

OFFICIAL STATEMENT

Dated January 31, 2017

NEW ISSUE - BOOK ENTRY ONLY

Ratings:
Fitch: "AA+"
Moody's: "Aa1"
S&P: "AA+"
See "RATINGS" herein

In the opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel, interest on the Series 2017A Bonds is excludable from gross income for federal income tax purposes under existing statutes, court decisions, regulations and published rulings, subject to the matters described herein under "TAX MATTERS - Series 2017A Bonds," including a description of the alternative minimum tax consequences for corporations.

\$79,035,000

**BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM
REVENUE FINANCING SYSTEM
REFUNDING AND IMPROVEMENT BONDS
SERIES 2017A**



Dated: Date of Delivery

Due: As shown on page ii

The Board of Regents of Texas Tech University System Revenue Financing System Refunding and Improvement Bonds, Series 2017A (the "Series 2017A Bonds") constitute valid and legally binding special obligations of the Board of Regents (the "Board") of the Texas Tech University System (the "University System"). The Series 2017A Bonds shall be issued pursuant to a Master Resolution adopted by the Board on October 21, 1993, and amended on November 8, 1996 and August 22, 1997 (as amended, the "Master Resolution"), a Seventeenth Supplemental Resolution adopted by the Board on December 16, 2016, and a resolution to be approved by the Pricing Committee on the date of sale of the Series 2017A Bonds. The Series 2017A Bonds are payable from and secured solely by the Pledged Revenues (as defined herein) of the University System's Revenue Financing System. The Series 2017A Bonds are Parity Obligations (as defined herein). See "SECURITY FOR THE BONDS."

The proceeds from the sale of the Series 2017A Bonds will be used for the purposes of: (i) acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure for the University System, (ii) refunding certain of the Outstanding Commercial Paper Notes (as defined herein), and (iii) paying the costs of issuance of the Series 2017A Bonds. See "PLAN OF FINANCE - Series 2017A Bonds."

Interest on the Series 2017A Bonds will accrue from their date of delivery and is calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Series 2017A Bonds is payable on August 15, 2017, and each February 15 and August 15 thereafter until maturity or prior redemption. Principal of the Series 2017A Bonds will be payable on the dates and in the amounts shown on page ii. The Series 2017A Bonds are initially issuable only to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the book-entry only system described herein. Beneficial ownership of the Series 2017A Bonds may be acquired in denominations of \$5,000 or multiples thereof within a maturity. No physical delivery of the Series 2017A Bonds will be made to the purchasers thereof. Interest on and principal of the Series 2017A Bonds will be payable by Amegy Bank, a division of ZB, National Association, Plano, Texas, the initial Paying Agent/Registrar, to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Series 2017A Bonds. See "DESCRIPTION OF THE BONDS—Book-Entry Only System."

The Series 2017A Bonds will mature, bear interest, and have initial prices or yields and CUSIP numbers as shown on page ii of this Official Statement.

The Series 2017A Bonds are subject to redemption as provided herein. See "DESCRIPTION OF THE BONDS—Redemption."

THE SERIES 2017A BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE BOARD, THE UNIVERSITY SYSTEM, TEXAS TECH UNIVERSITY, TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER, ANGELO STATE, TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER AT EL PASO, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF. THE BOARD HAS NO TAXING POWER AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE SERIES 2017A BONDS. SEE "SECURITY FOR THE BONDS."

The Series 2017A Bonds are offered when, as, and if issued, subject to approval of legality by the Attorney General of the State of Texas and the opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Andrews Kurth Kenyon LLP, Austin, Texas. The Series 2017A Bonds are expected to be available for delivery through DTC on or about February 22, 2017.

**CITIGROUP
J. P. MORGAN
RBC CAPITAL MARKETS**

**RAYMOND JAMES
MORGAN STANLEY
SIEBERT CISNEROS SHANK & Co., L.L.C.**

MATURITY SCHEDULE

\$79,035,000 SERIES 2017A BONDS

Maturity Date	Principal Amount	Interest Rate	Initial Yield	CUSIP Numbers ⁽¹⁾
8/15/2017	\$120,000	5.00%	0.80%	882806HA3
2/15/2018	3,140,000	5.00%	0.96%	882806GF3
2/15/2019	3,275,000	5.00%	1.19%	882806GG1
2/15/2020	3,415,000	5.00%	1.41%	882806GH9
2/15/2021	3,560,000	5.00%	1.63%	882806GJ5
2/15/2022	3,825,000	5.00%	1.84%	882806GK2
2/15/2023	3,995,000	5.00%	2.03%	882806GL0
2/15/2024	4,210,000	5.00%	2.25%	882806GM8
2/15/2025	4,075,000	5.00%	2.41%	882806GN6
2/15/2026	5,300,000	5.00%	2.56%	882806GP1
2/15/2027	4,470,000	5.00%	2.69%	882806GQ9
2/15/2028	5,030,000	5.00%	2.78% ⁽²⁾	882806GR7
2/15/2029	5,150,000	5.00%	2.86% ⁽²⁾	882806GS5
2/15/2030	5,400,000	5.00%	2.93% ⁽²⁾	882806GT3
2/15/2031	5,675,000	5.00%	3.02% ⁽²⁾	882806GU0
2/15/2032	3,450,000	5.00%	3.08% ⁽²⁾	882806GV8
2/15/2033	2,750,000	5.00%	3.14% ⁽²⁾	882806GW6
2/15/2034	2,895,000	5.00%	3.22% ⁽²⁾	882806GX4
2/15/2035	5,400,000	5.00%	3.27% ⁽²⁾	882806GY2
2/15/2036	3,900,000	4.00%	3.66% ⁽²⁾	882806GZ9

(interest to accrue from date of delivery)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are included herein solely for the convenience of the purchasers of the Series 2017A Bonds. None of the Board, the University System or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

(2) Yield calculated to first optional redemption date of February 15, 2027.

CONCURRENT AND SEPARATE ISSUES. . . Concurrently with the issuance of the Series 2017A Bonds, the Board is issuing its Revenue Financing System Refunding and Improvement Bonds, Taxable Series 2017B (the "Series 2017B Bonds") pursuant to the Master Resolution, a Seventeenth Supplemental Resolution adopted by the Board on December 16, 2016 and a resolution approved by the Pricing Committee on the date of the sale of the Series 2017B Bonds. The Series 2017A Bonds and the Series 2017B Bonds are referred to herein collectively as the "Bonds."

The Series 2017A Bonds and the Series 2017B Bonds are each separate and distinct securities offerings being issued and sold independently except for the use of this common Official Statement, and, while the Series 2017A Bonds and the Series 2017B Bonds share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the terms for payment, the rights of holders, and other features. The sale and delivery of each series of Bonds is not dependent upon the sale and delivery of the other series of Bonds.

OFFICIAL STATEMENT

Dated January 31, 2017

NEW ISSUE - BOOK ENTRY ONLY

Ratings:
Fitch: “AA+”
Moody’s: “Aa1”
S&P: “AA+”
See “RATINGS” herein

Interest on the Series 2017B Bonds is includable in the gross income of the owners thereof for federal income tax purposes. See “TAX MATTERS — The Series 2017B Bonds” herein.

\$295,700,000

**BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM
REVENUE FINANCING SYSTEM
REFUNDING AND IMPROVEMENT BONDS
TAXABLE SERIES 2017B**



Dated: Date of Delivery

Due: As shown on page iv

The Board of Regents of Texas Tech University System Revenue Financing System Refunding and Improvement Bonds, Taxable Series 2017B (the “Series 2017B Bonds”) constitute valid and legally binding special obligations of the Board of Regents (the “Board”) of the Texas Tech University System (the “University System”). The Series 2017B Bonds shall be issued pursuant to a Master Resolution adopted by the Board on October 21, 1993, and amended on November 8, 1996 and August 22, 1997 (as amended, the “Master Resolution”), a Seventeenth Supplemental Resolution adopted by the Board on December 16, 2016, and a resolution to be approved by the Pricing Committee on the date of sale of the Series 2017B Bonds. The Series 2017B Bonds are payable from and secured solely by the Pledged Revenues (as defined herein) of the University System Revenue Financing System. The Series 2017B Bonds are Parity Obligations (as defined herein). See “SECURITY FOR THE BONDS.”

The proceeds from the sale of the Series 2017B Bonds will be used for the purposes of: (i) acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure for the University System, (ii) refunding certain of the Outstanding Commercial Paper Notes, (iii) refunding certain of the University System’s outstanding obligations, as more particularly described in Schedule I attached hereto (the “Refunded Obligations”), and (iv) paying the costs of issuance of the Series 2017B Bonds. See “PLAN OF FINANCE - Series 2017B Bonds.” and “Schedule I –REFUNDED OBLIGATIONS.”

Interest on the Series 2017B Bonds will accrue from their date of delivery and is calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Series 2017B Bonds is payable on August 15, 2017, and each February 15 and August 15 thereafter until maturity or prior redemption. Principal of the Series 2017B Bonds will be payable on the dates and in the amounts shown on page iv. The Series 2017B Bonds are initially issuable only to Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the book-entry only system described herein. Beneficial ownership of the Series 2017B Bonds may be acquired in denominations of \$5,000 or multiples thereof within a maturity. No physical delivery of the Series 2017B Bonds will be made to the purchasers thereof. Interest on and principal of the Series 2017B Bonds will be payable by Amegy Bank, a division of ZB, National Association, Plano, Texas, the initial Paying Agent/Registrar, to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Series 2017B Bonds. See “DESCRIPTION OF THE BONDS—Book-Entry Only System.”

The Series 2017B Bonds will mature, bear interest, and have initial prices or yields and CUSIP numbers as shown on page ii of this Official Statement.

The Series 2017B Bonds are subject to redemption as provided herein. See “DESCRIPTION OF THE BONDS—Redemption.”

THE SERIES 2017B BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE BOARD, THE UNIVERSITY SYSTEM, TEXAS TECH UNIVERSITY, TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER, ANGELO STATE, TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER AT EL PASO, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF. THE BOARD HAS NO TAXING POWER AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE SERIES 2017B BONDS. SEE “SECURITY FOR THE BONDS.”

The Series 2017B Bonds are offered when, as, and if issued, subject to approval of legality by the Attorney General of the State of Texas and the opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Andrews Kurth Kenyon LLP, Austin, Texas. The Series 2017B Bonds are expected to be available for delivery through DTC on or about February 22, 2017.

**RAYMOND JAMES
J. P. MORGAN
RBC CAPITAL MARKETS**

**CITIGROUP
MORGAN STANLEY
SIEBERT CISNEROS SHANK & Co., L.L.C.**

MATURITY SCHEDULE

\$295,700,000 SERIES 2017B BONDS

\$284,120,000 Serial Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield</u>	<u>CUSIP Numbers⁽¹⁾</u>
8/15/2017	\$1,195,000	0.900%	0.900%	882806GE6
2/15/2018	15,770,000	1.070%	1.070%	882806FH0
2/15/2019	15,980,000	1.562%	1.562%	882806FJ6
2/15/2020	22,420,000	1.925%	1.925%	882806FK3
2/15/2021	22,890,000	2.299%	2.299%	882806FL1
2/15/2022	21,620,000	2.549%	2.549%	882806FM9
2/15/2023	22,190,000	2.789%	2.789%	882806FN7
2/15/2024	21,665,000	2.939%	2.939%	882806FP2
2/15/2025	22,315,000	3.140%	3.140%	882806FQ0
2/15/2026	22,440,000	3.260%	3.260%	882806FR8
2/15/2027	17,290,000	3.360%	3.360%	882806FS6
2/15/2028	17,545,000	3.510%	3.510%	882806FT4
2/15/2029	17,295,000	3.610%	3.610%	882806FU1
2/15/2030	17,935,000	3.710%	3.710%	882806FV9
2/15/2031	13,790,000	3.810%	3.810%	882806FW7
2/15/2032	11,780,000	3.840%	3.840%	882806FX5

\$11,580,000 4.000% Term Bonds, due February 15, 2038, Yield 4.000%, CUSIP No. 882806GD8⁽¹⁾

(interest to accrue from date of delivery)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are included herein solely for the convenience of the purchasers of the Series 2017B Bonds. None of the Board, the University System or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

CONCURRENT AND SEPARATE ISSUES. . . Concurrently with the issuance of the Series 2017B Bonds, the Board is issuing its Revenue Financing System Bonds, Series 2017A (the "Series 2017A Bonds") pursuant to the Master Resolution, a Seventeenth Supplemental Resolution adopted by the Board on December 16, 2016 and a resolution approved by the Pricing Committee on the date of the sale of the Series 2017A Bonds. The Series 2017A Bonds and the Series 2017B Bonds are referred to herein collectively as the "Bonds."

The Series 2017A Bonds and the Series 2017B Bonds are each separate and distinct securities offerings being issued and sold independently except for the use of this common Official Statement, and, while the Series 2017A Bonds and the Series 2017B Bonds share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the terms for payment, the rights of holders, and other features. The sale and delivery of each series of Bonds is not dependent upon the sale and delivery of the other series of Bonds.

BOARD OF REGENTS OF THE TEXAS TECH UNIVERSITY SYSTEM

<u>Name</u>	<u>Residence</u>	<u>Term Expiration</u> ⁽¹⁾
Mr. Mickey L. Long, Chairman	Midland	January 31, 2021
Ms. Debbie Montford, Vice Chairwoman	San Antonio	January 31, 2017 ⁽²⁾
Mr. Larry K. Anders	Dallas	January 31, 2017 ⁽²⁾
Mr. John D. Steinmetz	Lubbock	January 31, 2017 ⁽²⁾
Mr. John D. Esparza	Austin	January 31, 2019
Mr. L. Frederick “Rick” Francis	El Paso	January 31, 2019
Mr. Tim Lancaster	Abilene	January 31, 2019
Mr. Ronnie Hammonds	Houston	January 31, 2021
Mr. Christopher M. Huckabee	Fort Worth	January 31, 2021
Mr. Jeremy Stewart	Arlington	May 31, 2017 ⁽³⁾

- ⁽¹⁾ The actual expiration date of the term depends on the date the successor is appointed, qualified and takes the oath of office.
- ⁽²⁾ J. Michael Lewis and John B. Walker have been appointed as members of the Board to succeed Debbie Montford and Larry K. Anders, and John D. Steinmetz has been reappointed as a member of the Board, all with terms expiring January 31, 2023. Such appointments are subject to the approval of the Texas Senate and taking the oath of office. The actual expiration date of the term depends on the date the successor is appointed, qualified, and takes the oath of office
- ⁽³⁾ Student Regent. Current state law does not allow a Student Regent to vote on any matter before the Board.

PRINCIPAL ADMINISTRATORS

<u>Name</u>	<u>Title</u>
Mr. Robert L. Duncan	Chancellor
Mr. Gary Barnes	Vice Chancellor and Chief Financial Officer
Dr. Lawrence Schovanec	President (Texas Tech University)
Dr. Tedd L. Mitchell	President (Texas Tech University Health Sciences Center)
Dr. Brian J. May	President (Angelo State University)
Dr. Richard A. Lange	President (Texas Tech University Health Sciences Center at El Paso)

CONSULTANTS

<u>Financial Advisor</u>	<u>Bond Counsel</u>
FirstSouthwest, a Division of Hilltop Securities Inc. Dallas, Texas	Norton Rose Fulbright US LLP Dallas, Texas

For additional information regarding the University System, please contact:

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Ms. Mary M. Williams
Senior Vice President
FirstSouthwest, a Division of Hilltop
Securities Inc.
325 N. St. Paul St. Suite 800
Dallas, Texas 75201
(214) 953-4021

SALE AND DISTRIBUTION OF THE BONDS

Use of Official Statement

No dealer, broker, salesman or other person has been authorized by the Board to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Board. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the Board since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the Board's undertaking to provide certain information on a continuing basis. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and in no instance may this Official Statement be reproduced or used for any other purpose.

Certain information set forth in this Official Statement has been furnished by the Board and other sources which are believed to be reliable, but such information is not to be construed as a representation by the Underwriters. CUSIP numbers have been assigned to these issues by the CUSIP Service Bureau for the convenience of the owners of the Bonds. Neither the Board nor the Underwriters shall be responsible for the selection or the correctness of the CUSIP numbers.

THIS OFFICIAL STATEMENT IS INTENDED TO REFLECT FACTS AND CIRCUMSTANCES ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION MAY NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE BONDS DESCRIBED HEREIN SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.

NONE OF THE BOARD, THE FINANCIAL ADVISOR OR THE UNDERWRITERS MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY ONLY SYSTEM, AS SUCH INFORMATION WAS FURNISHED BY DTC.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

The statements contained in this Official Statement, and in other information provided by the Board, that are not purely historical are forward-looking statements, including statements regarding the Board's expectations, hopes, intentions or strategies regarding the future. All forward-looking statements included in this Official Statement are based on information available to the Board on the date hereof, and the Board assumes no obligation to update any such forward-looking statements.

Marketability

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS THEREOF MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF SUCH BONDS AT A LEVEL ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT APPROVED OR DISAPPROVED THE BONDS OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The Board assumes no responsibility for the registration or qualification for sale or other disposition of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

TABLE OF CONTENTS

INTRODUCTION	1
PLAN OF FINANCE	2
Authority for Issuance	2
Purpose	2
Refunded Notes	2
Refunded Obligations	3
SOURCES AND USES OF FUNDS	4
DESCRIPTION OF THE BONDS	4
General	4
Transfer, Exchange, and Registration	4
Limitation on Transfer of Bonds Called for Redemption	5
Record Date for Interest Payment	5
Redemption	5
Paying Agent/Registrar	6
Defeasance	6
Bondholder Remedies	7
Book-Entry Only System	7
SECURITY FOR THE BONDS	10
The Revenue Financing System	10
Pledge Under Master Resolution	10
Outstanding Parity Obligations	13
Commercial Paper Notes	13
Additional Obligations	14
DEBT SERVICE REQUIREMENTS	15
FUTURE CAPITAL IMPROVEMENT PLANS	16
ABSENCE OF LITIGATION	16
CONTINUING DISCLOSURE OF INFORMATION	16
Continuing Disclosure Undertaking of the Board	16
Annual Reports	16
Notice of Certain Events	17
Availability of Information	17
Limitations and Amendments	17
Compliance with Prior Undertakings	18
LEGAL MATTERS	18
TAX MATTERS	18
Series 2017A Bonds	18
Series 2017B Bonds	20
LEGAL INVESTMENTS IN TEXAS	23
REGISTRATION AND QUALIFICATION OF BONDS FOR SALE	23
RATINGS	23
FINANCIAL ADVISOR	23
VERIFICATION OF MATHEMATICAL COMPUTATIONS	23
UNDERWRITING	24
FORWARD LOOKING STATEMENTS	25
AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION	25
Schedule I	– Refunded Obligations
Appendix A	– Texas Tech University System
Appendix B	– Texas Tech University System Combined Annual Financial Report
Appendix C	– Management’s Discussion and Analysis
Appendix D	– Summary of Certain Provisions of the Resolution
Appendix E	– Forms of Bond Counsel Opinions

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OFFICIAL STATEMENT
relating to
\$79,035,000
BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM
REVENUE FINANCING SYSTEM
REFUNDING AND IMPROVEMENT BONDS
SERIES 2017A

and

\$295,700,000
BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM
REVENUE FINANCING SYSTEM
REFUNDING AND IMPROVEMENT BONDS
TAXABLE SERIES 2017B

INTRODUCTION

This Official Statement, which includes the cover pages and the Schedule and Appendices hereto, provides certain information regarding the issuance by the Board of Regents of the Texas Tech University System (the “Board”), acting for and on behalf of the Texas Tech University System (the “University System”) of its bonds, entitled “Board of Regents of Texas Tech University System Revenue Financing System Refunding and Improvement Bonds, Series 2017A” (the “Series 2017A Bonds”), and “Board of Regents of Texas Tech University System Revenue Financing System Refunding and Improvement Bonds, Taxable Series 2017B” (the “Series 2017B Bonds” and, together with the Series 2017A Bonds, the “Bonds”). Capitalized terms used in this Official Statement and not otherwise defined have the same meanings assigned to such terms in “Appendix D - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION.”

The Series 2017A Bonds and the Series 2017B Bonds are each separate and distinct securities offerings being issued and sold independently except for the use of this common Official Statement. The sale and delivery of each series of Bonds is not dependent upon the sale and delivery of the other series of Bonds.

The University System currently consists of Texas Tech University (the “University”), Texas Tech University Health Sciences Center (the “Health Sciences Center”), Angelo State University (“Angelo State”) and Texas Tech University Health Sciences Center at El Paso (the “Health Sciences Center at El Paso”). The University, the Health Sciences Center, Angelo State and the Health Sciences Center at El Paso were established pursuant to the provisions of the Constitution and the laws of the State of Texas (the “State”) as institutions of higher education. Pursuant to a Master Resolution adopted by the Board on October 21, 1993 and amended on November 8, 1996 and August 22, 1997 (as amended, the “Master Resolution”), the Board created the University System’s Revenue Financing System (the “Revenue Financing System”) for the purpose of providing a system-wide financing structure for revenue-supported indebtedness to reduce costs, increase borrowing capacity, provide additional security to the credit markets and provide the Board with increased financial flexibility. Currently, the University, the Health Sciences Center, Angelo State and the Health Sciences Center at El Paso are the only Participants in the Revenue Financing System. Pursuant to the Master Resolution, the Board has, with certain exceptions, combined all of the revenues, funds and balances attributable to any Participant in the Revenue Financing System that may lawfully be pledged to secure the payment of revenue supported debt obligations and has pledged those sources as Pledged Revenues to secure the payment of revenue supported debt obligations of the Board incurred as Parity Obligations under the Master Resolution. See “SECURITY FOR THE BONDS — The Revenue Financing System” and “Appendix D — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION.”

This Official Statement contains summaries and descriptions of the plan of finance, the Resolution (defined herein), the Bonds, the Board, the University System, the University, the Health Sciences Center, Angelo State, the Health Sciences Center at El Paso and other related matters. All references to and descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Mr. Gary Barnes, Vice Chancellor and Chief Financial Officer, Texas Tech University System, 2500 Broadway, Administration Building, Room 213, Lubbock, Texas 79409-1098.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of this final Official Statement and any Escrow Agreement (as defined herein) will be submitted to

the Municipal Securities Rulemaking Board and will be available through its Electronic Municipal Market Access system. See “CONTINUING DISCLOSURE OF INFORMATION” for information regarding the Electronic Municipal Market Access system and for a description of the Board’s undertaking to provide certain information on a continuing basis.

PLAN OF FINANCE

Authority for Issuance

The Series 2017A Bonds are being issued in accordance with the general laws of the State, including particularly Chapter 55, Texas Education Code, as amended and Chapter 1371, Texas Government Code, as amended. The Series 2017B Bonds are being issued in accordance with the general laws of the State, including particularly Chapter 55, Texas Education Code, as amended; Chapter 1371, Texas Government Code, as amended; and Chapter 1207, Texas Government Code, as amended. The Series 2017A Bonds are being issued pursuant to the Master Resolution, a Seventeenth Supplemental Resolution adopted by the Board on December 16, 2016, and a resolution to be approved by the Pricing Committee relating to the sale of the Series 2017A Bonds (the Seventeenth Supplemental Resolution and this Pricing Committee resolution are jointly referred to herein as the “Seventeenth A Supplemental Resolution”). The Series 2017B Bonds are being issued pursuant to the Master Resolution, a Seventeenth Supplemental Resolution adopted by the Board on December 16, 2016, and a resolution to be approved by the Pricing Committee relating to the sale of the Series 2017B Bonds (the Seventeenth Supplemental Resolution and this Pricing Committee resolution are jointly referred to herein as the “Seventeenth B Supplemental Resolution”). The Master Resolution, the Seventeenth A Supplemental Resolution and the Seventeenth B Supplemental Resolution are referred to herein collectively as the “Resolution.” The Series 2017A Bonds and the Series 2017B Bonds will be the eighteenth series and nineteenth series, respectively, of debt obligations issued as Parity Obligations and payable from the Pledged Revenues. Certain of the Parity Obligations previously issued pursuant to the Master Resolution are no longer outstanding. For a description of the Outstanding Parity Obligations and the ability of the Board to issue Additional Parity Obligations, see “SECURITY FOR THE BONDS — Outstanding Parity Obligations” and “— Additional Obligations.”

Purpose

Series 2017A Bonds. The Series 2017A Bonds are being issued for the purposes of: (i) acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure for the University System, (ii) refunding \$26,480,000 of the “Board of Regents of Texas Tech University System Revenue Financing System Commercial Paper Notes, Series A” (the “Commercial Paper Notes”), and (iii) paying the costs of issuance of the Series 2017A Bonds. The Commercial Paper Notes constitute Parity Obligations under the terms of the Master Resolution. See “SECURITY FOR THE BONDS - The Revenue Financing System.”

Series 2017B Bonds. The Series 2017B Bonds are being issued for the purposes of: (i) acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure for the University System, (ii) refunding \$23,854,000 of the outstanding Commercial Paper Notes, (iii) refunding certain of the University System’s outstanding obligations, as more particularly described in Schedule I attached hereto (the “Refunded Obligations”), and (iv) paying the costs of issuance of the Series 2017B Bonds. The Commercial Paper Notes constitute Parity Obligations under the terms of the Master Resolution. See “SECURITY FOR THE BONDS - The Revenue Financing System.”

Refunded Notes

The Resolution provides that from the proceeds of the sale of the Bonds received from the Underwriters thereof, together with other available funds of the Board, the Board will deposit with Deutsche Bank Trust Company Americas, in its capacity as the issuing and paying agent for the Commercial Paper Notes (the “CP Issuing and Paying Agent”), the amount necessary to accomplish the discharge, defeasance and final payment of \$50,334,000 of Outstanding Commercial Paper Notes (the “Refunded Notes”) in accordance with the terms of the supplemental resolution authorizing the issuance thereof. Thereafter, the Refunded Notes, together with interest due thereon, will be paid on the scheduled maturity dates therefor, from the amounts deposited with the CP Issuing and Paying Agent. The amounts so deposited with the CP Issuing and Paying Agent will be in the form of cash and will be sufficient to provide for the payment of the principal of and interest on the Refunded Notes when due.

By the deposit of the cash with the CP Issuing and Paying Agent, the Board will have effected the defeasance of all of the Refunded Notes in accordance with Chapter 1207, Texas Government Code, as amended (“Chapter 1207”) and pursuant to the terms of the supplemental resolution authorizing their issuance. As a result of such defeasance, the Refunded Notes will be outstanding only for the purpose of receiving payments from such cash held by the CP Issuing and Paying Agent and such Refunded Notes will not be deemed as being outstanding obligations of the Board payable from Pledged Revenues or for the purpose of applying any limitation on the issuance of debt.

Refunded Obligations

A portion of the proceeds from the issuance and sale of the Series 2017B Bonds, together with other available funds of the Board, will be applied to refund the Refunded Obligations. The refunding will result in the defeasance of the Refunded Obligations in accordance with the terms thereof and the laws of the State of Texas.

The principal and interest due on the Refunded Obligations are to be paid on the scheduled interest payment dates and the respective redemption dates of such Refunded Obligations from funds to be deposited pursuant to a certain Escrow Agreement (the “Escrow Agreement”) between the Board and Amegy Bank, a division of ZB, National Association, Plano, Texas (the “Escrow Agent”). The Seventeenth B Supplemental Resolution provides that from the proceeds of the sale of the Series 2017B Bonds received from the Underwriters, the Board will deposit with the Escrow Agent the amount necessary, together with additional funds of the Board and investment earnings thereon, to accomplish the discharge and final payment of the Refunded Obligations on their respective redemption dates. Such funds will be held by the Escrow Agent in a special escrow account (the “Escrow Fund”) and used to purchase direct obligations of the United States of America (the “Federal Securities”), which will come due on or before their respective redemption dates. Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations.

Causey Demgen & Moore P.C., independent certified public accountants, will verify at the time of delivery of the Series 2017B Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate that the Federal Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Obligations. Such maturing principal of and interest on the Federal Securities will not be available to pay the Bonds. Such verification report will be based on information and assumptions supplied by the Board and the Underwriters, and such verifications, information and assumptions will be relied upon by Bond Counsel in rendering its opinion relating to the Series 2017B Bonds described herein. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein.

By the deposit of the Federal Securities and cash, if necessary, with the Escrow Agent pursuant to the Escrow Agreement, the Board will have effected the defeasance of all of the Refunded Obligations in accordance with Chapter 1207. As a result of such defeasance, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the Federal Securities and any cash held for such purpose by the Escrow Agent and such Refunded Obligations will not be deemed as being outstanding obligations of the Board payable from Pledged Revenues nor for the purpose of applying any limitation on the issuance of debt.

In the Escrow Agreement, the Board covenants to make timely deposits to the Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Obligations, if for any reason, the cash balances on deposit or scheduled to be on deposit in the Series Escrow Fund are insufficient to make such payment.

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SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds of each series, together with other lawfully available funds of the Board, will be applied approximately as follows:

Sources of Funds	<u>Series 2017A</u>	<u>Series 2017B</u>	<u>Total</u>
Par Amount of Bonds	\$79,035,000.00	\$295,700,000.00	\$374,735,000.00
Net Premium	12,039,475.45	--	12,039,475.45
Board Contribution	--	958,554.88	958,554.88
Total Sources of Funds	<u>\$91,074,475.45</u>	<u>\$296,658,554.88</u>	<u>\$387,733,030.33</u>
Applications of Funds			
Deposit to Project Construction Fund	\$64,118,250.00	\$186,729,750.00	\$250,848,000.00
Deposit with Escrow Agent	--	84,474,163.20	84,474,163.20
Deposit for Refunded Notes	26,480,000.00	23,854,000.00	50,334,000.00
Costs of Issuance ⁽¹⁾	<u>476,225.45</u>	<u>1,600,641.68</u>	<u>2,076,867.13</u>
Total Applications of Funds	<u>\$91,074,475.45</u>	<u>\$296,658,554.88</u>	<u>\$387,733,030.33</u>

⁽¹⁾ Includes Underwriters' discount and other costs of issuance. See "UNDERWRITING."

DESCRIPTION OF THE BONDS

General

The Bonds of each series will be dated and will accrue interest from their date of delivery. Further, the Bonds of each series will bear interest at the per annum rates and will mature on the dates and in the amounts shown on pages ii and iv of this Official Statement. Interest on the Bonds of each series will be calculated on the basis of a 360 day year composed of twelve 30 day months. Interest on the Bonds of each series is payable on August 15, 2017 and each February 15 and August 15 thereafter until maturity or prior redemption. The Bonds of each series are initially issuable in book-entry only form.

Interest on the Bonds of each series shall be paid to the registered owners appearing on the registration books of the paying agent/registrar for the Bonds, initially Amegy Bank, a division of ZB, National Association, Plano, Texas (the "Paying Agent/Registrar"), at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar required by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at their stated maturity or upon earlier redemption upon presentation to designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "DESCRIPTION OF THE BONDS – Book-Entry Only System" herein. In the event that any date for payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized by law or executive order to close in the city where the Designated Trust Office (as hereinafter defined) of the Paying Agent/Registrar is located, then the date for such payment will be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close (a "Business Day"). Payment on such later date will not increase the amount of interest due and will have the same force and effect as if made on the original date payment was due.

Transfer, Exchange, and Registration

In the event the use of DTC's book-entry-only system should be discontinued, the Bonds will be printed and delivered to the registered owners thereof, and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar at its designated trust office, initially its office in Plano, Texas (the "Designated Trust Office"), and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in

lieu of the Bond or Bonds being transferred or exchanged, at the Designated Trust Office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or the designee thereof. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any multiple of \$5,000 for any one maturity and for a like aggregate principal amount and like series as the Bond or Bonds surrendered for exchange or transfer.

Limitation on Transfer of Bonds Called for Redemption

The Paying Agent/Registrar shall not be required to make any transfer or exchange (i) during a period beginning with the close of business on any Record Date (as hereinafter defined) and ending with the opening of business on the next following interest payment date, or (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

Record Date for Interest Payment

The record date (“Record Date”) for the interest payable on any interest payment date means the close of business on the last Business Day of the month next preceding each interest payment date.

Redemption

Optional Redemption. The Bonds of each series scheduled to mature on and after February 15, 2028 are subject to redemption prior to maturity at the option of the Board on February 15, 2027, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any multiple thereof (and, if in part, the particular Bonds or portion thereof to be redeemed shall be selected by the Board) at a price of 100% of the principal amount plus accrued interest to the redemption date.

During any period in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Board and the securities depository. See “DESCRIPTION OF THE BONDS — Book-Entry Only System” below.

Mandatory Sinking Fund Redemption.

The Series 2017B Bonds scheduled to mature on February 15, 2038 (the “Term Bonds”) are subject to mandatory sinking fund redemption at a price of par, plus accrued interest to the dates of redemption, on the dates and in the principal amounts as follows:

<u>Term Bonds due February 15, 2038</u>	
<u>Redemption Date</u>	<u>Principal Amount (\$)</u>
February 15, 2033	2,260,000
February 15, 2034	1,910,000
February 15, 2035	1,990,000
February 15, 2036	2,070,000
February 15, 2037	1,640,000
February 15, 2038 (Final Maturity)	1,710,000

The principal amount of the Term Bonds to be redeemed on each such redemption date pursuant to the foregoing operation of the mandatory sinking fund shall be reduced, at the option of the Board, by the principal amount of any Term Bonds of the same maturity and bearing the same interest rate, which, at least 45 days prior to the mandatory sinking fund redemption date, (1) shall have been acquired by the Board and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been acquired and canceled by such Paying Agent/Registrar at the direction of the Board, in either case of (1) or (2) at a price not exceeding the par or principal amount of such Term Bonds, or (3) have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against a mandatory sinking fund redemption. During any period in which ownership of the Term Bonds to be redeemed is determined by a book entry at a securities depository for such Term Bonds, if fewer than all of such Term Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Term Bonds

of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Board and the securities depository. See “DESCRIPTION OF THE BONDS – Book-Entry Only System.”

Notice of Redemption. At least 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity, a written notice of such redemption will be sent by the Paying Agent/Registrar by United States mail, first-class, postage prepaid, to each registered owner of a Bond to be redeemed in whole or in part at the address of each such owner appearing on the registration books of the Paying Agent/Registrar on the 45th day prior to such redemption date, to each registered securities depository, and to any national information service that disseminates redemption notices. FAILURE TO MAIL OR RECEIVE SUCH NOTICE WILL NOT AFFECT THE PROCEEDINGS FOR REDEMPTION. If such written notice of redemption is sent and if due provision for such payment is made, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. In addition, in the event of a redemption caused by an advance refunding, the Paying Agent/Registrar shall send a second notice of redemption to registered owners subject to redemption at least 30 days but not more than 90 days prior to the actual redemption date. Any notice sent to the registered securities depositories or national information services shall be sent so that they are received at least two days prior to the general mailing or publication date of such notice. The Paying Agent/Registrar shall also send a notice of prepayment or redemption to any registered owner who has not submitted Bonds for redemption 60 days after the redemption date. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, payable in the same manner, in any authorized denomination at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Board.

All redemption notices shall contain a description of the Bonds to be redeemed including the complete name of the Bonds, the series, the dates of issue, the interest rates, the maturity dates, the CUSIP numbers, the amounts of Bonds called, the mailing dates for the notices, the dates of redemption, the redemption prices, the name of the Paying Agent/Registrar, and the address at which the Bonds may be redeemed including a contact person and telephone number.

Paying Agent/Registrar

In the Resolution, the Board reserves the right to replace the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. The Board covenants to maintain and provide a Paying Agent/Registrar at all times while the Bonds are outstanding, and any successor Paying Agent/Registrar shall be a competent and legally qualified bank, trust company, financial institution, or other qualified agency. In the event that the entity at any time acting as Paying Agent/Registrar should resign or otherwise cease to act as such, the Board covenants to promptly appoint a competent and legally qualified bank, trust company, financial institution or other qualified agency to act as Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar, the Board agrees to promptly cause a written notice thereof to be sent to each registered owner of Bonds by United States mail, first-class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Defeasance

The Bonds may be defeased when the payment of all principal and interest payable with respect to such Bonds to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption or provision for the giving of same having been made) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such Parity Obligations for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) noncallable Government Obligations which mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, or (3) any combination of (1) and (2) above, and when proper arrangements have been made by the Board with each such Paying Agent for the payment of its services until after all Defeased Debt shall have become due and payable. At such time as Parity Obligations shall be deemed to be Defeased Debt under the terms of the Resolution, such Parity Obligations and the interest thereof shall no longer be secured by, payable from, or entitled to the benefits of, the Pledged Revenues, and such principal and interest shall be payable solely from such

money or Government Obligations, and shall not be regarded as outstanding for any purposes other than payment, transfer, and exchange.

The term “Government Obligations” means direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, which may be United States Treasury obligations such as its State and Local Government Series, which may be in book-entry form. See “Appendix D — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION — Defeasance.”

Bondholder Remedies

The Resolution does not establish specific events of default with respect to the Bonds. If the Board defaults in the payment of the principal of or interest on the Bonds when due, any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the Board to make such payment or observe and perform such covenants, obligations or conditions. Such right is in addition to any other rights the registered owners of the Bonds may be provided by the laws of the State. Under Texas law, there is no right to the acceleration of maturity of the Bonds upon the failure of the Board to observe any covenant under the Resolution. Such registered owner’s only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the Board to set tuition and fees at a level sufficient to pay principal of and interest on the Bonds as such becomes due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis.

In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainly that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, Texas courts have held that mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party, including the payment of monies due under a contract.

Under current State law, the Board is prohibited from waiving sovereign immunity from suit or liability with respect to the Bonds, and the owners thereof are prevented by operation of the Board’s sovereign immunity from bringing a suit against the Board in a court of law to adjudicate a claim to enforce the Bonds or for damages for breach of the Bonds. However, State courts have held that mandamus proceedings against a governmental unit, such as the Board, as discussed in the preceding paragraphs, are not prohibited by sovereign immunity.

The Resolution does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the Board to perform in accordance with the terms of the Resolution, or upon any other condition. The opinions of Bond Counsel will note that all opinions relative to the enforceability of the Resolution and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

Book-Entry Only System

The following information has been furnished by DTC for use in disclosure documents such as this Official Statement. Neither the Board nor the Underwriters make any representation or warranty regarding the information furnished by DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each series of Bonds, in the aggregate principal amount of each maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement

of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Direct Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption proceeds and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participant’s accounts upon DTC’s receipt of funds and corresponding detail information from the Board or the Paying Agent/Registrar, on such payable date in accordance with their respective holdings shown on DTC’s records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Direct and Indirect Participants and not of DTC nor its nominee, the Paying Agent/Registrar, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption proceeds, and interest to Cede & Co. (or such other nominee as

may be requested by an authorized representative of DTC) is the responsibility of the Board or the Paying Agent/Registrar, and disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

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

THE PAYING AGENT/REGISTRAR AND THE BOARD, SO LONG AS THE DTC BOOK-ENTRY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION, NOTICE OF PROPOSED AMENDMENT TO THE RESOLUTION, OR OTHER NOTICES WITH RESPECT TO SUCH BONDS ONLY TO DTC. ANY FAILURE BY DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO NOTIFY THE BENEFICIAL OWNERS, OF ANY NOTICES AND THEIR CONTENTS OR EFFECT WILL NOT AFFECT THE VALIDITY OF THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON ANY SUCH NOTICE. REDEMPTION OF PORTIONS OF THE BONDS BY THE BOARD WILL REDUCE THE OUTSTANDING PRINCIPAL AMOUNT OF SUCH BONDS HELD BY DTC. IN SUCH EVENT, DTC MAY IMPLEMENT, THROUGH ITS BOOK-ENTRY SYSTEM, A REDEMPTION OF SUCH BONDS HELD FOR THE ACCOUNT OF DTC PARTICIPANTS IN ACCORDANCE WITH ITS OWN RULES OR OTHER AGREEMENTS WITH DTC PARTICIPANTS AND THEN DIRECT PARTICIPANTS AND INDIRECT PARTICIPANTS MAY IMPLEMENT A REDEMPTION OF SUCH BONDS FROM THE BENEFICIAL OWNERS. ANY SUCH SELECTION OF THE BONDS TO BE REDEEMED WILL NOT BE GOVERNED BY THE RESOLUTION AND WILL NOT BE CONDUCTED BY THE BOARD OR THE PAYING AGENT/REGISTRAR. NEITHER THE BOARD NOR THE PAYING AGENT/REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM DTC PARTICIPANTS ACT AS NOMINEES, WITH RESPECT TO THE PAYMENTS ON THE BONDS OR THE PROVIDING OF NOTICE TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS OF THE SELECTION OF PORTIONS OF THE BONDS FOR REDEMPTION. IF LESS THAN ALL OF ANY GIVEN SERIES ARE TO BE REDEEMED, THE CURRENT DTC PRACTICE IS TO DETERMINE BY LOT THE AMOUNT OF INTEREST OF EACH DTC PARTICIPANT IN EACH SERIES TO BE REDEEMED.

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SECURITY FOR THE BONDS

The Revenue Financing System

The Master Resolution created the Revenue Financing System to provide a financing structure for revenue-supported indebtedness of the University, the Health Sciences Center and other entities which may be included in the future by Board action, as Participants in the Revenue Financing System. In 2007, the Board added Angelo State as a Participant in the Revenue Financing System, and in 2013 the Board added the Health Sciences Center at El Paso as a Participant in the Revenue Financing System. The Revenue Financing System is intended to facilitate the assembling of all of the Participants' revenue-supported debt capacity into a single financing program in order to provide a cost-effective debt program to Participants and to maximize the financing options available to the Board. The Master Resolution provides that once a university or agency becomes a Participant, the lawfully available revenues, income, receipts, rentals, rates, charges, fees, including interest or other income, and balances attributable to that entity and pledged by the Board become part of the Pledged Revenues; provided, however, that, if at the time an entity becomes a Participant it has outstanding obligations secured by such sources, such obligations will constitute Prior Encumbered Obligations under the Master Resolution and the pledge of such sources as Pledged Revenues will be subject and subordinate to such outstanding Prior Encumbered Obligations. Thereafter, the Board may issue bonds, notes, commercial paper, contracts, or other evidences of indebtedness, including credit agreements, on behalf of such institution, on a parity, as to payment and security, with the Outstanding Parity Obligations, subject only to the outstanding Prior Encumbered Obligations, if any, with respect to such Participant. Upon becoming a Participant, an entity may no longer issue obligations having a lien on Pledged Revenues prior to the lien on the Outstanding Parity Obligations. Generally, Prior Encumbered Obligations are those bonds or other obligations issued on behalf of a Participant which were outstanding on the date such entity became a Participant in the Revenue Financing System. Currently, there are no Prior Encumbered Obligations outstanding and the Board does not anticipate adding Participants to the Revenue Financing System which would result in the assumption of Prior Encumbered Obligations. See "Appendix D — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

As described in "Appendix A — TEXAS TECH UNIVERSITY SYSTEM – General Description – Member Institutions – Angelo State University", effective September 1, 2007, the governance, control, management and property of Angelo State was transferred from the Board of Regents of the Texas State University System (the "TSUS Board") to the Board. Following the Board's addition of Angelo State as a Participant in the Revenue Financing System in 2007, the Board entered into an agreement with the TSUS Board (the "Agreement") to issue a note (the "ASU Note") reflecting the Board's payment obligation with respect to all outstanding debt obligations that had been issued by the TSUS Board for the benefit of, and that was payable by, Angelo State (the "Angelo State Parity Debt"). The ASU Note was issued pursuant to a Thirteenth Supplemental Resolution to the Master Resolution adopted by the Board on September 12, 2008. Under the terms of the Agreement, the TSUS Board is obligated to use the payments it receives under the ASU Note to make payments on the outstanding Angelo State Parity Debt. See "– Outstanding Parity Obligations" herein for the outstanding principal amount of the ASU Note. The ASU Note is payable from the Pledged Revenues on a parity with the Outstanding Parity Obligations and constitutes a Parity Obligation under the Master Resolution.

The Agreement also provides that the Board may refund or defease all or a portion of the Angelo State Parity Debt directly through its Revenue Financing System if the Board determines that such refunding or defeasance is beneficial for both the Board and Angelo State. In the event that the Board refunds or defeases all or a portion of the Angelo State Parity Debt, an amount of the ASU Note equal to the principal amount of Angelo State Parity Debt so refunded or defeased shall be immediately cancelled and discharged upon the effective date of such refunding or defeasance. In the Agreement, TSUS has agreed to use its best efforts to cooperate in, and take all actions reasonably requested of it by the Board in connection with, any such refunding or defeasance.

Pledge Under Master Resolution

The Parity Obligations are special obligations of the Board equally and ratably secured solely by and payable solely from a pledge of and lien on the Pledged Revenues as described below.

The Pledged Revenues consist of, subject to the provisions of the proceedings authorizing the issuance of any Prior Encumbered Obligations, the Revenue Funds (hereinafter defined), including all of the funds and balances now or hereafter lawfully available to the Board and derived from or attributable to any Participant of the Revenue Financing System which are lawfully available to the Board for payments on Parity Obligations; provided, however,

that the following shall not be included in Pledged Revenues unless and to the extent set forth in a Supplement to the Master Resolution: (a) amounts received by any Participant under Article VII, Section 17 of the State Constitution, including the income therefrom and any fund balances relating thereto; (b) except to the extent so specifically appropriated, general revenue funds appropriated to the Board by the State Legislature; and (c) Practice Plan Funds of any Participant, including the income therefrom and any fund balances relating thereto not included in Pledged Practice Plan Funds. The “Revenue Funds” are defined in the Master Resolution to include the “revenue funds” of the Board (as defined in Section 55.01 of the Texas Education Code to mean the revenues, incomes, receipts, rentals, rates, charges, fees, grants, and tuition levied or collected from any public or private source by an institution of higher education, including interest or other income from those funds) derived by the Board from the operations of the Participants, including specifically the Pledged General Tuition, and to the extent and subject to the provisions of the Master Resolution, the Pledged General Fee and the Pledged Tuition Fee; provided, that Revenue Funds do not include, with respect to each series or issue of Parity Obligations, any tuition, rentals, rates, fees, or other charges attributable to any student in a category which, at the time of adoption of the supplement relating to such Parity Obligations, is exempt by law from paying such tuition, rentals, rates, fees, or other charges. All legally available funds of the Participants, including unrestricted fund and reserve balances, are pledged to the payment of the Parity Obligations. For a more detailed description of the Pledged General Tuition, the Pledged Tuition Fee, the Pledged General Fee and the Pledged Practice Plan Funds, see “Appendix D — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION.” For a more detailed description of the types of revenues and expenditures of the University System, see “Appendix A — TEXAS TECH UNIVERSITY SYSTEM,” “Appendix B — TEXAS TECH UNIVERSITY SYSTEM COMBINED ANNUAL FINANCIAL REPORT” and “Appendix C — MANAGEMENT’S DISCUSSION AND ANALYSIS.” Subsequent to the adoption of the Master Resolution, State law was amended to recharacterize Pledged General Tuition and Pledged General Fee as “State Mandated Tuition,” “Board Designated Tuition” and “Board Authorized Tuition.” See “Appendix A — TEXAS TECH UNIVERSITY SYSTEM — Selected Financial Information”. Such sources constitute Revenue Funds, and are available for the payment of debt service on Parity Obligations.

Chapter 1208, as amended, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Pledged Revenues, and such pledge is therefore, valid, effective and perfected. Should Texas law be amended while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the Pledged Revenues is to be subject to the filing requirements of Chapter 9, Texas Business and Commerce Code, in order to preserve to the registered owners of the Bonds a security interest in such pledge, the Board agrees to take such measures as it determines are reasonable and necessary to enable a filing of a security interest in said pledge to occur.

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The following table sets forth a historical compilation for fiscal years 2012 through 2016, inclusive, of the available revenues available during such years that would constitute Pledged Revenues under the Revenue Financing System based on current law:

Pledged Revenues and Balances Available for Debt Service (\$000)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Available Pledged Revenues Not Including Fund Balances ⁽¹⁾	\$ 681,302	\$ 723,525	\$ 731,255	\$ 757,477
Available Pledged Revenues Fund Balances ⁽²⁾	<u>522,776</u>	<u>574,224</u>	<u>651,190</u>	<u>713,879</u>
Total Pledged Revenues and Pledged Fund Balances	<u>\$ 1,204,079</u>	<u>\$ 1,297,749</u>	<u>\$ 1,382,446</u>	<u>\$ 1,471,356</u>

⁽¹⁾ Excludes (i) State appropriations for the reimbursement of debt service on certain Tuition Revenue Bonds of the University System and (ii) amounts received from the Higher Education Fund pursuant to Article VII, Section 17 of the State Constitution. See “Additional Sources of Payment: TRB and HEF” below and “Appendix A — TEXAS TECH UNIVERSITY SYSTEM – Selected Financial Information – Funding for the University System and its Member Institutions – Tuition Revenue Bonds.”

⁽²⁾ In addition to current year Pledged Revenues, any unappropriated or reserve fund balances remaining at Fiscal Year-end are available for payment of debt service on Parity Obligations coming due during the subsequent year. In addition, historically, the Board has set aside certain reserve fund balances for specified University System purposes.

Additional Sources of Payment: TRB and HEF (\$000)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Available HEF Appropriations ⁽¹⁾	\$ 44,653	\$ 44,653	\$ 44,653	\$ 56,102	\$ 84,152
TRB Appropriations	<u>26,119</u>	<u>25,525</u>	<u>24,135</u>	<u>22,263</u>	<u>41,390</u>
Total Additional Sources of Payment	<u>\$ 70,772</u>	<u>\$ 70,178</u>	<u>\$ 68,788</u>	<u>\$ 78,365</u>	<u>\$ 125,542</u>

⁽¹⁾ The Board has the ability to use funds received pursuant to the Higher Education Fund to pay debt service on Parity Obligations. See “Appendix A – Funding for the University System and its Member Institutions – Higher Education Fund Appropriations.”

The Board has covenanted in the Master Resolution that in each Fiscal Year it will establish, charge, and use its reasonable efforts to collect, to the extent permitted by law, Pledged Revenues which, if collected, would be sufficient to meet all financial obligations of the Board relating to the Revenue Financing System including all deposits or payments due on or with respect to Outstanding Parity Obligations for such Fiscal Year. The Board has also covenanted in the Master Resolution that it will not incur any debt secured by Pledged Revenues unless such debt constitutes a Parity Obligation or is junior and subordinate to the Parity Obligations. The Board intends to issue most of its revenue-supported debt obligations which benefit the Participants as Parity Obligations under the Master Resolution. The Resolution does not establish a reserve fund for the Bonds or any other Parity Obligations.

THE OPERATIONS OF THE UNIVERSITY SYSTEM AND THE PARTICIPANTS OF THE REVENUE FINANCING SYSTEM ARE HEAVILY DEPENDENT ON STATE APPROPRIATIONS. THE BOARD AND THE PARTICIPANTS HAVE NO ASSURANCE THAT STATE APPROPRIATIONS TO THE PARTICIPANTS WILL CONTINUE AT THE SAME LEVEL AS IN PREVIOUS YEARS. See “Appendix A — TEXAS TECH UNIVERSITY SYSTEM – Selected Financial Information – Funding for the University System and its Member Institutions.”

THE BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE BOARD, THE UNIVERSITY SYSTEM, THE UNIVERSITY, THE HEALTH SCIENCES CENTER, ANGELO STATE, TEXAS

TECH UNIVERSITY HEALTH SCIENCES CENTER AT EL PASO, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE. THE BOARD HAS NO TAXING POWER AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED AS SECURITY FOR THE BONDS.

THE BREACH OF ANY COVENANT, AGREEMENT, OR OBLIGATION CONTAINED IN THE RESOLUTION WILL NOT IMPOSE OR RESULT IN GENERAL LIABILITY ON OR A CHARGE AGAINST THE GENERAL CREDIT OF THE BOARD, THE UNIVERSITY SYSTEM, THE UNIVERSITY, THE HEALTH SCIENCES CENTER, ANGELO STATE OR TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER AT EL PASO.

Outstanding Parity Obligations

Upon delivery of the Bonds on the expected delivery date shown on the front cover pages of this Official Statement, the Board will have the following described indebtedness which constitute Parity Obligations and are payable from the Pledged Revenues:

	Outstanding Principal ⁽¹⁾
Revenue Financing System Commercial Paper Notes, Series A	\$ --
Revenue Financing System Refunding and Improvement Bonds, Twelfth Series (2009) ⁽²⁾	10,375,000
Revenue Financing System Refunding and Improvement Bonds, Fourteenth Series (2012A) ⁽²⁾	130,685,000
Revenue Financing System Refunding and Improvement Bonds, Fifteenth Series (2012B) ⁽²⁾	23,800,000
Revenue Financing System Refunding and Improvement Bonds, Sixteenth Series (2015A) ⁽²⁾	70,995,000
Revenue Financing System Refunding and Improvement Bonds, Seventeenth Series (2015B) ⁽²⁾	216,610,000
ASU Note ⁽²⁾	5,735,000
Series 2017A Bonds ⁽²⁾	79,035,000
Series 2017B Bonds ⁽²⁾	295,700,000
Total	<u>\$832,935,000</u>

(1) Excludes the Refunded Notes in the principal amount of \$50,334,000 and the Refunded Obligations.

(2) All or a portion of such issue constitutes Tuition Revenue Bonds that qualify the University System to be reimbursed from State appropriations for debt service payments in the amount of \$41,389,747 during fiscal year 2017. Future reimbursement by the State for debt service payments is entirely subject to future appropriations by the State Legislature in each subsequent State biennium. See "Appendix A — TEXAS TECH UNIVERSITY SYSTEM – Selected Financial Information – Funding for the University System and its Member Institutions – Tuition Revenue Bonds."

Commercial Paper Notes

Commercial Paper Notes issued by the Board are Parity Obligations under the terms of the Master Resolution and may be issued as either tax-exempt or taxable notes. Pursuant to an Amended and Restated Fifth Supplemental Resolution to the Master Resolution adopted by the Board on February 27, 2003, as amended and restated by the Board on August 8, 2008 (the "Fifth Supplement"), the Board established (i) the authority to issue from time to time and at any one time Commercial Paper Notes in an amount not to exceed \$150,000,000, and (ii) that the payment of the Commercial Paper Notes may be, but is not required to be, supported by either a credit facility or a liquidity facility issued pursuant to the terms of a "Liquidity Agreement" (as defined in the Fifth Supplement). Under the terms of the Fifth Supplement, the Board covenanted to maintain available funds plus any available bank loan commitment issued under the terms of a Liquidity Agreement in an amount equal to the total principal amount of outstanding Commercial Paper Notes plus interest to accrue thereon for the following 90 days. Acting upon the authority originally granted by the Board on February 27, 2003, the Board began on May 8, 2003, to provide its own liquidity in support of the Commercial Paper Notes then and thereafter outstanding.

Under the terms of the Fifth Supplement, to the extent that the "Dealer" (as defined in the Fifth Supplement) for the Board's commercial paper program cannot sell Commercial Paper Notes to renew or refund outstanding Commercial Paper Notes on their maturity, the Board covenanted to use lawfully available funds to purchase Commercial Paper Notes issued to renew and refund maturing Commercial Paper Notes. Under the terms of the Fifth Supplement, such payment, issuance and purchase is not intended to constitute an extinguishment of the obligation represented by any Commercial Paper Notes held by the Board, and the Fifth Supplement provides that the Board may issue Commercial Paper Notes to renew and refund the Commercial Paper Notes held by it when the

Dealer is again able to sell Commercial Paper Notes. While such Commercial Paper Notes are held by the Board they shall bear interest at the rate being earned by the funds used to purchase such Commercial Paper Notes on the date of purchase. The commercial paper program established under the terms of the Fifth Supplement expires on July 31, 2038.

In connection with providing self-liquidity in support of the Commercial Paper Notes, the Board has established a failed remarketing policy, where the Dealer will provide notice to the Board of its inability to remarket maturing Commercial Paper Notes and the Board will then take steps to provide funds either from available cash or through the liquidation of Short/Intermediate Term Investment Fund assets (see “Appendix A — TEXAS TECH UNIVERSITY SYSTEM — Selected Financial Information — Investment Policies and Procedures and Endowments”) in a manner sufficient to provide for the timely payment due to holders of maturing Commercial Paper Notes.

Additional Obligations

The Board may issue additional obligations to provide funds for new construction, renovation of existing facilities, acquisition of equipment and to refund outstanding Debt. See “FUTURE CAPITAL IMPROVEMENT PLANS.”

Parity Obligations. The Board has reserved the right to issue or incur additional Parity Obligations for any purpose authorized by law pursuant to the provisions of the Master Resolution and a supplemental resolution. The Board may incur, assume, guarantee, or otherwise become liable with respect to any Parity Obligations if the Board has determined that it will have sufficient funds to meet the financial obligations of the Participants, including sufficient Pledged Revenues to satisfy the annual debt service requirements of the Revenue Financing System and to meet all financial obligations of the Board relating to the Revenue Financing System. The Master Resolution provides that the Board will not issue or incur additional Parity Obligations unless (i) the Board determines that the Participant for whom the Parity Obligations are being issued or incurred possesses the financial capacity to satisfy its respective Direct Obligations, after taking into account the then proposed additional Parity Obligations, and (ii) a Designated Financial Officer delivers to the Board a certificate stating that, to the best of his or her knowledge, the Board is in compliance with all covenants contained in the Master Resolution and any supplemental resolution and is not in default in the performance and observance of any of the terms, provisions, and conditions thereof.

Nonrecourse Debt and Subordinated Debt. The Master Resolution provides that Non-Recourse Debt and Subordinated Debt may be incurred by the Board without limitation. No such Non-Recourse Debt or Subordinated Debt has been issued by the Board.

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DEBT SERVICE REQUIREMENTS

The following table is a summary of the debt service requirements of all Parity Obligations outstanding following the issuance of the Bonds.

Fiscal Year Ending 8/31	Annual Debt Service on Outstanding Parity Obligations ^{(1)(2)(3)*}	Less Debt Service on Refunded Obligations ^{(3)*}	Series 2017A Bonds*		Series 2017B Bonds*		Total Annual Debt Service on Parity Obligations
			Principal	Interest	Principal	Interest	
2017	\$61,820,244	\$1,902,766	\$120,000	\$1,880,294	\$1,195,000	\$4,110,351	\$67,223,123
2018	63,046,719	3,805,531	3,140,000	3,828,250	15,770,000	8,458,208	90,437,646
2019	60,842,550	3,805,531	3,275,000	3,667,875	15,980,000	8,249,035	88,208,928
2020	60,489,310	8,899,906	3,415,000	3,500,625	22,420,000	7,908,438	88,833,467
2021	57,697,043	8,911,656	3,560,000	3,326,250	22,890,000	7,429,525	85,991,162
2022	48,768,432	8,919,156	3,825,000	3,141,625	21,620,000	6,890,858	75,326,759
2023	42,603,278	8,907,281	3,995,000	2,946,125	22,190,000	6,305,871	69,132,993
2024	41,959,337	8,915,281	4,210,000	2,741,000	21,665,000	5,678,065	67,338,121
2025	41,917,744	8,912,156	4,075,000	2,533,875	22,315,000	5,009,352	66,938,815
2026	35,395,147	8,907,406	5,300,000	2,299,500	22,440,000	4,293,235	60,820,476
2027	33,992,710	8,905,156	4,470,000	2,055,250	17,290,000	3,636,991	52,539,795
2028	32,301,471	8,909,281	5,030,000	1,817,750	17,545,000	3,038,604	50,823,544
2029	25,451,891	2,234,053	5,150,000	1,563,250	17,295,000	2,418,514	49,644,602
2030	22,807,833	2,232,303	5,400,000	1,299,500	17,935,000	1,773,645	46,983,675
2031	22,188,465	2,231,838	5,675,000	1,022,625	13,790,000	1,178,252	41,622,504
2032	18,856,854	2,232,400	3,450,000	794,500	11,780,000	689,376	33,338,330
2033	18,855,451	2,233,734	2,750,000	639,500	2,260,000	418,000	22,689,217
2034	17,745,120	2,234,481	2,895,000	498,375	1,910,000	334,600	21,148,614
2035	12,289,704	2,234,325	5,400,000	291,000	1,990,000	256,600	17,992,979
2036	10,774,447	2,234,050	3,900,000	78,000	2,070,000	175,400	14,763,797
2037	6,961,855	2,233,394	--	--	1,640,000	101,200	6,469,661
2038	6,957,890	2,232,094	--	--	1,710,000	34,200	6,469,996
2039	4,724,563	--	--	--	--	--	4,724,563
2040	4,727,052	--	--	--	--	--	4,727,052
2041	3,849,090	--	--	--	--	--	3,849,090
2042	1,631,116	--	--	--	--	--	1,631,116
2043	1,631,039	--	--	--	--	--	1,631,039
2044	1,628,459	--	--	--	--	--	1,628,459
2045	1,628,272	--	--	--	--	--	1,628,272
	<u>\$763,543,086</u>	<u>\$112,033,781</u>	<u>\$79,035,000</u>	<u>\$39,925,169</u>	<u>\$295,700,000</u>	<u>\$78,388,320</u>	<u>\$1,144,557,794</u>

* A portion of such Outstanding Parity Obligations and a portion of the Bonds constitute Tuition Revenue Bonds that qualify the University System to be reimbursed from State appropriations for debt service payments in the amount of \$41,389,747 during fiscal year 2017. Future reimbursements by the State for debt service payments is entirely subject to future appropriations by the State Legislature in each subsequent State biennium. See "Appendix A — TEXAS TECH UNIVERSITY SYSTEM – Selected Financial Information – Funding for the University System and its Member Institutions – Tuition Revenue Bonds."

(1) Does not include debt service on the Outstanding Commercial Paper Notes.

(2) Includes debt service on the Refunded Obligations and the Angelo State Parity Debt. See "PLAN OF FINANCE," and "SECURITY FOR THE BONDS - Outstanding Parity Obligations."

(3) Does not include debt service on the Municipal Lease Purchase Agreement dated as of November 8, 2006 by and between Government Capital Corporation and Angelo State University. See "Schedule I - Refunded Obligations" herein.

FUTURE CAPITAL IMPROVEMENT PLANS

In addition to the projects to be financed with the proceeds of the Bonds, the University System has various other projects under consideration as part of its five-year capital plan, which have not yet been financed. Projects with aggregate estimated costs of \$968 million may require financing or partial financing in the next five years. The University System may consider other construction projects as well. This estimate does not include Tuition Revenue Bonds, which may be authorized in the future by the State Legislature. There are no outstanding Tuition Revenue Bond authorizations at this time.

ABSENCE OF LITIGATION

Neither the Board nor the University System is a party to any litigation, investigation, inquiry or proceeding (whether or not purportedly on behalf of the Board) pending or, to the knowledge of such parties, threatened, in any court, governmental agency, public board or body or before any arbitrator or any governmental body or other administrative body (either state or federal) which, if decided adversely to such parties, would have a material adverse effect on the Pledged Revenues or on the business, properties or assets or the condition, financial or otherwise, of the University System, and no litigation of any nature has been filed or, to their knowledge, threatened which seeks to restrain or enjoin the maintenance of the Revenue Financing System, the issuance or delivery of the Bonds or the collection or application of Pledged Revenues to pay the principal of and interest on the Bonds, or in any manner questioning the validity of the Bonds.

CONTINUING DISCLOSURE OF INFORMATION

Continuing Disclosure Undertaking of the Board

In the Seventeenth A Supplemental Resolution and the Seventeenth B Supplemental Resolution, the Board has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The Board has agreed that, so long as the Board is an “obligated person” under Rule 15c2-12 of the SEC (the “Rule”), it will provide certain updated financial information and operating data about the University System annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the “MSRB”). Such information will be available to the public at no charge using the MSRB’s Electronic Municipal Market Access system via the MSRB’s internet website, www.emma.msrb.org.

Annual Reports

The Board is to provide certain updated financial information and operating data to the MSRB annually. The information to be provided by the Board includes all quantitative financial information and operating data with respect to the University System of the general type included herein under the captions “DEBT SERVICE REQUIREMENTS,” “Appendix A – TEXAS TECH UNIVERSITY SYSTEM — General Description — Enrollment,” “— Admissions and Matriculation,” “— Financial Management” and “— Selected Financial Information,” and in “Appendix B – TEXAS TECH UNIVERSITY SYSTEM COMBINED ANNUAL FINANCIAL REPORT”. The Board has agreed to update and provide this information within six months after the end of each of its fiscal years ending in or after 2017.

The Board may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the SEC Rule 15c2-12 (the “Rule”). The updated information will include audited financial statements of the University System, if the Board commissions an audit and it is completed by the time required. If audited financial statements of the University System are not available by the required time, the Board will provide such statements when and if they become available. Any such financial statements are to be prepared in accordance with generally accepted accounting principles for state governments, as such principles may be changed from time to time to comply with state law or regulation. No outside audit of the University System’s financial statements is currently required or obtained by the Board.

The Board’s current fiscal year end is August 31. Annually, not later than November 20th of each fiscal year, the unaudited primary financial statements of the University System dated as of August 31, prepared from the books of the University System, must be delivered to the Governor, the State Comptroller of Public Accounts and certain other State agencies and departments. The foregoing delivery requirement is not a part of the Board’s continuing disclosure agreements entered into with respect to the Bonds. See “Appendix A – TEXAS TECH UNIVERSITY SYSTEM — Financial Management — Financial Statements” and “Appendix B – TEXAS TECH UNIVERSITY SYSTEM COMBINED ANNUAL FINANCIAL REPORT.” If the Board changes its fiscal year, the Board will notify the MSRB of the change. If audited financial statements of the University System are not

prepared for any fiscal year and audited financial statements are prepared with respect to the State for such fiscal year, the Board shall provide, or cause to be provided, the audited financial statements of the State for the applicable fiscal year to the MSRB within six months after the end of said fiscal year or as soon thereafter as such audited financial statements become available from the State Auditor. Any such audited financial statements of the State so provided shall be prepared in accordance with generally accepted accounting principles for state governments, as such principles may be changed from time to time to comply with state law.

Notice of Certain Events

The Board will also provide notice to the MSRB of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws: (1) non-payment related defaults; (2) modifications to rights of Bondholders; (3) Bond calls; (4) release, substitution, or sale of property securing repayment of the Bonds; (5) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and (6) appointment of a successor or additional trustee or the change of name of a trustee.

The Board will also provide notice to the MSRB of any of the following events with respect to the Bonds without regard to whether such event is considered material within the meaning of the federal securities laws: (1) principal and interest payment delinquencies; (2) unscheduled draws on debt service reserves reflecting financial difficulties; (3) unscheduled draws on credit enhancements reflecting financial difficulties; (4) substitution of credit or liquidity providers, or their failure to perform; (5) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds; (6) tender offers; (7) defeasances; (8) rating changes; and (9) bankruptcy, insolvency, receivership or similar event of the Board (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Board in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Board, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Board).

The Board will provide notice of the aforementioned events to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event). The Board will also provide timely notice of any failure by the Board to provide annual financial information in accordance with their agreement described above under “Annual Reports.”

Availability of Information

The Board has agreed to provide the foregoing updated information only to the MSRB. All documents provided by the Board to the MSRB described above under the captions “Annual Reports” and “Notice of Certain Events” will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

Limitations and Amendments

The Board has agreed to update information and to provide notices of certain events only as described above. It has not agreed to provide other information that may be relevant or material to a complete presentation of the University System’s financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Board does not make any representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The Board disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreements or from any statement made pursuant to its agreements, although holders of Bonds may seek a writ of mandamus to compel the Board to comply with its agreement.

The Board may amend its continuing disclosure agreements to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status or type of operations of the Board if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the

offering described herein in compliance with the Rule and either the holders of a majority in aggregate principal amount of the outstanding Bonds of the respective series consent or any person unaffiliated with the Board (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of such series of Bonds. If the Board so amends its agreement, it will provide notice of such amendment to the MSRB, in a timely manner, including an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the notices to be so provided. The Board may also amend or repeal the provisions of its continuing disclosure requirement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling the respective series of Bonds in the primary offering thereof. If the Board amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in type of information and data provided.

Compliance with Prior Undertakings

On December 5, 2012, Fitch Ratings upgraded the University System's underlying rating from AA to AA+. Notice of this event was filed with EMMA on October 9, 2014, approximately 22 months after it occurred. In addition, the Board inadvertently omitted a table from its 2014 operating data filing. Subsequent to the 2014 filing, the Board's continuing disclosure undertaking no longer required the omitted table. The Board has implemented procedures to ensure timely filing of, and inclusion of required identifying information in connection with, all future financial information filings.

LEGAL MATTERS

Legal matters relating to the Bonds are subject to approval of legality by the Attorney General of the State of Texas and of certain legal matters by Norton Rose Fulbright US LLP, Dallas, Texas, (“Bond Counsel”), whose opinion will be delivered at the closing of the sale of the Bonds in substantially the form attached hereto as Appendix E. Bond Counsel was not requested to participate in, and did not take part in, the preparation of this Official Statement except as hereinafter noted, and such firm has not assumed any responsibility with respect thereto or undertaken to verify any of the information contained herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information relating to the Bonds, the Resolution and the Revenue Financing System contained in this Official Statement under the captions “PLAN OF FINANCE,” “DESCRIPTION OF THE BONDS” (other than information under the subcaption “—Book Entry Only System”), “SECURITY FOR THE BONDS” (excluding any tables contained thereunder), “CONTINUING DISCLOSURE OF INFORMATION” (other than information under the subcaption “—Compliance with Prior Undertakings”), “LEGAL MATTERS” (except for the last sentence of the first paragraph thereof), “TAX MATTERS,” “LEGAL INVESTMENTS IN TEXAS” and “REGISTRATION AND QUALIFICATION OF BONDS FOR SALE” and in Appendix D and Appendix E and such firm is of the opinion that the information contained under such captions and in such Appendices is a fair and accurate summary of the information purported to be shown therein and is correct as to matters of law. The payment of legal fees to Bond Counsel is contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Andrews Kurth Kenyon LLP, Austin, Texas.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

Series 2017A Bonds

Tax Exemption. The delivery of the Series 2017A Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Series 2017A Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the “Code”), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. A form of Bond Counsel's opinion is reproduced as

Appendix E. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

Interest on the Series 2017A Bonds owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust ("FASIT"). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by Section 55 of the Code will be computed.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the Board made in a certificate dated the date of delivery of the Series 2017A Bonds pertaining to the use, expenditure, and investment of the proceeds of the Series 2017A Bonds and will assume continuing compliance by the Board with the provisions of the Seventeenth A Supplemental Resolution subsequent to the issuance of the Series 2017A Bonds. The Seventeenth A Supplemental Resolution contains covenants by the Board with respect to, among other matters, the use of the proceeds of the Series 2017A Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Series 2017A Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Series 2017A Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Series 2017A Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Board described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Series 2017A Bonds is commenced, under current procedures the IRS is likely to treat the University System as the "taxpayer," and the Owners of the Series 2017A Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Series 2017A Bonds, the University System may have different or conflicting interests from the Owners of the Series 2017A Bonds. Public awareness of any future audit of the Series 2017A Bonds could adversely affect the value and liquidity of the Series 2017A Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Series 2017A Bonds. Prospective purchasers of the Series 2017A Bonds should be aware that the ownership of tax-exempt obligations such as the Series 2017A Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Series 2017A Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Series 2017A Bonds. Prospective purchasers of the Series 2017A Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Series 2017A Bonds. The initial public offering price of certain Series 2017A Bonds (the "Discount Bonds") may be less than the amount payable on such Series 2017A Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax

purposes, on the same terms and conditions as those for other interest on the Series 2017A Bonds described above under “Tax Exemption.” Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation’s alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with “subchapter C” earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Series 2017A Bonds (the “Premium Bonds”) may be greater than the amount payable on such Series 2017A Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity.

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Series 2017B Bonds

The following is a general summary of the United States federal income tax consequences of the purchase and ownership of the Series 2017B Bonds. The discussion is based upon laws, Treasury Regulations, rulings and decisions now in effect, all of which are subject to change or possibly differing interpretations. No assurances can be given that future changes in the law will not alter the conclusions reached herein. The discussion below does not purport to deal with United States federal income tax consequences applicable to all categories of investors. Further, this summary does not discuss all aspects of United States federal income taxation that may be relevant to a particular investor in the Series 2017B Bonds in light of the investor’s particular personal investment circumstances or to certain types of investors subject to special treatment under United States federal income tax laws (including insurance companies, tax exempt organizations, financial institutions, brokers-dealers, and persons who have hedged the risk of owning the Series 2017B Bonds). The summary is therefore limited to certain issues relating to initial investors who will hold the Series 2017B Bonds as “capital assets” within the meaning of section 1221 of the Code, and acquire such Series 2017B Bonds for investment and not as a dealer or for resale. Prospective investors should note that no rulings have been or will be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions.

INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES 2017B BONDS.

Payments of Stated Interest on the Series 2017B Bonds. The stated interest paid on the Series 2017B Bonds will be included in the gross income, as defined in section 61 of the Code, of the beneficial owners thereof and be subject to U.S. federal income taxation when received or accrued, depending on the tax accounting method applicable to the beneficial owners thereof.

Original Issue Discount. If a substantial amount of the Series 2017B Bonds of any stated maturity is purchased at original issuance for a purchase price (the "Issue Price") that is less than their face amount by more than one quarter of one percent times the number of complete years to maturity, the Series 2017B Bonds of such maturity will be treated as being issued with "original issue discount." The amount of the original issue discount will equal the excess of the principal amount payable on such Series 2017B Bonds at maturity over its Issue Price, and the amount of the original issue discount on the Series 2017B Bonds will be amortized over the life of the Series 2017B Bonds using the "constant yield method" provided in the Treasury Regulations. As the original issue discount accrues under the constant yield method, the beneficial owners of the Series 2017B Bonds, regardless of their regular method of accounting, will be required to include such accrued amount in their gross income as interest. This can result in taxable income to the beneficial owners of the Series 2017B Bonds that exceeds actual cash distributions to the beneficial owners in a taxable year.

The amount of the original issue discount that accrues on the Series 2017B Bonds each taxable year will be reported annually to the IRS and to the beneficial owners. The portion of the original issue discount included in each beneficial owner's gross income while the beneficial owner holds the Series 2017B Bonds will increase the adjusted tax basis of the Series 2017B Bonds in the hands of such beneficial owner.

Premium. If a beneficial owner purchases a Series 2017B Bond for an amount that is greater than its stated redemption price at maturity, such beneficial owner will be considered to have purchased the Series 2017B Bond with "amortizable bond premium" equal in amount to such excess. A beneficial owner may elect to amortize such premium using a constant yield method over the remaining term of the Series 2017B Bond and may offset interest otherwise required to be included in respect of the Series 2017B Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Series 2017B Bond held by a beneficial owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Series 2017B Bond. However, if the Series 2017B Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the Series 2017B Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of "modified adjusted gross income" of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Holders of the Series 2017B Bonds should consult with their tax advisor concerning this additional tax, as it may apply to interest earned on the Series 2017B Bonds as well as gain on the sale of a Series 2017B Bond.

Disposition of Series 2017B Bonds and Market Discount. A beneficial owner of Series 2017B Bonds will generally recognize gain or loss on the redemption, sale or exchange of a Series 2017B Bond equal to the difference between the redemption or sales price (exclusive of the amount paid for accrued interest) and the beneficial owner's adjusted tax basis in the Series 2017B Bonds. Generally, the beneficial owner's adjusted tax basis in the Series 2017B Bonds will be the beneficial owner's initial cost, increased by the original issue discount previously included in the beneficial owner's income to the date of disposition. Any gain or loss generally will be capital gain or loss and will be long-term or short-term, depending on the beneficial owner's holding period for the Series 2017B Bonds.

Under current law, a purchaser of a Series 2017B Bond who did not purchase the Series 2017B Bonds in the initial public offering (a “subsequent purchaser”) generally will be required, on the disposition of the Series 2017B Bonds, to recognize as ordinary income a portion of the gain, if any, to the extent of the accrued “market discount.” Market discount is the amount by which the price paid for the Series 2017B Bonds by a subsequent purchaser is less than the sum of Issue Price and the amount of original issue discount previously accrued on the Series 2017B Bonds. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire Series 2017B Bonds with market discount. As an alternative to the inclusion of market discount in income upon disposition, a subsequent purchaser may elect to include market discount in income currently as it accrues on all market discount instruments acquired by the subsequent purchaser in that taxable year or thereafter, in which case the interest deferral rule will not apply. The re-characterization of gain as ordinary income on a subsequent disposition of Series 2017B Bonds could have a material effect on the market value of the Series 2017B Bonds.

Backup Withholding. Under section 3406 of the Code, a beneficial owner of the Series 2017B Bonds who is a United States person, as defined in section 7701(a)(30) of the Code, may, under certain circumstances, be subject to “backup withholding” on payments of current or accrued interest on the Series 2017B Bonds. This withholding applies if such beneficial owner of Series 2017B Bonds: (i) fails to furnish to payor such beneficial owner’s social security number or other taxpayer identification number (“TIN”); (ii) furnishes the payor an incorrect TIN; (iii) fails to report properly interest, dividends, or other “reportable payments” as defined in the Code; or (iv) under certain circumstances, fails to provide the payor with a certified statement, signed under penalty of perjury, that the TIN provided to the payor is correct and that such beneficial owner is not subject to backup withholding.

Backup withholding will not apply, however, with respect to payments made to certain beneficial owners of the Series 2017B Bonds. Beneficial owners of the Series 2017B Bonds should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations. Under sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the rate of 30% on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest received by the beneficial owners of the Series 2017B Bonds is not treated as effectively connected income within the meaning of section 864 of the Code, such interest will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as portfolio interest. Interest will be treated as portfolio interest if: (i) the beneficial owner provides a statement to the payor certifying, under penalties of perjury, that such beneficial owner is not a United States person and providing the name and address of such beneficial owner; (ii) such interest is treated as not effectively connected with the beneficial owner’s United States trade or business; (iii) interest payments are not made to a person within a foreign country which the IRS has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable with respect to the Series 2017B Bonds is not deemed contingent interest within the meaning of the portfolio debt provision; (v) such beneficial owner is not a controlled foreign corporation, within the meaning of section 957 of the Code; and (vi) such beneficial owner is not a bank receiving interest on the Series 2017B Bonds pursuant to a loan agreement entered into in the ordinary course of the bank’s trade or business.

Assuming payments on the Series 2017B Bonds are treated as portfolio interest within the meaning of sections 871 and 881 of the Code, then no backup withholding under section 1441 and 1442 of the Code and no backup withholding under section 3406 of the Code is required with respect to beneficial owners or intermediaries who have furnished Form W-8 BEN, Form W-8 EXP or Form W-8 IMY, as applicable, provided the payor does not have actual knowledge that such person is a United States person.

Reporting of Interest Payments. Subject to certain exceptions, interest payments made to beneficial owners with respect to the Series 2017B Bonds will be reported to the IRS. Such information will be filed each year with the IRS on Form 1099 which will reflect the name, address, and TIN of the beneficial owner. A copy of Form 1099 will be sent to each beneficial owner of a Series 2017B Bond for U.S. federal income tax purposes.

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LEGAL INVESTMENTS IN TEXAS

The Bonds are legal and authorized investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries and trustees, and for the sinking funds of cities, towns, villages, school districts, and other political subdivisions or public agencies of the State. The Bonds are eligible to secure deposits of public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. The Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) provides that a city, county, or school district may invest in the Bonds provided that the Bonds have received a rating of not less than “A” or its equivalent from a nationally recognized investment rating firm. No investigation has been made of other laws, regulations, or investment criteria which might limit the ability of such institutions or entities to invest in the Bonds, or which might limit the suitability of the Bonds to secure the funds of such entities. No review by the Board has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2), and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The Board assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

RATINGS

Fitch Ratings (“Fitch”), Moody’s Investors Service, Inc. (“Moody’s”) and S&P Global Ratings (“S&P”) have assigned ratings of “AA+,” “Aa1” and “AA+”, respectively, to the Bonds.

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

FINANCIAL ADVISOR

FirstSouthwest, a Division of Hilltop Securities Inc. has acted as “Financial Advisor” to the Board in connection with the issuance of the Bonds. The Financial Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore P.C., independent certified public accountants, will deliver to the Board, on or before the initial delivery date of the Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Federal Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Bonds.

The verification performed by Causey Demgen & Moore P.C. will be solely based upon data, information and documents provided to Causey Demgen & Moore P.C. by the Board and its representatives. Causey Demgen & Moore P.C. has restricted its procedures to recalculating the computations provided by the Board and its representatives and has not evaluated or examined the assumptions or information used in the computations.

UNDERWRITING

Citigroup Global Markets Inc., as representative of the Underwriters of the Series 2017A Bonds, has agreed, subject to certain customary conditions to delivery, to purchase the Series 2017A Bonds from the Board at a price equal to \$90,798,910.19, which is equal to the principal amount of the Series 2017A Bonds, plus a net original issue premium of \$12,039,475.45 and less an underwriting discount of \$275,565.26. The Underwriters of the Series 2017A Bonds will be obligated to purchase all of the Series 2017A Bonds if any Series 2017A Bonds are purchased. The Series 2017A Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters of the Series 2017A Bonds.

Raymond James & Associates Inc., as representative of the Underwriters of the Series 2017B Bonds, has agreed, subject to certain customary conditions to delivery, to purchase the Series 2017B Bonds from the Board at a price equal to \$294,762,746.07, which is equal to the principal amount of the Series 2017B Bonds less an underwriting discount of \$937,253.93. The Underwriters of the Series 2017B Bonds will be obligated to purchase all of the Series 2017B Bonds if any Series 2017B Bonds are purchased. The Series 2017B Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters of the Series 2017B Bonds.

Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with UBS Financial Services Inc. (“UBSFS”). Under the distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS. As part of this arrangement, Citigroup Global Markets Inc. may compensate UBSFS for their selling efforts with respect to the Bonds.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, if applicable to this transaction, each of CS&Co. and LPL will purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, one of the Underwriters of the Bonds, has entered into a retail distribution with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

RBC Capital Markets, LLC (“RBCCM”) has provided the following information for inclusion in this Official Statement. RBCCM is a full-service financial institution engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBCCM may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBCCM may engage in transactions for its own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the District. RBCCM may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District. RBCCM may make a market in credit default swaps with respect to municipal securities in the future.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the University System for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities

and instruments. Such investment and securities activities may involve securities and instruments of the University System.

FORWARD LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the Board, that are not purely historical, are forward-looking statements, including statements regarding the Board's expectations, hopes, intentions, or strategies regarding the future.

Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Board on the date hereof, and the Board assumes no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from the Board's records, annual financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents, and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

The Resolution authorizing the issuance of the Bonds approves the form and content of this Official Statement and any addenda, supplement, or amendment thereto, and authorizes its further use in the reoffering of the Bonds by the respective Underwriters.

/s/ Gary Barnes
Vice Chancellor and Chief Financial Officer
Texas Tech University System

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Schedule I

REFUNDED OBLIGATIONS

- Board of Regents of Texas Tech University System Revenue Financing System Refunding and Improvement Bonds, Twelfth Series (2009)

<u>Original Dated Date</u>	<u>Original Maturity Date</u>	<u>Interest Rates</u>	<u>Original Principal Amount</u>	<u>Principal Amount Refunded</u>
2/1/2009	2/15/2020	5.000%	\$5,225,000	\$5,225,000
	2/15/2021	5.000%	5,505,000	5,505,000
	2/15/2022	5.000%	5,795,000	5,795,000
	2/15/2023	5.000%	6,080,000	6,080,000
	2/15/2024	5.000%	6,400,000	6,400,000
	2/15/2025	5.000%	6,725,000	6,725,000
	2/15/2026	5.000%	7,065,000	7,065,000
	2/15/2027	5.000%	7,425,000	7,425,000
	2/15/2028	5.000%	7,810,000	7,810,000
	***	***	***	***
	2/15/2033	5.125%	7,575,000	7,575,000
	***	***	***	***
	2/15/2038	5.250%	9,825,000	9,825,000

Redemption Date: February 15, 2019, at a price of par plus accrued interest to the redemption date.

- \$3,147,667.15 Municipal Lease-Purchase Agreement dated as of November 8, 2006 by and between Government Capital Corporation and Angelo State University.

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Appendix A

TEXAS TECH UNIVERSITY SYSTEM GENERAL DESCRIPTION

Background. The establishment of the Texas Tech University System (the “University System”) in 1999 by the 76th Texas Legislature formally brought two then-existing state institutions, the Texas Tech University (the “University”) and the Texas Tech University Health Sciences Center (the “Health Sciences Center”), under the governance, control, jurisdiction and management of the newly formed Board of Regents of Texas Tech University System (the “Board”) and the Texas Tech University System Administration (“System Administration”). From time to time, such other institutions and entities may be assigned by specific legislation to the governance, control, jurisdiction and management of the University System. Accordingly, in the 2007 80th Legislature, Regular Session, passed H.B. 3564, transferring Angelo State University (“Angelo State”) from the Texas State University System to the University System, and in the 2013 83rd Legislature, Regular Session, S.B. 120 created the Texas Tech University Health Sciences Center at El Paso (the “Health Sciences Center at El Paso”) as a stand-alone fourth member institution. The Health Sciences Center at El Paso had been previously structured as an existing Health Sciences Center regional campus. Currently, the University, the Health Sciences Center, Angelo State, and the Health Sciences Center at El Paso are the only member institutions of the University System, and the only participants under the Revenue Financing System (the “Participants”).

Governance. The Board consists of ten members, each of whom is appointed by the Governor of the State of Texas (the “State”) subject to confirmation by the State Senate. Each non-student regent serves a six-year term, with three new appointments made to the Board every two years. The Board also has one student regent that serves a one-year term. A regent may be reappointed to serve on the Board. The members of the Board elect one of the regents to serve as Chair of the Board and may elect any other officers they deem necessary. The regents serve without pay except for reimbursement for actual expenses incurred in the performance of their duties, subject to the approval of the Chair of the Board. The Board is legally responsible for the establishment and control of policy for the University System.

System Administration. The Texas Education Code requires the Board to establish a central administration office of the University System to provide oversight and coordination of the activities of all of the parts of the University System. The Board is required to appoint a chief executive officer (the “Chancellor”) who directs the operations of the System Administration and is responsible for carrying out policies determined by the Board. The Chancellor is assisted by the Vice Chancellor for Communications and Marketing, Vice Chancellor and Chief Financial Officer, Vice Chancellor and General Counsel, Vice Chancellor for Institutional Advancement, Vice Chancellor for Governmental Relations, Vice Chancellor for Facilities Planning and Construction, Vice Chancellor for Academic Affairs, the President of the University, the President of the Health Sciences Center, the President of Angelo State, and the President of the Health Sciences Center at El Paso.

Institution Administration. The President of the University directs the operations of the University and is assisted by the Senior Vice President and Provost, Vice President and Chief Financial Officer, Vice President for Research, Vice President for Institutional Diversity, Equity and Community Engagement, and a Director of Intercollegiate Athletics.

The President of the Health Sciences Center directs the operations of the Health Sciences Center and is assisted by the Executive Vice President for Finance and Administration, Senior Vice President for Research and Associate Provost, Executive Vice President for Academic Affairs, Executive Vice President of Rural and Community Health, Dean of the School of Medicine, Dean of the Graduate School of Biomedical Sciences, Dean of the School of Pharmacy, Dean of the School of Health Professions, and Dean of the School of Nursing.

The President of Angelo State directs the operations of Angelo State and is assisted by a Provost and Vice President for Academic and Student Affairs, Vice President for Finance and Administration, and a Vice President for Student Affairs and Enrollment Management.

The President of the Health Sciences Center at El Paso directs the operations of the Health Sciences Center at El Paso and is assisted by Vice President for Finance and Administration and Chief Financial Officer, Vice President for Operations, Vice President for Research, Provost and Vice President for Academic Affairs, Dean of the Paul L. Foster School of Medicine who is currently President for Texas Tech University Health Sciences Center at

El Paso, Dean of the Gayle Greve Hunt School of Nursing, and the Dean for Graduate School of Biomedical Sciences.

A list of the current members of the Board, the principal officers of the System Administration, and the presidents and directors of each institution comprising the University System appears on page v of this Official Statement. Set forth below is biographical information for those officers and presidents:

Mr. Robert Duncan became Chancellor of the University System on July 7, 2014. Before becoming Chancellor, Duncan served in the Texas Legislature for more than two decades. He was elected to District 84 in the Texas House of Representatives in 1992. In 1996, he won a special election to the Texas Senate, where he served until resigning to become Chancellor. He received his bachelor's degree in agricultural economics from Texas Tech University in 1976, and his doctorate of jurisprudence from the Texas Tech University School of Law in 1981. Duncan also was a law partner at Crenshaw, Dupree and Milam in Lubbock for more than 25 years. While representing District 28 as State Senator, Duncan crafted major legislation impacting Texans and served on three of the Senate's most powerful committees—Finance, State Affairs and Budget Conference. He served as president pro tempore of the Texas Senate during the 81st Legislative Session and served as a member of the Senate Committee on Higher Education, the Education Committee and the Natural Resources Committee. He was widely recognized as a leader in the Texas Legislature. Texas Monthly magazine named Duncan to its 'Ten Best List' more times than any other member of the legislature.

Mr. Gary Barnes became the Vice Chancellor and Chief Financial Officer of the University System in December 2016. Mr. Barnes has nearly 40 years of experience in higher education financial services, leadership and management. Prior to the System, he served as the Associate Vice President for Finance and University Controller at Texas A&M University where he led and directed the financial operations for the university, which had a \$1.7 billion operating budget for Fiscal Year 2016. Mr. Barnes was responsible for identifying, analyzing and leading key accounting and financial initiatives. Before his tenure at Texas A&M, Mr. Barnes served as the Vice President for Business and Finance and CFO at West Texas A&M University with oversight of a \$136 million budget and 276 employees. At West Texas A&M, Mr. Barnes also served as Associate Vice President and Controller, Director of Accounting and Assistant Director of Business Services before being named as CFO. Mr. Barnes earned his Bachelor of Business Administration from West Texas A&M University.

Dr. Lawrence Schovanec is the 17th president of Texas Tech University. Prior to his appointment he served as the university provost since December 2013 and was interim president from July 2012 through March 2013. He also served as the dean of the College of Arts & Sciences, and chair of the Department of Mathematics & Statistics. Dr. Schovanec earned his doctorate in mathematics from Indiana University, his master's degree from Texas A&M University and a Bachelor of Science degree from Phillips University. Other than two appointments as a visiting professor at Texas A&M and a research fellow at the U.S. Air Force Astronautics Laboratory, Schovanec has spent his entire career at Texas Tech University. He has published primarily in the areas of biomechanical and physiological control systems and solid mechanics. He has spoken extensively at international conferences and other professional venues. As an administrator he has been a strong advocate for educational and outreach activities in areas of science, technology, engineering and mathematics (STEM). In support of his research and STEM activities he has received more than \$3.2 million in external funding, primarily from the National Science Foundation. Dr. Schovanec has received the President's Excellence in Teaching Award and is a member of the Texas Tech Teaching Academy. In 2011, he was a recipient of the Texas Tech University Inclusive Excellence Award given by the Division of Institutional Diversity, Equity, and Community Engagement.

Dr. Tedd L. Mitchell is the eighth president of the Texas Tech University Health Sciences Center (TTUHSC). Prior to his appointment in 2010, Mitchell served as president and CEO of the Cooper Clinic in Dallas, an internationally recognized center of excellence in preventive medicine. Dr. Mitchell is an Ashbel Smith Distinguished Alumnus of the University of Texas Medical Branch, where he received his medical degree in 1987. He specialized in internal medicine and remained to serve as the Chief Medical Resident for the University of Texas Medical Branch. Dr. Mitchell is certified by the American Board of Internal Medicine and received sub-specialty certification in Sports Medicine. He holds fellowship status with both the American College of Physicians as well as the American College of Sports Medicine. In addition to clinical work, Dr. Mitchell has authored or co-authored dozens of scientific papers, abstracts and book chapters evaluating the effects of physical fitness and life style on health and illness. He has also co-authored three books on the effects of fitness. He continues to serve as the Chairman of the Board of Trustees for the Cooper Institute research center in Dallas. President Mitchell was the health editor and weekly columnist for USA Weekend from 1998 until 2010, during which time he published more than 600 articles. For his writing he received national recognition, including the 2006 Clarion Award as well as the

2008 Walter C. Alvarez Award for Excellence in Medical Communication from the American Medical Writers Association. Dr. Mitchell has been involved in developing public policy regarding health and fitness. He served on the President's Council for Physical Fitness and Sports from 2002-2009 (appointed by President George W. Bush) and served as a member of the Board of Trustees for the American College of Sports Medicine. President Mitchell served as a captain in the 4005th U.S Army Hospital, U.S. Army Reserves (Medical Corps) from 1988-1996.

Dr. Brian J. May was appointed president of Angelo State on Nov. 5, 2012. He is the first president who is also a graduate of Angelo State. Dr. May received bachelor's and master's degrees in animal science from Angelo State in 1980 & 1982, and his doctorate in nutrition from Texas A&M University in 1988. Prior to his appointment as president, Dr. May served as Angelo State's provost and vice president for academic affairs, dean of the College of Graduate Studies and a professor of animal science in the Agriculture Department. From 1987 to 1994, he served as executive director of the Mohair Council of America based in San Angelo and New York City. He is also a former president of the ASU Faculty Senate and the ASU Alumni Association, and has served on numerous local organization boards, including the San Angelo Livestock Show and Rodeo Association, San Angelo Chamber of Commerce, Hospice of San Angelo, West Texas Rehabilitation Center and West Texas Boys Ranch.

Dr. Richard A. Lange became the first President of the Health Sciences Center at El Paso in 2014. Dr. Lange obtained his B.S. in biochemistry from the University of North Texas in 1978, and his M.D. from The University of Texas Southwestern Medical School in Dallas ("UT Southwestern") in 1982. After completing his internship and residency training at Johns Hopkins Hospital in 1985, he returned to UT Southwestern for fellowship training in cardiology. He subsequently joined their faculty, where he became director of the Cardiac Catheterization Laboratory. At UT Southwestern, he served for many years as the Fellowship Program director, held the Johnson-Rogers Chair in Cardiology and was Director of the Bernard and Audre Rapoport Center for Cardiovascular Research. In January 2004, he returned to the Johns Hopkins Hospital to serve as Chief of Clinical Cardiology and the E. Cowles Andrus Professor and obtained his M.B.A. in 2008. Dr. Lange then served as Vice Chairman of Medicine and Director of Educational Programs at the University of Texas Health Sciences Center (UTHSC) at San Antonio until joining the Health Sciences Center at El Paso.

Member Institutions. Set forth below is a summary description of the University System's member institutions, comprised of two general academic institutions and two health related institutions.

Texas Tech University, a coeducational, State-supported institution of higher learning, was originally created by the State Legislature in 1923. From its beginning as a regional technological and liberal arts college, the University's purpose has changed to that of a comprehensive public university with a total student enrollment of more than 35,000 students. The University is organized into ten colleges: Agricultural Sciences and Natural Resources; Architecture; Arts and Sciences; Business Administration; Education; Engineering; Honors; Human Sciences; Media and Communication; and Visual and Performing Arts. These colleges, together with the School of Law and the Graduate School have approximately 65 academic departments offering 105 bachelor's degrees in 90 majors or fields of study. The University also offers 41 graduate certificates and 11 undergraduate certificates. The University is accredited by its regional accrediting body, the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC), and colleges and departments of the University are accredited with their respective professional associations.

The University's main campus is located in Lubbock, Texas, a city of over 235,000 people, situated in West Texas at the base of the Texas Panhandle, approximately 320 miles west of Dallas and 320 miles southeast of Albuquerque, New Mexico. The University has a large campus consisting of 1,839 acres in one continuous tract with 149 permanent buildings.

The main library was completed in 1962 and contains over three million bibliographic items (which include more than 40,000 periodical subscriptions and nearly 2,000,000 units of microfilm); it is one of the two Regional Depositories for U.S. Government Documents in the State. It includes the Southwest Collection/Special Collections Library and the Architecture Library. The library is a member of the Association of Research Libraries, Greater Western Libraries Association, and Texas Digital Library. Other notable facilities include the Museum of Texas Tech University, including the planetarium, the National Ranching Heritage Center; the International Cultural Center, the Fiber and Biopolymer Research Institutes; and the National Wind Institute and its Scaled Wind Farm Technology Institute (SWiFT). The wind research facilities include three active wind turbines provided by Sandia National Laboratories and Vestas, allowing investigation of turbine-to-turbine interactions and innovative rotor technologies, as well as aero-acoustics and structural health of turbines.

The University also has limited educational facilities located in the Texas cities of Junction, Fredericksburg, Marble Falls, Waco, and in Seville, Spain. Plans for sharing facilities with Collin Community College are underway.

The College of Agricultural Sciences and Natural Resources prepares students for a wide range of careers in Agricultural Sciences, Plant and Soil Sciences and Animal and Food Sciences as well as preparation for national, individual, and team competitions, extensive internship programs and professional degrees.

The College of Architecture provides a fully accredited five-year professional degree program leading directly to the Master of Architecture degree. The college offers students a variety of specializations, including dual degree programs with business and engineering. Students may also pursue a four-year non-professional degree track leading to a B.S. in Architecture.

The College of Arts and Sciences provides courses and curricula that impart knowledge, enhance skills and stimulate creativity. The largest college at the University, the College of Arts and Sciences offers over 90 undergraduate majors ranging from anthropology to zoology.

The Jerry S. Rawls College of Business Administration provides a well-rounded, general business education as well as a program of specialized technologically-oriented study. Interdisciplinary degree programs include M.D./M.B.A., B.B.A./Master of Architecture and a joint program in Agribusiness.

The College of Education is committed to the preparation and certification of qualified future counselors, administrators and teachers. Programs expose students to new technologies through extensive laboratory and field experiences including a full year of student teaching, courses taught in local elementary and secondary schools, and contact with faculty, all of whom are experienced classroom teachers.

The Edward E. Whitacre Jr. College of Engineering educates students as professionals in traditional engineering fields as well as offering unique dual degree programs in computer science and engineering, a five-year program in environmental engineering, a growing petroleum engineering program, and a new bioengineering program.

The Honors College offers special programs for highly motivated and academically talented students who want to maximize their college education. The curriculum is designed to provide students with a unique and broadly integrated intellectual experience that will complement virtually every academic major and career path.

The College of Human Sciences offers diverse programs that focus on addressing economic, technical, social and environmental issues. The college is home to the nationally recognized Center for the Study of Addiction and Recovery.

The College of Media and Communications provides students with a broad-based communications education and experience that integrates today's media convergence and the future's media development in five areas of mass communications. Students may select among programs leading to careers in advertising, electronic media, journalism, photocommunications, public relations, and most recently, communication studies.

The College of Visual and Performing Arts offers a diverse array of programs in art, music, theatre and dance. The college seeks to prepare students who will be leaders in the professions by employing the highest standards in performance, teaching, research and artistic and creative vision.

The Graduate School offers over 100 masters programs, 55 doctoral programs and scholarships and fellowships specifically for graduate education.

The School of Law offers courses of study in the law and is recognized statewide and nationwide for winning more national competitions in the last decade than any other law school in the nation. The School of Law distinguishes itself by providing low or no cost legal services to citizens of Lubbock and the surrounding area.

Health Sciences Center. In 1969, the 61st Texas Legislature authorized the creation of the Texas Tech University School of Medicine as a separate educational multi-campus institution. In 1979, the state legislature expanded the charter to become the Texas Tech University Health Sciences Center. The institution has grown into a comprehensive multi-campus institution with Lubbock as the administrative center and regional campuses in Abilene, Amarillo, Dallas, Midland and Odessa. TTUHSC is composed of a total of five schools: health professions, pharmacy, biomedical sciences, nursing and medicine with total enrollment exceeding 4,600 students.

From its inception, TTUHSC has been charged with addressing the health care needs of West Texas, with a special emphasis on rural health care delivery. This geographic service area is predominantly rural with urban

population centers interspersed and comprises almost half of the landmass of Texas and just over 11% of the population.

The Health Sciences Center facilities in Lubbock include academic buildings, clinical facilities, research facilities, and a library/teleconference center. The facilities in Amarillo include academic, research, and clinical facilities and the Permian Basin facilities consist of an academic and administrative building and an ambulatory clinic building in Odessa, and also an academic building and two ambulatory clinic buildings in Midland. In Abilene, the Health Sciences Center operates three academic buildings with research facilities, and an ambulatory clinic building. Two academic facilities are currently being leased in the Dallas/Fort Worth area.

The Health Sciences Center Libraries of the Health Sciences use a state-of-the art computer network to link the main campus in Lubbock with all of the regional campuses, providing access at all sites to the resources anywhere in the library system. With nearly 300,000 volumes, 50,000 electronic books, 400 electronic databases, more than 20,000 electronic journals and computer access to other national resources, the Health Sciences Center's libraries are West Texas' most comprehensive medical and health information resource. Students, faculty and staff can access all electronic resources remotely. The Health Sciences Center Libraries website also features a virtual reference librarian help system that is accessible by users 24 hours a day, seven days a week.

The School of Medicine was the first school at the Health Sciences Center. It has a traditional four-year medical school curriculum and an innovative three-year Family Medicine Accelerated Track program for individuals committing to go into a family medicine residency program. Both programs culminate in the medical doctor degree and are fully accredited. All 720 medical students complete their first two years of medical school in Lubbock. Students are assigned to one of the four campuses to complete their clerkship training (years three and four) either in Amarillo, the new Covenant Branch Campus (started in 2016 in Lubbock), the Lubbock main campus, or the Permian Basin. The School of Medicine has many joint degree program offerings including the M.D./M.B.A., J.D./M.D., M.D./Ph.D., M.D./M.S., and the M.D./M.P.H. A total of 30 accredited graduate medical education residency and fellowship programs are offered in Lubbock and the regional campuses, with 435 residency slots. On the three campuses, under the banner of Texas Tech Physicians, the School of Medicine operates 26 clinical departments providing medical services to people throughout the West Texas, Panhandle, High Plains, and Permian Basin regions. Texas Tech Physicians provided 486,564 clinical visits and served over 193,400 patients last year. The school also served 44,325 inpatients at the affiliated hospitals and provided more than \$58.4 million in uncompensated care.

The School of Nursing offers courses leading to a Bachelor's in Nursing in three different tracks. Traditional BSN with campus sites in Lubbock, Abilene and the Permian Basin. In 1999, the School of Nursing initiated a web-based RN to BSN option for registered nurses pursuing a baccalaureate degree while working full-time. The program is offered nationally. Another option for individuals with a degree in another discipline or veteran military experience in the health field who wish to pursue nursing careers is the web-enhanced, accelerated bachelor's degree program. This is offered in Amarillo, Abilene, Lubbock, Dallas, Austin and San Antonio. The School of Nursing also offers Master of Science degrees in the areas of Leadership (Administration, Education and Nursing Informatics Tracks) and Advanced Practice (Family Nurse Practitioner, Adult Gerontology Acute Care Nurse Practitioner, Pediatric Nurse Practitioner, Acute Care Pediatric Nurse Practitioner, Nurse Midwifery and Mental Health Nurse Practitioner). The school launched the Doctorate in Nursing Practice program in 2008.

The School of Health Professions has grown steadily from its first class of eighteen students in 1983. With campuses in Amarillo, Lubbock, Midland and Odessa, the School now serves about 1400 students enrolled in nineteen different graduate and undergraduate programs. To increase educational access to health professionals who are serving communities throughout rural West Texas and the state, some programs rely extensively on non-traditional formats or distance education technologies. Academic degree programs offered include Doctor of Audiology (Au.D.); Doctor of Philosophy in Communication Sciences & Disorders (Ph.D); Doctor of Philosophy in Rehabilitation Sciences (Ph.D., RS); Doctor of Physical Therapy (DPT); Doctor of Science in Physical Therapy (Sc.D., PT); Master of Science degrees in Molecular Pathology, Healthcare Administration, and Speech-Language Pathology; professional Masters' degrees in Athletic Training (MAT), Occupational Therapy (MOT), Physician Assistant Studies (MPAS), and Rehabilitation Counseling (MRC); and Bachelor of Science degrees in Clinical Laboratory Science, Speech, Language and Hearing Sciences, and Healthcare Management; Post-Baccalaureate programs include Clinical Laboratory Sciences and Speech, Language, and Hearing Sciences, and a Certificate in Clinical Laboratory Sciences.

The School of Pharmacy provides training leading to the Doctor of Pharmacy (Pharm.D.) degree as well as advanced postgraduate residency education. Programs are offered across four campuses in Texas, including

Amarillo, Abilene, Dallas and Lubbock. The Pharm.D. curriculum consists of a series of didactic classroom, case study, laboratory, and experiential courses which are completed over four years. In the last two years of the program, students complete a series of 12 experiential rotations at community and clinical pharmacy sites in and around their campus. Students also receive didactic and clinical training in immunization leading to certification in that area. For students interested in a management pathway, the School also offers a joint Pharm.D./Master of Business Administration (M.B.A.) with the Texas Tech University Rawls College of Business. Presently, 600 Pharm.D. students are enrolled in the program as well as 35 post graduate pharmacists in resident programs. Faculty within the School of Pharmacy teach and oversee two basic science graduate programs leading to a Master of Science (M.S.) and/or a Doctor of Philosophy (Ph.D.) degree from the Graduate School of Biomedical Sciences. The Pharmaceutical Sciences graduate program is based in Amarillo, and the Biotechnology graduate program is based in Abilene and Lubbock. Overall, the Pharmacy School is ranked in the top third of pharmacy programs in the country.

The Graduate School of Biomedical Sciences awarded its first M.S. degree in 1975 and its first doctoral degree in 1978 when the initial program was part of the School of Medicine. With approval for an independent school in 1994, the Graduate School of Biomedical Sciences and has grown to include four graduate programs: Biomedical Sciences (M.S., Ph.D.); Pharmaceutical Sciences (M.S., Ph.D.); Biotechnology (M.S.); and Public Health (M.S.). Degree options such as M.S., Ph.D. and several dual degree (such as the M.D./Ph.D.) are available with research opportunities in Lubbock, Amarillo, El Paso and Abilene.

Angelo State University is a public, coeducational university located in San Angelo, Texas. Angelo State was created as Angelo State College in 1965 by an act of the 58th Session of the Texas Legislature in 1963. In May of 1967, the first baccalaureate degrees were awarded. The name of the institution was changed to Angelo State University in May of 1969. Angelo State was designated as a member of the Texas State University System in 1975, along with Sam Houston State University, Southwest Texas State University, and Sul Ross State University, when the 64th Legislature changed the name of the governing board to the Board of Regents, Texas State University System.

In March of 2007, House Bill 3564 was introduced in the Legislature to align Angelo State with the University System. The bill was approved by the full House on April 24, 2007, and by the Senate in a unanimous vote on May 15, 2007. On May 23, 2007, Gov. Rick Perry signed the bill. A technical correction to the Texas Constitution to provide for the continuation of Angelo State appropriations upon a change of governance went before voters on November 6, 2007. It was approved, and the Texas Constitution was amended. Effective September 1, 2007, the governance, control, management, and property of Angelo State were transferred from the Board of Regents of the Texas State University System to the Board of Regents of the University System.

Angelo State offers 44 bachelor's, 18 master's, and 1 doctoral degree. The campus houses five academic colleges: Arts and Sciences; Business; Education; Health and Human Services; and Graduate Studies. Angelo State has been recognized by Princeton Review as one of the top four public universities in Texas and among the best 379 nationally for 2014. The 268-acre residential campus accommodates an enrollment of 6,494 and is one of the safest and most technologically sophisticated in Texas. The university offers nationally recognized programs in agriculture, educator preparation, nursing, computer science, field biology and physics. In addition to strong academic programs, Angelo State is known for its Carr Academic Scholarship Program, which is funded by an approximate \$128 million endowment, one of the largest such scholarship endowments at a regional university in the nation. Carr Scholarships benefit two of every five current ASU students. Since the Carr program was first initiated in 1981, Angelo State has awarded more than \$80,000,000 in scholarships to students.

The Texas Tech University Health Sciences Center at El Paso was established as the fourth member institution of the University System pursuant to legislation signed by Gov. Rick Perry on May 18, 2013. From its establishment in 1973 until its designation as a separate member institution in 2013, the Health Sciences Center at El Paso operated as a regional campus under the Health Sciences Center. Since 1973, the Health Sciences Center at El Paso campus has grown significantly to serve the El Paso community through education, research and patient care. Programs include the Paul L. Foster School of Medicine (PLFSOM), Gayle Greve Hunt School of Nursing (GGHSON) and Graduate School of Biomedical Sciences where students receive a comprehensive, practical education preparing them for the health care field. El Paso, the fourth most populous city in the state of Texas and nineteenth in the US, is a medical hub of West Texas and Southern New Mexico. The region has been federally designated as a medically underserved area.

The Texas Tech University Health Sciences Center El Paso Libraries have branches in three separate buildings on the Texas Tech University Health Sciences Center El Paso (TTUHSCEP) campus: the Academic

Education Center (AEC), the Medical Education Building (MEB), and the Miles Building. As one of the resource libraries of the National Library of Medicine/South Central Region, the libraries provide medical education and conduct consumer health outreach activities throughout the year.

The TTUHSCEP Libraries support the schools of medicine, nursing, as well as the Graduate School of Biomedical Sciences. The Libraries exist to meet the curricular, research and patient care information needs of the students, residents, faculty and staff of TTUHSCEP, as well as the information needs of the larger biomedical and health care community greater El Paso service area and the citizenry of Texas.

The Paul L. Foster School of Medicine is a leader in educational innovation. Starting in years one and two, the school's curriculum is highly focused on clinical studies. This structure provides the clinical context and motivation for learning, as well as a natural framework for highly coordinated and synergistic instruction in medical skills, the various domains of public health, introductory diagnostic reasoning, and ethics and professionalism. In addition, as part of its curriculum, the PLFSOM requires all students to learn medical Spanish language skills; the PLFSOM is the only medical school in the U.S. with this requirement.

In year three, students participate in required clinical clerkships paired in three blocks: internal medicine and psychiatry; obstetrics, gynecology, and pediatrics; and surgery and family medicine. This organization facilitates integrated and transdisciplinary learning experiences. The fourth and final year of the medical school curriculum includes five required month-long experiences: a sub-internship, critical care medicine, emergency medicine, neurology, and a "boot camp" designed to optimize students' transition into residency. Furthermore, fourth year students complete at least 16 weeks of electives, selecting from a large and diverse array of two and four-week offerings.

In addition to the formal curricular elements described above, all PLFSOM students must design, implement, and publicly present the outcomes of a faculty-mentored independent scholarly project. This graduation requirement is supported by the school's Scholarly Activity and Research Program (SARP).

The Gayle Greve Hunt School of Nursing offers unique opportunities for students to receive the latest state-of-the-art nursing education. The Accelerated Bachelor of Science in Nursing can be completed in four consecutive semesters/16 months or 65 semester credit hours. Courses are taught in a classroom setting and online. Another option is the R.N. to B.S.N. program, a convenient, 30-hour program conducted entirely through web-based instruction that is designed to accommodate the working R.N.'s schedule.

The GGHSON has submitted an application to the THECB to establish a new Master of Science in Nursing (MSN) with projected inauguration of its first class of students in spring 2017. This advanced degree option will provide unique opportunities for working nurses to develop clinical leadership skills while working alongside future physicians and researchers. The program is designed to open the door to career outcomes such as health care advisor, charge nurse, manager, administrator, and chief nursing officer (CNO).

Graduate School of Biomedical Sciences provides opportunities for students to develop their interests, gain experience, and build a knowledge base to pursue successful careers in biomedical research and education. In January 2016, the THECB approved the addition of the Master of Science (MS) in Biomedical Sciences to TTUHSCEP's degree program inventory.

Accreditation. The institutions, agencies, and services comprising the University System are members of the following professional associations and accredited by those which apply accreditation standards: Commission on Colleges of the Southern Association of Colleges and Schools; National Commission on Accrediting; Association of Texas Colleges and Universities; American Council on Education; Association of American Colleges; American Association of State Colleges and Universities, Council on Higher Education; Association of Urban Universities; National Association of State Universities and Land Grant Colleges; and Liaison Committee on Medical Education.

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Enrollment. Set forth below is the Fall semester headcount undergraduate, graduate and professional enrollment at the University, the Health Sciences Centers, and Angelo State for each of the last five years:

Total Headcount Enrollment Information					
<u>Institutions:</u>	<u>Fall 2016</u>	<u>Fall 2015</u>	<u>Fall 2014</u>	<u>Fall 2013</u>	<u>Fall 2012</u>
The University	36,551	35,859	35,158	33,111	32,480
The Health Sciences Centers	5,232	4,998	4,931	4,519	4,370
Angelo State	9,581	8,508	6,494	6,536	6,888
Total	51,364	49,365	46,583	44,166	43,738

Set forth below is the Fall semester undergraduate headcount enrollment at the University, the Health Sciences Centers, and Angelo State for each of the last five years:

Undergraduate Headcount Enrollment Information					
<u>Institutions:</u>	<u>Fall 2016</u>	<u>Fall 2015</u>	<u>Fall 2014</u>	<u>Fall 2013</u>	<u>Fall 2012</u>
The University	29,963	29,237	28,632	27,044	26,494
The Health Sciences Centers	1,581	1,492	1,467	1,346	1,305
Angelo State	8,094	7,273	5,425	5,546	6,008
Total	39,638	38,002	35,524	33,936	33,807

Set forth below is the Fall semester graduate and professional headcount enrollment at the University, the Health Sciences Centers, and Angelo State for each of the last five years:

Graduate & Professional Headcount Enrollment Information					
<u>Institutions:</u>	<u>Fall 2016</u>	<u>Fall 2015</u>	<u>Fall 2014</u>	<u>Fall 2013</u>	<u>Fall 2012</u>
The University	6,588	6,622	6,526	6,067	5,986
The Health Sciences Centers	3,651	3,506	3,464	3,173	3,065
Angelo State	1,487	1,235	1,069	990	880
Total	11,726	11,363	11,059	10,230	9,931

Set forth below is the Fall semester full-time equivalent enrollment at the University, the Health Sciences Centers, and Angelo State for each of the last five years:

Total Full-Time Equivalent Enrollment Information					
<u>Institutions:</u>	<u>Fall 2016</u>	<u>Fall 2015</u>	<u>Fall 2014</u>	<u>Fall 2013</u>	<u>Fall 2012</u>
The University	33,427	33,401	32,757	30,931	30,327
The Health Sciences Centers	4,701	4,523	4,476	4,117	3,972
Angelo State	7,719	6,841	5,928	5,971	6,292
Total	45,847	44,765	43,161	41,019	40,591

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Admissions and Matriculation

Set forth below is the information relating to admissions and matriculation for Texas Tech University System for the general academic institutions in total (Texas Tech University and Angelo State University) for each of the last five fall semesters:

Admissions and Matriculation Information										
	2016	%	2015	%	2014	%	2013	%	2012	%
Freshman:										
Applications Submitted	27,861	--	26,979	--	25,519	--	21,922	--	20,639	--
Applications Accepted	17,889	64.2	17,555	65.1	17,427	68.3	14,925	68.1	14,445	70.0
Matriculation	6,327	35.4	6,485	36.9	6,902	39.6	6,005	40.2	5,966	41.3
Matriculation from outside state	417	6.6	476	7.3	509	7.4	325	5.4	663	11.1
Transfers:										
Applications Submitted	6,323	--	5,984	--	6,139	--	5,625	--	5,264	--
Applications Accepted	5,016	79.3	5,048	84.4	4,975	81.0	4,523	80.4	4,347	82.6
Matriculation	3,473	69.2	3,343	66.2	3,264	65.6	3,119	69.0	2,963	68.2
Matriculation from outside state	292	8.4	342	10.2	298	9.1	274	8.8	291	9.8
Graduates:										
Applications Submitted	8,471	--	8,583	--	8,094	--	5,303	--	6,083	--
Applications Accepted	4,115	48.6	3,809	44.4	3,864	47.7	2,804	52.9	2,803	46.1
Matriculation	2,238	54.4	3,337	87.6	2,053	53.1	2,028	72.3	1,742	62.1
Matriculation from outside state	735	32.8	763	22.9	841	41.0	583	28.7	453	26.0

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Set forth below is the information relating to undergraduate admissions and matriculation for Texas Tech University and Angelo State University separately for each of the last five fall semesters:

Admissions and Matriculation Information

Texas Tech University

	2016	%	2015	%	2014	%	2013	%	2012	%
Freshman:										
Applications Submitted	23,459		23,157		21,948		19,323		18,051	
Applications Accepted	14,621	62.3	14,621	63.1	14,482	66.0	12,833	66.4	12,110	67.1
Matriculation	4,763	32.6	5,161	35.3	5,620	38.8	4,785	37.3	4,564	37.7
Transfers:										
Applications Submitted	5,679		5,392		5,583		4,946		4,657	
Applications Accepted	4,458	78.5	4,526	83.9	4,456	79.8	3,922	79.3	3,765	80.8
Matriculation	3,070	68.9	2,968	65.6	2,921	65.6	2,643	67.4	2,522	67.0

Admissions and Matriculation Information

Angelo State University

	2016	%	2015	%	2014	%	2013	%	2012	%
Freshman:										
Applications Submitted	4,402		3,822		3,571		2,599		2,588	
Applications Accepted	3,268	74.2	2,934	76.8	2,945	82.5	2,092	80.5	2,335	90.2
Matriculation	1,564	47.9	1,324	45.1	1,282	43.5	1,220	58.3	1,402	60.0
Transfers:										
Applications Submitted	644		644		556		649		607	
Applications Accepted	558	86.6	558	86.6	519	93.3	601	92.6	582	95.9
Matriculation	403	72.2	403	72.2	343	66.1	476	79.2	441	75.8

Degrees Conferred

Set forth below is a listing of degrees conferred by the member institutions during each of the last five years:

	Total Degrees Conferred				
<u>Institutions:</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
The University	7,398	7,303	7,066	7,115	7,015
Angelo State	1,308	1,382	1,371	1,399	1,346
The Health Sciences Center	1,998	1,887	1,871	1,846	1,650
Health Sciences Center at El Paso	157	136	-	-	-
Total	10,860	10,708	10,308	10,360	10,011

FINANCIAL MANAGEMENT

Financial management of the University System is the responsibility of the Vice Chancellor and Chief Financial Officer, who reports to the Chancellor. The Vice Chancellor and Chief Financial Officer is responsible for financial management and operational activities of debt, cash, risk and investment management of the University System's operating and endowment funds. The Vice President of Fiscal Affairs for each respective institution is responsible for budgets, accounting and financial statements.

Financial Statements. Not later than November 20 of each year, the unaudited primary financial statements of the University System dated as of August 31, prepared from the books of the University System, must be delivered to the Governor, the Comptroller of Public Accounts of the State of Texas (the "Comptroller"), the Legislative Reference Library, the Texas State Library, the Texas Higher Education Coordinating Board, the State Auditor and the Legislative Budget Board. Each year, the State Auditor must certify the financial statements of the State as a whole, inclusive of the University System. *No outside audit in support of this detailed review is currently required or obtained by the Board.*

As an agency of the State, the University System's financial records reflect compliance with applicable State statutes and regulations. The significant accounting policies followed by the University System in maintaining accounts and in the preparation of the primary financial statements are in accordance with the Comptroller's Annual Financial Reporting Requirements. Historically, these requirements followed, as nearly as practicable, the American Institute of Certified Public Accountants (AICPA) Industry Audit Guide, Audits of Colleges and Universities, 1996 Edition, as amended by AICPA Statement of Position (SOP) 74-8, Financial Accounting and Reporting by Colleges and Universities, and as modified by applicable Financial Accounting Standards Board (FASB) pronouncements issued through November 30, 1989, and as modified by all applicable Governmental Accounting Standards Board (GASB) pronouncements cited in Codification Section Co5, "Colleges and Universities." The requirements were also in substantial conformity with the Financial Accounting and Reporting Manual for Higher Education published by the National Association of College and University Business Officers (NACUBO).

During Fiscal Year 2002, the University System adopted GASB Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities, as amended by GASB Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments Omnibus, and GASB Statement No. 38, Certain Financial Statement Note Disclosures (collectively, the "New Financial Reporting Model"). These statements establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a combined basis to focus on the University System as a whole. Previously, financial statements focused on the accountability of individual fund groups rather than on the University System as a whole.

The University System is not required to restate, and has not restated, prior year financials consistent with the New Financial Reporting Model. The significant changes caused by these new accounting standards and the time required to implement the changes on a consistent basis for all of the members of the University System, and in accordance with the related rules of the Comptroller, made a restatement of the prior year financials impossible. As such, historical financial data (prior to Fiscal Year 2002) will not be comparable to the data presented under the new format. Historical data for fiscal years prior to 2002 can be found in the University System Annual Financial Reports for those years.

The University System's primary financial report covers all financial operations of the University System Administration and all member institutions of the University System. Amounts due between member institutions, amounts held for member institutions by the University System Administration and other duplications in reporting are eliminated in combining the individual financial reports.

Attached to this Official Statement in "Appendix B - TEXAS TECH UNIVERSITY SYSTEM COMBINED ANNUAL FINANCIAL REPORT" are the most recent unaudited primary financial statements of the University System for the University System's Fiscal Year ended August 31, 2016. The University System's unaudited primary financial statements consist of the Statement of Net Position as of August 31, 2016; the Statement of Revenues, Expenses and Changes in Net Position for the Year Ended August 31, 2016; and the Statement of Cash Flows for the Year Ended August 31, 2016. See "Appendix B - TEXAS TECH UNIVERSITY SYSTEM COMBINED ANNUAL FINANCIAL REPORT."

The following table reflects the condensed statement of net assets of the University System as of August 31, 2012 through August 31, 2016.

Condensed Statement of Net Position (unaudited)

As of August 31

(In Thousands)

Assets:	2016	Restated 2015	Restated 2014	Restated 2013	Restated 2012
Current Assets	\$756,511	\$634,847	\$686,050	\$770,743	\$771,009
Capital Assets, Net	1,499,205	1,467,174	1,456,811	1,402,227	1,413,353
Other Assets	1,928,267	1,853,500	1,732,347	1,377,298	1,216,368
Total Assets	\$4,183,983	\$3,955,521	\$3,875,208	\$3,550,268	\$3,400,730
Deferred Outflows of Resources:					
Total Deferred Outflows of Resources	\$38,050	\$27,390	\$15,376	\$0	\$0
Liabilities:					
Current Liabilities	\$491,576	\$416,247	\$499,902	\$409,312	\$375,911
Non-Current Liabilities	\$770,503	790,961	704,872	537,257	570,256
Total Liabilities	\$1,262,079	\$1,217,708	\$1,204,774	\$946,569	\$946,167
Deferred Inflows of Resources:					
Total Deferred Inflows of Resources	\$31,960	\$49,527	\$0	\$0	\$0
Net Position:					
Invested in Capital Assets, Net of Related Debt	\$900,672	\$850,610	\$876,825	\$853,461	\$862,710
Restricted					
Expendable	502,192	458,107	493,314	410,257	369,077
Non-Expendable	670,409	648,049	627,514	581,048	540,938
Unrestricted	854,719	769,409	688,156	758,933	681,838
Total Net Position	\$2,927,992	\$2,726,175	\$2,685,809	\$2,603,699	\$2,454,563

For more detailed information, see “Appendix B - TEXAS TECH UNIVERSITY SYSTEM COMBINED ANNUAL FINANCIAL REPORT — Statement of Net Position as of August 31, 2016.”

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The table below presents the Statement of Revenues, Expenses and Changes in Net Position of the University System for Fiscal Year 2012 through 2016.

**Condensed Statement of Revenues, Expenses and Changes in Net Position (unaudited)
as of August 31 (in thousands)**

	<u>2016</u>	<u>Restated 2015</u>	<u>Restated 2014</u>	<u>Restated 2013</u>	<u>Restated 2012</u>
Operating Revenues	\$1,239,284	\$ 1,145,409	\$ 1,083,896	\$ 1,024,058	\$ 961,189
Operating Expenses	<u>1,785,226</u>	<u>1,668,496</u>	<u>1,586,075</u>	<u>1,498,664</u>	<u>1,410,784</u>
Operating Income (Loss)	(545,941)	(523,088)	(502,179)	(474,607)	(449,596)
Non-Operating Revenues (Expenses)	<u>649,354</u>	<u>521,802</u>	<u>672,474</u>	<u>528,592</u>	<u>509,620</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	103,412	(1,286)	170,295	53,985	60,024
Other Revenues, Expenses, Gains, Losses and Transfers	<u>92,330</u>	<u>41,705</u>	<u>79,199</u>	<u>95,149</u>	<u>72,048</u>
Changes in Net Position	<u>195,742</u>	<u>40,419</u>	<u>249,494</u>	<u>149,135</u>	<u>132,072</u>
Beginning Net Position (September 1)	2,726,175	2,685,609	2,603,698	2,454,563	2,420,617
Restatement of Beginning Net Position	6,075	(53)	(167,383)		(98,125)
Ending Net Position (August 31)	<u>\$ 2,927,992</u>	<u>\$ 2,726,175</u>	<u>\$ 2,685,809</u>	<u>\$ 2,603,698</u>	<u>\$ 2,454,563</u>

For more detailed information, see “Appendix B - TEXAS TECH UNIVERSITY SYSTEM COMBINED ANNUAL FINANCIAL REPORT — Statement of Revenues, Expenses and Changes in Net Position for the Year Ended August 31, 2016.”

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SELECTED FINANCIAL INFORMATION

Funding for the University System and its Member Institutions. Funding for the University System is derived from operating and non-operating revenues. The amounts and the sources of such funding vary from year to year and there is no guarantee that the source or amounts of such funding will remain the same in future years. Following are brief discussions of certain major funding sources.

State General Revenue Appropriations The operations of the member institutions are heavily dependent upon the continued support of the State through appropriations of general revenue pursuant to the biennial appropriations process initiated by the Texas Legislature. In the last regular session ending on May 31, 2015, the State Legislature adopted a budget for the 2016-17 biennium beginning September 1, 2015. The System received funding for 2016-17 biennium as 30% General Revenue, 67% Formula Funding and 3% Research Revenue.

The table below represents the State Formula Funding Appropriations (less Board Authorized Tuition) available to all public institutions of higher education for Fiscal Years 2013 through 2017:

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Total State Formula Funding	\$4,698,849,670	\$3,163,522,745	\$4,883,840,947	\$4,252,572,794	\$4,253,091,945

Results indicate State Formula Funding (less Board Authorized Tuition) for each member institution in the following amounts for Fiscal Years 2013 through 2017:

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Texas Tech University	\$135,929,262	\$144,475,235	\$144,475,235	\$155,536,461	\$155,536,461
Health Sciences Center	90,198,547	112,773,179	112,773,179	103,164,267	103,164,267
Angelo State University	19,799,315	21,500,322	21,500,322	20,308,604	20,308,604
Health Sciences Center at El Paso	-	-	-	24,582,950	24,582,950
Total	<u>\$245,927,142</u>	<u>\$278,748,736</u>	<u>\$278,748,736</u>	<u>\$303,592,282</u>	<u>\$303,592,282</u>

On June 30, 2016, the Governor, Lieutenant Governor and Speaker of the House of Representatives issued a letter directing the process by which the heads of state agencies, including chancellors, presidents, and directors of institutions and agencies of higher education (collectively referred to as "agencies"), including the University System, should develop their legislative appropriations request ("LAR") for the 2018-2019 biennial budget (the "LAR Letter"). The LAR Letter directs an agency's baseline appropriation to incorporate a 4% reduction from the agency's baseline appropriation level provided by the Governor's Office and the Legislative Budget Board. The LAR Letter also specified that appropriation requests that exceed the baseline spending level may not be included in an agency's baseline request, but may be submitted as exceptional items within an agency's LAR. Appropriation requests to satisfy debt service requirements for bond authorizations are exempted from the 4% baseline reduction request in the LAR Letter. The University System cannot predict whether the Texas Legislature will implement the LAR Letter's 4% reduction or any other change in State appropriations.

Future levels of State support are dependent upon the ability and willingness of the State Legislature to make appropriations to the Participants taking into consideration the availability of financial resources and other potential uses of such resources.

In the 2016-17 biennium the University and Angelo State will also receive a Core Research Support Fund (CRSF) appropriation in the amount of \$11,339,575 and \$18,066 respectively each year. The CRSF supports increased research capacity at emerging research universities and distributed funds by a set formula allocation based on both total research expenditures and restricted research expenditures. These appropriated funds may be used for the support and maintenance of educational and general activities, including research and student services that promote increased research capacity at the institution.

National Research University Fund Appropriations. In 2009 the Texas Legislature established the National Research University Fund "to provide a dedicated, independent, and equitable source of funding to enable emerging research universities in this state to achieve national prominence as major research universities." This reflects the State of Texas' leadership recognizing an opportunity from the correlation of quality state economic growth to come and growth of research opportunities in the higher educational areas. The State's focus has been to make and sustain an increase in institutional research expenditures by way of the establishment for a state higher education Tier One

research institution status program. In 2009, the University and six other state institutions were designated by the Texas Higher Education Coordinating Board (THECB) as emerging research universities and placed under review for Tier One status, with one other institution designated in 2012, bringing the total to eight. As described by the THECB and even further by Texas Education Code, Tier One status will place the University into an elite category of universities, providing students with unmatched educational opportunities by expanding the scope of research to meet the world’s needs and will make a significant impact on the local and state economies.

The Texas Legislature put in place the framework and identified two funding sources. The first funding source was the formation of the Texas Research Incentive Program (TRIP), making an initial \$50 million available in matching grants for private gifts restricted to research initiatives. The University has taken full advantage of this opportunity since fiscal 2009 by raising over \$125 million in qualifying gifts, which constitutes 34% of all gifts submitted by state institutions. The next closest institution was 28%. Gifts submitted by the University have been matched with \$103 million to date from TRIP. The tremendous level of support from alumni and friends provided the University with the opportunity to demonstrate the level of commitment that has been placed on reaching Tier One status.

A second funding source, co-sponsored by then-State Sen. Robert Duncan, created the National Research University Fund (NRUF), a Constitutional endowment established by Texas voters in November 2010 and valued at \$656 million as of August 31, 2016. On May 25, 2012, the University met the criteria developed by the State Legislature and qualified as eligible for NRUF distributions. It remains one of two universities currently eligible. For the 2016-17 biennium, NRUF distributions to the University were \$9,454,322 in 2016 & \$7,420,950 in 2017 (note the reduced amount reflects change in endowment spending rate).

In February 2016, the increased research efforts resulted in the University obtaining “Tier One” Research Carnegie designation. The Carnegie Classification of Institutions of Higher Education officially announced on February 1, 2016 in its 2015 Classification update of the university’s inclusion into the Highest Research Activity classification. Of the 115 universities listed in the Highest Research Activity category, the university is one of only 15 universities to move into this category since the previous ranking in 2010.

Higher Education Fund Appropriations. The Participants each receive a portion of an annual appropriation of funds made by the State Legislature to the Higher Education Fund (HEF) pursuant to the provisions of Article VII, Section 17 of the State Constitution. The annual allocation to the University System for fiscal years 2013 through 2017 is set forth below:

Higher Education Fund Appropriations

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Texas Tech University	\$23,936,088	\$23,936,088	\$23,936,088	\$32,817,206	\$49,225,809
Health Sciences Center	16,973,569	16,973,569	16,973,569	15,581,597	23,372,396
Angelo State University	3,743,027	3,743,027	3,743,027	3,546,735	5,320,102
Health Sciences Center at El Paso	-	-	-	4,156,050	6,234,075
Total	\$44,652,684	\$44,652,684	\$44,652,684	\$56,101,588	\$84,152,382

The Participants may use the appropriation for capital improvements and renovations to the campus facilities, other than auxiliary enterprises. In addition, Participants may issue bonds against such appropriation and pledge up to 50% of the appropriation to secure the debt service payments due on HEF bonds. No bonds are outstanding under this program. The University System also has the ability to use funds received pursuant to the HEF program to pay debt service on outstanding Parity Obligations.

Tuition Revenue Bonds. Pursuant to Chapter 55, Texas Education Code, revenue bonds issued by a university system, such as the University System, may be equally secured by and payable from a pledge of all or a portion of certain revenue funds of the university system, and all of the Parity Obligations of the University System, including the Bonds, are secured solely by and payable solely from a pledge of and lien on the Pledged Revenues. See “SECURITY FOR THE BONDS.”

Historically, the State Legislature has appropriated general revenue funds in the State’s budget each biennium to reimburse institutions of higher education for an amount equal to all or a portion of the debt service on certain revenue bonds (“Tuition Revenue Bonds”) issued pursuant to specific statutory authorizations for individual institutions and projects identified in Chapter 55 of the Texas Education Code.

The reimbursement of the payment of debt service on such Tuition Revenue Bonds does not constitute a debt of the State, and the State is not obligated to continue making any such appropriations in the future. Furthermore, the State Legislature is prohibited by the State Constitution from making any appropriations from a term longer than two years. Accordingly, the State Legislature’s appropriations for the reimbursement of debt service on Tuition Revenue Bonds may be reduced or discontinued at any time after the current biennium, and the State Legislature is under no legal obligation to continue such appropriations in any future biennium.

A portion of the Parity Obligations of the University System constitutes Tuition Revenue Bonds. Tuition Revenue Bonds issued by the University System carry no additional pledge or security and constitute Parity Obligations of the University System which are equally and ratably secured by and payable from a pledge of and lien on Pledged Revenues on parity with all other Parity Obligations of the University System.

House Bill No. 100 (“HB 100”), which was enacted during the regular session of the 84th Legislature, amended Chapter 55 of the Texas Education Code to authorize the issuance of additional Tuition Revenue Bonds. Among other changes to Chapter 55 of the Texas Education Code, HB 100 added Section 55.1789, which authorizes the Board to issue approximately \$247.115 million of additional Parity Obligations as Tuition Revenue Bonds. The State Legislature has appropriated funds to reimburse the University System in prior years in amounts equal to all or a portion of the debt service on the University System’s Tuition Revenue Bonds, including the amounts shown in the following paragraph. Following the issuance of the Bonds, the Board will have no remaining authority to issue Tuition Revenue Bonds pursuant to Section 55.1789, Education Code.

The State Legislature has appropriated funds within the General Appropriations Act Article III to reimburse the University System in prior years in an amount equal to all or a portion of the debt service on the University System’s Tuition Revenue Bonds including, for Fiscal Years 2013 through 2017 as follows:

Tuition Revenue Bonds Annual Debt Service Appropriation

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 ⁽¹⁾
Texas Tech University	\$9,242,556	\$9,053,414	\$9,051,741	\$7,161,912	\$12,580,524
Health Sciences Center	12,913,868	12,512,387	12,370,154	5,694,730	11,909,993
Angelo State University	3,962,489	3,959,056	2,713,411	2,737,516	4,389,620
Health Sciences Center at El Paso				6,666,924	12,509,609
Total	\$26,118,913	\$25,524,857	\$24,135,306	\$22,261,082	\$41,389,746

⁽¹⁾ Includes \$19,113,282.00 appropriated for Tuition Revenue Bond debt service in FY 2017 for projects authorized by HB 100. This additional amount is included in the FY 2017 column.

The University System can provide no assurances with respect to any future appropriations by the State Legislature. Future levels of State appropriations are dependent upon the ability and willingness of the State Legislature to make appropriations to the University System taking into consideration the availability of financial resources and other potential uses of such resources.

Tuition and Fees. Each Participant granting degrees charges tuition and fees as set by the State Legislature and the Board under Chapters 54 and 55 of the Texas Education Code. Tuition charges are comprised of “State Mandated Tuition” and “Board Designated Tuition” as further described below. Unless otherwise stated, all references to statutes shall be to the Texas Education Code.

State Mandated Tuition. Section 54.051, Texas Education Code, currently requires (i) undergraduate tuition applicable to state residents to be charged at \$50 per semester credit hour; and (ii) tuition of a nonresident student at a general academic teaching institution or medical and dental unit to be an amount per semester hour equal to the average of the nonresident undergraduate tuition charged to a resident of the State at a public state university in each of the five most populous states other than the State (the amount of which would be computed by the THECB for each academic year). For the 2016-2017 academic year the THECB has computed \$458 per semester credit hour for nonresident undergraduate tuition. The tuition rates described above are referred to in this Official Statement as “State Mandated Tuition.”

Board Designated Tuition. In 2003, the Texas Legislature approved and the Governor signed into law House Bill 3015, which provided for the deregulation of a portion of tuition that a governing board of an institution

of higher education, such as the Board, has the authority to charge under Section 54.0513 of the Texas Education Code. Prior to the amendment to Section 54.0513 of the Texas Education Code the amount of tuition that a governing board of an institution of higher education could independently charge students was capped at the State Mandated Tuition. Effective with the tuition that is charged for the Fall 2003 semester, a governing board of an institution of higher education may charge any student an amount (referred to herein as “Board Designated Tuition”) that it considers necessary for the effective operation of the institution. The legislation also granted authority to a governing board of an institution of higher education to set a different tuition rate for each program and course level offered by the institution. This authority offers more opportunity for the Board to develop a tuition schedule that assists in meeting its strategic objectives in terms of access, affordability, effective use of campus resources, and improvement of graduation rates. The Board has authorized the Board Designated Tuition rate at the Participants as shown in the following charts. In connection with the authorization of Board Designated Tuition, building use fees, historically included in Pledged General Fees under the Master Resolution, were rededicated as Board Designated Tuition. This rededication does not impact the pledge of Revenue Funds for the payment and security of Parity Obligations. Both the State Mandated Tuition and the Board Designated Tuition are included in Revenue Funds and are pledged for the benefit of Parity Obligations. No less than 20% of the Board Designated Tuition charged in excess of \$46 per semester hour shall be set aside to provide financial assistance to resident undergraduate students, consistent with the provisions of Subchapter B, Chapter 56, Texas Education Code, which were contained in House Bill 3015.

The University System has no assurance that the State Legislature will not place future limits on the Board’s ability to charge Board Designated Tuition in an amount that it considers necessary for the effective operation of its institutions. However, Section 55.16 of the Texas Education Code specifically allows the Board to levy and collect any necessary fees, tuition, rentals, rates, or other charges necessary to provide funds sufficient for the payment of outstanding Parity Obligations.

Board Authorized Tuition. Section 54.008 of the Texas Education Code permits the governing board of each institution of higher education to set tuition for graduate programs for that institution at a rate that is at least equal to that of State Mandated Tuition, but not more than twice that rate. Between the maximum and minimum rates, the Board may set the differential tuition among programs offered by an institution of higher education. The Board is authorized by Chapter 55 of the Texas Education Code to set the Pledged General Tuition and any other necessary fees, rentals, rates, or other revenue funds of the Board at the level necessary, without limit, to enable the Board to meet its obligations with respect to the payment of debt service on the Parity Obligations.

Mandatory Fees. Mandatory fees comprise charges for certain activities and services utilized by all students and include, but are not limited to, Student Union Fees, Medical Services Fees and Information Technology Fees. Each member institution charges various types of fees and in various amounts. Fee amounts are computed either on a per semester credit hour basis or on a per semester basis. In addition, certain departments are permitted to charge additional fees for students participating in certain areas of study.

Any changes in tuition or fees will originate and be recommended by the President of the Participant, reviewed by the Chancellor and approved by the Board. Any changes in tuition will be implemented only after thorough consultation and review.

Fixed Rate Tuition. Sections 54.016 and 54.017 of the Texas Education Code authorize the state’s general academic teaching institutions and junior colleges to provide an option for fixed price tuition. Both Texas Tech University and Angelo State University have chosen to offer fixed price tuition plans. This option “freezes” only the designated tuition portion of a student’s cost of attendance for a period of twelve continuous semesters equating to four academic years. Incoming undergraduates, either via transfer from another institution or no prior college attendance, beginning with the fall 2014 semester are eligible to choose the fixed rate tuition plan. Dual high school credit is not considered prior college attendance. Students who have previously enrolled at the University or Angelo State and are returning from another institution and students classified either as graduate or non-resident distance education are not eligible for the plan. The opt-in period starts at registration for classes and ends on the day before the first day of class. Students can opt-out one-time at any time but will be reverted to original designated tuition rate in the succeeding semester. Students who elected to not participate will not be able to opt-in at a later date. The fixed tuition rate will be set each academic year for the incoming undergraduate classes.

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Set forth below is a table showing the State Mandated Tuition, Board Designated Tuition, Board Authorized Tuition, mandatory fees, and the amount set aside for financial assistance to resident and non-resident students by each institution with the fixed tuition rate option, excluding the Health Sciences Center, for the 2016-17 academic year based on 15 semester credit hours per semester for undergraduate students, 12 semester credit hours per semester for graduate students and 9 semester credit hours for doctoral students unless otherwise noted.

**Tuition and Fees
Academic Year 2016-2017
Texas Tech University**

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition & Fees	Financial Assistance Set Aside
Resident Undergrad (15 SCH)	\$750.00	\$3,195.00	\$0.00	\$1,365.50	\$5,310.50	\$488.25
Non-Resident Undergrad (15 SCH)	6,870.00	3,195.00	0.00	1,365.50	11,430.50	206.10
Resident Graduate (12 SCH)	600.00	2,556.00	600.00	1,214.00	4,970.00	390.60
Non-Resident Graduate (12 SCH)	5,496.00	2,556.00	600.00	1,214.00	9,866.00	164.88
Resident Law (15 SCH)	1,200.00	5,700.00	2,400.00	2,138.00	11,438.00	931.50
Non-Resident Law (15 SCH)	6,870.00	5,700.00	2,400.00	2,138.00	17,108.00	206.10
Fixed Rate Plan Tuition and Fees						
<u>Fall 2014 Cohort</u>						
Resident Undergrad (15 SCH)	\$750.00	\$2,815.50	\$0.00	\$2,040.50	\$5,606.00	\$431.33
Non-Resident Undergrad (15 SCH)	\$6,870.00	\$2,815.50	\$0.00	\$2,040.50	\$11,726.00	\$206.10
<u>Fall 2015 Cohort</u>						
Resident Undergrad (15 SCH)	\$750.00	\$2,928.15	\$0.00	\$2,040.50	\$5,718.65	\$448.22
Non-Resident Undergrad (15 SCH)	\$6,870.00	\$2,928.15	\$0.00	\$2,040.50	\$11,838.65	\$206.10
<u>Fall 2016 Cohort</u>						
Resident Undergrad (15 SCH)	\$750.00	\$3,495.00	\$0.00	\$1,365.50	\$5,610.50	\$533.25
Non-Resident Undergrad (15 SCH)	\$6,870.00	\$3,495.00	\$0.00	\$1,365.50	\$11,730.50	\$206.10

NOTE: A fixed international student fee of \$75 is charged to all non-immigrant visa students for each term in which they enroll in the University System. Total tuition and fees includes amounts required to be set aside for financial assistance in accordance with applicable provisions of the Texas Education Code. The set-aside amounts are calculated as follows: from State Mandated Tuition not less than 15% nor more than 20% of each resident student's tuition charge and 3% of each non-resident student's tuition charge is set aside for Texas Public Education Grants (Section 56.033); \$2 for each semester hour for which a doctoral student is enrolled is set aside for the Doctoral Loan Incentive Program (Section 56.095); from Board Designated Tuition no less than 20% charged to resident undergraduate students in excess of \$46 per semester hour (Section 56.011) and no less than 15% charged to resident graduate students in excess of \$46 per semester hour is set aside for financial assistance (Section 56.012). Of the set-aside from Board Designated Tuition for resident undergraduate students, 5% charged to resident undergraduate students in excess of \$46 per semester hour is deposited in the State Treasury into the Texas B-On-Time Loan Program (Section 56.465). In addition, 15% of Board Designated Tuition charged to non-resident students in excess of \$46 per semester hour is set aside to provide financial assistance for non-resident students.

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**Tuition and Fees
Academic Year 2016-2017
Angelo State University**

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition & Fees	Financial Assistance Set Aside
Resident Undergraduate (15 SCH)	\$750.00	\$1,728.00	\$0.00	\$1,541.00	\$4,019.00	\$268.20
Non-Resident Undergrad (15 SCH)	6,870.00	1,728.00	0.00	1,541.00	10,139.00	206.10
Resident Graduate (12 SCH)	600.00	1,382.40	540.00	1,501.00	4,023.40	214.56
Non-Resident Graduate (12 SCH)	5,496.00	1,382.40	540.00	1,501.00	8,919.40	164.88

Fixed Rate Plan Tuition and Fees

Fall 2014 Cohort

Resident Undergraduate (15 SCH)	\$750.00	\$1,814.40	\$0.00	\$1,541.00	\$4,105.40	\$281.16
Non-Resident Undergrad (15 SCH)	6,870.00	1,814.40	0.00	1,541.00	10,225.40	206.10

Fall 2015 Cohort

Resident Undergraduate (15 SCH)	750.00	1,780.80	0.00	1,541.00	4,071.80	276.12
Non-Resident Undergrad (15 SCH)	6,870.00	1,780.80	0.00	1,541.00	10,191.80	206.10

Fall 2016 Cohort

Resident Undergraduate (15 SCH)	750.00	1,696.20	0.00	1,541.00	3,987.20	263.43
Non-Resident Undergrad (15 SCH)	6,870.00	1,696.20	0.00	1,541.00	10,107.20	206.10

NOTE: A fixed international student fee of \$50 is charged to all non-immigrant visa students for each term in which they enroll in the University System. Total tuition and fees includes amounts required to be set aside for financial assistance in accordance with applicable provisions of the Texas Education Code. The set-aside amounts are calculated as follows: from State Mandated Tuition not less than 15% nor more than 20% of each resident student's tuition charge and 3% of each non-resident student's tuition charge is set aside for Texas Public Education Grants (Section 56.033); \$2 for each semester hour for which a doctoral student is enrolled is set aside for the Doctoral Loan Incentive Program (Section 56.095); from Board Designated Tuition no less than 20% charged to resident undergraduate students in excess of \$46 per semester hour (Section 56.011) and no less than 15% charged to resident graduate students in excess of \$46 per semester hour is set aside for financial assistance (Section 56.012). Of the set-aside from Board Designated Tuition for resident undergraduate students, 5% charged to resident undergraduate students in excess of \$46 per semester hour is deposited in the State Treasury into the Texas B-On-Time Loan Program (Section 56.465). In addition, 15% of Board Designated Tuition charged to non-resident students in excess of \$46 per semester hour is set aside to provide financial assistance for non-resident students.

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Set forth below is a table showing the State Mandated Tuition, Board Designated Tuition, Board Authorized Tuition, mandatory fees, and Financial Assistance Set-asides for full-time resident and non-resident students at the Health Sciences Center.

**Tuition and Fees
Academic Year 2016-2017
Health Sciences Center**

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition & Fees	Financial Assistance Set-Aside
M.D. Resident						
Year 1 - 2	\$6,550.00	\$8,466.00	\$0.00	\$2,353.70	\$17,369.70	\$1,891.88
Year 3	6,550.00	8,466.00	0.00	2,293.70	17,309.70	1,891.88
Year 4	6,550.00	8,466.00	0.00	1,493.70	16,509.70	1,891.88
M.D. Non-Resident						
Year 1 - 2	19,650.00	8,466.00	0.00	2,353.70	30,469.70	1,498.88
Year 3	19,650.00	8,466.00	0.00	2,293.70	30,409.70	1,498.88
Year 4	19,650.00	8,466.00	0.00	1,493.70	29,609.70	1,498.88
Graduate Students						
Resident (24 SCH)	1,200.00	2,208.00	0.00	1,520.40	4,928.40	345.60
Non-Resident (24 SCH)	10,992.00	2,208.00	0.00	1,520.40	14,720.40	495.36
Health Professions						
Undergrad – Resident Year 1-2 (37 SCH)	1,850.00	5,180.00	0.00	1,844.90	8,874.90	973.10
Undergrad - Non-Resident Year 1-2 (37 SCH)	16,946.00	5,180.00	0.00	1,844.90	23,970.90	1,030.08
Grad - Resident Year 1 - 3 (37 SCH)	1,850.00	5,180.00	1,850.00	1,844.90	10,724.90	799.20
Grad - Non-Resident Year 1 - 3 (37 SCH)	16,946.00	5,180.00	1,850.00	1,844.90	25,820.90	1,030.08
Nursing						
Undergrad						
Resident - Year 1 (34 SCH)	1,700.00	4,760.00	0.00	2,131.40	8,591.40	894.20
Resident - Year 2 (33 SCH)	1,650.00	4,620.00	0.00	2,121.40	8,391.40	867.90
Non-Resident - Year 1 (34 SCH)	15,572.00	4,760.00	0.00	2,131.40	22,463.40	946.56
Non-Resident - Year 2 (33 SCH)	15,114.00	4,620.00	0.00	2,121.40	21,855.40	918.72
Graduate						
Resident - Year 1 (24 SCH)	1,200.00	3,360.00	1,200.00	1,601.40	7,361.40	518.40
Resident - Year 2 (18 SCH)	900.00	2,520.00	900.00	1,175.40	5,495.40	388.80
Non-Resident - Year 1 (24 SCH)	10,992.00	3,360.00	1,200.00	1,601.40	17,153.40	668.16
Non-Resident - Year 2 (18 SCH)	8,244.00	2,520.00	900.00	1,175.40	12,839.40	501.12
Pharmacy - Resident						
Year 1 (41 SCH)	2,050.00	8,159.00	4,100.00	2,390.40	16,699.40	1,248.45
Year 2 - 3 (38 SCH)	1,900.00	7,562.00	3,800.00	2,360.40	15,622.40	1,157.10
Year 4 (52 SCH)	2,600.00	10,348.00	5,200.00	3,140.40	21,288.40	1,583.40
Pharmacy - Non-Resident						
Year 1 (41 SCH)	18,778.00	8,159.00	4,100.00	2,390.40	33,427.40	1,504.29
Year 2 – 3 (38 SCH)	17,404.00	7,562.00	3,800.00	2,360.40	31,126.40	1,394.22
Year 4 (52 SCH)	23,816.00	10,348.00	5,200.00	3,140.40	42,504.40	1,907.88

NOTE: A fixed international student fee of \$50 is charged to all non-immigrant visa students for each term in which they enroll in the University System. Total tuition and fees includes amounts required to be set aside for financial assistance in accordance with applicable provisions of the Texas Education Code. The set-aside amounts are calculated as follows: from State Mandated Tuition not less than 15% nor more than 20% of each resident student's tuition charge and 3% of each non-resident student's tuition charge is set aside for Texas Public Education Grants (Section 56.033); from Board Designated Tuition no less than 20% charged to resident undergraduate students in excess of \$46 per semester hour (Section 56.011) and no less than 15% charged to resident graduate students in excess of \$46 per semester hour is set aside for financial assistance (Section 56.012). In addition, 15% of Board Designated Tuition charged to non-resident students in excess of \$46 per semester hour is set aside to provide financial assistance for non-resident students.

Set forth below is a table showing the State Mandated Tuition, Board Designated Tuition, Board Authorized Tuition, mandatory fees, and Financial Assistance Set-asides for full-time resident and non-resident students at Health Sciences Center at El Paso.

**Tuition and Fees
Academic Year 2016-2017
Health Sciences Center at El Paso**

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition & Fees	Financial Assistance Set Aside
M.D. Resident Year 1 – 3	\$6,550.00	\$8,466.00	\$0.00	\$2,491.80	\$17,507.80	\$1,891.88
M.D. Resident Year 4	6,550.00	8,466.00	0.00	1,741.80	16,575.80	1,891.88
M.D. Non-Resident Year 1 – 3	19,650.00	8,466.00	0.00	2,491.80	30,607.80	1,498.88
M.D. Non-Resident Year 4	19,650.00	8,466.00	0.00	1,741.80	29,857.80	1,498.88
Nursing						
Undergrad -Resident						
Year 1 (33 SCH)	1,650.00	4,620.00	0.00	907.00	7,177.00	712.80
Year 2 (32 SCH)	1,650.00	4,480.00	0.00	897.00	6,977.00	691.20
Undergrad - Non-Resident						
Year 1 (33 SCH)	15,114.00	4,620.00	0.00	907.00	20,641.00	918.72
Year 2 (32 SCH)	14,656.00	4,480.00	0.00	897.00	20,033.00	890.88
Graduate School of Biomedical Sciences						
Resident Year 1-2 (18 SCH)	900.00	1,656.00	0.00	794.00	3,350.00	259.20
Non-Resident Year 1-2(18 SCH)	8,244.00	1,656.00	0.00	794.00	10,694.00	371.52

NOTE: A fixed international student fee of \$50 is charged to all non-immigrant visa students for each term in which they enroll in the University System. Total tuition and fees includes amounts required to be set aside for financial assistance in accordance with applicable provisions of the Texas Education Code. The set-aside amounts are calculated as follows: from State Mandated Tuition not less than 15% nor more than 20% of each resident student's tuition charge and 3% of each non-resident student's tuition charge is set aside for Texas Public Education Grants (Section 56.033); \$2 for each semester hour for which a doctoral student is enrolled is set aside for the Doctoral Loan Incentive Program (Section 56.095); from Board Designated Tuition no less than 20% charged to resident undergraduate students in excess of \$46 per semester hour is set aside for financial assistance (Section 56.011) and no less than 15% charged to resident graduate students in excess of \$46 per semester hour is set aside for financial assistance (Section 56.012). Of the set-aside from Board Designated Tuition for resident undergraduate students, 5% charged to resident undergraduate students in excess of \$46 per semester hour is deposited in the State Treasury into the Texas B-On-Time Loan Program (Section 56.465). In addition, 15% of Board Designated Tuition charged to non-resident students in excess of \$46 per semester hour is set aside to provide financial assistance for non-resident students.

Gifts, Grants, and Contracts. The Participants receive federal, state, and local grants and contracts for research which incorporate an overhead component for use in defraying operating expenses. This overhead component is treated as unrestricted current funds revenues while the balance of the grant or contract is treated as restricted current funds revenues. Indirect cost recovery rates used in calculating the overhead component are negotiated periodically with the United States Department of Health and Human Services.

Investment and Endowment Income. Investment and endowment income is received on both a restricted and unrestricted basis. In the legislative session that ended May 31, 1999, the State Legislature passed, and the Governor signed into law, House Bill 1945 (“HB 1945”) (codified as Chapter 63 of the Texas Education Code), which creates two separate endowment funds that benefit the Health Sciences Center: a permanent health fund for higher education (the “Permanent Health Fund”) that benefits health related institutions of higher education and separate permanent endowment funds specifically for the Health Sciences Center and the Health Sciences Center at El Paso (the “Permanent Endowment Funds”). The Permanent Health Fund is established for the benefit of health-related institutions of higher education, including the Health Sciences Center and the Health Sciences Center at El Paso. On August 30, 1999, the effective date of HB 1945, the Comptroller transferred \$350,000,000 to the Permanent Health Fund. Distributions from the Permanent Health Fund may only be appropriated for programs that benefit medical research, health education, or treatment programs. The Board of Regents of The University of Texas System administers the Permanent Health Fund and is required to determine the amounts available for distribution from the Permanent Health Fund. Distributions are made by the Comptroller on a quarterly basis to each of the institutions based on a formula set out in HB 1945. A Permanent Endowment Fund is established for the exclusive benefit of the health-related institutions of higher education identified in Subchapter B of Chapter 63,

Education Code, including the Health Sciences Center and the Health Sciences Center at El Paso. On August 30, 1999, the Comptroller transferred \$25,000,000 to the Permanent Endowment Fund established for the benefit of the Health Sciences Center and \$25,000,000 to the Permanent Endowment Fund established for the benefit of the Health Sciences Center at El Paso. The Permanent Endowment Funds is managed by the Board unless the Board elects to have the Comptroller administer the funds. The Permanent Endowment Funds are to be invested in a manner that preserves the purchasing power of the fund's assets and the fund's annual distributions. Annual distributions from the Permanent Endowment Funds may only be appropriated for research and other programs that are conducted by the institution for which the fund is established and that benefit the public health.

Operating Revenues. Collection of non-pledged fees and sales of goods and services were collected for the first time in 2004. These revenues are included as pledgeable revenues, see "SECURITY FOR THE BONDS-Pledge Under Master Resolution."

Sales and Services. Other educational activities and auxiliary enterprises generate revenue from sales and services which is unrestricted.

Other Interest Income. Each Participant generates interest from the investment of cash pursuant to investment policies adopted by the Board in accordance with State law. See "Investment Policies and Procedures and Endowments" below.

Other Sources. All miscellaneous revenues including rents, fees, fines, sales, and other receipts not categorized above have been grouped together as "other sources."

Investment Policies and Procedures and Endowments.

Management of Investments. The Board is responsible for the investment of the University System funds held outside the State Treasury and has provided for centralized investment management through the Office of the Vice Chancellor and Chief Financial Officer for the University System. Investments are managed both internally, by the Associate Vice Chancellor and Chief Investment Officer (CIO) and Assistant Vice Chancellor - Treasury (Treasurer) pursuant to authority given by the Board, and externally by unaffiliated investment managers.

The Board has a standing Finance and Administration Committee (the "Finance Committee") that, among other responsibilities, oversees various investment functions of the University System. The Board additionally provides for the appointment of an advisory committee (the "Investment Advisory Committee") which currently consists of three members appointed by the Board, a member appointed by the Board of the Texas Tech Foundation, Inc. (the "Foundation Board"), and five persons appointed, after consultation with the Board and the Foundation Board, by the Chancellor, who have no financial interest in any organization providing investment services to the University System and serve four-year staggered terms. In addition, Board policy also created the Operating Funds Investment Committee, comprised of the CFOs of the University System & each member institution, plus the CIO. The duties of each are as described below.

Securities Lending. The Public Funds Investment Act, Chapter 2256, Texas Government Code, was amended to provide, effective September 1, 2003, that the University System and other Texas state agencies and political subdivisions are permitted, under certain circumstances, to enter into securities lending programs. The Board does not currently intend to commence such a program.

Investment Programs and Policies. To facilitate the investment of the University System funds, the Board has created two separate investment pools designated as the Short/Intermediate Term Investment Fund (the "SITIF") and the Long-Term Investment Fund (the "LTIF"), which are governed overall by Regents' Rules Chapter 09 "Investments, Endowments, and Income Producing Lands" (the "Board Policy"), and individually by the Investment Policy Statement of each pool, codified as Board Policy Statements. Additionally, the University System also has certain funds that are held in the State Treasury and invested by the Comptroller.

The Short/Intermediate Term Investment Fund. The SITIF is a short/intermediate term pooled investment fund created by the Board for the collective investment of institutional funds of the University System. Except for certain eligible endowment funds (and certain eligible institutional funds treated as endowments), all institutional funds of the University System are invested in the SITIF. The SITIF is managed both internally by the Treasurer and externally by unaffiliated investment managers recommended by the Treasurer and approved by the Operating Funds Investment Committee.

The Long-Term Investment Fund. The LTIF is a unitized pooled investment fund created by the Board for the collective investment of certain eligible endowment funds (and certain institutional funds treated as

endowments) of the University System. To qualify for investment in the LTIF, endowment funds must be under the sole control of the Board and must not have donor imposed restrictions that prevent investment in equity securities or corporate debt, or prevent the expenditure of net realized appreciation. Endowment funds not meeting these requirements are invested in the SITIF or, if instructed by the donor, managed and safeguarded in their original form. The LTIF is managed by unaffiliated investment managers selected by the CIO and reviewed by the Investment Advisory Committee.

Set forth below is the market value for each of the funds managed by the Board as of the end of the most recent five Fiscal Years.

**Market Value of Investment Funds
(In Thousands)**

August 31	Short Intermediate Term Fund⁽¹⁾	Long Term Fund	Angelo State & Carr Foundation – Other⁽²⁾	Total Market Value
2012	\$825,254	\$804,688	\$34,248	\$1,664,190
2013	824,934	881,750	33,474	1,740,157
2014	864,880	1,039,391	34,085	1,938,356
2015	1,067,550	1,045,577	42,555	2,155,682
2016	1,186,906	1,028,641	42,128	2,257,675

(1) SITIF balance excludes demand depository accounts.

(2) Angelo State contributes to the University System’s Long Term Fund. “Angelo State & Carr Foundation – Other” represents investments invested outside of the Long Term Fund, which consists primarily of oil, gas and other minerals interests.

Endowments. Although not pledged to the payment of debt obligations, the Board controls or is benefited by endowments consisting of securities and investments, land, and other real estate holdings and mineral rights. Such land, real estate, and mineral rights are valued at their book value as of the date of acquisition of such property. Each component of an endowment is subject to various restrictions as to application and use.

Set forth below is the market value for the University System endowment including funds managed by the Board and funds managed by third-parties as of the end of the most recent five Fiscal Years (as reported to the National Association of College and University Business Officers’ (“NACUBO”) Commonfund Study of Endowments Report).

**Board Managed and Third-Party Managed -
Market Value of Endowments
(in Thousands)**

2013	2014	2015	2015	2016
\$973,083	\$1,179,507	\$1,155,651	\$1,155,651	\$1,150,267

Management of Funds Held in the State Treasury. The Texas Education Code requires that the University System and its member institutions deposit into the State Treasury all funds except those derived from auxiliary enterprises and non-instructional services, agency funds, designated and restricted funds, endowment and other gift funds, and student loan funds retained under Chapter 145 of the Texas Education Code for paying research overhead expenses, and Constitutional College Building Amendment Funds. All such funds held in the State Treasury are administered by the Comptroller. The Comptroller invests money in the State Treasury in authorized investments consistent with applicable law and the Texas State Treasury Investment Policy, dated 1993. The Comptroller pools funds within the State Treasury for investment purposes and allocates investment earnings on pooled funds proportionately among the various State agencies whose funds are so pooled. The Board utilizes the State Treasury primarily as a depository and anticipates that all funds deposited in the State Treasury will be available upon request and will earn interest equal to an allocated share of investment earnings on pooled funds in the State Treasury. As of August 31, 2016, the amount of University System funds held by the State Treasury was \$39,473,626.78.

Insurance. The University System is exposed to various risks of loss related to property, general and employer liability, net income, and personnel. As an agency of the State, the University System and its employees

are covered by various immunities and defenses which limit some of these risks of loss. Remaining exposures are managed by self-insurance arrangements, contractual risk transfers, the purchase of commercial insurance, or a combination of these risk financing techniques. For details, see “Appendix B - TEXAS TECH UNIVERSITY SYSTEM COMBINED ANNUAL FINANCIAL REPORT.”

Retirement Plans. University System employees participate in various retirement plans or programs. For details, see “Appendix B - TEXAS TECH UNIVERSITY SYSTEM COMBINED ANNUAL FINANCIAL REPORT.”

Appendix B

**TEXAS TECH UNIVERSITY SYSTEM
COMBINED ANNUAL FINANCIAL REPORT**

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Appendix C

MANAGEMENT'S DISCUSSION AND ANALYSIS

Texas Tech University System

Unaudited

INTRODUCTION

Formally established by the Texas Legislature in 1999, the Texas Tech University System (the System) is composed of a central administrative unit, the Texas Tech University System Administration (TTUSA), two general academic institutions - Texas Tech University (TTU) and Angelo State University (ASU), and two health-related institutions - Texas Tech University Health Sciences Center (TTUHSC) and Texas Tech University Health Sciences Center at El Paso (TTUHSC at El Paso). The System is governed by a nine-member Board of Regents appointed by the Governor of Texas. Members of the board serve six-year, staggered terms with the exception of a non-voting student Regent who is appointed by the Governor to serve a one-year term. The Chancellor is the chief executive officer of the System and is appointed by and reports directly to the Board of Regents. The Chancellor and his staff are supported by the administrative agency, the Texas Tech University System Administration.

The System has emerged as a nationally acclaimed higher education system with one of the largest contiguous campuses in the United States. Headquartered in Lubbock, Texas, the System operates on more than 12 campuses and academic sites throughout the State of Texas and internationally. The System has locations statewide in Abilene, Amarillo, Dallas, McKinney, El Paso, Fredericksburg, Highland Lakes, Junction, Lubbock, Midland, Odessa, San Angelo and Waco. Internationally, the System has a location in Seville, Spain.

TTU, based in Lubbock, Texas, was created by legislative action in 1923 and has the distinction of being the largest comprehensive higher education institution in the western two-thirds of the state of Texas. Over 36,000 students enroll annually, coming from 50 states and more than 100 foreign countries. These students choose from approximately 106 undergraduate, 103 master, and 54 doctoral degree programs among ten colleges and two graduate and professional schools. In its 2015 classification update, the Carnegie Classification of Institutions of Higher Education officially announced the inclusion of TTU into the highest research activity tier. TTU was one of 115 doctorate-granting universities to obtain the classification in 2015. This was also the first time TTU was considered a tier one research university.

The TTU School of Medicine was created by the 61st Texas Legislature in May, 1969 as a multi-campus institution with Lubbock as the administrative center, and with regional campuses at Amarillo, El Paso, Midland and Odessa. In 1979, the charter was expanded to become the Texas Tech University Health Sciences Center (TTUHSC), leading the way for establishment of the School of Nursing, School of Health Professions, and the Graduate School of Biomedical Sciences. In 1993, the legislature authorized the establishment of a School of Pharmacy to be located in Amarillo. In addition, Health Professions programs were expanded to Amarillo and the Permian Basin. In 2003, the legislature authorized the establishment of a four-year medical school in El Paso, and in 2011, the Gayle Greve Hunt School of Nursing was established, also located in El Paso. TTUHSC, with an enrollment of approximately 4,600 students, also has academic centers in Dallas and Abilene.

ASU, based in San Angelo, Texas was established in 1928 as San Angelo College. In 1965 new legislation was passed to create Angelo State College, and in 1969 the name of the institution changed to Angelo State University. ASU's campus covers more than 268 acres and enrolls more than 9,000 students from 48 states and 29 countries. When the Texas Legislature (80th Regular Session) passed H.B. 3564 and pursuant to the statute, the governance, control, management and property of ASU was transferred from the Texas State University System to the Texas Tech University System, effective September 1, 2007.

TTUHSC at El Paso was established as the fourth component institution of the System pursuant to legislation signed by Governor Rick Perry on May 18, 2013 and enrolls more than 600 students. From its establishment in 1973 until its designation as a separate component institution, TTUHSC at El Paso operated as a regional campus under TTUHSC. Since 1973, the TTUHSC at El Paso campus has grown significantly to serve the El Paso community through education, research and patient care. Programs include the Paul L. Foster School of Medicine, the Gayle Greve Hunt School of Nursing and the Graduate School of Biomedical Sciences, where students receive a comprehensive, practical education preparing them for the health care field. El Paso, the fourth most populous city in the state of Texas and nineteenth in the United States, is a medical hub of West Texas and Southern New Mexico. The region has been federally designated as a medically underserved area.

The statements as presented are for the combined System. The report also includes the Texas Tech Foundation, Inc., the Texas Tech Physician's Associates, the Angelo State University Foundation, Inc., and the National Wind Resource Center (dissolved August 31, 2014) as blended component units. The Robert G. Karr and Nona K. Carr Scholarship Foundation financials are included at the end of the System Combined Annual Financial Report as a separate discretely presented component unit of the System. The purpose of this foundation is to provide academic scholarships to the students of Angelo State University.

The total student enrollment across all components is more than 51,000 students, and the System employs more than 17,000 faculty and staff. The annual combined budget of the System totals approximately \$2 billion; approximately \$574 million of these funds are appropriated by the Texas Legislature.

The System is committed to providing the highest quality and most efficient resources and services to its components. Throughout all institutions and centers, the System strives to enhance student success, strengthen academic quality, expand research, and promote community outreach.

OVERVIEW OF THE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

The objective of Management's Discussion and Analysis (MD&A) is to provide an overview of the financial position and activities of the System for the year ended August 31, 2016, with selected comparative information for the years ended August 31, 2015 and 2014. The MD&A was prepared by management and should be read in conjunction with the accompanying financial statements and notes. The emphasis of discussion about these financial statements will focus on the current year data. Unless otherwise indicated, years in this MD&A refer to the fiscal years ended August 31. The System's combined financial report includes three primary financial statements: the statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows. The financial statements of the System have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

FINANCIAL HIGHLIGHTS

- In 2016, net investment income, excluding the change in fair value of investments, increased \$24.0 million, from \$56.6 million in 2015 to \$80.6 million in 2016. The net decrease in fair value of investments was \$27.3 million in 2016, as compared to a net decrease of \$59.3 million in 2015, a year-over-year improvement of \$32.0 million due to more favorable market conditions in fiscal year 2016.
- The net pension liability increased \$24.6 million to \$186.6 million for 2016 related to pension retirement costs for current and former employees.
- Net patient care revenues, which consists of net sales and services of hospitals and net professional fees, increased \$7.8 million in 2016, or 3.0%. This was a result of increases in patient volumes and rates.
- Investments in capital asset additions were \$156.9 million in 2016, of which \$43.6 million consisted of new projects under construction. Major capital projects completed in 2016 include:
 - ❖ Bayer Plant Science Building at Texas Tech University, \$13.2 million;
 - ❖ Maddox Engineering Research Center at Texas Tech University, \$29.9 million
- Revenue bonds payable represents the largest portion of the System's liabilities. The par value of revenue bonds payable decreased \$38.1 million for bonds matured to \$558.1 million at August 31, 2016. The portion of revenue bonds payable representing unamortized bond premium decreased \$9.3 million of which \$6.1 million was a restatement to beginning of fiscal year 2016 net position due to a change in the premium amortization method. There were no bond issuances in 2016. All bonds, which relate to financing of current and prior years' construction needs, continue to reflect high uninsured "Aa1", "AA" and "AA+" credit ratings from the three major bond-rating agencies.

Statement of Net Position

The statement of net position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the System as of the end of the fiscal year. This is a point-in-time financial presentation of the financial status as of August 31, 2016, with comparative information for the previous years. The statement of net position presents information in current and non-current format for both assets

and liabilities. The net position section presents assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources. Over time, increases or decreases in net position are one indicator of the improvement or decline of the System's financial health when considered with nonfinancial factors such as enrollment, patient levels, and the condition of facilities. A summarized comparison of the System's statement of net position at August 31, 2016, 2015 and 2014 follows:

Table 1 - Condensed Statement of Net Position (Amounts in Millions)

	2016	2015	2014
Assets			
Current Assets	\$ 756.4	\$ 634.7	\$ 686.1
Capital Assets, Net	1,499.2	1,467.2	1,456.8
Other Non-Current Assets	1,928.5	1,853.5	1,732.3
Total Assets	<u>4,184.1</u>	<u>3,955.4</u>	<u>3,875.2</u>
Deferred Outflows of Resources	38.0	27.4	15.4
Total Assets and Deferred Outflows of Resources	<u>\$ 4,222.1</u>	<u>\$ 3,982.8</u>	<u>\$ 3,890.6</u>
Liabilities			
Current Liabilities	\$ 491.6	\$ 416.2	\$ 499.9
Non-Current Liabilities	770.5	791.0	704.9
Total Liabilities	<u>1,262.1</u>	<u>1,207.2</u>	<u>1,204.8</u>
Deferred Inflows of Resources	32.0	49.5	0.0
Total Liabilities and Deferred Inflows of Resources	<u>\$ 1,294.1</u>	<u>\$ 1,256.7</u>	<u>\$ 1,204.8</u>
Net Position			
Net Invested in Capital Assets	\$ 900.7	\$ 850.6	\$ 876.8
Restricted - Nonexpendable	670.4	648.0	627.5
Restricted - Expendable	502.2	458.1	493.3
Unrestricted	854.7	769.4	688.2
Total Net Position	<u>\$ 2,928.0</u>	<u>\$ 2,726.1</u>	<u>\$ 2,685.8</u>

Assets and Deferred Outflows of Resources (Table 1)

The System's assets and deferred outflows of resources primarily consist of current assets, net capital assets, other non-current assets, and pension related deferred outflows. Assets and deferred outflows increased by \$239.3 million, or 6.0%, in 2016 primarily due to increases in cash and cash equivalents, balances in state appropriations, gift receivables, net capital assets and investments.

Current Assets

Current assets consist primarily of cash and cash equivalents, balances in state appropriations, various student, patient, federal, gift, contract and other receivables, prepaid items and loans receivable. The System's current assets increased \$121.7 million, or 19.2%, in 2016 primarily as a result of an increase of \$62.1 million, or 20.7%, in cash and cash equivalents, an increase of \$30.0 million, or 25.6%, in balances in state appropriations, and an increase of \$12.6 million, or 60.2%, in the current portion of gift receivables.

Net Capital Assets

The development and renewal of the System's capital assets is one of the critical factors in continuing the System's quality academic, health and research programs. The System continues to upgrade its facilities and address planned growth in patient care and student enrollment. Capital assets less accumulated depreciation and amortization increased in 2016 by \$32.0 million, or 2.2%. Capital additions in 2016 totaled \$156.9 million, of which \$43.6 million consisted of new projects under construction. These capital additions were comprised of replacement, renovation, and new construction of academic, research and health care facilities, as well as significant investments in equipment and software.

Other Non-Current Assets

Other non-current assets consist primarily of non-current cash and cash equivalents, investments, loans and contracts receivables, and gifts receivable. Other non-current assets increased in 2016 by \$74.7 million, or

4.0%, attributable to a decrease of \$16.9 million, or -40.7%, in cash and cash equivalents, an increase of \$56.0 million, or 3.2%, in investments, and an increase of \$32.0 million, or 65.2%, in the non-current portion of gift receivables.

Deferred Outflows of Resources

Deferred outflows of resources consist of pension related outflows. The pension related deferred outflows were new in 2015 as a result of implementing new pension related GASB statements. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions. Employer contributions subsequent to the measurement date of the net pension liability are also required to be reported as pension related deferred outflows of resources. As a result, pension related deferred outflows of resources increased \$10.6 million, or 38.9%, in 2016 to \$38.0 million from \$27.4 million in 2015.

Liabilities and Deferred Inflows of Resources (Table 1)

The System's liabilities and deferred inflows of resources primarily consist of current liabilities, bonds payable, net pension liability, and deferred inflows of resources. Liabilities and deferred inflows of resources increased \$37.4 million, or 3.0%, primarily due to increases in current accounts and payroll payables, unearned revenue, commercial paper notes payable, other current liabilities, and net pension liability with offsetting decreases in bonds payable and deferred inflows of resources.

Current Liabilities

Current liabilities consist primarily of accounts payable, payroll payable, unearned revenues, current portion of employee compensable leave, commercial paper notes payable, the current portion of bonds payable, funds held for others and other liabilities. The System's current liabilities increased \$75.4 million, or 18.1%, in 2016 primarily due to an increase of \$17.7 million, or 15.3%, in accounts and payroll payables, an increase of \$9.7 million, or 4.8%, in unearned revenue, an increase of \$29.6 million, or 131.7%, in commercial paper notes payable, and an increase of \$14.6 million, or 318.5%, in other current liabilities. Commercial paper notes payable are issued periodically to provide interim financing for capital improvements and to finance the acquisition of capital equipment. The System typically refunds a portion of these outstanding notes through the issuance of long-term debt to provide permanent financing for projects. See Note 16 to the combined financial statements for further information on subsequent bond issuances in fiscal year 2017. The increase in other current liabilities was related to expected repayments at the HSCs as a result of U.S. Department of Health and Human Services audits of physician supplemental payments.

Non-Current Liabilities

Non-current liabilities consist primarily of the non-current portion of revenue bonds payable, claims and judgments, employees' compensable leave, and the net pension liability. Non-current liabilities had an overall decrease of \$20.4 million, or -2.5%, primarily due to an increase of \$24.4 million, or 15.2%, in net pension liability and a decrease of \$49.8 million, or -8.5%, in revenue bonds payable.

Deferred Inflows of Resources

Deferred inflows of resources consist of certain changes in the net pension liability. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions. The System recorded pension related deferred inflows of \$32.0 million for 2016 compared to \$49.5 million for 2015 which resulted in a decrease of \$17.5 million, or -35.4%, in 2016.

Net Position (Table 1)

Net position represents the residual interest in the System's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. Net position increased by \$195.8 million in 2016 due to current year activity. Additionally, beginning net position for 2016 was increased by \$6.1 million due to a change in the accounting method used for amortizing bond premiums.

Net Invested in Capital Assets

Net invested in capital assets represents the System's capital and intangible assets, net of accumulated depreciation and amortization and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets. The \$50.1 million increase, or 5.9%, in net invested in capital assets in 2016 resulted from an increase in net capital assets and reductions in debt.

Restricted Nonexpendable Net Position

Restricted nonexpendable net position is comprised of the System's donor-restricted permanent endowment funds excluding net appreciation on donor restricted endowments which is reported in restricted expendable net position. Donor restricted endowments are subject to externally imposed restrictions governing their use. As of August 31, 2016 and 2015, restricted nonexpendable net position was \$670.4 million and \$648.0 million, respectively. Restricted nonexpendable net position increased by \$22.4 million, or 3.5%, in 2016 due to additions to endowments and more favorable returns on investments.

Restricted Expendable Net Position

Restricted expendable net position is comprised of assets whose use by the System is subject to externally imposed stipulations that can be fulfilled by actions of the System pursuant to those stipulations, or that expire by the passage of time. In 2016, restricted expendable net position increased by \$44.1 million, or 9.6%, mainly due to an increase of \$17.4 million, or 38.0%, in state HEAF appropriation balances and an increase of other restricted balances of \$25.7 million, or 7.3%.

Unrestricted Net Position

Although unrestricted net position is not subject to externally imposed stipulations, substantially all of the System's unrestricted net position has been committed for various future operating budgets related to academic, patient, and research program initiatives, as well as capital projects. Unrestricted net position of \$854.7 million also includes funds functioning as endowments of \$166.1 million.

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position details the changes in total net position as presented on the statement of net position. The statement presents both operating and nonoperating revenues and expenses for the System. The following table summarizes the System's revenues, expenses and changes in net position for the years ended August 31, 2016, 2015 and 2014:

Table 2 - Condensed Statement of Revenues, Expenses and Changes in Net Position (Amounts in Millions)

	2016	2015	2014
Operating Revenues	\$ 1,239.4	\$ 1,145.4	\$ 1,083.9
Operating Expenses	<u>(1,785.2)</u>	<u>(1,668.5)</u>	<u>(1,586.1)</u>
Operating Income (Loss)	(545.8)	(523.1)	(502.2)
Nonoperating Revenues (Expenses)	<u>649.4</u>	<u>521.8</u>	<u>672.5</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	103.6	(1.3)	170.3
Other Revenues, Expenses, Gains, Losses and Transfers	<u>92.2</u>	<u>41.7</u>	<u>79.2</u>
Total Change in Net Position	<u>195.8</u>	<u>40.4</u>	<u>249.5</u>
Beginning Net Position (September 1)	2,726.1	2,685.8	2,603.7
Restatements	<u>6.1</u>	<u>(0.1)</u>	<u>(167.4)</u>
Restated Beginning Net Position (September 1)	<u>2,732.2</u>	<u>2,685.7</u>	<u>2,436.3</u>
Ending Net Position (August 31)	<u>\$ 2,928.0</u>	<u>\$ 2,726.1</u>	<u>\$ 2,685.8</u>

Operating Revenues (Table 2)

Operating revenues totaled \$1.2 billion for the fiscal year ended August 31, 2016, an increase of \$94.0 million, or 8.2%, over 2015. The System's primary sources of operating revenues come from net tuition and fees, grants and contracts, net sales and services, net professional fees, and net auxiliary enterprises.

Net Tuition and Fees

Net tuition and fees, a primary source of funding for the System's academic programs, representing 32.6% of operating revenues, are reflected net of associated discounts and allowances. Net tuition and fees increased \$23.8 million, or 6.3%, in 2016, primarily as a result of an overall combined System enrollment increase in 2016 of

4.0% and moderate increases in rates.

Grants and Contracts

Grants and contracts revenues, representing 28.7% of operating revenues, are primarily from governmental and private sources and are related to research programs that normally provide for the recovery of direct and indirect costs. Governmental sponsored programs include grants from the federal government such as the U.S. Department of Health and Human Services. Grants and contracts revenues include student financial aid and contracts with affiliated hospitals for clinical activities. These revenues increased \$55.0 million, or 18.3%, in 2016 mainly due to an increase in Texas Research Incentive Program funds of \$27.0 million received from the Texas Higher Education Coordinating Board which awards matching funds based on how much an institution raises in private gifts and endowments to enhance research activities. There was also an increase of \$23.4 million in nongovernmental grants and contracts mainly due to funding for the Network Access Improvement Program at the HSCs.

Net Patient Care Revenues

Net patient care revenues, which consist of net sales and services of hospitals and net professional fees, are principally generated within the System's hospitals and physicians' practice plans under contractual arrangements with governmental payors and private insurers. These revenues, which represent 21.7% of operating revenues, are reported net of contractual allowances, bad debt expense, and unreimbursed charges for financially or medically indigent patients. Net patient care revenues increased \$7.8 million, or 3.0%, in 2016, as a result of increases in patient volumes and rates.

Net Auxiliary Enterprises

Net auxiliary enterprise revenues, representing 13.3% of operating revenues, were earned from a host of activities such as athletics, housing and food service, bookstores, parking, student health and other activities. These revenues increased \$4.9 million, or 3.0%, in 2016 due to increased athletic, housing and food service revenues.

Operating Expenses (Table 3)

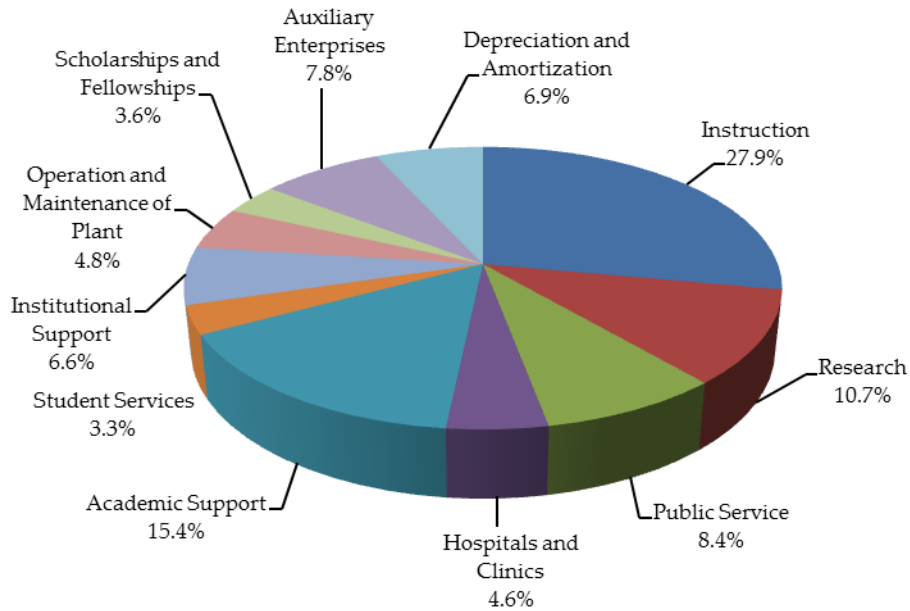
Operating expenses totaled \$1.7 billion for the fiscal year ended August 31, 2016, an increase of \$116.7 million, or 7.0%, over 2015. The following data summarizes the composition of operating expenses by functional classification for the years ended August 31, 2016, 2015 and 2014:

Table 3 - Operating Expenses by Functional Classification (Amounts in Millions)

	2016	2015	2014
Instruction	\$ 497.7	\$ 470.9	\$ 450.7
Research	191.8	186.9	184.0
Public Service	150.0	140.7	132.5
Hospitals and Clinics	83.0	75.3	69.1
Academic Support	275.8	218.7	213.0
Student Services	58.3	55.2	51.9
Institutional Support	117.7	121.8	101.4
Operations and Maintenance of Plant	86.4	80.7	78.6
Scholarships and Fellowships	63.2	57.3	53.5
Auxiliary Enterprises	138.8	132.2	125.8
Depreciation and Amortization	122.5	128.8	125.6
Total Operating Expenses	\$ 1,785.2	\$ 1,668.5	\$ 1,586.1

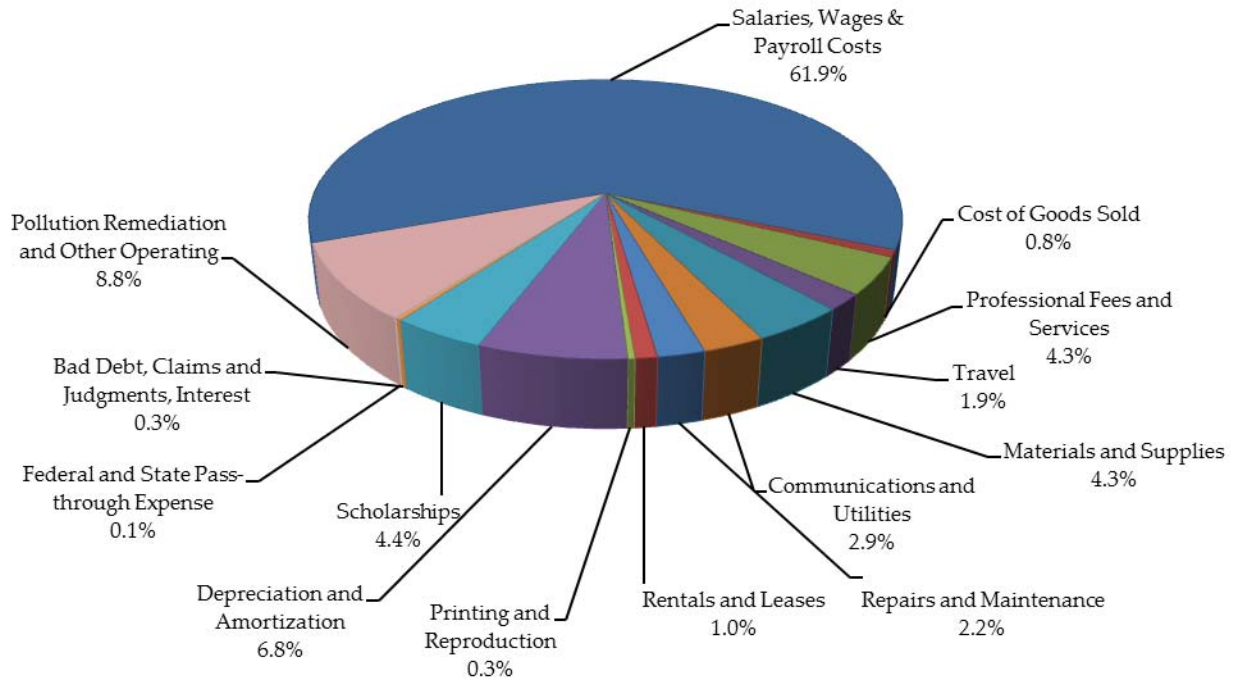
The operating expenses reflect the System's commitment to promoting instruction, research, patient care, public service and student support. Total operating expenses increased \$116.7 million, or 7.0%, in 2016 in response to the growing cost of providing support for the institution's primary missions of instruction, research, public service and patient care activities. The following is a graphic illustration of operating expenses by functional classification for the year ended August 31, 2016.

Functional Classification of Operating Expenses (\$1.7 Billion)



In addition to functional classification of operating expenses, the following graph also illustrates the System's operating expenses by natural classification for the year ended August 31, 2016.

Natural Classification of Operating Expenses (\$1.7 Billion)



Nonoperating Revenues and Expenses (Table 2)

Certain significant recurring revenues are considered nonoperating. The System's primary sources of nonoperating revenues and expenses come from legislative revenue, nonoperating grants and contract revenues, private gifts, investment income (loss) excluding the change in fair value of investments, net increase (decrease) in fair value of

investments, and interest expense on capital asset financing.

Legislative Revenue

Legislative revenue comprised of General Revenue state appropriations and state paid benefits for group health insurance, OASI, retirement contributions (TRS) and the optional retirement program, increased \$34.5 million, or 8.1%, between 2015 and 2016 as a result of increased higher education appropriations and funding for the cost of employee group health insurance from the 84th Legislature for the 2016-2017 biennium.

Private Gifts

Private gifts of \$102.2 million increased \$34.6 million, or 51.2%, from 2015 primarily due to a donor gift pledge of \$25.0 million to fund a school of dentistry at the Health Sciences Center at El Paso.

Investment Income (Expense) Excluding the Change in Fair Value of Investments

Investment income (expense), excluding the change in the fair value of investments, increased \$24.0 million from \$56.6 million in 2015 to \$80.6 million in 2016 primarily due to an increase in both investment pools and a decrease in realized losses in 2016 compared to 2015.

Net Increase (Decrease) in Fair Value of Investments

The change in the fair value of the System's investments in 2016 was a decrease of \$27.3 million as compared to a decrease of \$59.3 million in 2015, a year-over-year improvement of \$32 million, primarily as a result of more favorable market conditions in 2016.

Interest Expense on Capital Asset Financing

Finally, interest expense on capital asset financing decreased from \$24.8 million in 2015 to \$17.7 million in 2016. The prior year interest expense on capital asset financing included a \$7.0 million gain on refunding from the bond issuance and no new debt was issued in 2016.

Other Revenues, Expenses, Gains, Losses and Transfers (Table 2)

Other revenues, expenses, gains, losses and transfers is primarily comprised of capital appropriations (HEAF), contributions to permanent and term endowments, capital contributions and transfers to and from other state agencies.

Capital Appropriations, Capital Contributions, and Additions to Permanent and Term Endowments

Capital appropriations, capital contributions and additions to permanent endowments totaled \$82.6 million for the year ended August 31, 2016, an increase of \$22.2 million, or 36.8%, from 2015. This increase was primarily due to an increase in Higher Education Assistance Funds and a major gift received in 2016. Additions to permanent and term endowments fluctuate from year to year depending on the generosity of donors. The System continues its fundraising efforts to address facilities expansion and renovation, and the establishment of endowments for instruction, research and patient care activities.

Net Transfers to/from Other State Agencies

Net transfers to/from other State agencies totaled \$9.7 million net transfer in for the year ended August 31, 2016, an increase of \$27.5 million over 2015. The transfers in 2015 include an \$18.2 million transfer out to the Texas State University System (TSUS) to refund debt on behalf of Angelo State University. This bonded indebtedness for ASU was issued through the TSUS prior to the transfer of governance of ASU to the TTU System. Also, in 2016, System institutions were no longer required to transfer out required tuition set asides for certain programs and received new funding related to the Hazelwood Legacy Program.

Revenue Diversity and Revenue Growth

The System financial officers review revenue diversity as part of their assessment of the overall financial health of the System. A diverse stream of revenues creates a stable foundation of not being too dependent on one particular source. Revenues from operating, non-operating, and other revenues, expenses and transfers of the Statement of Revenues, Expenses, and Changes in Net Position are grouped by tuition and auxiliary revenue, government appropriations revenue, grants and contracts revenue, patient care revenue, gifts revenue, investment income revenue, and other revenue. The table below summarizes the revenues, revenue diversity, and the annual change in revenues percentage from Fiscal Years 2014 through 2016.

Revenue Diversity and Annual Revenue Growth (Amounts in Thousands)

	% of			% of			% of			% Chg
	2014	Total	% Chg	2015	Total	% Chg	2016	Total	% Chg	from 2014 to 2016
Tuition and Auxiliaries	\$ 510,630	28%	2.1%	\$ 562,023	32%	10.1%	\$ 590,222	30%	5.0%	15.6%
Government Appropriations	466,860	26%	16.7%	469,009	27%	0.5%	515,014	26%	9.8%	10.3%
Grants and Contracts	347,152	19%	9.6%	346,389	20%	-0.2%	400,650	20%	15.7%	15.4%
Patient Care Revenue	244,555	13%	6.0%	254,662	15%	4.1%	262,154	13%	2.9%	7.2%
Gifts	59,762	3%	3.3%	67,454	4%	12.9%	102,180	5%	51.5%	71.0%
Investment Income	161,738	9%	79.7%	(2,690)	0%	-101.7%	53,320	3%	2082%	-67.0%
Other Revenue	31,575	2%	18.5%	39,681	2%	25.7%	38,942	2%	-1.9%	23.3%
Total Revenues	\$ 1,822,271		12.3%	\$ 1,736,527		-4.7%	\$ 1,962,483		13.0%	7.7%

The System has consistently increased revenues year over year aside from the volatility of the investment markets reflected in investment income. The overall revenue growth from 2014 to 2016 has been momentous at 7.7%. This is mainly attributable to the overall growth of the System bolstered by solid support from legislators, grantors, and donors. Tuition and auxiliary revenues remains the key source of revenue at 30% in fiscal year 2016. However, the System's dependency on tuition and auxiliary revenues has lessened with progression in government appropriations and grants and contracts revenues following closely behind at 26% and 20% of total revenues, respectively. This is a reflection of the System's strong brand within the communities the System serves beyond general academia with patient care, various public service offerings, and innovative research initiatives.

Change in Net Position (Table 2)

The change in net position results from all revenues, expenses, gains, losses, and transfers that occurred during the accounting period. It is an overall indication of the improvement or decline between the prior and current year's statement of net position. Net position increased in 2016 by \$195.8 million due to current year activity as compared to an increase of \$40.3 million in 2015, primarily due to less favorable market conditions in 2015. Net investment income, excluding the change in fair value of investments, increased \$24.0 million in 2016, from \$56.6 million to \$80.6 million. The net decrease in fair value of investments was \$27.3 million in 2016, as compared to a net decrease of \$59.3 million in 2015, year-over-year improvement of \$32.0 million. Due to the implementation of the new GASB pension statements, the cumulative effect of applying GASB Statements 68 and 71 was reported as a restatement of unrestricted beginning net position for 2015, causing a decrease of \$183.5 million. Additionally, there were restatements of \$23.2 million to beginning net position for 2015 due to inclusion of the ASU Foundation, Inc. as a blended component unit and a prior year error in capital asset reporting. Beginning net position was restated in 2016 for a change in premium amortization which resulted in an increase of \$6.1 million.

Statement of Cash Flows

The statement of cash flows provides additional information about financial results by reporting the major sources and uses of cash. The statement provides an assessment of the System's financial flexibility and liquidity to meet obligations as they come due and the need for external financing. The following table summarizes the System's statement of cash flows for the years ended August 31, 2016, 2015 and 2014:

Table 4 - Condensed Statement of Cash Flows (Amounts in Millions)

	2016	2015	2014
Cash Provided/(Used) By:			
Operating Activities	\$ (393.8)	\$ (398.7)	\$ (363.1)
Noncapital Financing Activities	586.1	573.0	559.9
Capital and Related Financing Activities	(143.4)	(104.3)	(115.7)
Investing Activities	(3.7)	(141.1)	(178.7)
Total Net Cash Flows	<u>\$ 45.2</u>	<u>\$ (71.1)</u>	<u>\$ (97.6)</u>
Beginning Cash and Cash Equivalents - September 1	\$ 341.3	\$ 412.4	\$ 510.0
Ending Cash and Cash Equivalents - August 31	<u>\$ 386.5</u>	<u>\$ 341.3</u>	<u>\$ 412.4</u>

There are five sections to the statement of cash flows. The first section reflects the cash flows from operating activities and net cash used by operating activities. The second section represents the cash flows from the noncapital financing activities. This reflects the cash received and spent on nonoperating, noninvesting, and noncapital financing purposes. The third section reflects the cash flow from capital and related financing activities. Section four details cash flows from investing activities. The fifth section reconciles net cash used by operating activities to the operating income or loss reflected on the statement of revenues, expenses, and changes in net position.

Net cash used by operating activities should be viewed in conjunction with net cash provided by noncapital financing activities. State appropriations and gift contributions for operations are significant sources of recurring revenues in support of operating expenses, but are required to be classified as noncapital financing activities per GASB statements 34 and 35.

Net cash used by capital and related financing activities reflects a continuing commitment to expand and renovate facilities and to invest in equipment. Net cash used by investing activities shows purchases of investments exceeded receipts from sales and maturities of investments and proceeds from interest and investment income. The unrealized gains (losses) from the increase (decrease) in the fair value of investments is a noncash transaction for valuation purposes only and does not affect cash flows from investing activities.

Capital Assets and Debt Administration

The System is committed to improving the quality of its academic, research and service programs through the development and renewal of its capital assets. The System continues to implement a long-range plan to modernize its older teaching and research facilities along with new construction.

Capital additions totaled \$156.9 million in 2016. The amount of fiscal year 2016 additions is based on capitalization thresholds of \$5,000 for furniture and equipment, \$100,000 for building, building improvements and facilities and other improvements and \$500,000 for infrastructure. Land, works of art and historical treasures are capitalized regardless of cost or value.

Intangible assets include computer software, land use rights and patents and trademarks. Land use rights are capitalized if the cost meets or exceeds \$100,000. Purchased computer software is capitalized if the aggregate cost of the purchase meets or exceeds \$100,000. Internally generated software has a capitalization threshold of \$1,000,000 and other intangible capital assets must be capitalized if the cost meets or exceeds \$100,000.

The System understands the importance of prudent fiduciary responsibility and works to manage its resources effectively, including prudent use of debt to finance capital projects. The system takes a conservative approach to debt financing, issuing only as necessary and structuring repayment by each individual project's projected revenue stream. The System has only issued fixed rate long-term tax-exempt/taxable bonds and tax-exempt/taxable commercial paper throughout its history most currently via the Revenue Financing System (RFS) adopted in 1993. The RFS is backed by the System's current year pledged revenues and pledged fund balance. See Pledged Revenues below for more information.

During fiscal year 2016, the System did not issue long-term bonds. Instead, the System utilized short term notes in the form of commercial paper as interim and short-term financing. The commercial paper program is backed by the System's short/intermediate term investment fund's (SITIF) Cash Pool and the Short-Term Pool providing a range

of 3 times to 5 times coverage throughout fiscal year 2015. Management has no concern with the existing liquidity structure and does not intend to request additional liquidity facilities in the near future.

With long-term debt rates on the rise, the System plans to issue long-term bonds in January 2017 of about \$331 million in new money par. This will capture the entire newly authorized tuition revenue bond projects approved in the 84th Legislative Session totaling \$247,115,000 and the rest will consist of self-supporting revenue projects. The System will monitor any current outstanding bonds for refunding. Though not in policy, the System favors refunding with at least 2% net present value savings.

The following chart lists projects expected to be financed by the new 2017 bond issuances and the amount of the project total approved for finance:

Project	Approved Financed Amount
System Administration Building	\$27,500,000
TTU Honors Residence Hall	29,900,000
TTU Sports Performance Center	7,000,000
TTU CHACP I Upgrades	6,750,000
ASU Miscellaneous Lease Obligations	7,650,868
ASU College Human & Health Sciences Bldg (local)	5,000,000
Total Non-TRB Projects	\$83,800,868
TTU Experimental Sciences Building II - TRBs	70,000,000
ASU College Human & Health Sciences Bldg - TRBs	21,360,000
HSC Lubbock Campus Expansion - TRBs	60,264,000
HSC Amarillo Simulation Center - TRBs	5,715,000
HSC Permian Basin Academic Facility - TRBs	14,256,000
HSC at El Paso Medical Sciences Building - TRBs	75,520,000
Total TRB Projects	247,115,000
Total Non-TRBs & TRB Projects	\$330,915,868

Pledged Revenues

The System has pooled all of the revenues, with certain exceptions, to secure revenue-supported indebtedness into a system-wide pledge of Parity Obligations under the Master Resolution. The following table summarizes the System's pledged revenues and fund balances for the year ended August 31, 2016 and comparative financial information for 2015 and 2014:

Table 5 - Pledged Revenues and Fund Balances (Amounts in Millions)

	2016	2015	2014
Pledgeable Current Year Revenues	\$ 757.5	\$ 731.3	\$ 723.5
Pledgeable Fund and Reserve Balances	713.9	651.2	574.2
Total Pledged Revenues and Fund Balances	\$ 1,471.4	\$ 1,382.5	\$ 1,297.7

Economic Outlook

Management considers the System to be well positioned to continue to provide quality service to students, patients, and the research community at large. Future successes are largely dependent upon the ability to recruit and retain the highest quality students, faculty, and staff, cost containment, and ongoing financial and political support from state government. Private gift contributions are a significant factor in the growth of academic, research, and patient care units and are an important supplement to the fundamental support provided by the state and through collections from students and patients. Economic pressures affecting donors may also affect the future level of support afforded

to the System from corporate and individual giving. The System will continue to monitor resources to maintain its ability to respond to internal and external issues.

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Appendix D

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The information contained in this section is a summary of certain provisions of the Resolution and is in addition to other information in such document which is summarized elsewhere in this Official Statement under the captions "PLAN OF FINANCE," "DESCRIPTION OF THE BONDS," and "SECURITY FOR THE BONDS." This information is intended as a summary only and is qualified in its entirety by reference to the complete Resolution, copies of which may be obtained from the offices of the Assistant Vice Chancellor, Investments and Assistant Chief Financial Officer of the University System.

Definitions. As used in the Resolution the following terms and expressions have the meanings set forth below, unless the text of the Resolution specifically indicates otherwise:

The term "*Annual Debt Service Requirements*" means, for any Fiscal Year, the principal of and interest on all Parity Obligations coming due at Maturity or Stated Maturity (or that could come due on demand of the owner thereof other than by acceleration or other demand conditioned upon default by the Board on such Debt, or be payable in respect of any required purchase of such Debt by the Board) in such Fiscal Year, and, for such purposes, any one or more of the following rules shall apply at the election of the Board:

(1) **Committed Take Out.** If the Board has entered into a Credit Agreement constituting a binding commitment within normal commercial practice to discharge any of its Funded Debt at its Stated Maturity (or, if due on demand, at any date on which demand may be made) or to purchase any of its Funded Debt at any date on which such Debt is subject to required purchase, all under arrangements whereby the Board's obligation to repay the amounts advanced for such discharge or purchase constitutes Funded Debt, then the portion of the Funded Debt committed to be discharged or purchased shall be excluded from such calculation and the principal of and interest on the Funded Debt incurred for such discharging or purchase that would be due in the Fiscal Year for which the calculation is being made, if incurred at the Stated Maturity or purchase date of the Funded Debt to be discharged or purchased, shall be added;

(2) **Balloon Debt.** If the principal (including the accretion of interest resulting from original issue discount or compounding of interest) of any series or issue of Funded Debt due (or payable in respect of any required purchase of such Funded Debt by the Board) in any Fiscal Year either is equal to at least 25% of the total principal (including the accretion of interest resulting from original issue discount or compounding of interest) of such Funded Debt or exceeds by more than 50% the greatest amount of principal of such series or issue of Funded Debt due in any preceding or succeeding Fiscal Year (such principal due in such Fiscal Year for such series or issue of Funded Debt being referred to herein as "Balloon Debt"), the amount of principal of such Balloon Debt taken into account during any Fiscal Year shall be equal to the debt service calculated using the original principal amount of such Balloon Debt amortized over the Term of Issue on a level debt service basis at an assumed interest rate equal to the rate borne by such Balloon Debt on the date of calculation;

(3) **Consent Sinking Fund.** In the case of Balloon Debt (as defined in clause (2) above), if a Designated Financial Officer shall deliver to the Board an Officer's Certificate providing for the retirement of (and the instrument creating such Balloon Debt shall permit the retirement of), or for the accumulation of a sinking fund for (and the instrument creating such Balloon Debt shall permit the accumulation of a sinking fund for), such Balloon Debt according to a fixed schedule stated in such Officer's Certificate ending on or before the Fiscal Year in which such principal (and premium, if any) is due, then the principal of (and, in the case of retirement, or to the extent provided for by the sinking fund accumulation, the premium, if any, and interest and other debt service charges on) such Balloon Debt shall be computed as if the same were due in accordance with such schedule, provided that this clause (3) shall apply only to Balloon Debt for which the installments previously scheduled have been paid or deposited to the sinking fund established with respect to such Debt on or before the times required by such schedule; and provided further that this clause (3) shall not apply where the Board has elected to apply the rule set forth in clause (2) above;

(4) **Prepaid Debt.** Principal of and interest on Parity Obligations, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal or interest are payable from funds on deposit or set aside in trust for the payment thereof at the time of such calculations (including without limitation capitalized interest and accrued interest so deposited or set aside in trust) with a financial institution acting as fiduciary with respect to the payment of such Debt;

(5) Variable Rate. As to any Parity Obligation that bears interest at a variable interest rate which cannot be ascertained at the time of calculation of the Annual Debt Service Requirement then, at the option of the Board, either (1) an interest rate equal to the average rate borne by such Parity Obligations (or by comparable debt in the event that such Parity Obligations has not been outstanding during the preceding 24 months) for any 24 month period ending within 30 days prior to the date of calculation, or (2) an interest rate equal to the 30-year Tax-Exempt Revenue Bond Index (as most recently published in The Bond Buyer), shall be presumed to apply for all future dates, unless such index is no longer published in The Bond Buyer, in which case an index of tax-exempt revenue bonds with maturities of at least 20 years which is published in a newspaper or journal with national circulation may be used for this purpose. If two series of Parity Obligations which bear interest at variable interest rates, or one or more maturities within a series, of equal par amounts, are issued simultaneously with inverse floating interest rates providing a composite fixed interest rate for such Parity Obligations taken as a whole, such composite fixed rate shall be used in determining the Annual Debt Service Requirement with respect to such Parity Obligations;

(6) Guarantee. In the case of any guarantee, as described in clause (2) of the definition of Debt, no obligation will be counted if the Board does not anticipate in its annual budget that it will make any payments on the guarantee. If, however, the Board is making payments on a guarantee or anticipates doing so in its annual budget, such obligation shall be treated as Parity Obligations and calculations of annual debt service requirements with respect to such guarantee shall be made assuming that the Board will make all additional payments due under the guaranteed obligation. If the entity whose obligation is guaranteed cures all defaults and the Board no longer anticipates making payments under the guarantee, the guaranteed obligations shall not be included in the calculation of Annual Debt Service Requirements;

(7) Commercial Paper. With respect to any Parity Obligations issued in the form of commercial paper with maturities not exceeding 270 days, the interest on such Parity Obligations shall be calculated in the manner provided in clause (5) of this definition and the maturity schedule shall be calculated in the manner provided in clause (2) of this definition; and

(8) Credit Agreement Payments. If the Board has entered into a Credit Agreement in connection with an issue of Debt, payments due under the Credit Agreement (other than payments for fees and expenses), for either the Board or the Credit Provider, shall be included in such calculation, except to the extent that the payments are already taken into account under (1) through (7) above and any payments otherwise included above under (1) through (7) which are to be replaced by payments under a Credit Agreement, from either the Board or the Credit Provider, shall be excluded from such calculation.

With respect to any calculation of historic data, only those payments actually made in the subject period shall be taken into account in making such calculation and, with respect to prospective calculations, only those payments reasonably expected to be made in the subject period shall be taken into account in making the calculation.

The term "Officer's Certificate" means a certificate executed by a Designated Financial Officer.

The term "Annual Direct Obligation" means the amount budgeted each Fiscal Year by the Board with respect to each participant in the Financing System to satisfy said participant's proportion of debt service (calculated based on said participant's Direct Obligation) due by the Board in such Fiscal Year on Outstanding Parity Obligations.

The term "Annual Obligation" means, with respect to each participant in the Financing System and for each Fiscal Year, said participant's Annual Direct Obligation plus the amount budgeted by the Board for such Fiscal Year to allow said participant to retire its obligation for advances made to it by the Board in the management of the Financing System to satisfy part or all of a previous Annual Direct Obligation payment.

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

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

The term "Board" shall mean the Board of Regents of Texas Tech University System.

The term “Board Representative” shall mean the Chancellor of TTUS or the Chief Financial Officer, or such other official of TTUS specifically appointed by the Board as a “Board Representative” to carry out the functions specified herein, each acting independently and not jointly.

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

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

The term “Credit Agreement” means, collectively, a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Parity Obligations, purchase or sale agreements, interest rate swap agreements, currency exchange agreements, interest rate floor or cap agreements, or commitments or other contracts of agreements authorized, recognized and approved by the Board as a Credit Agreement in connection with the authorization, issuance, security, or payment of Parity Obligations and on a parity therewith.

The term “Credit Provider” means any bank, financial institution, insurance company, surety bond provider, or other entity which provides, executes, issues, or otherwise is a party to or provider of a Credit Agreement.

The term “Debt” means all:

(1) indebtedness incurred or assumed by the Board for borrowed money (including indebtedness arising under Credit Agreements) and all other financing obligations of the Board that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet;

(2) all other indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations that is guaranteed, directly or indirectly, in any manner by the Board, or that is in effect guaranteed, directly or indirectly, by the Board through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and

(3) all indebtedness secured by any mortgage, lien, charge, encumbrance, pledge or other security interest upon property owned by the Board whether or not the Board has assumed or become liable for the payment thereof.

For the purpose of determining the "Debt" of the Board, there shall be excluded any particular Debt if, upon or prior to the Maturity thereof, there shall have been deposited with the proper depository (a) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (b) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements prepared by or for the benefit of the Board in prior Fiscal Years.

The term “Designated Financial Officer” shall mean the Vice President for Fiscal Affairs of TTU, the Vice President for Fiscal Affairs of the Health Sciences Center, or such other financial or accounting official of TTU or the Health Sciences Center designated by the Board.

The term “Designated Trust Office” shall have the meaning ascribed to said term in Section 5(b) of the Seventeenth Supplement.

The term “Direct Obligation” means the proportionate share of Outstanding Parity Obligations attributable to and the responsibility of each respective participant in the Revenue Financing System.

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

The term “Escrow Agent” shall mean one or more banking institutions named in each Escrow Agreement and chosen in a manner consistent with the legal requirements set forth in Chapter 1207.

The term “Escrow Agreement” shall mean one or more escrow agreements between the Board and the Escrow Agent, dated as of date of the Bond Purchase Contract, and executed for the benefit of the owners and holders of the Refunded Obligations.

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

The term “Fiscal Year” means the fiscal year of the Board which currently ends on August 31 of each year.

The term “Funded Debt” means all Parity Obligations that mature by their terms (in the absence of the exercise of any earlier right of demand), or are renewable at the option of the Board to a date, more than one year after the original creation, assumption, or guarantee of such Debt by the Board.

The term “Health Sciences Center” means the Texas Tech University Health Sciences Center, together with every other agency or health related institution or branch now or hereafter operated by or under the jurisdiction of the Board acting for and on behalf of the Health Sciences Center pursuant to law.

The term “Government Obligations” means direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, which may be United States Treasury obligations such as its State and Local Government Series, which may be in book-entry form.

The term “Health Sciences Center at El Paso” means the Texas Tech University Health Sciences Center at El Paso.

The terms “Holder” or “Bondholder” or “Owner” means the registered owner of any Parity Obligation registered as to ownership and the holder of any Parity Obligation payable to bearer.

The term “Maturity” when used with respect to any Debt means the date on which the principal of such Debt or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption, or otherwise.

The term “Non-Recourse Debt” means any Debt secured by a lien (other than a lien on Pledged Revenues), liability for which is effectively limited to the property subject to such lien with no recourse, directly or indirectly, to any other property of the Board attributable to the Revenue Financing System; provided, however, that such Debt is being incurred in connection with the acquisition of property only, which property is not, at the time of such occurrence, owned by the Board and being used in the operations of a participant.

The term “Officer’s Certificate” means a certificate executed by a Designated Financial Officer.

The term “Official Statement” shall mean the official statement prepared with respect to the offer and sale of the Bonds as authorized by the Seventeenth Supplement.

The term “Opinion of Counsel” means a written opinion of counsel, which counsel shall be acceptable to the Board.

The term “Outstanding” when used with respect to Parity Obligations means, as of the date of determination; all Parity Obligations theretofore delivered under the Master Resolution and any Supplement, except:

(1) Parity Obligations theretofore cancelled and delivered to the Board or delivered to the paying agent or the registrar for cancellation;

(2) Parity Obligations deemed paid pursuant to the provisions of the Master Resolution or of any Supplement;

(3) Parity Obligations upon transfer of or in exchange for and in lieu of which other Parity Obligations have been authenticated and delivered pursuant to the Master Resolution and any Supplement; and

(4) Parity Obligations under which the obligations of the Board have been released, discharged, or extinguished in accordance with the terms thereof;

provided, however, that, unless the same is acquired for purposes of cancellation, Parity Obligations owned by the Board shall be deemed to be Outstanding as though it was owned by any other owner.

The term “Outstanding Principal Amount” means, with respect to all Parity Obligations or to a series of Parity Obligations, the outstanding and unpaid principal amount of such Parity Obligations paying interest on a current basis and the outstanding and unpaid principal and compounded interest on such Parity Obligations paying accrued, accreted, or compounded interest only at maturity as of any Record Date established by a Registrar in connection with a proposed amendment of the Master Resolution or any Supplement.

The term “Parity Obligations” means all Debt of the Board which may be issued or assumed in accordance with the terms of the Master Resolution and a Supplement, secured by a pledge of the Pledged Revenues subject only to the liens securing Prior Encumbered Obligations.

The terms “Participant in the Financing System” and “Participant” means each of the agencies, institutions and branches of TTU and the Health Sciences Center and such agencies, institutions and branches designated by the Board to be a participant in the Revenue Financing System.

The term “Paving Agent” shall mean each entity designated in a Supplement as the place of payment of a series or issue of Parity Obligations.

The term “Pledged General Fee” means the gross collections of a student use fee to be fixed, charged, and collected pursuant to Section 55.16, Texas Education Code as it existed prior to the effective date of S.B. 1907, from the students (excepting, with respect to each series or issue of Parity Obligations issued prior to such date, any student in a category which, at the time of the adoption of the Supplement relating to such Parity Obligations, was exempt by law from paying fees) regularly enrolled at the institutions and branches thereof now or hereafter constituting a Participant of the Revenue Financing System, respectively, for the general use and availability of the such institutions or branches thereof, respectively, in the manner and amounts, at the times, and to the extent provided in the Master Resolution, and including, subject to the provisions of the Prior Encumbered Obligations, the Prior Encumbered General Fee.

The term “Pledged General Tuition” means all of the aggregate amount of student tuition charges now or hereafter required or authorized by law to be imposed on students enrolled at each and every institution, branch, and school, now or hereafter constituting a Participant of the Revenue Financing System, but specifically excluding and excepting, with respect to each series or issue of Parity Obligations, any student in a category which, at the time of the adoption of the Supplement relating to such Parity Obligations (1) was exempt by law from paying such tuition, (2) the amount of tuition scholarships provided for by law at the time of the adoption of each Supplement, and (3) the Prior Encumbered Tuition Fee; and it is provided by law and hereby represented and covenanted that the aggregate amount of student tuition charges which are now required or authorized by law to be imposed; and which are pledged to the payment of the Parity Obligations, shall never be reduced or abrogated while such obligations are outstanding; it being further covenanted that the aggregate amount of student tuition charges now required or authorized by law to be imposed on students enrolled at each and every institution, branch, and school operated by or under the jurisdiction of the Board are set forth in the Texas Education Code, as amended, to which reference is hereby made for all purposes.

The term “Pledged Practice Plan Funds” means that portion of the Practice Plan Funds of the Health Sciences Center described in a Supplement which may be pledged to the payment of Parity Obligations; provided, however, that any such pledge may be limited in amount and in any manner, extent or duration as provided in such Supplement.

The term “Pledged Revenues” means, subject to the provisions of the Prior Encumbered Obligations, the Revenue Funds, including all of the funds and balances now or hereafter lawfully available to the Board and derived from or attributable to any Participant of the Revenue Financing System which are lawfully available to the Board for payments on Parity Obligations; provided, however, that the following shall not be included in Pledged Revenues unless and to the extent set forth in a Supplement: (a) amounts received by TTU under Article 7, Section 17 of the Constitution of the State of Texas, including the income therefrom and any fund balances relating thereto; (b) amounts received on behalf of the Health Sciences Center under Article 7, Section 17 of the Constitution of the State of Texas, including the income therefrom and any fund balances relating thereto; (c) except to the extent so specifically appropriated; general revenue funds appropriated to the Board by the Legislature of the State of Texas; and (d) Practice Plan Funds of the Health Sciences Center, including the income therefrom and any fund balances relating thereto, to the extent said moneys are included in Pledged Practice Plan Funds.

The term “Pledged Tuition Fee” means, as authorized by Section 55.17, Texas Education Code as it existed prior to the effective date of S.B. 1907, the following specified amounts out of the tuition charges now or hereafter required or permitted by law to be imposed on each tuition paying student enrolled at each and every institution or branch thereof now or hereafter constituting a Participant, and including, subject to the provisions of the Prior Encumbered Obligations, the Prior Encumbered Tuition Fee, respectively:

\$5.00 from each enrolled student for each regular semester, and

\$2.50 from each enrolled student for each summer term of each summer session.

The term “Practice Plan” means any agreement entered into by and between the Health Sciences Center and faculty appointees of the Health Sciences Center that: (a) assigns to the Health Sciences Center patient fees collected for professional services rendered by the appointee and (b) regulates the collection and expenditure of such patient fees. Practice Plan also includes such agreements existing between an institution which becomes a part of the Health Sciences Center after the date of the adoption of the Master Resolution and such institution's faculty.

The term “Practice Plan Funds” means the Practice Plan receipts, income and fund balances of the Health Sciences Center.

The term “Pricing Committee” shall mean the Chancellor of TTUS, the Chief Financial Officer, and each member of the Board's Finance and Administration Committee at the time of Bond pricing with the Board Chair being designated as an alternate in the event of a vacancy on the Finance and Administrative Committee.

The term “Pricing Resolution” shall mean one or more resolutions adopted by the Pricing Committee in accordance with the Seventeenth Supplement.

The term “Prior Encumbered General Fee” means the Pledged General Fee securing Prior Encumbered Obligations and that portion of the student use fee charged and collected at an institution which becomes a participant after the date of adoption of the Master Resolution and which are pledged to the payment of bonds or other obligations outstanding on the date such institution becomes a participant.

The term “Prior Encumbered General Tuition” means the Pledged General Tuition securing Prior Encumbered Obligations and the aggregate amount of student tuition charges now required or authorized by law in the definition of Pledged General Tuition charged and collected at an institution which becomes a participant of the Revenue Financing System after the date of adoption of the Master Resolution and which are pledged to the payment of bonds or other obligations outstanding on the date such institution becomes a participant of the Revenue Financing System.

The term “Prior Encumbered Obligations” means those bonds or other obligations of an institution which becomes a participant of the Revenue Financing System after the date of adoption of the Master Resolution, which are secured by a lien on and pledge of the Prior Encumbered General Fee, the Prior Encumbered General Tuition, the Prior Encumbered Revenues and/or the Prior Encumbered Tuition Fee charged and collected at such institution or agency, and any other bonds or other obligations secured by revenues which are hereafter designated by the Board as a Pledged Revenue.

The term “Prior Encumbered Revenues” means the revenues pledged to the payment of Prior Encumbered Obligations and the revenues of any revenue producing system or facility of an institution or agency which becomes a participant of the Revenue Financing System and which are pledged to the payment of bonds or other obligations outstanding on the date such institution becomes a participant of the Revenue Financing System.

The term “Prior Encumbered Tuition Fee” means the Pledged Tuition Fee securing Prior Encumbered Obligations and that portion of the tuition charges in the maximum amount permitted in the definition of Pledged Tuition Fee charged and collected at an institution which becomes a participant after the date of adoption of the Master Resolution and which are pledged to the payment of bonds or other obligations outstanding on the date such institution becomes a participant.

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

The term “Refundable Obligations” shall mean those obligations identified in Schedule I to the Seventeenth Supplement.

The term “Refunded Obligations” shall mean those Refundable Obligations identified in a Pricing Resolution to be refunded with proceeds from the sale of one or more series of the Bonds.

The term “Registrar” shall mean the entity designated in a Supplement as the Registrar of a series or issue of Parity Obligations.

The terms “Resolution” or “Master Resolution” means the Master Resolution establishing the Financing System.

The terms “Revenue Financing System” or “Financing System” means the "Texas Tech University Revenue Financing. System" composed of TTU and the Health Sciences Center, and such other institutions and agencies now or hereafter under the control or governance of the Board, and made a participant of the Revenue Financing System by specific action of the Board.

The term “Revenue Funds” means the "revenue funds" of the Board (as defined in Section 55.01 of the Texas Education Code to mean the revenues, incomes, receipts, rentals, rates, charges, fees, grants, and tuition levied or collected from any public or private source by an institution of higher education, including interest or other income from those funds) derived by the Board from the operations of each of the Participants, including specifically the Pledged General Tuition and, to the extent and subject to the provisions of this Resolution, the Pledged General Fee and the Pledged Tuition Fee. Revenue Funds does not include, with respect to each series or issue of Parity Obligations, any tuition, rentals, rates, fees, or other charges attributable to any student in a category which, at the time of the adoption of the Supplement relating to such Parity Obligations, is exempt by law from paying such tuition, rentals, rates, fees, or other charges.

The term “S.B. 1907” means Senate Bill 1907 passed by the State Legislature in the Seventy-Fifth Regular Legislative Session.

The term “SEC” shall mean the United States Securities and Exchange Commission.

The term “Seventeenth Supplement” shall mean this Seventeenth Supplemental Resolution adopted by the Board on December 16, 2016, authorizing the sale of the Bonds.

The term “Stated Maturity” when used with respect to any Debt or any installment of interest thereon means any date specified in the instrument evidencing or authorizing such Debt or such installment of interest as a fixed date on which the principal of such Debt or any installment thereof or the fixed date on which such installment of interest is due and payable.

The term “Subordinated Debt” means any Debt which expressly provides that all payments thereon shall be subordinated to the timely payment of all Parity Obligations then Outstanding or subsequently issued.

The term “Supplement” or “Supplemental Resolution” means a resolution supplemental to, and authorized and executed pursuant to the terms of the Master Resolution.

The term “Term of Issue” means with respect to any Balloon Debt, including, without limitation, commercial paper, a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Debt and ending on the final maturity date of such Balloon Debt or the maximum maturity date in the case of commercial paper or (ii) twenty-five years.

The term “Thirteenth Supplement” shall mean the Thirteenth Supplemental Resolution adopted by the Board on September 12, 2008, authorizing the sale of the Thirteenth Series Note.

The term “Thirteenth Series Note” shall mean the note, in one or more designated series, as authorized by the Thirteenth Supplement.

The term “TTU” means Texas Tech University, together with every other agency or general academic institution or branch thereof now or hereafter operated by or under the jurisdiction of the Board acting for and on behalf of TTU pursuant to law.

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

The term “Underwriters” shall mean those investment banking firms designated by the Board Representative in accordance with the Seventeen Supplement to purchase one or more series of Bonds pursuant to a Bond Purchase Contract.

Establishment of Revenue Financing System. Pursuant to the Master Resolution, the Board has established the Revenue Financing System to provide a consolidated financing structure for revenue-supported debt obligations of the Board, including the Bonds, which are to be issued for the benefit of Participants which are or will be included as part of the Revenue Financing System. The current Participants include the University, the Health Sciences Center, Angelo State University and Texas Tech University Health Sciences Center at El Paso, and the Revenue Financing System may include other entities that are hereafter included under the control of the Board, but only upon affirmative official action of the Board.

Security and Pledge. Subject to the provisions of the resolutions authorizing Prior Encumbered Obligations, Parity Obligations issued under the Master Resolution are payable from and secured by a lien on all Pledged Revenues. The Board has assigned and pledged the Pledged Revenues to the payment of the principal of, premium, if any, and interest on Parity Obligations and to the establishment and maintenance of any funds that may be created under the Master Resolution or a supplemental resolution to secure the repayment of Parity Obligations. The Board may additionally secure Parity Obligations with one or more Credit Agreements.

Annual and Direct Obligation of Participants. The Master Resolution provides that each Participant of the Revenue Financing System is responsible for its Direct Obligation. The Board covenants in the Master Resolution that in establishing the annual budget for each Participant of the Revenue Financing System it will provide for the satisfaction by each Participant to its Annual Obligation.

Pledged Revenues. In the Master Resolution, the Board has covenanted and agreed at all times to maintain and collect at each institution which has students the Pledged General Fee and the other Pledged Revenues in such amounts, without limitation, as will be at least sufficient at all times, together with other legally available funds, including other Pledged Revenues, to provide the money to make or pay the principal of, interest on, and other payments or deposits with respect to outstanding Parity Obligations when and as required. The Board has agreed that the Pledged General Fee and the other Pledged Revenues will be adjusted to provide Pledged Revenues sufficient to make when due all payments and deposits in connection with outstanding Parity Obligations. The Board may fix and collect the Pledged Revenues in any manner it may determine within its discretion and in different amounts from students enrolled in different Participants. In addition, if and for any period during which total Pledged Revenues, together with other legally available funds, are sufficient to meet all of the Board's financial obligations of the Revenue Financing System, the Board may suspend the collection of any item included in the Pledged Revenues from the students enrolled in any Participant.

The Board further covenants in the Master Resolution that if it determines that Pledged Revenues and other legally available funds are not anticipated to be sufficient to meet all of its financial obligations relating to the Revenue Financing System, including all deposits and payments coming due on outstanding Parity Obligations, or that any Participant will be unable to pay its Annual Direct Obligation in full, the Pledged General Fee at each Participant with enrolled students will be adjusted, effective at the next succeeding regular semester or semesters or summer term or terms, to an amount, without any limitations (other than as provided in the next paragraph), at least sufficient to provide, together with other Pledged Revenues and legally available funds, the money for paying when due all financial obligations of the Board relating to the Revenue Financing System, including all payments and deposits with respect to outstanding Parity Obligations.

Any adjustment in the rate of the Pledged General Fee of any of the Participants will be based upon the certificate and recommendation of a Designated Financial Officer delivered to the Board, as to the rates and anticipated collection of the Pledged General Fee at the various Participants (after taking into account the anticipated effect the proposed adjustment would have on enrollment and the receipt of Pledged Revenues and other funds of such Participant) which will be anticipated to result in (i) Pledged Revenues attributable to each participant being sufficient (to the extent possible) to satisfy the Annual Obligation of such Participant and (ii) Pledged Revenues being sufficient, together with other legally available funds, to meet all financial obligations of the Board relating to the Revenue Financing System, including all deposits and payments due on or in connection with outstanding Parity Obligations when and as required.

Payment and Funds. The Board has covenanted in the Resolution to make available to the Paying Agent/Registrar for Parity Obligations, on or before each payment date, money sufficient to pay any and all amounts due on such Parity Obligations on such payment date.

The Resolution allows the Board to supplement the security for Parity Obligations. This could take the form of establishing one or more reserve funds or accounts to further secure any Parity Obligations. Currently, the

Board has not established a reserve fund to secure the payment of the Parity Obligations. Additionally, the Board may secure Parity Obligations with one or more Credit Agreements that are secured by Pledged Revenues.

Additional Parity Obligations. In the Master Resolution, the Board reserves the right to issue or incur additional Parity Obligations for any purpose authorized by law. The Board may incur, assume, guarantee, or otherwise become liable in respect of additional Parity Obligations if the Board determines that it will have sufficient funds to meet the financial obligations of each Participant in the Revenue Financing System, including sufficient Pledged Revenue to satisfy the Annual Debt Service Requirements of the Revenue Financing System and to meet all financial obligations of the Board relating to the Revenue Financing System. In addition, the Board covenants not to issue or incur Parity Obligations unless (i) it determines that the Participant or Participants for whom Parity Obligations are being issued or incurred possesses the financial capacity to satisfy their respective Direct Obligations, after taking into account the then proposed additional Parity Obligations, and (ii) a Designated Financial Officer delivers to the Board a certificate stating that, to the best of his or her knowledge, the Board is in compliance with all covenants contained in the Master Resolution and any supplemental resolution authorizing outstanding Parity Obligations, and is not in default in the performance and observance of any of the terms, provisions and conditions thereof.

Non-Recourse and Subordinated Obligations. The Board has reserved the right to incur Non-Recourse and Subordinated Debt without limitation.

Participants. Release of Participants. Subject to the conditions set forth below, any Participant or portion thereof may be closed and abandoned by law or may be removed from the Revenue Financing System (thus deleting the revenues, income, funds, and balances attributable to said Participant or portion thereof from the Pledged Revenues) without violating the terms of the Resolution provided:

(1) the Board specifically finds that (based upon a certificate of a Designated Financial Official to such effect) after the release of the Participant or portion thereof, the Board will have sufficient funds during each Fiscal Year in which Parity Obligations shall thereafter be outstanding to meet the financial obligations of the Revenue Financing System, including sufficient Pledged Revenues to satisfy the annual debt service requirements of the Revenue Financing System and to meet all financial obligations of the Board relating to the Revenue Financing System; and

(2) the Board shall have received an opinion of counsel which shall state that such release will not affect the status for federal income tax purposes of interest on any Parity Obligations and that all conditions precedent provided in the Resolution or any supplement relating to such release have been complied with; and

(3) (A) if the Participant or portion thereof to be released from the Revenue Financing System is to remain under the governance and control of the Board, the Board must either (i) provide, from lawfully available funds, including Pledged Revenues attributable to said withdrawing Participant, for the payment or discharge of said Participant's Direct Obligations; or (ii) pledge to the payment of Parity Obligations, additional resources not then pledged in an amount sufficient to satisfy such withdrawing Participant's Direct Obligations as they come due; or

(B) if the Participant or portion thereof to be released from the Revenue Financing System is to no longer be under the governance and control of the Board and remaining in operation independent of the Board, the Board must enter into a binding obligation with the new governing body of the withdrawing institution or the portion thereof being withdrawn, obligating said governing body to make payments to the Board at the times and in the amounts equal to said Participant's Annual Obligations or to pay or discharge said Participant's Direct Obligations, or, in the case of a portion of a Participant being withdrawn, the proportion of the Participant's Annual Obligation or Direct Obligation, as the case may be, attributable to the withdrawing portion of the Participant.

Admission of Participants. If, after the date of the adoption of the Resolution, the Board desires for an institution or agency governed by the Board to become a Participant of the Revenue Financing System or if the Board is required by law to assume the governance of an institution or agency, it may include said institution or agency in the Revenue Financing System with the effect set forth in the Resolution by the adoption of a Supplement to the Master Resolution.

Certain Covenants. Rate Covenant. The Resolution requires the Board, in each Fiscal Year, to establish, charge, and use its reasonable efforts to collect at each Participant the Pledged Revenues which, if collected, would be sufficient to meet all financial obligations of the Board relating to the Revenue Financing System, including all deposits or payments due on or with respect to Parity Obligations. The Board has covenanted in the Resolution,

subject to the provisions of resolutions authorizing Prior Encumbered Obligations, to fix, levy, charge, and collect at each Participant which has students the Pledged General Fee and the Pledged General Tuition from each student (unless exempted therefrom by law) enrolled at each Participant, at each regular fall and spring semester and at each term of each summer session, in such amounts, without legal limitation, as will be at least sufficient at all times, together with other legally available funds, including other Pledged Revenues, to make payments with respect to Outstanding Parity Obligations when due.

Other Covenants. The Board has additionally covenanted in the Resolution (i) to faithfully perform all covenants and provisions contained in the Resolution, any supplement thereto, and in each Parity Obligation; (ii) to call for redemption all Parity Obligations, in accordance with their terms, which are subject to mandatory redemption; (iii) that it lawfully owns, has title to, or is lawfully possessed of the land, buildings, and facilities which comprise the Revenue Financing System and to defend such title for the benefit of the owners of the Parity Obligations; (iv) that it is lawfully qualified to pledge the Pledged Revenues to the payment of the Parity Obligations; (v) to maintain and preserve the property of the Revenue Financing System; (vi) not to incur any debt secured by the Pledged Revenues except as permitted in the Resolution; (vii) to invest and secure money held in funds and accounts established under the Resolution in accordance with law and written policies of the Board; (viii) to keep proper books and records and accounts for the Revenue Financing System and to cause to be prepared annual financial reports of the Revenue Financing System and to furnish such reports, to appropriate municipal bond rating agencies and, upon request, owners of Parity Obligations; (ix) to permit any owner or owners of 25% or more of outstanding principal amount of Parity Obligations at all reasonable times to inspect all records, accounts, and data of the Board relating to the Revenue Financing System; and (x) to provide for the satisfaction by each Participant in the Financing System of its annual Direct Obligation.

Special Obligations; Absolute Obligation to Pay Parity Obligations. The Master Resolution provides that all Parity Obligations and the premium, if any, and the interest thereon constitute special obligations of the Board payable from the Pledged Revenues, and the owners thereof never have the right to demand payment out of funds raised or to be raised by taxation, or from any source other than specified in the Master Resolution or any supplemental resolution. The obligation of the Board to pay or cause to be paid the amounts payable under the Master Resolution and each supplemental resolution out of the Pledged Revenues is absolute, irrevocable, complete, and unconditional, and the amount, manner and time of payment of such amounts may not be decreased, abated, rebated, setoff, reduced, abrogated, waived, diminished, or otherwise modified in any manner or to any extent whatsoever, regardless of any right of setoff, recoupment, or counterclaim that the Board might otherwise have against any owner or any other party and regardless of any contingency, *force majeure*, event, or cause whatsoever and notwithstanding any circumstance or occurrence that may arise or take place before, during, or after the issuance of Parity Obligations while any Parity Obligations are Outstanding.

Remedies. Any owner of Parity Obligations in the event of default in connection with any covenant contained in the Master Resolution or in any Supplement, or default in the payment of any Parity Obligation, or of any interest due thereon, or other costs and expenses related thereto, may require the Board, its officials and employees, and any appropriate official of the State, to carry out, respect, or enforce the covenants and obligations of the Master Resolution or in any Supplement, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings in any court of competent jurisdiction against the Board, its officials and employees, or any appropriate official of the State. The principal of the Bonds cannot be accelerated in the event of default, and the Board has not granted a lien on any physical property which may be levied or foreclosed against.

Amendment of Resolution. Amendment Without Consent. The Master Resolution and any Supplement and the rights and obligations of the Board and of the owners of the Parity Obligations may be modified or amended at any time without notice to or the consent of any owner of the Parity Obligations, solely for any one or more of the following purposes:

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

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

(iii) To supplement the security for the Parity Obligations, including, but not by way of limitation, to provide for the addition of new institutions and agencies to the Financing System or to clarify the provisions regarding the University and the Health Sciences Center as participants in the Financing System; provided, however, if the definition of Pledged Revenues is amended in any manner which results in the pledge of additional resources, the terms of such amendment may limit the amount of such additional pledge and the manner, extent, and duration of such additional pledge all as set forth in such amendment;

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

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

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

(vii) To make amendments to the Board's continuing disclosure undertaking as authorized by any Supplemental Resolution.

Amendments With Consent. Subject to the other provisions of the Resolution, the owners of Outstanding Parity Obligations aggregating a majority in Outstanding Principal Amounts shall have the right from time to time to approve any amendment, other than amendments described in the foregoing paragraph, to the Master Resolution, or with respect to an amendment affecting a particular Supplemental resolution only, a majority in aggregate principal amount of the Parity Obligations issued under such supplemental resolution, which may be deemed necessary or desirable by the Board; provided, however, that no provision shall permit or be construed to permit, without the approval of the owners of all of the Outstanding Parity Obligations, the amendment of the terms and conditions in the Resolution so as to:

(1) Grant to the owners of any Parity Obligations a priority over the owners of any other Parity Obligations;

(2) Materially adversely affect the rights of the owners of less than all Parity Obligations then outstanding; or

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

In addition to the foregoing limitations, the Supplemental Resolution provides that no provisions shall be construed to permit, without the approval of the owners of all of the Bonds outstanding, the amendment of the Resolution or the Bonds so as to:

(1) Make any change in the maturity of the Bonds;

(2) Reduce the rate of interest borne by the Bonds;

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

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

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

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

Paying Agent/Registrar. In the Seventeenth Supplement, the Board has reserved the right to change the Paying Agent/Registrar, upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or

otherwise cease to act as such, the Board has also covenanted that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under the Seventeenth Supplement. Upon any change in the Paying Agent/Registrar, the Board promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar.

Defeasance. Any Parity Obligations and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Debt") within the meaning of the Resolution, except to the extent required for payment thereof by the Paying Agent and Registrar, when the payment of all principal and interest payable with respect to such Parity Obligations to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption or provision for the giving of same having been made) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such Parity Obligations for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) noncallable Government Obligations which mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, or (3) any combination of (1) and (2) above, and when proper arrangements have been made by the Board with each such Paying Agent for the payment of its services until after all Defeased Debt shall have become due and payable. At such time as Parity Obligations shall be deemed to be Defeased Debt under the terms of the Resolution, such Parity Obligations and the interest thereof shall no longer be secured by, payable from, or entitled to the benefits of, the Pledged Revenues, and such principal and interest shall be payable solely from such money or Government Obligations, and shall not be regarded as outstanding for any purposes other than payment, transfer, and exchange.

Any money so deposited with or made available to a Paying Agent may at the written direction of the Board also be invested in Government Obligations maturing in the amounts and times as set forth above, and all income from such Government Obligations received by the Paying Agent which is not required for the payment of the Parity Obligations and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Board, or deposited as directed in writing by the Board.

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

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Appendix E

FORMS OF BOND COUNSEL OPINIONS

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United States

February 22, 2017

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WE HAVE ACTED as bond counsel in connection with the issuance by the Board of Regents (the “Board”) of the Texas Tech University System (the “Issuer”) of its Revenue Financing System Refunding and Improvement Bonds, Series 2017A, dated February 22, 2017 (the “Bonds”), in the aggregate principal amount of \$79,035,000.

IN RENDERING THE OPINIONS herein we have examined and relied upon an executed Bond; original or certified copies of the proceedings had in connection with issuance of the Bonds, including the Seventeenth Supplemental Resolution, adopted by the Issuer, supplementing the Board’s Master Resolution Establishing a Revenue Financing System and the resolution of the Pricing Committee adopted pursuant thereto (jointly, the “Resolutions”), authorizing the Issuer to issue, sell, and deliver the Bonds; certificates of officers of the Issuer related to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the Issuer, which are within its sole knowledge and control; and such other material and such matters of law as we deem relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such certificates.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds are valid and legally binding special obligations of the Issuer payable from the sources, and enforceable in accordance with the terms and conditions, described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with general principles of equity.
2. The Bonds constitute “Parity Obligations” under the Resolutions and, together with Outstanding Parity Obligations and any Parity Obligations hereafter issued, assumed or incurred, are payable from and secured by a lien on and pledge of the “Pledged Revenues”, as defined and provided in the Resolutions, and subject to the prior lien of any Prior Encumbered Obligations, as provided in the Resolutions.
3. Pursuant to the Internal Revenue Code of 1986, as amended and in force on the date hereof (the “Code”), and existing regulations, published rulings and court decisions thereunder, assuming continuing compliance with the provisions of the Resolutions relating to sections 141 through 150 of the Code, interest on the Bonds is excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes pursuant to section 103 of the Code, and such interest will not be included for federal income tax purposes in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations.

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Re: “Board of Regents of Texas Tech University System Revenue Financing System Refunding and Improvement Bonds, Series 2017A

WE CALL TO YOUR ATTENTION that interest on the Bonds owned by a corporation (other than an “S” corporation or a qualified mutual fund, real estate mortgage investment conduit, financial asset securitization investment trust (“FASIT”) or real estate investment trust) is includable in its adjusted current earnings for purposes of calculating its alternative minimum taxable income. A corporation’s alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code is computed.

WE EXPRESS NO OTHER OPINION with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, “S” corporations with “subchapter C” earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any change in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service or any court; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.



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February 22, 2017

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WE HAVE ACTED as bond counsel in connection with the issuance by the Board of Regents (the “Board”) of the Texas Tech University System (the “Issuer”) of its Revenue Financing System Refunding and Improvement Bonds, Taxable Series 2017B, dated February 22, 2017 (the “Bonds”), in the aggregate principal amount of \$295,700,000.

IN RENDERING THE OPINIONS herein we have examined and relied upon an executed Bond; original or certified copies of the proceedings had in connection with issuance of the Bonds, including the Seventeenth Supplemental Resolution, adopted by the Issuer, supplementing the Board’s Master Resolution Establishing a Revenue Financing System and the resolution of the Pricing Committee adopted pursuant thereto (jointly, the “Resolutions”), authorizing the Issuer to issue, sell, and deliver the Bonds; certifications and opinions of officers of the Issuer relating to certain facts within the knowledge and control of the Issuer; and such other material and such matters of law as we deem relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such certificates.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds are valid and legally binding special obligations of the Issuer payable from the sources, and enforceable in accordance with the terms and conditions, described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with general principles of equity.
2. The Bonds constitute “Parity Obligations” under the Resolutions and, together with Outstanding Parity Obligations and any Parity Obligations hereafter issued, assumed or incurred, are payable from and secured by a lien on and pledge of the “Pledged Revenues”, as defined and provided in the Resolutions, and subject to the prior lien of any Prior Encumbered Obligations, as provided in the Resolutions.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any change in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on any court; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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