHEREAS, the Board adopted the First Supplemental Resolution to the Master Resolution Establishing the University of Texas System Revenue Financing System on the 12th day of April, 1990, as amended on October 8, 1993 (the "First Supplement") which established an interim financing program pursuant to which the Board has issued its Revenue Financing System Commercial Paper Notes, Series A (the "Commercial Paper Note Program") to provide interim financing for capital improvements and to finance equipment purchases; and

WHEREAS, terms used herein and not otherwise defined have the meanings given in the First Supplement and the Master Resolution; and

WHEREAS, the Board hereby finds it necessary and desirable to enter into an Interest Rate Swap Agreement (the "Swap Agreement") with Goldman Sachs Capital Markets, L.P. in connection with the Commercial Paper Note Program with the Swap Agreement constituting a Credit Agreement under the Master Resolution; and

WHEREAS, the staff has recommended and the Board hereby finds and determines to further amend the First Supplement pursuant to Section 8.01(a)(iii) of the First Supplement to provide that in connection with the issuance of Project Notes the U. T. System Representative is authorized to execute and accept confirmations issued under the Swap Agreement when in his or her judgment the lowest effective net interest cost can be achieved by issuing Commercial Paper Notes with other than a fixed interest rate and establishing an alternative interest rate or interest rate formula for such Commercial Paper Notes through an interest rate swap agreement confirmation;

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

Section 1. The Executive Director of Finance is hereby authorized and directed to execute and deliver the Swap Agreement in substantially the form of Exhibit A attached hereto, together with other officers and representatives of the Board, is authorized to take such further action as may be necessary to make the Swap Agreement effective. The Board hereby determines that the Members of the Revenue Financing System for whom the

Commercial Paper Note Program is utilized and therefore for whom the Swap Agreement is being entered into possess the financial capacity to satisfy their respective Direct Obligations after taking into account the obligations under the Swap Agreement.

Section 2. The first paragraph of Section 2.02 of the First Supplement is hereby amended to read as follows:

"Section 2.02. TERMS APPLICABLE TO NOTES - GENERAL. Subject to the limitations contained herein, Commercial Paper Notes herein authorized shall be dated as of their date of issuance and Variable Rate Notes herein authorized shall be dated as of the date of authentication of such Variable Rate Notes (the "Note Date"), and Project Notes shall bear no interest or bear interest at such rate or rates (either fixed, variable, floating, adjustable, or otherwise) per annum computed either on the basis of (i) actual days elapsed and on a 365-day year, or (ii) a 360-day year composed of twelve 30-day months (but in no event to exceed the Maximum Interest Rate in effect on the date of issuance thereof), as provided herein or otherwise as may be determined by a U.T. System Representative, and shall mature on or prior to the Maximum Maturity Date. Subject to the provisions of Articles III and IV, a U.T. System Representative may establish a formula, index, or other method for establishing the interest rates for Variable Rate Notes. In addition, in connection with the issuance of the Commercial Paper Notes hereunder, the U.T. System Representative may accept and execute confirmations under and as defined in the Interest Rate Swap Agreement between the Board and Goldman Sachs Capital Markets, L.P. or confirmations delivered under another interest rate swap agreement entered into by the Board relating to Commercial Paper Notes issued hereunder when, in his or her judgment, the issuance of the Commercial Paper Notes containing the terms then contemplated with the hedge provided by the confirmation would result in the lowest net interest cost for such Commercial Paper Notes."

Section 3. The Executive Director of Finance and the General Counsel are authorized to approve any technical amendments to this Resolution requested by the rating agencies as a condition to their issuance or maintenance of a rating on Parity Debt issued under the Master Resolution.

Section 4. The amendment to the First Supplement shall take effect immediately pursuant to Section 8.01(a)(iii) of the First Supplement since it relates to the change of form of Outstanding Parity Debt issued under the First Supplement and otherwise changes the provisions of the First Supplement in a manner the Board deems necessary and desirable and which do not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Parity Debt issued under the First Supplement. Other than as set forth in this Resolution, the First Supplement is not amended, altered or rescinded and is in full force and effect.

Section 5. The recitals set forth in the preamble to this Resolution are hereby incorporated into this resolution and made a part hereof for all purposes.

EXHIBIT A

INTEREST RATE SWAP AGREEMENT

Dated as of April 1, 1994

GOLDMAN SACHS CAPITAL MARKETS, L.P., a limited partnership organized under the law of the State of Delaware ("GSCM") and the Board of Regents of The University of Texas System, the duly appointed governing body of The University of Texas System, a governmental agency of the State of Texas ("Counterparty") have entered and/or anticipate entering into one or more transactions (each a "Rate Swap Transaction"). The parties agree that each Rate Swap Transaction will be governed by the terms and conditions set forth in this document and in the documents (each a "Confirmation") exchanged between the parties confirming such Rate Swap Transactions. Each Confirmation constitutes a supplement to and forms part of this document and will be read and construed as one with this document, so that this document and all Confirmations constitute a single agreement between the parties (collectively referred to as this "Agreement"). The parties acknowledge that all Rate Swap Transactions are entered into in reliance on the fact that this document and all Confirmations will form a single agreement between the parties, it being understood that the parties would not otherwise enter into any Rate Swap Transactions.

Accordingly, the parties agree as follows:

1. Interpretation

1.1 **Definition.** The terms defined in Section 13 will have the meanings therein specified for the purpose of this Agreement.

1.2 **Inconsistency.** In the event of any inconsistency between the provisions of any Confirmation and this Agreement, such Confirmation will prevail for the purpose of the relevant Rate Swap Transaction.

2. Payments

2.1 **Obligations and Conditions.**

(a) **Obligations and Conditions.** Subject to the payment basis specified below and the other terms and conditions set forth or incorporated by reference in this Agreement or in a Confirmation with respect to a Rate Swap Transaction, each party will make each

payment specified in each Confirmation as being payable by it by transfer of the relevant amount in United States Dollars, in freely transferable funds, to the account of the other party specified in Section 15, or as otherwise specified in a Confirmation for that Rate Swap Transaction. Unless otherwise provided in a Confirmation, the Fixed Amount or Floating Amount applicable to a Payment Date will be the Fixed Amount or Floating Amount calculated with reference to the Calculation Period ending on, but excluding, the Period End Date (or, in the case of the final Calculation Period, the Termination Date) that coincides with or corresponds to, that Payment Date.

(b) **Change of Account.** Either party may change its account to another account in the United States, by giving notice to the other party at least five Business Days prior to the Payment Date to which such change applies.

2.2 **Fixed Amounts.**

(a) **Calculation of Fixed Amounts.** The Fixed Amount for each applicable Payment Date in respect of any Calculation Period will be:

(i) if an amount is specified for the Rate Swap Transaction as the Fixed Amount in respect of that Calculation Period, such amount; or

(ii) if an amount is not specified for the Rate Swap Transaction as the Fixed Amount payable in respect of that Calculation Period, an amount calculated on a formula basis in respect of that Calculation Period as follows:

$$\text{Fixed Amount} = \text{Notional Amount} \times \text{Fixed Rate} \times \frac{\text{Fixed Rate Day Count}}{\text{Fraction}}$$

(b) **Certain Definitions Relating to Fixed Amounts.** For purposes of the calculation of a Fixed Amount:

(i) "Fixed Rate" means the per annum rate specified as such for the Rate Swap Transaction, expressed as a decimal.

(ii) "Fixed Rate Day Count Fraction" means, for any Rate Swap Transaction, unless otherwise specified in the related Confirmation, the number of days in the Calculation Period in respect of which payment is being made (calculated on the basis of a year of 360 days with twelve 30-day months) divided by 360.

2.3 Floating Amount.

(a) Calculation of Floating Amounts. The Floating Amount for each applicable Payment Date in respect of any Calculation Period for a Rate Swap Transaction will be an amount calculated on a formula basis in respect of that Calculation Period as follows:

$$\begin{array}{rcccccc} \text{Floating} & & & & \text{Floating} & & \text{Floating Rate} \\ \text{Amount} & = & \text{Notional} & & \text{Rate} & & \text{Day Count} \\ & & \text{Amount} & \times & \pm \text{Spread} & \times & \text{Fraction} \end{array}$$

(b) Certain Definitions Relating to Floating Amounts.
For purposes of the calculation of a Floating Amount:

(i) "Floating Rate" means, in respect of any Calculation Period for any Rate Swap Transaction, unless otherwise specified in the related Confirmation, a per annum rate, expressed as a decimal, equal to the arithmetic mean of the Relevant Rates in effect for each day in that Calculation Period, calculated by multiplying each Relevant Rate by the number of days such Relevant Rate is in effect, determining the sum of such products and dividing such sum by the number of days in the Calculation Period.

(ii) "Relevant Rate" means, with respect to the Floating Amount payable by any Floating Rate Payor pursuant to any applicable Rate Swap Transaction, unless otherwise specified in the related Confirmation, for any day, a per annum rate, expressed as a decimal equal to:

(A) If such day is a Reset Date, the Relevant Rate shall mean a per annum rate determined as of such Reset Date equal to the product obtained by multiplying the Index Percentage by the Index (the "Index") generally made available on such Reset Date by Municipal Market Data which meet specific criteria established by the Public Securities Association (the "PSA Municipal Swap Index") or any successor indexing agent hereunder (the "Indexing Agent"). The Index shall be based upon 30-day yield evaluations at par of bonds, the interest on which is excludable from gross income for federal income tax purposes under the Code, of not less than five "high grade" component issuers selected by the Indexing Agent which shall include, without limitation, issuers of general obligation bonds. The specific issuers included among the component issuers may be changed from time to time by the Indexing Agent in its discretion. The bonds on which the Index is based shall not include any bonds the interest on which is subject to an "alternative minimum tax" or similar tax under the Code, unless all tax-exempt bonds are subject to such tax.

If the Indexing Agent no longer publishes an Index satisfying the requirements of the preceding paragraph, GSCM shall be the successor Indexing Agent hereunder and shall determine the Index on each Reset Date upon consultation with the Counterparty. The Index so determined shall equal the prevailing rate determined by the Indexing Agent for bonds rated in the highest short-term rating category by Moody's Investors Service, Inc. and Standard & Poor's Corporation in respect of issuers most closely resembling the "high grade" component Issuers selected by Public Securities Association that are subject to tender by the holders thereof for purchase on not more than seven (7) days notice and the interest on which is (i) variable on a weekly basis, (ii) excludable from gross income for federal income tax purposes under the Code, and (iii) not subject to an "alternative minimum tax" or similar tax under the Code, unless all tax-exempt bonds are subject to such tax.

(B) If such day is not a Reset Date, the Relevant Rate determined pursuant to clause (ii)(A) above for the next preceding Reset Date.

(iii) "Reset Date" means, with respect to the Floating Amount payable by any Floating Rate Payor pursuant to any applicable Rate Swap Transaction, unless otherwise specified in the related Confirmation, each Thursday during the term (and, if the Effective Date is a day other than a Thursday, the Thursday next preceding the Effective Date) or, if any Thursday is not a Business Day, the first succeeding Business Day.

(iv) "Spread" means the per annum rate, if any, specified as such for the applicable Rate Swap Transaction (expressed as a decimal). For purposes of determining a Floating Amount, if positive the Spread will be added to the Floating Rate and if negative the Spread will be subtracted from the Floating Rate.

(v) "Floating Rate Day Count Fraction" means, in respect of any Calculation Period for any Rate Swap Transaction, unless otherwise specified in the related Confirmation, the actual number of days in that Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 plus (B) the actual number of days in that portion of the Calculation Period falling in a non leap year divided by 365).

2.4 Netting.

The obligations of the parties under this Section 2.4 will be calculated and payable on the basis of "Net Payments -- Corresponding Payment Dates."

"Net Payments - Corresponding Payment Dates" means that, without regard to Section 2.5(b), (i) on any day when amounts would otherwise be payable under this Agreement by either party to this Agreement to the other (regardless of whether such amounts are payable in respect of the same Rate Swap Transaction), then on such day each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount and (ii) on any date when any amounts would be payable under this Agreement by only one party, such amounts will be paid in full by that party.

2.5 Payments.

(a) Payment Procedures. Payments in respect of a Rate Swap Transaction will be timely if received in same day funds not later than close of the Federal Funds wire on the day on which they are due. Any amount due on a day on which banks are not open for business in either the designated place of payment or the place from which payment is made will be payable (without interest) on the first following day on which banks are open in both places.

(b) Conditions Precedent. Each obligation of each party to this Agreement to pay any amount due under this Agreement in respect of any Calculation Period is subject to (i) the condition precedent that no Event of Default (as defined in Section 5(a)), no event that with the giving of notice or lapse of time (or both) would become an Event of Default, or Incipient Illegality (as defined in Section 5(a)) in respect of the other party has occurred and is continuing and (ii) each other applicable condition precedent specified in this Agreement.

(c) Default Rate. A party that defaults in the payment of any amount due shall, to the extent permitted by law, pay interest on such amount to the other party, on demand, for the period from, and including, the original due date for payment to, but excluding, the date of actual payment at the Default Rate (using the Floating Rate Day Count Fraction that would apply if such Default Rate were a Floating Rate and such period were a Calculation Period).

(d) Rounding. All percentages resulting from any calculations referred to in this Agreement will be rounded upwards, if necessary, to the next higher one hundred-thousandth of a

percentage point (e.g., 9.876541% (or .09876541) being rounded to 9.87655% (or .0987655)), and all dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up).

3. Representations

(a) **Representations of the Parties.** On the date as of which it enters into this Agreement and on the Trade Date of each Rate Swap Transaction governed by this Agreement, each party makes to the other party and to any Specified Entity of the other party the following representations:

(i) "Basic Representations," which means that the party represents that: (a) in the case of GSCM, it is a limited partnership organized under the laws of the State of Delaware, in the case of Counterparty, it is the duly appointed governing body of the University System, a governmental agency of the State of Texas and, in each case, it is validly existing and in good standing under the laws of such jurisdiction; (b) it has the power to execute and deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver, and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document, and has taken all necessary action and made all necessary determinations and findings to authorize such execution, delivery and performance, and the individual(s) executing and delivering this Agreement and any other documentation (including any Credit Support Document) relating to this Agreement to which it is a party or that it is required to deliver are duly empowered and authorized to do so; (c) its execution and delivery of this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and in performance of its obligations under this Agreement and any obligations it has under any Credit Support Document do not violate or conflict with any law, rule or regulation applicable to it, any provision of its charter or by-laws (or comparable constituent documents), any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting the party or any of its assets; (d) all authorizations of and exemptions, actions or approvals by, and all notices to or filings with, any governmental or other authority that are required to have been obtained or made by the party at the time this representation is made with respect to this Agreement or any Credit Support Document to which it is a party have been obtained or made and are in full force and effect and all conditions of any such authorizations, exemptions, actions or approvals have been compiled with; and (e) each of this Agreement and any Credit Support

Document to which it is a party constitutes the party's legal, valid and binding obligation, enforceable against the party in accordance with its terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

(ii) "Absence of Certain Events," which means that the party represents that no event or condition has occurred that constitutes (or would with the giving of notice or passage of time or both constitute) an Event of Default or Incipient Illegality or, to the party's knowledge, a Termination Event with respect to the party, and no such event would occur as a result of the party's entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.

(iii) "Absence of Litigation," which means that the party represents that there is not pending or, to the party's knowledge, threatened against the party or any of its Affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental or regulatory body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against the party of this Agreement or any Credit Support Document to which it is a party or the party's ability to perform its obligations under this Agreement or such Credit Support Document. For purposes of this Section 3(a)(iii), the definition of "Affiliate" shall be limited to such Affiliates, if any, as may be Specified Entities for purposes of Section 5(a)(iii).

(iv) "Accuracy of Financial Information," which means that the party represents that all financial information furnished to the other party to this Agreement pursuant to Section 4 is, as of its date, a fair presentation of the financial condition of the relevant person.

(v) "Accuracy of Specified Information" means that the party represents that all applicable information that is furnished in writing by or on behalf of the party to the other party to this Agreement (including without limitation the documents specified in Section 4(a) and, if so specified, in a Confirmation, but excluding the legal opinions and the Guaranty and any information required to be delivered in connection therewith) is, as of the date of the information, true, accurate and complete in every material respect and in the case of audited or unaudited financial statements, is a fair

presentation of the financial condition of the relevant party.

(vi) "Standardization, Creditworthiness and Transferability" means the economic terms of this Agreement, any Credit Support Document to which it is a party, and each Rate Swap Transaction have been individually tailored and negotiated by it; it has received and reviewed financial information concerning the other party and has had a reasonable opportunity to ask questions of and receive answers from the other party concerning such other party, this Agreement, such Credit Support Documents, and such Rate Swap Transaction; the creditworthiness of the other party was a material consideration in its entering into or determining the terms of this Agreement, such Credit Support Document, and such Rate Swap Transaction; and transferability of this Agreement, such Credit Support Document, and such Rate Swap Transaction is restricted as provided herein and therein.

(vii) "No Reliance" means that in connection with the negotiation of, the entering into, and the confirming of the execution of, this Agreement, any Credit Support Document to which it is a party, and each Rate Swap Transaction: (A) the other party is not acting as a fiduciary for it; (B) it has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisors to the extent it has deemed necessary, and it has made its own investment, hedging, and trading decisions based upon its own judgment and upon any advice from such advisors as it has determined necessary; (C) it has determined that the rates, prices, or amounts and other terms of each Rate Swap Transaction and the indicative quotations (if any) provided by the other party reflect those in the relevant market for similar transactions, and all trading decisions have been the result of arm's length negotiations between the parties; and (D) it is entering into this Agreement, such Credit Support Document, and such Rate Swap Transaction with a full understanding of all of the risks hereof and thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks.

(b) **Additional Representations of Counterparty.** Counterparty hereby further represents to GSCM and to any Specified Entity of GSCM (which representations will be deemed to be repeated by Counterparty at all times until the termination of this Agreement) that:

(i) **Non-Speculation.** This Agreement has been, and each Rate Swap Transaction has been and will be, entered into not for the purpose of speculation but solely in

connection with the financing activities of Counterparty, for the purpose of effectively hedging with respect to all or a portion of Counterparty's debt or converting interest on all or a portion of certain of Counterparty's debt from a fixed rate to a floating rate, or from a floating rate to a fixed rate, and therefore reducing the cost of borrowing on its outstanding debt by optimizing the relative amounts of fixed and floating rate obligations or the risk of variations in its debt service costs, and by increasing the predictability of cash flow from earnings on invested funds and thereby improving Counterparty's ability to manage its funds and revenues.

(ii) **No Limitation or Restrictions.** Counterparty shall obtain all necessary authorizations, approvals, and resolutions of its board or other authorized body and any other governmental body or agency having jurisdiction over Counterparty prior to entering into any Rate Swap Transaction.

(iii) **Assets of Counterparty.** No Affiliate or other person, firm, corporation, entity, or association may liquidate, borrow, encumber or otherwise utilize the assets of Counterparty, other than as provided in the Master Resolution.

(iv) **Organization.** Counterparty is the governing body of the University System, a governmental agency of the State of Texas.

(vi) **Official Statements.** No official statement or similar disclosure document of Counterparty since _____, _____, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

4. Agreements

The agreements of the parties are specified below:

(a) Each party agrees to deliver to the other party any documents specified below or in a Confirmation as soon as practicable or by the date specified below or in such Confirmation:

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered
GSCM	Power of Attorney with respect to GSCM	As of execution of this Agreement
GSCM	Guaranty of The Goldman Sachs Group, L.P.	As of execution of this Agreement
GSCM	Legal opinion of Counsel with respect to GSCM and The Goldman Sachs Group, L.P.	As of execution of this Agreement
GSCM	Audited Annual Statements of Financial Condition of The Goldman Sachs Group, L.P.	After demand by Counterparty when copies are publicly available
Counterparty	Legal opinion of Counsel with respect to Counterparty	As of execution of this Agreement
Counterparty	Incumbency Certificate with respect to Counterparty	As of execution of this Agreement

**Party
required to
deliver
document**

Form/Document/Certificate

**Date by
which to be
delivered**

Counterparty

Certified copies of Master
Resolution

As of
execution of
this
Agreement
and, to the
extent not
covered by
documents
previously
delivered,
upon
execution of
the
Confirmation
for a Rate
Swap
Transaction
and, in the
case of
amendments,
promptly
following
the time
each such
amendment is
made

Counterparty

Annual report of
Counterparty containing
Consolidated Financial
Statements for each year

After
demand by
GSCM when
copies are
publicly
available

Counterparty

Covered Documents

After demand
by GSCM

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered
Counterparty	The official statement or similar disclosure document or other information provided in connection with the issuance of any bonds, notes or other indebtedness payable from Pledged Revenues	Upon execution of the Confirmation for the relevant Bond Transaction and, otherwise, as soon as practicable but in any event not later than thirty (30) days after initial delivery or publication thereof

(b) Each party agrees to "Maintain Authorizations and Comply with Laws," which means that each party agrees to use all reasonable efforts (i) to maintain in full force and effect all authorizations of and exemptions, actions or approvals by, and all filings with or notices to, any governmental or other authority that are required to be obtained or made by such party with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain or make any that may become necessary in the future (but only to the extent that each party agrees to use all reasonable efforts) and (ii) to comply in all material respects with all applicable laws, rules, regulations and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

(c) **Source of Payments.** Counterparty agrees that its obligations hereunder are, and until the termination of this Agreement pursuant to the terms hereof shall remain special obligations of Counterparty secured by and payable from a first lien on and pledge of Pledged Revenues.

(d) **Nature of Obligations.** The obligations of Counterparty to make payments to GSCM under this Agreement and each Rate Swap Transaction (a) are not subject to appropriation or

similar action and (b) do not (1) constitute any kind of indebtedness of Counterparty or (2) create any kind of lien on or security interest in any property or revenues of Counterparty which, in either case (1) or (2), is proscribed by any constitution, charter, law, rule, regulation, government code, constituent or governing instrument, resolution, guideline, ordinance, order, writ, judgment, decree, charge, or ruling to which Counterparty (or any of its officials in their respective capacities as such) or its property is subject.

(e) **Compliance with Covered Documents.** Counterparty will observe, perform and fulfill each covenant, term, and provision in the Covered Documents applicable to Counterparty in effect on the date specified in the Confirmation for the related Bond Transaction, as any of those covenants, terms, and provisions may be amended, supplemented or modified with the prior written consent of GSCM (the "Incorporated Provisions") (provided, however, that to the extent no consent of holders of the obligation secured by the Covered Documents is needed, it shall not be necessary to obtain the consent of GSCM), with the effect, among other things, and without limiting the generality of the foregoing, that GSCM will have the benefit of each of the Incorporated Provisions (including without limitation, covenants, right to consent to certain actions subject to consent under the Covered Documents and delivery of financial statements and other notices and information) In the event the Covered Documents cease to be in effect for any reason, including, without limitation, defeasance of the Bonds issued in connection with such Covered Documents, prior to the termination of this Agreement, the Incorporated Provisions (other than those provisions requiring payments in respect of bonds, notes, warrants or other similar instruments issued in connection with the Covered Documents) will remain in full force and effect for purposes of this Agreement as though set forth herein until such date on which all of the obligations of Counterparty under this Agreement and all obligations of Counterparty have been fully satisfied. The Incorporated Provisions are hereby incorporated by reference and made a part of this Agreement to the same extent as if such provisions were set forth herein. For purposes of this Agreement, the Incorporated Provisions shall be construed as though (i) all references therein to any party making loans, extensions of credit or financial accommodations thereunder or commitments therefor (the "Financings") were to GSCM and (ii) to the extent that such Incorporated Provisions are conditioned on or related to the existence of such financings of Counterparty having any obligations in connection therewith, all references to such Financings or obligations were to the obligations of Counterparty under this Agreement. Any amendment, supplement, modification or waiver of any of the Incorporated Provisions without the written consent of GSCM shall have no force and effect with respect to this Agreement. Any amendment, supplement or modification for which such consent is obtained shall be part of the Incorporated Provisions for purposes of this Agreement.

(f) **Notice of Incipient Illegality.** If an Incipient Illegality occurs, Counterparty will, promptly upon becoming aware of it, notify GSCM, specifying the nature of that Incipient Illegality and will also give such other information about that Incipient Illegality as GSCM may reasonably require.

5. Events of Default and Termination Events

The Events of Default and Termination Events with respect to each party are specified below. The occurrence of any Event of Default or Termination Event with respect to a party or a Specified Entity of a party will constitute an Event of Default or Termination Event with respect to such party.

(a) Events of Default.

(i) "Failure to Pay," which means failure by the party to pay, when due, any amount required to be paid by it under this Agreement following a cure period of three Business Days after notice, given in accordance with Section 14;

(ii) "Breach of Covenant," which means failure by the party to comply with or perform any agreement or obligation (not including an obligation to make a payment or to give notice of a Termination Event (other than notice of an illegality pursuant to Section 6(b)(i))), to be complied with or performed by the party in accordance with this Agreement or any Credit Support Document following a cure period of thirty days after notice, given in accordance with Section 14;

(iii) "Credit Support Default," which means (i) default by the party or any applicable Specified Entity with respect to any obligation which the party (or such Specified Entity) has under any Credit Support Document relating to this Agreement or to any Rate Swap Transaction governed by this Agreement (which default is continuing after any applicable grace period has elapsed) or (ii) the expiration or termination of such Credit Support Document, or the ceasing of such Credit Support Document to be in full force and effect, prior to the Termination Date of each Rate Swap Transaction governed by this Agreement and to which the Credit Support Document applies without the written consent of the other party to this Agreement or (iii) the party (or such Specified Entity) repudiates, or challenges the validity of, such Credit Support Document (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(iv) "Misrepresentation," which means a representation made or repeated or deemed to have been made or repeated by the party or any applicable Specified

Entity in this Agreement, or any Credit Support Document relating to this Agreement proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) "Default Under Specified Swap," which means the occurrence of an event of default in respect of the party or any applicable Specified Entity under any Specified Swap that, following the giving of any applicable notice and the lapse of any applicable grace period, has resulted in the designation or occurrence of an early termination date in respect of that Specified Swap;

(vi) "Cross-Default," means: (1) the occurrence or existence of an event or condition in respect of such party or any applicable Specified Entity under one or more agreements or instruments relating to Specified Indebtedness of such party or any such Specified Entity in an aggregate amount of not less than the Threshold Amount which has resulted in such Specified Indebtedness becoming due and payable under such agreements or instruments before it would otherwise have been due and payable, or (2) the failure by such party or any such Specified Entity to make one or more payments at maturity in an aggregate amount of not less than the Threshold Amount under such agreements or instruments (after giving effect to any applicable grace period);

(vii) "Bankruptcy," which means the occurrence of any of the following events with respect to a party or any applicable Specified Entity:

such party or any such Specified Entity (1) is dissolved (in the case of GSCM or any applicable Specified Entity, as the case may be, other than pursuant to a withdrawal or admission of a partner or a consolidation or amalgamation with, or merger into, or transfer of all or substantially all its assets to, or reorganization, incorporation, reincorporation, reformation, or reconstitution into or as, another entity), (2) becomes insolvent or fails or is unable or admits in writing its inability generally to pay its debts as they become due, (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors, (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for the winding-up or liquidation of the party or any such Specified Entity, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order

for the winding-up or liquidation, of the party or such Specified Entity or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof, (5) has a resolution passed for its winding-up or liquidating, (6) (A) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets (or, in the case of a Government Entity, for the System) or (B) in the case of a Government Entity or any applicable Specified Entity of such Government Entity, (i) there shall be appointed or designated with respect to it, an entity such as an organization, board, commission, authority, agency or body to monitor, review, oversee, recommend or declare a financial emergency or similar state of financial distress with respect to it or (ii) there shall be declared or introduced or proposed for consideration by it or by any legislative or regulatory body with competent jurisdiction over it, the existence of a state of financial emergency or similar state of financial distress in respect of it (regardless of how brief such appointment may be, or whether any obligations are promptly assumed by another entity or whether any other event described in this clause (6) has occurred and is continuing) (7) any event occurs with respect to the party or any such Specified Entity which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (6) (inclusive), or (8) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the forgoing acts; other than in the case of clause (1) or (5) or, to the extent it relates to those clauses, clause (8), for the purpose of a consolidation, amalgamation, succession, transfer, reorganization, incorporation, reincorporation, reconstitution, or merger which would not constitute a Merger Without Assumption;

(viii) "Merger Without Assumption," which means that a party or, in the case of Counterparty, any Related Entity, consolidates or amalgamates with, or merges into, or transfers all or substantially all its assets (or, in the case of a Government Entity, all or substantially all of the System) to, or reorganizes, incorporates, reincorporates, or reconstitutes into or as, another entity, and also in the case of a Government Entity, any board, body, commission, agency, or authority succeeds to the principal functions of, and/or the powers or duties granted to, such Government Entity or any applicable Related Entity generally or with respect to the System, and, at the time of such consolidation, amalgamation, merger, transfer, reorganization, incorporation, reincorporation, reconstitution, or succession:

(1) the resulting, surviving, transferee or successor entity fails to assume all the obligations of such party or Related Entity under this Agreement by operation of law or pursuant to an agreement reasonably satisfactory to the other party to this Agreement, or

(2) the benefits of any Credit Support Document relating to this Agreement fail to extend (without the consent of the other party) to the performance of such resulting, surviving, transferee or successor entity of its obligations under this Agreement, or

(3) the sources of payment for Counterparty's obligations as set forth in Section 4(b) are no longer available for the satisfaction of such resulting, surviving, transferee or successor entity's obligations to GSCM hereunder.

(ix) "Illegality," which means, due to the adoption of, or any change in, any applicable treaty, law, rule or regulation after the Trade Date of a Rate Swap Transaction governed by this Agreement or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable treaty, law, rule or regulation after the Trade Date of that Rate Swap Transaction, it becomes unlawful for the party (1) to perform any absolute or contingent obligation to make a payment or to receive a payment in respect of that Rate Swap Transaction or to comply with any other material provision of this Agreement relating to that Rate Swap Transaction or (2) to perform, or for any applicable Specified Entity to perform, any absolute or contingent obligation which the party (or such Specified Entity) has under any Credit Support Document relating to that Rate Swap Transaction.

(b) **Termination Event.**

"Credit Event Upon Merger," which means such party or the Goldman Sachs Group, L.P., in the case of GSCM (X) consolidates or amalgamates with, or merges into, or transfers all or substantially all its assets (or, in the case of Counterparty, all or substantially all of the System) to, or reorganizes, incorporates, reincorporates, reforms, or reconstitutes into or as, another entity, or X otherwise reorganizes or effects a recapitalization, or another entity consolidates or amalgamates with, or merges into, or transfers all or substantially all its assets, (or, in the case of Counterparty, all or substantially all of the System) to, or reorganizes, incorporates, reincorporates, or reconstitutes into or as, X, and also, in the case of Counterparty, any board,

body, commission, agency, or authority succeeds to the principal functions of, and/or the powers and duties granted to, X (or, in the case of Counterparty, any Related Entity) generally or with respect to the System, and such action does not constitute a Merger Without Assumption but the creditworthiness of X or any resulting, surviving, transferee, reorganized, reformed, reconstituted, recapitalized or successor (which will be the Affected Party) is materially weaker than that of X immediately prior to such action.

6. Early Termination

(a) Right to Terminate Following Event of Default. If at any time an Event of Default with respect to a party (the "Defaulting Party") has occurred and is then continuing, the other party may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect to all outstanding Rate Swap Transactions. However, an Early Termination Date will be deemed to have occurred in respect of all Rate Swap Transactions immediately upon the occurrence of any Event and Default specified in Section 5(a)(vii)(1), (2), (3), (5), (6), (7) or (8) and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence of any Event of Default specified in Section 5(a)(vii)(4).

(b) Right to Terminate Following Termination Event.

(i) Notice. Upon the occurrence of a Termination Event, an Affected Party will, promptly upon becoming aware of the same, notify the other party thereof, specifying the nature of such Termination Event and the Affected Transactions relating thereto. The Affected Party will also give such other information to the other party with regard to such Termination Event as the other party may reasonably require.

(ii) Right to Terminate. If a Termination Event occurs, the party which is not the Affected Party may, by not more than 20 days notice to the other party and provided that the relevant Termination Event is then continuing, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

(c) Effect of Designation. If notice designating an Early Termination Date is given under Section 6(a) or (b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is continuing on the relevant Early Termination Date. Upon the effectiveness of notice designating an Early Termination Date (or the deemed occurrence of an Early Termination Date), the

obligations of the parties to make any further payments under Section 2.1(a) in respect of the Terminated Transactions will terminate, but without prejudice to the other provisions of this Agreement.

(d) **Calculations.**

(i) **Statement.** Following the occurrence of an Early Termination Date, each party will make the calculations (including calculation of applicable interest rates) on its part contemplated by Section 6(e) and will provide to the other party a statement:

(1) showing, in reasonable detail, such calculations (including all relevant quotations); and

(2) giving details of the relevant account to which any payment due to it under Section 6(e) is to be made. In the absence of written confirmation of a quotation obtained in determining a Market Quotation from the source providing such quotation, the records of the party obtaining such quotation will be conclusive evidence of the existence and accuracy of such quotation.

(ii) **Due Date.** The amount calculated as being payable under Section 6(e) will be due on the day that notice of the amount payable is effective (in the case of an Early Termination Date which is designated or deemed to occur as a result of an Event of Default) and not later than the day which is two Business Days after the day on which notice of the amount payable is effective (in the case of an Early Termination Date which is designated as a result of a Termination Event).

Such amount will be paid together with (to the extent permitted under applicable law) interest thereon from (and including) the relevant Early Termination Date to (but excluding) the relevant due date, calculated as follows:

(1) if notice is given designating an Early Termination Date or if an Early Termination Date is deemed to occur, in either case as a result of an Event of Default, at the Default Rate; or

(2) if notice is given designating an Early Termination Date as a result of a Termination Event, at the Default Rate minus the Default Spread.

Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed but in no event will it exceed the maximum amount allowed by law.

(e) **Payments on Early Termination.**

(i) **Determination of Settlement Amount.** If notice is given designating an Early Termination Date or if an

Early Termination Date is deemed to occur, the party which is neither a Defaulting Party nor an Affected Party will determine the Settlement Amount in respect of the Terminated Transactions and the payment to be made will be equal to (A) the sum of such Settlement Amount and the Unpaid Amounts owing to the party determining the Settlement Amount ("X") less (B) the Unpaid Amounts owing to the party not determining the Settlement Amount ("Y").

(ii) **Party Owning.** If the amount calculated under Section 6(e)(i) is a positive number, Y will pay such amount to X; if such amount is a negative number, X will pay the absolute value of such amount to Y.

(iii) **Adjustment for Bankruptcy.** In circumstances where an Early Termination Date is deemed to occur, the amount determined under Section 6(e) will be subject to such adjustments as are appropriate and permitted by law to reflect any payments made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d).

(iv) **Pre-Estimate of Loss.** The parties agree that the amounts recoverable under this Section 6(e) are a reasonable pre-estimate of loss and not a penalty. Such amounts are payable for the loss of bargain and the loss of protection against future risks and, except as otherwise provided in this Agreement, neither party will be entitled to recover any additional damages as a consequence of such losses.

(f) **Usury.** Notwithstanding any provision of this Agreement to the contrary, it is hereby agreed that in no event shall the amount of interest (as defined and calculated in accordance with applicable law) contracted for, charged, reserved, received or taken by either party in connection with the transaction hereunder exceed the amount of interest which could have been contracted for, charged, reserved, received or taken at the maximum rate of nonusurious interest allowed from time to time by applicable law. If the applicable law is ever judicially interpreted so as to render usurious any amount called for hereunder or otherwise contracted for, charged, reserved, received or taken in connection with the transaction hereunder, then notwithstanding anything to the contrary contained in this Agreement, all excess amounts theretofore paid or received shall be credited on the principal balance of the amount owed (or, if such principal amount has been or would thereby be paid in full, refunded), and the provisions of this Agreement shall immediately be deemed reformed and the amounts

thereafter collectible hereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder. All sums paid or agreed to be paid for the use, forbearance or detention of money hereunder shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full so that the rate or amount of interest on account of such indebtedness does not exceed the usury ceiling from time to time in effect and applicable to such indebtedness for so long as such indebtedness is outstanding.

7. Expenses.

A Defaulting Party will, on demand, reimburse the other party for and against all reasonable out-of-pocket expenses, including legal fees, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document to which the Defaulting Party is a party or by reason of the early termination of any Rate Swap Transaction, including, but not limited to, costs of collection.

8. Transfer

(a) Except as expressly provided herein, neither this Agreement, any interest or obligation in or under this Agreement, nor any Rate Swap Transaction may be transferred by GSCM without the prior written consent of Counterparty (other than pursuant to a consolidation or amalgamation with, or merger, into, or transfer of all or substantially all of GSCM's assets to, or reorganization, incorporation, reincorporation, or reconstitution into or as, another entity which does not constitute a Merger Without Assumption), provided that such consent may not be arbitrarily withheld, and any purported transfer without such consent will be void. GSCM may transfer this Agreement, any of its interests or obligations in or under this Agreement, or one or more Rate Swap Transactions to any GSCM's Affiliate that is either a domestic corporation within the meaning of Section 7701(a) of the Code or a domestic partnership within the meaning of Section 7701(a) of the Code, provided that (i) if such transfer is to an entity other than The Goldman Sachs Group, L.P., or any successor thereto, either (A) such transferee must have a long-term, unsecured, unsubordinated debt obligation rating or financial program rating (or other similar rating) by at least one U.S. nationally recognized rating agency which is equal to or greater than the comparable long-term, unsecured, unsubordinated debt obligation rating or financial program rating (or other similar rating) of the Goldman Sachs Group, L.P., immediately prior to such transfer, or (B) Counterparty is furnished with a Guaranty of The Goldman Sachs Group, L.P., or any successor thereto, of such transferor's obligations in substantially the form of the Guaranty referred to in Section 11 or with an agreement in writing of The Goldman Sachs

Group, L.P., or any successor thereto, that such Guaranty will continue to apply to the obligations of such transferee under this Agreement and (ii) an Event of Default or a Termination Event does not occur as a result of such transfer. Any transfer permitted by the foregoing causes will not constitute an event or condition described in Sections 5(a)(viii) or 5(b)(ii).

(b) Neither this Agreement, any interest or obligation in or under this Agreement, nor any Rate Swap Transaction may be transferred by Counterparty without the prior written consent of GSCM (other than pursuant to a consolidation or amalgamation with, or merger into, or transfer of all or substantially all of Counterparty's assets to, another entity), provided that such consent may not be arbitrarily withheld, and any purported transfer without such consent will be void.

9. Miscellaneous

(a) **Entire Agreement.** This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communications and prior writings with respect thereto.

(b) **Amendments.** No amendment, modification or waiver in respect of this Agreement will be effective unless in writing and executed by each of the parties or confirmed by an exchange of telexes.

(c) **Survival of Obligations.** Except as provided otherwise in Section 6(c), the obligations of the parties under this Agreement will survive the termination of any Rate Swap Transaction.

(d) **Remedies Cumulative.** Except as provided otherwise in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

(e) **Confirmations.** A Confirmation may be executed in counterparts or created by an exchange of telexes, substantially in the form of the letter or telex attached hereto as Exhibit I (or such other form as the parties may agree), which in either case will be sufficient for all purposes to evidence a binding supplement to this Agreement. Any such counterpart or telex will specify that it constitutes a Confirmation.

10. Interest Rate Caps, Collars, and Floors.

(a) Notwithstanding anything to the contrary in this Agreement, the following provisions will apply with respect to a Rate Protection Transaction:

(i) the Floating Rate applicable to any Calculation Period will be (A) with respect to a Floating Rate Payor

for which a Cap Rate is specified, the excess, if any, of the Floating Rate calculated as provided in this Agreement (without reference to this paragraph 10(a)(i)) over the Cap Rate and (B) with respect to a Floating Rate Payor for which a Floor Rate is specified, the excess, if any, of the Floor Rate over the Floating Rate calculated as provided in this Agreement (without reference to this paragraph 10(a)(i));

(ii) "Cap Rate" means, in respect of any Calculation Period, the per annum rate specified as such for that Calculation Period; and

(iii) "Floor Rate" means, in respect of any Calculation Period, the per annum rate specified as such for that Calculation Period.

(b) For purposes of the determination of a Market Quotation for a Terminated Transaction in respect of which a party ("X") had, immediately prior to the designation or occurrence of the relevant Early Termination Date, no future payment obligations, whether absolute or contingent, under Section 2(a) of this Agreement with respect to the Terminated Transaction, (i) the quotations obtained from Reference Market-makers shall be such as to preserve the economic equivalent of the payment obligations of the party ("Y") that had, immediately prior to the designation or occurrence of the relevant Early Termination Date, future payment obligations, whether absolute or contingent, under Section 2(a) of this Agreement with respect to the Terminated Transaction and (ii) if X is making the determination such amounts shall be expressed as positive amounts and if Y is making the determination such amounts shall be expressed as negative amounts.

(c) Notwithstanding the terms of Sections 5 and 6 of this Agreement, if at any time and so long as one of the parties to this Agreement ("X") shall have satisfied in full all its payment obligations under Section 2(a) of this Agreement and shall at the time have no future payment obligations, whether absolute or contingent, under such Section, then unless the other party ("Y") is required pursuant to appropriate proceedings to return to X or otherwise returns to X upon demand of X any portion of any such payment, (a) the occurrence of any event described in Section 5(a)(i), (ii), (iii), (iv), (vi), (vii), or (viii) of this Agreement with respect to X or any Specified Entity of X shall not constitute an Event of Default or a potential Event of Default with respect to X as the Defaulting Party and (b) Y shall be entitled to designate an Early Termination Date, pursuant to Section 6 of this Agreement only as a result of the occurrence of an Event of Default set forth in Section 5(a)(v) or Section 5(a)(ix) of this Agreement with respect to X as the Defaulting Party or a Termination Event set forth in Section 5(b)(i) of this Agreement with respect to Y as the Affected Party.

11. Credit Support Documents

The obligations of the parties under this Agreement and in respect of each Rate Swap Transaction will be secured or guaranteed in accordance with the Credit Support Documents specified below:

- (a) The Guaranty of The Goldman Sachs Group, L.P., to be delivered by GSCM to Counterparty.

12. Service of Process

Counterparty irrevocably appoints:

Name: The University of Texas System
Address: 201 West 7th Street
Austin, Texas 78701
Attention: General Counsel

GSCM irrevocably appoints:

Name: Goldman Sachs Capital Markets, L.P.
Address: 85 Broad Street
New York, New York 10004
Attention: Legal Department

If for any reason either party's agent for service of process is unable to act as such, such party will promptly notify the other party and within 30 days appoint a substitute agent for service of process acceptable to the other party.

13. Definitions

As used in this Agreement:

"Additional Person" has the meaning given such term in the definition of Affiliate.

"Affected Party" means each party in respect of which a Termination Event has occurred as defined in Section 5(b).

"Affected Transactions" means (a) with respect to any Termination Event consisting of an Illegality or Credit Event Upon Merger, all Rate Swap Transactions affected by the occurrence of such Termination Event and (b) with respect to any other Termination Event, all Rate Swap Transactions.

"Affiliate" means any entity controlled, directly or indirectly, by the party, any entity that controls, directly or indirectly, the party or any entity under common control with the party. With respect to Counterparty such term will also include any board, body, commission, agency, or authority that succeeds to the principal functions of, and/or the powers and duties granted to, Counterparty in respect of the Systems, any person,

corporation, entity, instrumentality, agency, association, or similar entity or authority, political subdivision, or similar organization, entity, or authority (each an "Additional Person") governed or controlled, directly or indirectly, by Counterparty, any Additional Person that governs or controls, directly or indirectly, Counterparty, or any Additional Person under common governance or control with Counterparty, or any Additional Person which acts as a depository or in a similar capacity for, on behalf of, or in respect of, Counterparty. For purposes of this definition, "control" of an entity or of a party means ownership of a majority of the voting power of the entity or party.

"Authorizing Law" means Chapter 55, Texas Education Code and Vernon's Annotated Texas Civil Statutes, Article 717q, as amended.

"Banking Day" means any day other than a Saturday, a Sunday or a day on which commercial Banks in New York City or the State of Texas are required or authorized to be closed.

"Bonds" means any bonds, notes, certificates or other indebtedness or securities identified in a Confirmation for a Bond Transaction.

"Bond Transaction" means a Rate Swap Transaction entered into by or on behalf of Counterparty in connection with the issuance of Bonds by Counterparty, and which is identified as such in the related Confirmation.

"Business Day" means any Banking Day other than a day on which the New York Stock Exchange is closed.

"Calculation Agent" means GSCM, which is responsible for (a) calculating the applicable Floating Rate, if any, for each Calculation Period or, (b) calculating any Floating Amount payable in respect each Calculation Period, (c) calculating any Fixed Amount payable in respect of each Calculation Period, (d) giving notice to the parties to the Rate Swap Transaction on the Calculation Date for each Calculation Period, specifying (i) the date for payment in respect of such Calculation Period, (ii) the party or parties required to make the payment or payments then due, (iii) the amount or amounts of the payment or payments then due and (iv) reasonable details as to how such amount or amounts were determined, and (e) if, after such notice is given, there is a change in the number of days in the relevant Calculation Period and the amount or amounts of the payment or payments due in respect of that period, promptly giving the parties to the Rate Swap Transaction notice of such changes, with reasonable details as to how such changes were determined. Whenever the Calculation Agent is required to select banks or dealers for the purpose of calculating a Floating Rate, the Calculation Agent will make such selection in good faith for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in the relevant market.

"Calculation Date" means, for each Rate Swap Transaction, unless otherwise stated in the Confirmation for such Rate Swap Transaction, for any Calculation Period, the earliest day on which it is practicable to provide the notice that the Calculation Agent is required to give in respect of that Calculation Period, and in no event earlier than ten (10) days prior to, or later than the close of business in New York City on the Banking Date next preceding, the Payment Date in respect of that Calculation Period.

"Calculation Period" means, for each Rate Swap Transaction, each period from, and including, one Period End Date, to, but excluding, the next following applicable Period End Date during the Term of a Rate Swap Transaction, except that (a) the initial Calculation Period for each Rate Swap Transaction will commence on, and include, the Effective Date, and (b) the final Calculation Period for each Rate Swap Transaction will end on, but exclude, the Termination Date.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commercial Paper" means the Board of Regents of The University of Texas System Revenue Financing System Commercial Paper Notes, Series A.

"Composite 3:30 P.M. Quotations for U.S. Government Securities" means the daily statistical release designated as such, or any successor publication, published by the Federal Reserve Bank of New York.

"Consolidated Financial Statements" means in respect of Counterparty, a copy of the annual report of such party relating to the Systems containing unaudited consolidated financial statements for such party's fiscal year, prepared in accordance with the Texas Comptroller of Public Accounts Annual Financial Reporting Requirements and on a basis consistent with prior periods.

"Covered Documents" means the Master Resolution including particularly the First Supplemental Resolution to the Master Resolution adopted by the Counterparty on April 12, 1990, as amended on October 29, 1993 and April 14, 1994 and the Resolution of Counterparty adopted on April 14, 1994.

"Credit Support Document" means any agreement or instrument which is specified as such in this Agreement.

"Default Rate" means a rate per annum determined in accordance with the Federal Funds Floating Rate Option plus the Default Spread, using a rate reset daily; provided, however, that, with respect to amounts payable by the Counterparty, the Default Rate shall not exceed the maximum rate allowed by law, as determined by Vernon's Annotated Texas Civil Statutes, Article 717k-2, as amended. The Default Rate will be applied in accordance with Section 2 of this Agreement as if the overdue amount were a

Notional Amount, and interest will accrue and be payable before as well as after judgment to the extent permitted by law.

"Default Spread" means 1% per annum.

"Early Termination Date" means a Business Day on which the parties to this Agreement will settle out, on a "lump-sum" basis, their payment obligations for the Rate Swap Transactions governed by this Agreement in respect of each Calculation Period for any such Rate Swap Transaction that would, but for the occurrence of the Early Termination Date, end after the Early Termination Date.

"Effective Date" means the date specified as such for a Rate Swap Transaction, which date is the first day of the Term of the Rate Swap Transaction.

"Event of Default" means, in respect of a party and a Rate Swap Transaction, any event specified in Section 5(a) of this Agreement or the Confirmation for such Rate Swap Transaction as an Event of Default in respect of that party.

"Federal Funds Floating Rate Option" means for any given day, the rate set forth in H.15(519) for that day opposite caption "Federal Funds (Effective)". If such rate is not yet published in H.15(519), the rate will be the rate set forth in Composite 3:30 P.M. Quotations for U.S. Government Securities for that day under the caption "Federal Funds/Effective Rate." If on the Calculation Date the appropriate rate for that day is not yet published in either H.15(519) or Composite 3:30 P.M. Quotations for U.S. Government Securities, the rate for that day will be determined as if the parties had specified "Federal Funds (Reference Dealers)" as the applicable Floating Rate Option.

"Federal Funds (Reference Dealers)" means that the rate will be the arithmetic mean of the rates for the last transaction in overnight Federal funds arranged by each Reference Dealer prior to 9:00 a.m. New York City time, on that day.

"Fixed Amount" means, in respect of a Rate Swap Transaction, an amount that, subject to Sections 2.4 and 2.5(b), is payable by a Fixed Rate Payor on an applicable Payment Date and determined by reference to a Calculation Period as provided in Section 2.2.

"Fixed Rate Payor" means, in respect of a Rate Swap Transaction, a party obligated to make payments from time to time during the Term of the Rate Swap Transaction of amounts calculated by reference to a fixed per annum rate.

"Floating Amount" means, in respect of a Rate Swap Transaction, an amount that, subject to Sections 2.4 and 2.5(b), is payable by a Floating Rate Payor on an applicable Payment Date and

determined by reference to the Floating Rate and a Calculation Period as provided in Section 2.3.

"Floating Rate Payor" means, in respect of a Rate Swap Transaction, a party obligated to make payments from time to time during the Term of the Rate Swap Transaction of amounts calculated by reference to a floating per annum rate.

"Government Entity" means Counterparty.

"Guaranty" means the Guaranty of The Goldman Sachs Group, L.P., in substantially the form attached hereto as Exhibit II.

"H.15(519)" means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System.

"Incipient Illegality" means (a) the enactment by any legislative body with competent jurisdiction over a Government Entity of legislation which, if adopted as law, would render unlawful (i) the performance by such Government Entity of any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of a Rate Swap Transaction or the compliance by such Government Entity with any other material provision of this Agreement relating to such Rate Swap Transaction or (ii) the performance by a Government Entity or a Specified Entity of such Government Entity of any contingent or other obligation which the Government Entity (or such Specified Entity) has under any Credit Support Document relating to such Rate Swap Transaction, (b) any assertion in any proceeding, forum or action by a Government Entity, in respect of such Government Entity or in respect of any entity located or organized under the laws of the state in which such Government Entity is located to the effect that performance under this Agreement or similar agreements is unlawful or (c) the occurrence with respect to a Government Entity or any Specified Entity of such Government Entity of any event that constitutes an illegality.

"Incumbency Certificate" means the Incumbency Certificate, substantially in the form attached hereto as Exhibit IV.

"Index Percentage" means, with respect to the Floating Amount payable by any Floating Rate Payor pursuant to any Rate Swap Transaction, the percentage specified as such in the related Confirmation; provided that if no percentage is so specified, the Index Percentage shall be 100%.

"Legal Opinion of Counsel" means the legal opinion, substantially in the form attached hereto as Exhibit III.

"Loss" means, with respect to a Terminated Transaction and a party, an amount equal to the total amount (expressed as a positive amount) required, as determined as of the relevant Early

Termination Date (or, if an Early Termination Date is deemed to occur, as of a time as soon thereafter as practicable) by the party in good faith, to compensate it or, in the case of GSCM, the person with which GSCM has entered into a transaction offsetting the Rate Swap Transaction with Counterparty that later becomes a Terminated Transaction, for any losses and costs (including loss of bargain and costs of funding but excluding legal fees and other out-of-pocket expenses) that it may incur as a result of the early termination of the obligations of the parties of such Terminated Transaction. If a party determines that it would gain or benefit from such early termination, such party's Loss will be an amount (expressed as a negative amount) equal to the amount of the gain or benefit as determined by such party.

"Market Quotation" means, with respect to a Terminated Transaction and a party to such Terminated Transaction making the determination, an amount (which may be negative) determined on the basis of quotations from Reference Market-makers for the amount that would be or would have been payable on the relevant Early Termination Date, either by the party to the Terminated Transaction making the determination (to be expressed as a positive amount) or to such party (to be expressed as a negative amount), in consideration of an agreement between such party and the quoting Reference Market-maker and subject to such documentation as they may in good faith agree, with the relevant Early Termination Date as the date of commencement of such agreement (or, if later, the date specified as the effective date of such Terminated Transaction in the relevant Confirmation), that would have the effect of preserving for such party the economic equivalent of the payment obligations of the parties under Section 2.1(a) in respect of such Terminated Transaction that would, but for the occurrence of the relevant Early Termination Date, fall due after such Early Termination Date (excluding any Unpaid Amounts in respect of such Terminated Transaction but including, without limitation, any amounts that would, but for the occurrence of the relevant Early Termination Date, have been payable (assuming each applicable condition precedent had been satisfied) after such Early Termination Date by reference to any period in which such Early Termination Date occurs). The party making the determination (or its agent) will request each Reference Market-maker to provide its quotation to the extent practicable as of the same time (without regard to different time zones) on the relevant Early Termination Date (or, if an Early Termination Date is deemed to occur, as of a time as soon thereafter as practicable). The time as of which such quotations are to be obtained will, if only one party is obliged to make a determination under Section 6(e), be selected in good faith by that party and otherwise will be agreed by the parties. If more than three such quotations are provided, the Market Quotation will be the arithmetic mean of the quotations, without regard to the quotations having the highest and lowest values. If exactly three such quotations are provided, the Market Quotation will be the quotation remaining after disregarding the quotations having the highest and lowest values. If fewer than three quotations are

provided, it will be deemed that the Market quotation in respect of such Terminated Transaction cannot be determined.

"Master Resolution" means the First Amended and Restated Master Resolution establishing The University of Texas System Revenue Financing System adopted by the Counterparty on February 14, 1991, as amended on October 8, 1993 and each Supplemental Resolution thereto authorizing Parity Debt.

"Notional Amount" means, in respect of any Calculation Period for a Rate Swap Transaction, the amount specified as such for the related Confirmation.

"Parity Debt" means Parity Debt as defined in the Master Resolution.

"Payment Date" means, with respect to any Rate Swap Transaction: (a) each day that is five (5) Banking Days after an applicable Period End Date or after the Termination Date; or (b) each day as is otherwise specified in the Confirmation for a Rate Swap Transaction, except that if a Payment Date is otherwise specified in the Confirmation for any Rate Swap Transaction and would fall on a day that is not a Banking Day, an adjustment to the Payment Date for such Fixed Amounts and Floating Amounts as shall be specified in such Confirmation will be made so that such Payment Date will be the first following Banking Day.

"Period End Date" means, in respect of a Rate Swap Transaction, each day during the Term so specified or predetermined in the Confirmation for such Rate Swap Transaction or, if Period End Dates are not specified or predetermined in such Confirmation, each Payment Date during the Term of the Rate Swap Transaction.

"Pledged Revenues" means Pledged Revenues as defined in the Master Resolution.

"Power of Attorney" means the Power of Attorney, substantially in the form attached hereto as Exhibit V.

"PSA Municipal Swap Index" means that the rate for a Reset Date will be the rate determined on the basis of an index based upon the weekly interest rate resets of tax-exempt variable rate issues included in a data base maintained by Municipal Market Data which meet specific criteria established by the Public Securities Association and effective for that Reset Date.

"Rate Protection Transaction" means any Rate Swap Transaction that is identified in the related Confirmation as a Rate Protection Transaction, Rate Cap Transaction, Rate Floor Transaction or Rate Collar Transaction.

"Rate Swap Transaction" means a rate exchange swap transaction.

"Reference Dealers" means three leading brokers of Federal funds transactions in New York City.

"Reference Market-maker" means four leading dealers in the relevant rate swap market selected by the party determining a Market Quotation in good faith from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time in deciding whether to enter into transactions similar to those contemplated by this Agreement.

"Related Entity" means none.

"Settlement Amount" means, with respect to a party and any Early Termination Date, the sum of:

(a) the Market Quotations (whether positive or negative) for each Terminated Transaction for which a Market Quotation is determined; and

(b) for each Terminated Transaction for which a Market Quotation is not, or cannot be, determined, such party's Loss (whether positive or negative).

"Specified Entity" means in relation to GSCM for the purpose of:

Sections 5(a)(iii), (iv) and (ix), The Goldman Sachs Group, L.P.

Section 5(a)(v), The Goldman Sachs Group, L.P.

Section 5(a)(vi), The Goldman Sachs Group, L.P.

Section 5(a)(vii), The Goldman Sachs Group, L.P.

and in relation to Counterparty for the purpose of:

Sections 5(a)(iii) and (iv) and 5(a)(ix), a Related Entity

Section 5(a)(v), a Related Entity

Section 5(a)(vi), a Related Entity

Section 5(a)(vii), a Related Entity

"Specified Indebtedness" means any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

"Specified Swap" means any currency and/or rate swap, cap, floor, or collar, currency forward, currency exchange, forward rate, future rate, or asset swap transaction or agreement, other

exchange or rate protection transaction or agreement or other similar transaction or agreement (however designated), any combination of such transactions or agreements, or any option with respect to any such transaction or agreement, now existing or hereafter entered into (a) with respect to GSCM, between GSCM (or any applicable Specified Entity) and Counterparty (or any applicable Specified Entity) and (b) with respect to Counterparty, between Counterparty (or any applicable Specified Entity) and any other party, including without limitation GSCM (or any applicable Specified Entity).

"**System**" means The University of Texas System Revenue Financing System established in the Master Resolution.

"**Term**" means the period commencing on the Effective Date of a Rate Swap Transaction and ending on the Termination Date of such Rate Swap Transaction.

"**Terminated Transactions**" means (a) with respect to any Early Termination Date occurring as a result of a Termination Event, all Affected Transactions and (b) with respect to any Early Termination Date occurring as a result of an Event of Default, all Rate Swap Transactions, which in either case are in effect as of the time immediately preceding the effectiveness of the notice designating such Early Termination Date.

"**Termination Date**" means the date specified as such for a Rate Swap Transaction, which date is the last day of the Term of such Rate Swap Transaction.

"**Termination Event**" means, in respect of a party and a Rate Swap Transaction, any event specified in Section 5(b) of this Agreement or the Confirmation for such Rate Swap Transaction as a Termination Event in respect of that party.

"**Threshold Amount**" means \$25,000,000.

"**Trade Date**" means, in respect of a Rate Swap Transaction, the date on which the parties enter into such Rate Swap Transaction.

"**University System**" means The University of Texas System.

"**Unpaid Amounts**" owing to any party means, with respect to any Early Termination Date, the aggregate of the amounts that became due and payable (or that would have become due and payable but for Section 2.5(b) or the designation or occurrence of such Early Termination Date) to such party under Section 2 in respect of all Terminated Transactions by reference to all Calculation Periods ended on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date, together with (to the extent permitted under applicable law and in lieu of any interest calculated under Section 2.5(c)) interest thereon from (and including) the date such payment became due and payable or would

have become due and payable to (but excluding) such Early Termination Date, calculated as follows:

(a) in the case of amounts that became so due and payable by a Defaulting Party, at the Default Rate; and

(b) in the case of all other such amounts at the Federal Funds Floating Rate Option.

Such interest will be computed as if the rate specified were a Floating Rate, such period were a Calculation Period and the amount due were a Notional Amount; provided, however, that in no event will such interest exceed the maximum amount allowed by law.

14. Notice.

(a) Notices. Any notice or communication in respect of this Agreement will be sufficiently given to a party if in writing and delivered in person, sent by certified or registered mail (airmail, if overseas) or the equivalent (with return receipt requested) or by overnight courier or given by telex (with answerback received) or by confirmed facsimile or similar telecommunications device addressed to the party at its address or telex or facsimile number provided for that purpose.

(b) Effectiveness of Notice. A notice or communication will be effective, if delivered by hand or sent by overnight courier or by facsimile or similar telecommunications device, on the day it is confirmed delivered (or, if that day is not a day on which commercial banks are open for business in the city specified in the address for notice provided by the recipient (a "Local Banking Day"), or if delivered after the close of business on a Local Banking Day, on the first following day that is a Local Banking Day), if sent by telex, on the day the recipient's answerback is received (or if that day is not a Local Banking Day, or if after the close of business on a Local Banking Day, on the first following day that is a Local Banking Day) or, if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), three Local Banking Days after dispatch if the recipient's address for notice is in the same country as the place of dispatch and otherwise seven Local Banking Days after dispatch.

(c) Addresses for Notices.

Address for notice or communications to GSCM:

Address: 85 Broad Street
New York, New York 10004

Attention: Capital Markets Group

Telex No. 421344 Answerback: GOLSAX

Facsimile No: 212-902-2424
With a copy to: 85 Broad Street
New York, New York 10004
Attention: Treasury Administration
Telex No: 421344 Answerback GOLSAX
Facsimile No: 212-902-2799
Address for notices or communications to Counterparty:
Address: Board of Regents of the University of
Texas System
201 West 7th Street
Austin, Texas 78701
Attention: Office of Finance
Facsimile No: 512-499-4367

15. Other Provisions

(a) Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Texas except that GSCM's rights, remedies, and obligations hereunder shall be governed by and construed in accordance with the laws of the State of New York.

(b) Reserved.

(c) Effective Date. This Agreement is deemed to have come into effect on April 1, 1994.

(d) Accounts. If a Confirmation does not state the account to which payments are to be made, they shall be made as follows:

GSCM

Pay: Citibank, N.A., New York
For the Account of: The Goldman Sachs Group, L.P.,
for the benefit of Goldman Sachs Capital
Markets, L.P.
Account Number/
CHIPS UID: 4061-6061
Attention: Capital Markets Group
Fed. ABA No.: 0210-0008-9

Counterparty

Pay: As set forth in the Confirmation
For the Account of: The University of Texas System
Account Number/
CHIPS UID: M2582-00656/#2582-204-001/UTSYSTEMS
Attention: BNF=GSFG/DDA #4161467/FS-POP
Fed. ABA No.: 0710-0015-2

(e) Procedures for Entering into Rate Swap Transactions.
With respect to each Rate Swap Transaction entered into pursuant to this Agreement, GSCM will, on or promptly after the Trade Date thereof, send Counterparty a Confirmation substantially in the standard form of Confirmation utilized by GSCM (which form is attached hereto as Exhibit I) or in such other form as mutually agreed upon by the parties. Counterparty will promptly thereafter confirm the accuracy of or request the correction of such Confirmation (in the latter case, indicating how it believes the terms of such Confirmation should be correctly stated and such other terms which should be added to or deleted from such Confirmation to make it correct).

(f) Reserved.

(g) Severability. If any term, provision, covenant, or condition of this Agreement, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable (in whole or in part) for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Agreement had been executed with the invalid or unenforceable portion eliminated, so long as this Agreement as so modified continues to express, without material change, the original intentions of the parties as to the subject matter of this Agreement and the deletion of such portion of this Agreement will not substantially impair the respective benefits or expectations of the parties to this Agreement; provided, however, that this severability provision shall not be applicable if any provision of Section 2, 5, 6, or 15(a) (or any definition or provision in Section 13 to the extent it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.

(h) No Waiver of Rights. A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise of that right, power or privilege or the exercise of any other right, power or privilege. No payment made or received by a party after the deemed occurrence of an Early Termination Date shall be presumed to operate as a waiver of any right, power or privilege of such party.

(i) Counterparts. This Agreement, and each written agreement relating hereto, may be executed in counterparts, each of which will be deemed an original.

(j) Headings. The paragraph headings used in this Agreement are for convenience of reference only and are not to affect the construction of or be taken into consideration in interpreting this Agreement.

IN WITNESS WHEREOF, the parties have executed this document as of the date specified on the first page of this document.

GOLDMAN SACHS CAPITAL MARKETS, L.P.

By: _____
Goldman Sachs Capital Markets, Inc.
General Partner

By: _____
Name:
Title:

**BOARD OF REGENTS
OF THE UNIVERSITY OF TEXAS SYSTEM**

By: _____
Name:
Title:

[Letterhead of Goldman Sachs Capital Markets, L.P.]

C O N F I R M A T I O N

DATE: _____, 1994

TO: Board of Regents of the University of Texas System
Office of Finance
201 West 7th Street
Austin, Texas 78701
Telephone No: 512-499-4358
Facsimile No. 512-499-4367
Attention: John A. Roan
Title: Executive Director of Finance

FROM: Chip Carver
Phone No: (212) 902-8285
Bradley Wendt
Phone No: (212) 902-6477
Facsimile: (212) 902-422-9458
Goldman Sachs Capital Markets, L.P.

CC: James T. Gavin

SUBJECT: Interest Rate Swap Transaction

REF. NO.: _____

Gentlemen:

The purpose of this communication is to set forth the terms and conditions of the interest rate swap transaction entered into on the Trade Date specified below (the "Rate Swap Transaction") between Goldman Sachs Capital Markets, L.P. ("GSCM") and the Board of Regents of the University of Texas System ("Counterparty"). This communication constitutes a "Confirmation" as referred to in the Swap Agreement specified below.

1. If GSCM and Counterparty are parties to an Interest Rate Swap Agreement that sets forth general terms and conditions applicable to interest rate swap transactions between GSCM and Counterparty (the "Swap Agreement"), this Confirmation supplements, forms a part of, and is subject to, such Swap Agreement.

All provisions contained in, or incorporated by reference in, such Swap Agreement shall govern this Confirmation except as expressly modified below. In the event of any inconsistency between this Confirmation and such Swap Agreement, this Confirmation shall control for the purpose of the Rate Swap Transaction to which this Confirmation relates.

2. The terms of the particular Rate Swap Transaction to which this Confirmation relates are as follows:

Notional Amount: USD _____
Trade Date: _____, 1994
Effective Date: _____, 1994
Termination Date: _____
Fixed Amounts:
 Fixed Rate Payor: _____
 Fixed Rate: _____
 Fixed Rate Day Count Fraction: _____
 Period End Dates: _____
Fixed Rate Payments:
Payment Dates:
Floating Amounts:
 Floating Rate Payor: _____
 Floating Rate Option: _____
 Averaging: _____
 Compounding: _____
 Floating Rate Day Count Fraction _____

Calculation Agent:

3. GSCM agrees to provide the following Credit Support Documents:

Guaranty of The Goldman Sachs Group, L.P., to be delivered by GSCM to Counterparty.

4. Account Details:

USD payments to GSCM:
For the Account of:

The Goldman Sachs
Group, L.P. for the
benefit of Goldman Sachs
Capital Markets, L.P.

Name of Bank:
Account No.

Citibank, N.A., N.Y.
4061-6061

Attention: Capital Markets Group
 Fed ABA No.: 0210-0008-9

GSCM Settlements: James T. Gavin
 Swap Administration
 Goldman Sachs Capital
 Markets, L.P.
 Telephone No. 212 902-5774
 Facsimile No. 212 902-2417

Payments to Counterparty: Board of Regents of the
 University of Texas
 System

Name of Bank: The Northern Trust
 Company (TNT)

Account No.: M2582-00656/#2582-204-
 001/UTSYSTEMS

Attention: BNF=GSEFG/DDA #4161467/
 FS-POP

Fed ABA No.: 0710-0015-2

Counterparty Settlements:

5. Please check this Confirmation reference number _____
 _____ carefully and immediately upon receipt so that errors
 or discrepancies can be promptly identified and rectified. Please
 confirm that the foregoing correctly sets forth the terms of the
 agreement between Goldman and Counterparty with respect to the
 particular Swap Transaction to which this Confirmation relates by
 signing in the space provided below and immediately returning a
 copy of the executed Confirmation to Paul Stolbof, Controllers
 Department, Facsimile No. 212-357-8242.

Very Truly yours,

**GOLDMAN SACHS CAPITAL
 MARKETS, L.P.**

By: Goldman Sachs Capital
 Markets, Inc.,
 General Partner

By: _____

Agreed and Accepted By:

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

By: _____
 Name: _____
 Title: _____

EXHIBIT II

(Date)

Board of Regents of the University of Texas System

Attention:

Title: _____

Gentlemen:

For valued received, The Goldman Sachs Group, L.P. (the "Guarantor"), a limited partnership duly organized under the law of Delaware, hereby unconditionally guarantees the prompt and complete payment when due, whether by acceleration or otherwise, of all obligations and liabilities, whether now in existence or hereafter arising, of Goldman Sachs Capital Markets, L.P., a subsidiary of the Guarantor and a limited partnership duly organized under the law of Delaware ("GSCM") to the Board of Regents of the University of Texas System ("Counterparty") arising out of or under the Interest Rate Swap Agreement (the "Swap Agreement") dated as of _____, 1994 between GSCM and the Counterparty (the "Obligations"). This Guaranty is one of payment and not of collection.

The Guarantor hereby waives notice of acceptance of this Guaranty and notice of the Obligations, and waives presentment, demand for payment, protest, notice of dishonor or non-payment of the Obligations, suit, or the taking of other action by Counterparty against GSCM, the Guarantor, or others.

Counterparty may, at any time and from time to time without notice to or consent of the Guarantor and without impairing or releasing the Obligations of the Guarantor hereunder; (1) make any change in the terms of the Obligations; (2) take or fail to take any action of any kind in respect of any security for the Obligations; (3) exercise or refrain from exercising any rights against GSCM or others in respect of the Obligations; or (4) compromise or subordinate the Obligations, including any security therefor. Any other suretyship defenses are hereby waived by the Guarantor.

This Guaranty shall continue in full force and effect until the opening of business on the fifth business day after

Counterparty receives written notice of termination from the Guarantor. It is understood and agreed, however, that notwithstanding any such termination, this Guaranty shall continue in full force and effect with respect to all Obligations which shall have been incurred in connection with any Rate Swap Transaction as defined in the Agreement prior to such termination.

The obligations of the Guarantor under this Guaranty shall be without recourse to any partner of the Guarantor, and no general or limited partner of the Guarantor, or of any assignee which is resulting, surviving, or transferee entity to substantially all the assets and business of the Guarantor, shall have any personal liability under this Guaranty, and any judgment taken or rendered against the Guarantor or any such assignee under this Guaranty or related thereto shall be enforceable only against the property of the Guarantor or such assignee.

The Guarantor may transfer this Guaranty to any resulting, surviving, or transferee entity pursuant to the Guarantor's consolidation or amalgamation with, or merger into, or transfer of all or substantially all its assets to, or reorganization, incorporation, reincorporation, or reconstitution into or as, another entity.

This Guaranty shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York.

Very truly yours,

THE GOLDMAN SACHS GROUP, L.P.

By: _____
Name:
Title: General Partner

On this __ day of _____, 19__, before me personally came _____, whose signature appears above, a general partner of The Goldman Sachs Group, L.P., to me know and known to me to be a member of said firm.

Notary Public

[Letterhead of Counterparty's Legal Counsel]

_____, 199_

Goldman Sachs Capital Markets, L.P.
85 Broad Street
New York, New York 10004

Dear Sirs:

We are attorneys admitted to practice in the State of Texas and are generally familiar with the affairs of the Board of Regents of the University of Texas System ("Counterparty"). We have examined and are familiar with (i) the documents relating to the creation, authorization, existence, and operation of Counterparty, (ii) the Interest Rate Swap Agreement dated as of _____, 199_ between Counterparty and Goldman Sachs Capital Markets, L.P. (GSCM) (the "Swap Agreement"), (the "Agreement"). (iii) all necessary documentation of Counterparty relating to the authorization, execution, delivery, and performance of the Agreement, and (v) such other records and instruments as we deemed advisable.

Based upon the foregoing, we are of the opinion that:

1. Counterparty is the governing body of The University of Texas System, a governmental agency of the State of Texas duly and validly created, authorized, organized, and existing under the constitution and laws of the state of Texas.

2. Counterparty has full legal right power, and authority, and has taken all action necessary, to execute, deliver, and perform its obligations under the Agreement and any other documentation relating to the Agreement that Counterparty is required by the Agreement to execute, deliver, and/or perform, and Counterparty has complied with the provisions of all applicable constitutions, laws, rules, regulations, government codes, constituent or governing instruments, resolutions, guidelines, ordinances, orders, writs, judgments, decrees, and rulings to which Counterparty (or any of its officials in their respective capacities as such) or its property is subject in all matters relating to the authorization, execution, delivery, and performance of the Agreement.

3. The Agreement has been duly authorized, executed, and delivered by Counterparty, is in full force and effect,

constitutes the legal, valid, and binding obligation of Counterparty, and is enforceable against Counterparty in accordance with its terms, subject, as to enforceability, to applicable bankruptcy, reorganization, insolvency, moratorium, or similar laws affecting creditors' rights generally and to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law).

4. All federal, state, and local governmental, public, and regulatory authority approvals, consents, notices, authorizations, registrations, licenses, exemptions, and filing that are required to have been obtained or made by Counterparty with respect to the authorization, execution, delivery, and performance by, or the enforcement against or by, Counterparty of the Agreement have been obtained and are in full force and effect and all conditions of such approvals, consents, notices, authorizations, registrations, licenses, exemptions, and filings have been fully complied with.

5. The authorization, execution, delivery, and performance of the Agreement and compliance with the provisions thereof do not and will not conflict with, violate, or constitute a breach of or default under, any instrument relating to the creation, authorization, organization, existence, or operation of Counterparty, any commitment, agreement, or other instrument to which Counterparty is a party or by which it or its property or assets is bound or affected, or any constitution, law, rule, regulation, government code, resolution, guideline, ordinance, judgment, order, writ, decree, or ruling to which Counterparty (or any of its officials in their respective capacities as such) or its property is subject.

6. There is no action, suit, claim, proceeding, inquiry, or investigation, at law or in equity or by or before any court, governmental or public board, body, or agency, or regulatory authority, or private arbitration association, pending or, to our knowledge, threatened against or affecting Counterparty or any entity affiliated with Counterparty (or any of its officials in their respective capacities as such) or any of its property (nor to our knowledge is there any basis therefore), which in any way questions the right, power, or authority of Counterparty referred to in paragraph 2 above, the validity of the proceeding taken by Counterparty in connection with the authorization, execution, delivery, or performance of the Agreement, or the Agreement, or wherein any unfavorable decision, ruling, or finding could adversely affect the transactions contemplated by the Agreement or which in any way could adversely affect the Agreement or the legality, validity, binding effect, or enforceability thereof.

7. Counterparty is not in violation or breach of or default under any constitution, law, rule, regulation, order, writ, decree, ruling, commitment, agreement, or other instrument to which Counterparty (or any of its officials in their respective capacities as such) or its property is subject, adversely affect

the Agreement or the legality, validity, binding effect, or enforceability thereof, the ability of Counterparty to perform its obligations under the Agreement, or the financial condition or operations of Counterparty.

8. Counterparty (the "Board") had the lawful authority to adopt its April 14, 1994 Resolution (the "Resolution"), each member of the Board has been duly appointed a member thereof pursuant to the constitution and laws of the State of Texas, the Resolution authorizes the execution, delivery, and performance by Counterparty of the Agreement in connection with the Board of Regents of The University of Texas System Revenue Financing System Commercial Paper Notes, Series creates a valid, binding, and enforceable pledge of Pledged Revenues (as defined in the Agreement to secure the payment obligations of Counterparty under the Agreement, the Resolution is in full force and effect, and the Resolution complied as to form and substance with, and does not violate any applicable, constitution, law, rule, regulation, government code, constituent or governing instrument, resolution, guideline, ordinance, order, writ, judgment, decree, or ruling to which Counterparty (or any of its officials in their respective capacities as such) or its property is subject.)

9. The obligations of Counterparty to make payments under the Agreement constitute special, Pledged Revenues obligations of Counterparty and are secured by a pledge of and a lien and charge upon the Pledged Revenues and are payable from such revenues on a parity with the Parity Debt and other indebtedness hereafter issued or incurred and payable from such Pledged Revenues on a parity with the Parity Debt and do not constitute any kind of indebtedness of Counterparty or any indebtedness for which the faith and credit of Counterparty or any of its revenues are pledged or any indebtedness secured by any lien on or security interest in any property of Counterparty as defined under and/or proscribed by any constitution, charter, law, rule, regulation, government code, constituent or governing instrument, resolution, guideline, ordinance, order, writ, judgment, decree, or ruling to which Counterparty (or any of its officials in their respective capacities as such) or its property is subject.]

Very truly yours,

INCUMBENCY AND SIGNATURE CERTIFICATE

The undersigned, the _____, of the Board of Regents of the University of Texas System, a _____ duly and validly existing under the constitution and laws of the State of Texas ("Counterparty"), hereby certifies that:

1. The Interest Rate Swap Agreement dated as of _____, 1994, including the Confirmations and other exhibits, supplements, and attachments thereto and documents incorporated by reference therein (collectively the "Rate Swap Agreement Documentation"), between Counterparty and Goldman Sachs Capital Markets, L.P. have been duly executed and delivered in the name and on behalf of Counterparty by the following official, whose title and signature appear below:

<u>NAME</u>	<u>TITLE</u>	<u>SIGNATURE</u>
-------------	--------------	------------------

2. The foregoing official who, on behalf of Counterparty, executed and delivered the Rate Swap Agreement Documentation was at the date thereof and it now duly authorized to perform such acts at the respective times of such acts, and the signature of such person appearing on the Rate Swap Agreement Documentation is his genuine signature.

IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of _____, 1994.

By:
Title:

I, _____, a _____ of _____ ("Counterparty"), hereby certify that _____ is a duly elected, qualified, and acting _____ of Counterparty and that the signature appearing above is his genuine signature.

IN WITNESS WHEREOF, I have hereunto signed my name the _
day of _____, 1994.

Name:
Title:

EXHIBIT V

POWER OF ATTORNEY

The Power of Attorney Expires on _____, 19__ **KNOW ALL MEN BY THESE PRESENTS** that **GOLDMAN SACHS CAPITAL MARKETS, L.P.**, a Delaware limited partnership, whose principal place of business is at 85 Broad Street, New York, New York, 10004, does hereby make, constitute, and appoint Mark Schwartz, Paul F. Jacobson, Jacob Z. Schuster, Thomas R. Pura, Thomas K. Montag, John E. Eisenberg, Kevin Cunningham, William F. Kerins, Christine L. Thomas, Paul Kuo and David Boren and each of such foregoing persons, acting alone, as its true and lawful attorneys, with the power and authority specified below, to be exercised by said attorneys signing their individual names only, to act for it in connection with transactions effected with the Board of Regents of the University of Texas System ("Counterparty"), giving and granting unto said attorneys as specified below full power and authority to execute the Interest Rate Swap Agreement dated as of _____, 1994 (the "Agreement") and any and all documents pertaining to or to be delivered in connection with the Agreement (Jacob Z. Schuster and Christine L. Thomas), and to execute any and all confirmations pertaining to or to be delivered in connection with the Agreement (all of said attorneys other than Jacob Z. Schuster and Christine L. Thomas), hereby giving and granting unto said attorneys full power and authority to act as aforesaid as fully to all intents and purposes as **GOLDMAN SACHS CAPITAL MARKETS, L.P.** might or could do if personally present by one of its partners, and hereby ratifying and confirming all that any of said attorneys shall lawfully do pursuant to this Power of Attorney, but reserving to said firm of Goldman Sachs Capital Markets, L.P. full power of revocation. Said Counterparty may act upon the faith of the original hereof (but not any copy) until the stated expiration dated of this Power Attorney or until such earlier time as notice in writing of the termination of this Power of Attorney or any authority granted hereunder shall be delivered to said Counterparty by **GOLDMAN SACHS CAPITAL MARKETS, L.P.**

IN WITNESS WHEREOF, GOLDMAN SACHS CAPITAL MARKETS, L.P. has hereunto set its hand this _____ day of _____, 1994.

By: Goldman Sachs Capital
Markets, Inc.,
General Partner

By: _____