

The Utley Foundation
Minutes of Special Meeting

The Utley Foundation, a Texas non-profit corporation (the "Corporation"), held on December 05, 2006, at 11:30 a.m. for a special meeting at the Callier Center on the campus of the University of Texas at Dallas. The meeting was called to order by Ann K. Utley, Chairperson.

Persons Participating

The following persons attended the meeting:

Directors:

Ann K. Utley
Albert Black
David E. Daniel
Darrelene Rachavong

Other Participants:

Luca Finocchiaro, Regional Manager – Waterview Park
Apartments
Ray Barrows, Vice President of Operations – First
Worthing

The above Directors constituted a quorum of the board of directors. The meeting was called to order.

Approval of Minutes

The Chairperson asked for the approval of the minutes from the April 13, 2000 annual meeting and the June 12, 2006 meeting via conference call. A motion was made and seconded that the minutes be approved as presented. All approved.

Notice

Notice of this special meeting was provided on November 11, 2006, and will be filed in the minute book of the corporation immediately preceding these minutes.

Recognition of Claude Wilson

The chairman recommended sending a letter of thanks and recognition to Claude Wilson who resigned from the Board after having served for over four years. Dr. Daniel approved the motion and Mr. Black seconded. All approved.

Report from the University

Dr. Daniel reported for the first time there was a large, unexpected wait list for student housing. The university is looking into possibly building additional housing. Dr. Rachavong and Matt have been touring other universities to get ideas on what they think is best for UTD. As low-cost housing was built in the past, there is a need to evaluate the direction of future housing. The Practice Tee lease to the north of Phase VIIIA was not renewed for this reason. The university is looking to create a more living/learning environment so that the academic aspect is brought closer to housing. They look to crystallize the direction in about a month. UTD has commissioned a third-party consulting firm to evaluate the local market to establish affordability rates. The university will not add additional housing without a proper study of the impact of new housing. Dr. Daniel mentioned that he would rather have a small wait-list than occupancy issues.

Dr. Daniel was pleased that the unit audits were completed in a timely manner.

Dr. Daniel said he feels that it is proper business practice to review the management contracts every so often and will be doing so in 2007. He asked Steve Utley, President and CEO of FirstWorthing if the management agreement currently set to expire in the spring could renew on a month-to-month basis through October 2007 at which time they will be accepting proposals and /or reviewing the terms and conditions of the current agreement.

Dr. Daniel said UTD will also be evaluating a buy-out of the Foundation Phases (I-IV) as this is an option in the Ground Lease. They will get a property appraisal before any evaluation. The purpose of the buy-out would be to simplify ownership situations.

UTD has agreed not to enter into a lease with the foundation for the use of the old Starbuck's building in Phase I as they feel it best until the review of the management agreements is complete.

2005 Third Quarter Financials and 2006 Budget

Luca Finocchiaro presented the third quarter financial reports and discussed any operational changes and concerns. Funds are tight, however, audits were completed and work related to findings in the audit were completed in a timely manner.

Cash-Flow

Mrs. Utley discussed the foundation's critical cash-flow situation and mentioned what plans were in place to assist the management team in meeting its obligations to its residents and vendors/service providers. With the trustees' support, a letter was sent to ACA Capital requesting an amendment to the Ground Lease Reserve Fund to free funds. Discussions with ACA have been positive and it appears that they will approve the written request.

The foundation's attorney has been contacted to draft the amendment to both the Trust Indenture and Loan Agreement. Mrs. Utley mentioned that Dr. Daniel was supportive of this request and that it was not something to be voted on, just a matter of information. Mr. Black was concerned about the accounting component and wanted to make sure that all angles were well scrutinized before following through. Mrs. Utley responded that this was being done in cooperation with the trustee, the bond insurer and

the foundation's attorney. She was comfortable that the amendments to the Ground Lease Reserve Fund would not impact the property's tax exemption or any other principal component of the foundation.

Other Business

The Annual Meeting of the Board will be held Friday, April 13, 2007, 11:30 a.m. at the Waterview Park Information Center on the UTD campus. Lunch will be served.

Adjournment

Prior to adjournment, on motion made by Dr. Daniel, seconded by Dr. Rachavong and unanimously carried, it was

RESOLVED, that all acts taken by officers of the Corporation, and all documents executed by such officers in connection with the business of the Corporation since the last meeting of the Board are hereby ratified and confirmed as the acts of the Corporation.

RESOLVED FURTHER, that the taking of such actions by any officer of the Corporation were conclusive evidence of such officer's authorization.

There being no further business to come before the meeting, the meeting was, on motion duly made, seconded, and infamously carried, adjourned.

Dated: December 05, 2006

Albert C. Black, Secretary

Approved:

Ann K. Utley, Chairperson