

# OFFICIAL STATEMENT

Dated July 20, 2023

**NEW ISSUE - BOOK ENTRY ONLY**

**Ratings:**

**Fitch: "AA+"**

**Moody's: "Aa1"**

**Kroll: "AA+"**

See "RATINGS" herein

*In the opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel, interest on the Series 2023A 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 2023A Bonds."*

**\$193,625,000**

**BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM  
REVENUE FINANCING SYSTEM  
REFUNDING AND IMPROVEMENT BONDS  
SERIES 2023A**



**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 2023A (the "Series 2023A 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 2023A 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 Twentieth Supplemental Resolution adopted by the Board on May 4, 2023, and a Pricing Certificate executed by the Pricing Officer on the date hereof. The Series 2023A Bonds are payable from and secured solely by the Pledged Revenues (as defined herein) of the University System's Revenue Financing System. The Series 2023A Bonds are Parity Obligations (as defined herein). See "SECURITY FOR THE BONDS."

The proceeds from the sale of the Series 2023A 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, in furtherance of the authority granted the University System to finance the Capital Construction Assistance Projects ("CCAPs") set forth in Section 55.1798, Texas Education Code, (ii) refunding certain outstanding Commercial Paper Notes (as defined herein), and (iii) paying the costs of issuance of the Series 2023A Bonds. See "PLAN OF FINANCE — Series 2023A Bonds."

Interest on the Series 2023A Bonds will accrue from the Date of Delivery (as defined below) and is calculated on the basis of a 360day year composed of twelve 30day months. Interest on the Series 2023A Bonds is payable on February 15, 2024, and each August 15 and February 15 thereafter until maturity or prior redemption. Principal of the Series 2023A Bonds will be payable on the dates and in the amounts shown on page ii. The Series 2023A Bonds are initially issuable only to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the bookentry-only system described herein. Beneficial ownership of the Series 2023A Bonds may be acquired in denominations of \$5,000 or multiples thereof within a maturity. No physical delivery of the Series 2023A Bonds will be made to the purchasers thereof. Interest on and principal of the Series 2023A Bonds will be payable by BOKF, NA, Dallas, 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 2023A Bonds. See "DESCRIPTION OF THE BONDS — BookEntry Only-System."

**The Series 2023A 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 2023A Bonds are subject to redemption as provided herein. See "DESCRIPTION OF THE BONDS — Redemption."

**THE SERIES 2023A BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE BOARD, THE UNIVERSITY SYSTEM, TEXAS TECH UNIVERSITY, TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER, TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER AT EL PASO, ANGELO STATE UNIVERSITY, MIDWESTERN STATE UNIVERSITY, 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 2023A BONDS. SEE "SECURITY FOR THE BONDS."**

The Series 2023A 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 co-counsel, McCall, Parkhurst & Horton L.L.P., Dallas, Texas and Cantu Harden Montoya LLP, Dallas, Texas. The Series 2023A Bonds are expected to be available for delivery through DTC on or about August 8, 2023 (the "Date of Delivery").

**J.P. MORGAN**

**SIEBERT WILLIAMS SHANK & Co., LLC**

**CABRERA CAPITAL MARKETS, LLC**

**RAYMOND JAMES**

**RBC CAPITAL MARKETS**

**\$193,625,000**  
**Board of Regents of Texas Tech University System**  
**Revenue Financing System**  
**Refunding and Improvement Bonds**  
**Series 2023A**

<b>Maturity Date</b>	<b>Principal Amount (\$)</b>	<b>Interest Rate (%)</b>	<b>Initial Yield (%)</b>	<b>CUSIP<sup>(1)</sup></b>
2/15/2025	1,045,000	5.000	3.000	882806JB9
2/15/2026	4,240,000	5.000	2.810	882806JC7
2/15/2027	4,450,000	5.000	2.710	882806JD5
2/15/2028	5,725,000	5.000	2.650	882806JE3
2/15/2029	13,330,000	5.000	2.690	882806JF0
2/15/2030	17,485,000	5.000	2.660	882806JG8
2/15/2031	18,375,000	5.000	2.650	882806JH6
2/15/2032	19,320,000	5.000	2.680	882806JJ2
2/15/2033	20,315,000	5.000	2.730	882806JK9
2/15/2034	21,355,000	5.000	2.800 <sup>(2)</sup>	882806JL7
2/15/2035	22,450,000	5.000	2.870 <sup>(2)</sup>	882806JM5
2/15/2036	18,290,000	5.000	3.000 <sup>(2)</sup>	882806JN3
2/15/2037	5,095,000	5.000	3.110 <sup>(2)</sup>	882806JP8
2/15/2038	5,355,000	5.000	3.190 <sup>(2)</sup>	882806JQ6
2/15/2039	5,630,000	5.000	3.310 <sup>(2)</sup>	882806JR4
2/15/2040	11,165,000	5.000	3.360 <sup>(2)</sup>	882806JS2

(interest to accrue from Date of Delivery)

<sup>(1)</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned to the Series 2023A Bonds by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This information is included solely for the convenience of the registered owners of the Series 2023A Bonds, is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Board, the University System, the Financial Advisor or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

<sup>(2)</sup> Yield to first optional call date (February 15, 2033).

**Redemption.** The Series 2023A Bonds are subject to optional redemption prior to stated maturity. See “DESCRIPTION OF THE BONDS – Redemption.”

**Concurrent and Separate Issues.** Concurrently with the issuance of the Series 2023A Bonds, the Board is issuing its Revenue Financing System Improvement Bonds, Taxable Series 2023B (the “Series 2023B Bonds”) pursuant to the Master Resolution, a Twentieth Supplemental Resolution adopted by the Board on May 4, 2023, and a Pricing Certificate executed by the Pricing Officer on the date hereof. The Series 2023A Bonds and the Series 2023B Bonds are referred to herein collectively as the “Bonds.”

The Series 2023A Bonds and the Series 2023B 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 2023A Bonds and the Series 2023B 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, the treatment of interest for federal income tax purposes, 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 July 20, 2023

**NEW ISSUE - BOOK ENTRY ONLY**

**Ratings:**

**Fitch: "AA+"**

**Moody's: "Aa1"**

**Kroll: "AA+"**

**See "RATINGS" herein**

*Interest on the Series 2023B Bonds is includable in the gross income of the owners thereof for federal income tax purposes. See "TAX MATTERS – Series 2023B Bonds" herein.*

**\$56,400,000**

**BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM  
REVENUE FINANCING SYSTEM  
IMPROVEMENT BONDS  
TAXABLE SERIES 2023B**



**Dated: Date of Delivery**

**Due: As shown on page iv**

The Board of Regents of Texas Tech University System Revenue Financing System Improvement Bonds, Taxable Series 2023B (the "Series 2023B 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 2023B 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 Twentieth Supplemental Resolution adopted by the Board on May 4, 2023, and a Pricing Certificate executed by the Pricing Officer on the date hereof. The Series 2023B Bonds are payable from and secured solely by the Pledged Revenues (as defined herein) of the University System's Revenue Financing System. The Series 2023B Bonds are Parity Obligations (as defined herein). See "SECURITY FOR THE BONDS."

The proceeds from the sale of the Series 2023B 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, in furtherance of the authority granted the University System to finance the Capital Construction Assistance Projects ("CCAPs") set forth in Section 55.1798, Texas Education Code, and (ii) paying the costs of issuance of the Series 2023B Bonds. See "PLAN OF FINANCE — Series 2023B Bonds."

Interest on the Series 2023B Bonds will accrue from the Date of Delivery (as defined below) and is calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Series 2023B Bonds is payable on February 15, 2024, and each August 15 and February 15 thereafter until maturity or prior redemption. Principal of the Series 2023B Bonds will be payable on the dates and in the amounts shown on page iv. The Series 2023B 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 2023B Bonds may be acquired in denominations of \$5,000 or multiples thereof within a maturity. No physical delivery of the Series 2023B Bonds will be made to the purchasers thereof. Interest on and principal of the Series 2023B Bonds will be payable by BOKF, NA, Dallas, 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 2023B Bonds. See "DESCRIPTION OF THE BONDS — Book-Entry Only-System."

**The Series 2023B Bonds will mature, bear interest, and have initial prices or yields and CUSIP numbers as shown on page iv of this Official Statement.**

The Series 2023B Bonds are subject to redemption as provided herein. See "DESCRIPTION OF THE BONDS — Redemption."

**THE SERIES 2023B BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE BOARD, THE UNIVERSITY SYSTEM, TEXAS TECH UNIVERSITY, TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER, TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER AT EL PASO, ANGELO STATE UNIVERSITY, MIDWESTERN STATE UNIVERSITY, 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 2023B BONDS. SEE "SECURITY FOR THE BONDS."**

The Series 2023B 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 co-counsel, McCall, Parkhurst & Horton L.L.P., Dallas, Texas and Cantu Harden Montoya LLP, Dallas, Texas. The Series 2023B Bonds are expected to be available for delivery through DTC on or about August 8, 2023 (the "Date of Delivery").

**J.P. MORGAN**

**SIEBERT WILLIAMS SHANK & Co., LLC**

**CABRERA CAPITAL MARKETS, LLC**

**RAYMOND JAMES**

**RBC CAPITAL MARKETS**

**\$56,400,000**  
**Board of Regents of Texas Tech University System**  
**Revenue Financing System**  
**Improvement Bonds**  
**Taxable Series 2023B**

<b>Maturity Date</b>	<b>Principal Amount (\$)</b>	<b>Interest Rate (%)</b>	<b>Initial Yield (%)</b>	<b>CUSIP<sup>(1)</sup></b>
2/15/2024	11,160,000	5.280	5.280	882806HV7
2/15/2025	11,010,000	5.030	5.030	882806HW5
2/15/2026	10,155,000	4.835	4.835	882806HX3
2/15/2027	10,655,000	4.642	4.642	882806HY1
2/15/2028	10,120,000	4.642	4.642	882806HZ8
2/15/2029	3,300,000	4.734	4.734	882806JA1

(interest to accrue from Date of Delivery)

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<sup>(1)</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned to the Series 2023B Bonds by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This information is included solely for the convenience of the registered owners of the Series 2023B Bonds, is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Board, the University System, the Financial Advisor or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

**Redemption.** The Series 2023B Bonds are subject to optional redemption prior to stated maturity. See “DESCRIPTION OF THE BONDS – Redemption.”

**Concurrent and Separate Issues.** Concurrently with the issuance of the Series 2023B Bonds, the Board is issuing its Revenue Financing System Refunding and Improvement Bonds, Series 2023A (the “Series 2023A Bonds”) pursuant to the Master Resolution, a Twentieth Supplemental Resolution adopted by the Board on May 4, 2023, and a Pricing Certificate executed by the Pricing Officer on the date hereof. The Series 2023A Bonds and the Series 2023B Bonds are referred to herein collectively as the “Bonds.”

The Series 2023A Bonds and the Series 2023B 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 2023A Bonds and the Series 2023B 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, the treatment of interest for federal income tax purposes, 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 TEXAS TECH UNIVERSITY SYSTEM

<u>Name</u>	<u>Residence</u>	<u>Term Expiration</u> <sup>(2)</sup>
Mr. Mark Griffin, Chairman	Lubbock	January 31, 2025
Mrs. Ginger Kerrick Davis, Vice Chairwoman	Webster	January 31, 2025
Mr. Dusty Womble	Lubbock	January 31, 2025
Ms. Arcilia Acosta	Dallas	January 31, 2027
Mr. Cody Campbell	Fort Worth	January 31, 2027
Mr. Pat Gordon	El Paso	January 31, 2027
Mr. Clay Cash	Lubbock	January 31, 2029
Mr. Tim Culp	Midland	January 31, 2029
Mrs. Shelley Sweatt	Wichita Falls	January 31, 2029
Ms. Steeley Smith <sup>(1)</sup>	Mason	May 31, 2024

<sup>(1)</sup> Student Regent. Current state law does not allow a Student Regent to vote on any matter before the Board.

<sup>(2)</sup> The actual expiration date of the term depends on the date the successor is appointed, qualified and takes the oath of office.

### PRINCIPAL ADMINISTRATORS

<u>Name</u>	<u>Title</u>
Dr. Tedd L. Mitchell	Chancellor
Mr. James Mauldin	Vice Chancellor and Chief Financial Officer
Dr. Lawrence Schovanec	President (Texas Tech University)
Dr. Lori Rice-Spearman	President (Texas Tech University Health Sciences Center)
Dr. Richard A. Lange	President (Texas Tech University Health Sciences Center at El Paso)
Lt. Gen. Ronnie D. Hawkins Jr.	President (Angelo State University)
Dr. Stacia L. Haynie <sup>(1)</sup>	President (Midwestern State University)

<sup>(1)</sup> Appointed on June 20, 2023. Anticipated to begin role on August 1, 2023.

### CONSULTANTS

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

For additional information regarding the University System, please contact:

James Mauldin  
Vice Chancellor and Chief Financial Officer  
Texas Tech University System  
System Administration Building  
1508 Knoxville Ave., Suite 315  
Box 42016  
Lubbock, Texas 79409-1104  
(806) 742-9000

Mary M. Williams  
Managing Director  
Hilltop Securities Inc.  
717 N. Harwood St., Suite 3400  
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, NEW YORK, NEW YORK ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION WAS FURNISHED BY DTC. THE BOARD MAKES NO REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING EUROCLEAR BANK S.A./N.V., AS OPERATOR OF THE EUROCLEAR SYSTEM ("EUROCLEAR") AND CLEARSTREAM BANKING, SOCIETE ANONYME, LUXEMBOURG ("CLEARSTREAM"), AS SUCH INFORMATION WAS FURNISHED BY EUROCLEAR AND CLEARSTREAM, RESPECTIVELY.

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.

**INFORMATION CONCERNING OFFERING RESTRICTIONS  
IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES**

ANY REFERENCES TO THE “ISSUER” MEANS THE BOARD AND REFERENCES TO “BONDS” OR “SECURITIES” MEAN THE SERIES 2023B BONDS OFFERED HEREBY. **NEITHER THE ISSUER NOR THE UNDERWRITERS ASSUME ANY RESPONSIBILITY FOR THE CONTENTS OF THIS SECTION.**

**MINIMUM UNIT SALES**

THE BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF \$5,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 30 UNITS (BEING BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF \$150,000).

**NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA (“EEA”) OR  
THE UNITED KINGDOM**

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA. FOR THESE PURPOSES, A “RETAIL INVESTOR” MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, “MIFID II”); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE “INSURANCE DISTRIBUTION DIRECTIVE”), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129 (THE “PROSPECTUS REGULATION”). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (AS AMENDED, THE “PRIIPS REGULATION”) FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM. FOR THESE PURPOSES, A “RETAIL INVESTOR” MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) NO 2017/565 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (“EUWA”); (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE “FSMA”) AND ANY RULES OR REGULATIONS MADE UNDER THE FSMA TO IMPLEMENT DIRECTIVE (EU) 2016/97, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN ARTICLE 2 OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA (THE “UK PRIIPS REGULATION”) FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.

THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE BONDS TO ANY PERSON THAT IS LOCATED WITHIN A MEMBER STATE OF THE EEA OR THE UNITED KINGDOM WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 1(4) OF THE PROSPECTUS REGULATION OR SECTION 86 OF THE FSMA (IN EACH CASE AS APPLICABLE) FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE BONDS. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THE EEA OR THE UNITED KINGDOM OF THE BONDS SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE

ISSUER OR ANY OF THE UNDERWRITERS TO PROVIDE A PROSPECTUS FOR SUCH OFFER. NEITHER THE ISSUER NOR THE UNDERWRITERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF BONDS THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE UNDERWRITERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE BONDS CONTEMPLATED IN THIS OFFICIAL STATEMENT.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN “OFFER OF SECURITIES TO THE PUBLIC” IN RELATION TO THE BONDS IN ANY MEMBER STATE OF THE EEA OR THE UNITED KINGDOM MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE THE BONDS OR SUBSCRIBE FOR THE BONDS.

EACH SUBSCRIBER FOR OR PURCHASER OF THE BONDS IN THE OFFERING LOCATED WITHIN A MEMBER STATE OF THE EEA OR THE UNITED KINGDOM WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A “QUALIFIED INVESTOR” AS DEFINED IN THE PROSPECTUS REGULATION AND IN ARTICLE 2 OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA. THE ISSUER AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

#### **ADDITIONAL NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM**

THIS OFFICIAL STATEMENT HAS NOT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (“FSMA”) AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN ACCORDANCE WITH THE PROVISIONS OF SECTION 85 OF THE FSMA. THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM, (II) ARE INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE “FINANCIAL PROMOTION ORDER”), (III) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FSMA) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE BE LAWFULLY COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS.

#### **NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND**

THIS OFFICIAL STATEMENT IS NOT INTENDED TO CONSTITUTE AN OFFER OR A SOLICITATION TO PURCHASE OR INVEST IN THE BONDS. THE BONDS MAY NOT BE PUBLICLY OFFERED, DIRECTLY OR INDIRECTLY, IN SWITZERLAND WITHIN THE MEANING OF THE SWISS FINANCIAL SERVICES ACT (“FINSA”) AND NO APPLICATION HAS OR WILL BE MADE TO ADMIT THE BONDS TO TRADING ON ANY TRADING VENUE (EXCHANGE OR MULTILATERAL TRADING FACILITY) IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS CONSTITUTES A PROSPECTUS PURSUANT TO (I) THE FINSA OR (II) THE LISTING RULES OF THE SIX SWISS EXCHANGE AG OR ANY OTHER REGULATED TRADING VENUE IN SWITZERLAND AND NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS MAY BE PUBLICLY DISTRIBUTED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND. THIS OFFICIAL STATEMENT WILL NOT BE REVIEWED NOR APPROVED BY A REVIEWING BODY FOR PROSPECTUSES (*PRÜFSTELLE*).

NONE OF THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE OFFERING, THE ISSUER OR THE BONDS HAVE BEEN OR WILL BE FILED WITH OR



APPROVED BY ANY SWISS REGULATORY AUTHORITY. IN PARTICULAR, THIS OFFICIAL STATEMENT WILL NOT BE FILED WITH, AND THE OFFER OF THE BONDS WILL NOT BE SUPERVISED BY, THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY (“FINMA”), AND THE OFFER OF BONDS HAS NOT BEEN AND WILL NOT BE AUTHORIZED UNDER THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES (“CISA”). ACCORDINGLY, INVESTORS DO NOT HAVE THE BENEFIT OF THE SPECIFIC INVESTOR PROTECTION PROVIDED UNDER THE CISA.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE INVESTMENT ADVICE. IT MAY ONLY BE USED BY THOSE PERSONS TO WHOM IT HAS BEEN HANDED OUT IN CONNECTION WITH THE BONDS AND MAY NEITHER BE COPIED NOR DIRECTLY OR INDIRECTLY DISTRIBUTED OR MADE AVAILABLE TO OTHER PERSONS.

#### **NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG**

THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE BONDS. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS OFFICIAL STATEMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THIS OFFICIAL STATEMENT HAS NOT BEEN OR WILL NOT BE REGISTERED AS A PROSPECTUS (AS DEFINED IN THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32) OF HONG KONG (“C(WUMP)O”)) IN HONG KONG NOR HAS IT BEEN APPROVED BY THE SECURITIES AND FUTURES COMMISSION OF HONG KONG PURSUANT TO THE SECURITIES AND FUTURES ORDINANCE (CAP. 571) OF HONG KONG (“SFO”).

ACCORDINGLY: (I) THE BONDS MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF ANY DOCUMENT, OTHER THAN (A) TO “PROFESSIONAL INVESTORS” AS DEFINED IN THE SFO AND ANY RULES MADE UNDER THE SFO, OR (B) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A “PROSPECTUS” AS DEFINED IN THE C(WUMP)O OR WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE C(WUMP)O; AND (II) NO PERSON MAY ISSUE OR HAVE IN ITS POSSESSION FOR THE PURPOSES OF ISSUE, WHETHER IN HONG KONG OR ELSEWHERE, ANY ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO “PROFESSIONAL INVESTORS” AS DEFINED IN THE SFO AND ANY RULES MADE UNDER THE SFO.

#### **NOTICE TO PROSPECTIVE INVESTORS IN JAPAN**

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (ACT NO. 25 OF 1948, AS AMENDED, THE “FIEA”). NEITHER THE BONDS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN (AS DEFINED UNDER ITEM 5, PARAGRAPH 1, ARTICLE 6 OF THE FOREIGN EXCHANGE AND FOREIGN TRADE ACT (ACT NO. 228 OF 1949, AS AMENDED)), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEA AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER PARAGRAPH 1, ARTICLE 4 OF THE FIEA. AS IT IS A PRIMARY OFFERING, IN JAPAN, THE BONDS MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF CERTAIN QUALIFIED INSTITUTIONAL INVESTORS AS DEFINED IN THE FIEA (“QIIS”) IN RELIANCE ON THE QIIS-ONLY PRIVATE PLACEMENT EXEMPTION AS SET FORTH IN ITEM 2(I), PARAGRAPH 3, ARTICLE 2 OF THE FIEA. A QII WHO PURCHASED OR OTHERWISE OBTAINED THE BONDS CANNOT RESELL OR OTHERWISE TRANSFER THE BONDS IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.

**NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN**

THE OFFER OF THE BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY, THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN AND/OR OTHER REGULATORY AUTHORITY OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS, AND THE BONDS MAY NOT BE OFFERED, ISSUED OR SOLD IN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION OR FILING WITH OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN. THE BONDS MAY BE MADE AVAILABLE OUTSIDE TAIWAN FOR PURCHASE BY INVESTORS RESIDING IN TAIWAN (EITHER DIRECTLY OR THROUGH PROPERLY LICENSED TAIWAN INTERMEDIARIES), BUT MAY NOT BE OFFERED OR SOLD IN TAIWAN EXCEPT TO QUALIFIED INVESTORS VIA A TAIWAN LICENSED INTERMEDIARY, TO THE EXTENT PERMITTED UNDER APPLICABLE LAWS AND REGULATIONS. ANY SUBSCRIPTIONS OF BONDS SHALL ONLY BECOME EFFECTIVE UPON ACCEPTANCE BY THE ISSUER OR THE RELEVANT DEALER OUTSIDE TAIWAN AND SHALL BE DEEMED A CONTRACT ENTERED INTO IN THE JURISDICTION OF INCORPORATION OF THE ISSUER OR RELEVANT DEALER, AS THE CASE MAY BE, UNLESS OTHERWISE SPECIFIED IN THE SUBSCRIPTION DOCUMENTS RELATING TO THE BONDS SIGNED BY THE INVESTORS.

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**OFFICIAL STATEMENT**  
relating to

**\$193,625,000**

**BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM  
REVENUE FINANCING SYSTEM  
REFUNDING AND IMPROVEMENT BONDS  
SERIES 2023A**

**\$56,400,000**

**BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM  
REVENUE FINANCING SYSTEM  
IMPROVEMENT BONDS  
TAXABLE SERIES 2023B**

**INTRODUCTION**

**General**

This Official Statement, which includes the cover pages 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 2023A” (the “Series 2023A Bonds”), and “Board of Regents of Texas Tech University System Revenue Financing System Improvement Bonds, Taxable Series 2023B” (the “Series 2023B Bonds” and, together with the Series 2023A Bonds, the “Bonds”). Capitalized terms used in this Official Statement and not otherwise defined have the same meanings assigned to such terms in “Appendix C — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION.”

The Series 2023A Bonds and the Series 2023B 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.

This Official Statement contains summaries and descriptions of the plan of finance, the Resolution (as defined herein), the Bonds, the Board, the University System, Texas Tech University (the “University”), Texas Tech University Health Sciences Center (the “Health Sciences Center”), Texas Tech University Health Sciences Center at El Paso (the “Health Sciences Center at El Paso”), Angelo State University (“Angelo State”), Midwestern State University (“Midwestern State”) 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. James Mauldin, Vice Chancellor and Chief Financial Officer, Texas Tech University System, System Administration Building, 1508 Knoxville Ave., Suite 315, Box 42016, Lubbock, Texas 79409-1104.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of this final Official Statement will be submitted to the Municipal Securities Rulemaking Board (the “MSRB”) and will be available through its Electronic Municipal Market Access (“EMMA”) system. See “CONTINUING DISCLOSURE OF INFORMATION” for information regarding the EMMA system and for a description of the Board’s undertaking to provide certain information on a continuing basis.

**The University System**

The University System currently consists of the University, the Health Sciences Center, the Health Sciences Center at El Paso, Angelo State and Midwestern State. The University, the Health Sciences Center, the Health Sciences Center at El Paso, Angelo State and Midwestern State 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, as 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, the Health Sciences Center at El Paso, Angelo State and Midwestern State 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 C — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION.”

## PLAN OF FINANCE

### Authority for Issuance

The Series 2023A 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 (“Chapter 1371”), and Chapter 1207, Texas Government Code, as amended (“Chapter 1207”). The Series 2023B 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. The Series 2023A Bonds are being issued pursuant to the Master Resolution, a Twentieth Supplemental Resolution adopted by the Board on May 4, 2023 (the “Twentieth Supplemental Resolution”), and a Pricing Certificate executed by the Pricing Officer on the date hereof relating to the sale of the Series 2023A Bonds (the Twentieth Supplemental Resolution and the Pricing Certificate relating to the Series 2023A Bonds are jointly referred to herein as the “Twentieth A Supplemental Resolution”). The Series 2023B Bonds are being issued pursuant to the Master Resolution, the Twentieth Supplemental Resolution, and a Pricing Certificate executed by the Pricing Officer on the date hereof relating to the sale of the Series 2023B Bonds (the Twentieth Supplemental Resolution and the Pricing Certificate relating to the Series 2023B Bonds are jointly referred to herein as the “Twentieth B Supplemental Resolution”). The Master Resolution, the Twentieth A Supplemental Resolution, and the Twentieth B Supplemental Resolution are referred to herein collectively as the “Resolution.”

The Twentieth Supplemental Resolution authorized the issuance of Revenue Financing System bonds, in one or more taxable or tax-exempt series, in the maximum aggregate principal amount of \$715 million. The Bonds constitute the first installment of bonds issued under authority of the Twentieth Supplemental Resolution. The authority of the Pricing Officer to execute a bond purchase agreement and sell bonds under the provisions of the Twentieth Supplemental Resolution expires May 4, 2024. For a description of the Outstanding Parity Obligations and the ability of the Board to issue Additional Parity Obligations, see “SECURITY FOR THE BONDS — University System Outstanding Obligations” and “— Additional Obligations.”

### Purpose

**Series 2023A Bonds.** The Series 2023A 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, in furtherance of the authority granted the University System to finance the Capital Construction Assistance Projects (“CCAPs”) set forth in Section 55.1798, Texas Education Code; (ii) refunding certain outstanding “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 2023A 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 2023B Bonds.** The Series 2023B 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, in furtherance of the authority granted the University System to finance the CCAPs set forth in Section 55.1798, Texas Education Code; and (ii) paying the costs of issuance of the Series 2023B Bonds.

## Refunded Notes

The Resolution provides that from the proceeds of the sale of the Series 2023A Bonds received from the Underwriters, together with other lawfully available funds of the Board, the Board will deposit with U.S. Bank Trust Company, National Association, 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 \$8,110,000 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 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 nor for the purpose of applying any limitation on the issuance of debt.

## SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds of each series will be applied approximately as follows:

<b>Sources of Funds</b>	<b><u>Series 2023A</u></b>	<b><u>Series 2023B</u></b>	<b><u>Total</u></b>
Par Amount of Bonds	\$ 193,625,000.00	\$ 56,400,000.00	\$ 250,025,000.00
Premium	<u>30,030,906.55</u>	<u>-</u>	<u>30,030,906.55</u>
Total Sources of Funds	\$ 223,655,906.55	\$ 56,400,000.00	\$ 280,055,906.55
<b>Applications of Funds</b>			
Deposit to Project Construction Fund	\$ 214,297,143.00	\$ 56,045,564.00	\$ 270,342,707.00
Deposit with CP Issuing and Paying Agent	8,110,000.00	-	8,110,000.00
Costs of Issuance <sup>(1)</sup>	<u>1,248,763.55</u>	<u>354,436.00</u>	<u>1,603,199.55</u>
Total Applications of Funds	\$ 223,655,906.55	\$ 56,400,000.00	\$ 280,055,906.55

<sup>(1)</sup> 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 February 15, 2024 and each August 15 and February 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/registrars for the Bonds, initially BOKF, NA, Dallas, Texas (the “Paying Agent/Registrar”), at the close of business on the Record Date (as defined herein), 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 and surrender of such Bonds to the 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 and Global Clearance Procedures” herein. In the event that any date for payment of the principal 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 defined herein) 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 Dallas, 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 defined herein) and ending with the opening of business on the next following principal or 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 (Series 2023A Bonds).** The Series 2023A Bonds scheduled to mature on and after February 15, 2034 are subject to redemption prior to maturity at the option of the Board on February 15, 2033, 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 Series 2023A 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 and Global Clearance Procedures” below.

**Make-Whole Optional Redemption (Series 2023B Bonds).** The Board reserves the right, at its option, to redeem the Series 2023B Bonds in whole or in part at any time at a redemption price equal to the greater of: (1) 100% of the principal amount of the Series 2023B Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the stated maturity date of such Series 2023B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2023B Bonds are to be redeemed, discounted to the date on which such Series 2023B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (described below)



plus (i) with respect to the Series 2023B Bonds maturing in 2024 through 2026, 5 basis points, and (ii) with respect to the Series 2023B Bonds maturing in 2027 through 2029, 10 basis points, and plus, in each case, accrued interest on such Series 2023B Bonds to be redeemed to but not including the redemption date.

“Treasury Rate” means, with respect to any redemption date, the yield to maturity as of such redemption date of U.S. Treasury securities with a constant maturity most nearly equal to the period from the redemption date to the maturity date of such Series 2023B Bond (taking into account any sinking fund installments for such Series 2023B Bonds); however, if the period from the redemption date to such maturity date (taking into account any sinking fund installments for such Series 2023B Bonds) is less than one year, the yield to maturity of the U.S. Treasury securities with a constant maturity of one year, in each case, as compiled and published in the most recent Federal Reserve Release H.15 which has become publicly available at least two business days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) or, if such Release is no longer published, any publicly available source of similar market data.

**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 Resolution provides for the defeasance of the Bonds. See “Appendix C — 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 State 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, State 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 certainty 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 and Global Clearance Procedures**

*This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee’s name.*

*The information in this section concerning DTC, Euroclear Bank SA/NV as operator of the Euroclear System (“Euroclear”) and Clearstream Banking, S.A., Luxembourg (“Clearstream Banking”) (DTC, Euroclear and Clearstream Banking together, the “Clearing Systems”), and DTC’s book-entry-only system has been provided by DTC, Euroclear and Clearstream Banking for use in disclosure documents such as this Official Statement.*

*DTC will act as the initial securities depository for the Bonds. Euroclear and Clearstream Banking are participants of DTC and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders.*

*The information set forth below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect and the Board expressly disclaims any responsibility to update this Official Statement to reflect any such changes. The information herein concerning the Clearing Systems has been obtained from sources that the Board believes to be reliable, but neither the Board nor the Underwriters take any responsibility for the accuracy or completeness of the information set forth herein. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The Board and the Underwriters will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

*The Board cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to participants of the Clearing Systems ("Participants") (2) Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC or the other Clearing Systems will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants (hereinafter defined) are on file with DTC.*

### ***DTC Book-Entry-Only System***

#### ***Clearing Systems***

DTC will act initially 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 certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such 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, as amended. 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 of 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 Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://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 beneficial ownership interests 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 beneficial ownership interests in 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 DTC nominee, does not affect 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 of Bonds 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 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 will 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, unless other arrangements are made between the Board and DTC.

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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All 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 Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Board or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by 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 Participant and not of DTC, 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, and interest payments 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, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds 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-only transfers through DTC (or a successor Securities Depository). In that event, Bonds will be printed and delivered in accordance with the Trust Indenture.

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Trust Indenture will be given only to DTC.

### ***Euroclear and Clearstream Banking***

Euroclear and Clearstream Banking have advised as follows:

Euroclear and Clearstream Banking each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream Banking provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream Banking also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream Banking have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream Banking customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream Banking is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

### ***Clearing and Settlement Procedures***

Any Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, for the account of its participants, including but not limited to Euroclear and Clearstream Banking. If the investors are participants in Clearstream Banking and Euroclear in Europe, or indirectly through organizations that are participants in the Clearing Systems, Clearstream Banking and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream Banking's and Euroclear's names on the books of their respective depositories. In all cases, the record holder of the Bonds will be DTC's nominee and not Euroclear or Clearstream Banking. The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream Banking or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream Banking or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream Banking or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream Banking participant on that business day. Cash received in Clearstream Banking or Euroclear as a result of sales of securities by or through a Clearstream Banking participant or Euroclear participant to a DTC Participant, other than the depository for Clearstream Banking or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream Banking or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream Banking participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream Banking participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream Banking participants or Euroclear participants may not deliver instructions directly to the depositories.

The Board will not impose any fees in respect of holding the Bonds; however, holders of book-entry interests in the Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the Clearing Systems.

### ***Initial Settlement***

Interests in the Bonds will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Bonds through Euroclear and Clearstream Banking accounts will follow the settlement procedures applicable thereto and applicable to DTC. Book-entry interests in the Bonds will be credited by DTC to Euroclear and Clearstream Banking participants' securities clearance accounts on the business day following the date of delivery of the Bonds against payment (value as on the date of delivery of the Bonds). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the Bonds following confirmation of receipt of payment to the Board on the date of delivery of the Bonds.

### ***Secondary Market Trading***

Secondary market trades in the Bonds will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear,

Clearstream Banking or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the Bonds may be transferred within Euroclear and within Clearstream Banking and between Euroclear and Clearstream Banking in accordance with procedures established for these purposes by Euroclear and Clearstream Banking. Book-entry interests in the Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the Bonds between Euroclear or Clearstream Banking and DTC shall be effected in accordance with procedures established for this purpose by Euroclear, Clearstream Banking and DTC.

### ***Special Timing Considerations***

Investors should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Bonds through Euroclear or Clearstream Banking on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream Banking and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Bonds, or to receive or make a payment or delivery of Bonds, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream Banking is used, or Brussels if Euroclear is used.

### ***Clearing Information***

The Board and the Underwriters expect that the Bonds will be accepted for clearance through the facilities of Euroclear and Clearstream Banking. The CUSIP numbers for the Bonds are set out on pages ii and iv of this Official Statement.

### ***General***

None of Euroclear, Clearstream Banking or DTC is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

Neither the Board, the Underwriters nor any of their agents will have any responsibility for the performance by Euroclear, Clearstream Banking or DTC or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

### ***Limitations***

For so long as the Bonds are registered in the name of DTC or its nominee, Cede & Co., the Board and the Paying Agent/Registrar will recognize only DTC or its nominee, Cede & Co., as the registered owner of the Bonds for all purposes, including payments, notices and voting. So long as Cede & Co. is the registered owner of the Bonds, references in this Official Statement to registered owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

Because DTC is treated as the owner of the Bonds for substantially all purposes, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of Beneficial Owners is unknown to the Board or DTC, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the Bonds that may be transmitted by or through DTC.

The Board will have no responsibility or obligation with respect to:

- the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any Beneficial Ownership interest in any Bonds;
- the delivery to any Direct Participant or Indirect Participant or any other person, other than a registered owner as shown in the bond register kept by the Paying Agent/Registrar, of any notice with respect to any Bonds including, without limitation, any notice of redemption with respect to any Bonds;

- the payment to any Direct Participant or Indirect Participant or any other person, other than a registered owner as shown in the bond register kept by the Paying Agent/Registrar, of any amount with respect to the principal of, premium, if any, or interest on, any Bonds; or
- any consent given by DTC or its nominee as registered owner.

Prior to any discontinuation of the book entry only system hereinabove described, the Board and the Paying Agent/Registrar may treat Cede & Co. (or such other nominee of DTC) as, and deem Cede & Co. (or such other nominee) to be, the absolute registered owner of the Bonds for all purposes whatsoever, including, without limitation:

- the payment of principal, premium, if any, and interest on the Bonds;
- giving notices of redemption and other matters with respect to the Bonds;
- registering transfers with respect to the Bonds; and
- the selection of Bonds for redemption.

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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. The Board added Angelo State, the Health Sciences Center at El Paso, and Midwestern State as Participants in the Revenue Financing System in 2007, 2013 and 2021, respectively. 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. Other than the Prior Encumbered Obligations of Midwestern State described in "SECURITY FOR THE BONDS – Midwestern State Outstanding Obligations" herein, there are no Prior Encumbered Obligations outstanding and the Board does not currently anticipate adding Participants to the Revenue Financing System which would result in the assumption of Prior Encumbered Obligations. See "Appendix C — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

As described in "Appendix A — TEXAS TECH UNIVERSITY SYSTEM – General Description – Member Institutions – Midwestern State University," effective September 1, 2021, the governance, control, management and property of Midwestern State was transferred from the Board of Regents of Midwestern State University to the Board.

### **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 (as defined herein), 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, to the extent such moneys are 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 C — 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 ANNUAL COMBINED FINANCIAL REPORT.” 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 State 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.

The following table sets forth a historical compilation for Fiscal Years 2018 through 2022, inclusive, of the revenues available during such years that would constitute Pledged Revenues under the Revenue Financing System based on current law:

	<b><u>Pledged Revenues and Balances Available for Debt Service (\$000)</u></b>				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Available Pledged Revenues excluding Fund Balances <sup>(1)</sup>	\$733,579	\$758,582	\$757,337	\$675,295	\$784,378
Available Pledged Revenues Fund Balances <sup>(2)</sup>	890,042	922,895	946,493	962,499	1,256,623
<b>Total Pledged Revenues and Pledged Fund Balances<sup>(3)</sup></b>	<b><u>\$1,623,621</u></b>	<b><u>\$1,681,477</u></b>	<b><u>\$1,703,830</u></b>	<b><u>\$1,637,794</u></b>	<b><u>\$2,041,001</u></b>

<sup>(1)</sup> Excludes (i) amounts received from the Higher Education Fund pursuant to Article VII, Section 17 of the State Constitution and (ii) State appropriations for the reimbursement of debt service on certain revenue bonds (including the Bonds) issued to fund CCAPs. See “Additional Sources of Payment: HEF and Additional Appropriations” below and “Appendix A — TEXAS TECH UNIVERSITY SYSTEM – Selected Financial Information – Funding for the University System and its Member Institutions – Capital Construction Assistance Projects.”

<sup>(2)</sup> 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.

<sup>(3)</sup> All financial sums include revenues attributable to Midwestern State. Outstanding obligations previously issued by or on behalf of Midwestern State, prior to Midwestern State becoming a Participant in the Revenue Financing System on September 1, 2021, constitute Prior Encumbered Obligations under the Master Resolution. The pledge of Midwestern State’s revenues as Pledged Revenues under the Master Resolution is subject and subordinate to such outstanding Prior Encumbered Obligations. The Total Pledged Revenues and Pledged Fund Balances attributable to Midwestern State in Fiscal Years 2018, 2019, 2020, 2021 and 2022 were \$91,153,705, \$94,355,843, \$90,633,765, \$102,280,310, and \$85,629,218, respectively. See “SECURITY FOR THE BONDS – Midwestern State Outstanding Obligations” for a description of the Prior Encumbered Obligations of Midwestern State.

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

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Available HEF Appropriations	\$88,811	\$88,811	\$88,811	\$91,490	\$91,490
Additional Appropriations – HSC PA Facility	<u>\$12,500</u>	_____ -	_____ -	_____ -	_____ -
<b>Total Additional Sources of Payment</b>	<b><u>\$101,311</u></b>	<b><u>\$88,811</u></b>	<b><u>\$88,811</u></b>	<b><u>\$91,490</u></b>	<b><u>\$91,490</u></b>

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, THE HEALTH SCIENCES CENTER AT EL PASO, ANGELO STATE, MIDWESTERN STATE, 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, THE HEALTH SCIENCES CENTER AT EL PASO, ANGELO STATE OR MIDWESTERN STATE.

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## University System Outstanding Obligations

Following the delivery of the Bonds, the Board will have the obligations set forth in the following table:

	<u>Outstanding Principal</u>
<b><i>Outstanding Parity Obligations</i></b>	
Revenue Financing System Refunding and Improvement Bonds, 16 <sup>th</sup> Series (2015A)	\$ 56,970,000
Revenue Financing System Refunding and Improvement Bonds, 17 <sup>th</sup> Series (Taxable 2015B) <sup>(1)</sup>	94,490,000
Revenue Financing System Refunding and Improvement Bonds, Series 2017A <sup>(1)</sup>	57,705,000
Revenue Financing System Refunding and Improvement Bonds, Taxable Series 2017B <sup>(1)</sup>	173,635,000
Revenue Financing System Refunding and Improvement Bonds, Taxable Series 2020	283,715,000
Revenue Financing System Refunding and Improvement Bonds, Series 2023A <sup>(1)</sup>	193,625,000
Revenue Financing System Improvement Bonds, Taxable Series 2023B <sup>(1)</sup>	56,400,000
Revenue Financing System Commercial Paper Notes, Series A <sup>(2)</sup>	40,355,000
<b>Total Outstanding Parity Obligations</b>	<b>\$ 956,895,000</b>
<b><i>Other Obligations</i></b>	
Red Raider Facilities Foundation Projected Outstanding Debt <sup>(3)</sup>	<b>\$ 253,400,000</b>
<b>Total Outstanding Obligations</b>	<b>\$1,210,295,000</b>

- <sup>(1)</sup> All or a portion of such issue constitutes CCAPs, which qualify the University System to be reimbursed from State appropriations for debt service payments in the amount of \$34,038,680 during Fiscal Year 2023. Fiscal Year 2023 CCAP appropriation of \$29,092,195 has been received for reimbursement of Commercial Paper Note debt service. The amount budgeted by the State Legislature for reimbursement to the University System of CCAP debt service for Fiscal Year 2024 and 2025 is \$60,032,449 and \$60,054,474, respectively, of which a portion is reimbursement for debt service of Midwestern State's Prior Encumbered Obligations as noted in Footnote 1 to the table located under "SECURITY FOR THE BONDS - Midwestern State Outstanding Obligations." Future reimbursement by the State for CCAP 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 – Capital Construction Assistance Projects."
- <sup>(2)</sup> Excludes the Refunded Notes in the principal amount of \$8,110,000. Under current Board authorization, Commercial Paper Notes may be issued in an aggregate amount not to exceed \$150 million.
- <sup>(3)</sup> Not a Parity Obligation of the University System. Amount shown is total amount that may be borrowed by the Red Raider Facilities Foundation, Inc. for the referenced Project, and not necessarily the amount currently outstanding. For a description of such financing, see "SECURITY FOR THE BONDS – Interim Financing Loan – Red Raider Facilities Foundation."

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## Midwestern State Outstanding Obligations

Following the delivery of the Bonds, the Board will have the following described indebtedness which constitutes Prior Encumbered Obligations of Midwestern State and are secured solely by pledged revenues of Midwestern State.

	<u>Outstanding Principal<sup>(2)</sup></u>
Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue Refunding Bonds, Taxable Series 2012B	\$ 1,240,000
Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue and Refunding Bonds, Series 2015A <sup>(1)</sup>	46,465,000
Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue and Refunding Bonds, Series 2016A <sup>(1)</sup>	55,175,000
Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue Refunding Bonds, Taxable Series 2016B	9,085,000
<b>TOTAL</b>	<b><u>\$111,965,000</u></b>

<sup>(1)</sup> All or a portion of such issue constitutes CCAPs that are included in the University System total in Footnote 1 to the table located under “SECURITY FOR THE BONDS – University System Outstanding Obligations” above. Midwestern State’s CCAP appropriation for Fiscal Year 2023 was \$4,501,850. 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 – Capital Construction Assistance Projects.”

<sup>(2)</sup> Midwestern State’s outstanding Prior Encumbered Obligations are recognized in the University System’s Fiscal Year 2022 Annual Combined Financial Report in accordance with GASB guidelines, but do not constitute Parity Obligations under the Master Resolution.

## 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 prevailing market rate for alternative taxable investments of similar maturity and credit rating. 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 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.

**Interim Financing Loan – Red Raider Facilities Foundation.** On November 22, 2022, the University entered into a Ground Lease Agreement (the “Original Ground Lease”) covering approximately 17.914 acres of land, including the south end of its Jones AT&T Stadium, and accompanying Sublease Agreement (the “Sublease”) for the same property with Red Raider Facilities Foundation, Inc. (the “Foundation”), as amended by a First Amendment to Ground Lease dated as of July 13, 2023 (the “First Amendment” and, together with the Original Ground Lease and the Sublease, the “Lease Agreements”). The Foundation is a 501(c)(3) nonprofit corporation operated exclusively for charitable and educational purposes whose mission is to support, promote and benefit the athletic activities and endeavors of the University.

Pursuant to the Lease Agreements, the Foundation has agreed to finance, design, build, and construct a new athletic training facility and south end zone improvements on the leased property (the “Project”), consisting of two distinct components: (i) the design, construction and equipping of the south end zone at Jones AT&T Stadium, along with the relocation of the visitors' locker room to the north end zone of Jones AT&T Stadium and certain additional related improvements (collectively, the “Stadium Improvements”), and (ii) the design, construction and equipping of a new athletic training facility adjacent to Jones AT&T Stadium (the “Training Facility Improvements”). The University and the Foundation anticipate that the Stadium Improvements will achieve substantial completion prior to the Training Facility Improvements.

Pursuant to the First Amendment, the total athletic training facility and south end zone improvements development budget for the Project has been increased to \$277,300,000. The total development budget under the Lease Agreements now includes \$250,000,000 of Project costs and \$27,300,000 of capitalized interest, and other financing costs. Pursuant to the First Amendment, the University and the Foundation have agreed that (i) under no circumstances shall the Foundation incur any Project costs in excess of \$250,000,000 without the express written consent of the University, through the University’s designated representative, which amount includes certain modifications to the Project that the University has already approved; and (ii) any increase to either the actual Project costs or the Project costs previously estimated that exceeds \$4,000,000 shall require the advanced written approval of the full Board, which approval may be granted or withheld in the Board’s sole and absolute discretion.

The cost of the Project is being financed by the Foundation through a combination of charitable contributions to the Foundation, and tax-exempt and taxable drawdown loans in the maximum aggregate amount of \$225,000,000 (collectively, the “Loan”) from Truist Bank and Truist Commercial Equity, Inc. (the “Lender”) through the New Hope Cultural Education Facilities Finance Corporation. The loan terms include interest at a variable rate of (i) 0.79 multiplied by the one-month SOFR plus a spread of 57 basis points for the tax-exempt portion of the Loan, and (ii) the one-month SOFR, plus a spread of 57 basis points for the taxable portion of the Loan. The Loan becomes due on May 22, 2025.

In addition to the Loan, the Lease Agreements authorize the Foundation to obtain a taxable non-revolving line of credit funded by Truist Bank of up to \$28,400,000, as evidenced by that certain Non-Revolving Line of Credit Agreement with Truist Bank, dated as of July 13, 2023 (the “Line of Credit” and, collectively with the Loan, the “Approved Financings”). The Line of Credit bears interest at a per annum rate equal to the one-month Term SOFR rate plus 77 basis points. Interest on the Line of Credit accrues on the amount of the Line of Credit that is drawn by the Foundation and is payable on the first day of each month. All amounts payable and outstanding on the Line of Credit are due on May 22, 2025. Under the terms of the Line of Credit, the Foundation is also required to pay a fee each quarter equal to 0.18% per annum on the average daily unused portion of the amount available under the Line of Credit.

As of June 14, 2023, the Foundation has received gifts of approximately \$29,069,072.27 in charitable contributions for the Project, which amounts the Foundation has agreed to apply to pay Project costs or payments due on the Approved Financings.

The University has agreed in the Lease Agreements to use all reasonable and lawful means to purchase the Project upon substantial completion of the entire Project (anticipated to be September 1, 2024) or as soon thereafter as possible, but no later than May 22, 2025. The purchase price for the Project will be equal to the then-outstanding balance of the Approved Financings, accrued and unpaid interest and fees, and other unpaid qualified Project costs incurred by the Foundation, less collected but unspent charitable contributions for the Project. Pursuant to the terms of the First Amendment, the University and the Foundation have agreed that the University may purchase the Stadium Improvements or the Training Facility Improvements, respectively, upon such portion of the Project achieving substantial completion, even if other portions of the Project have not yet reached substantial completion. If the University purchases the Stadium Improvements or the Training Facility Improvements prior to substantial completion of the entire Project, the purchase price of such respective portion of the Project will be the portion of the purchase price of the entire Project allocable to such portion of the Project.

If for any reason the University does not purchase the Project upon substantial completion of the entire Project or, if earlier, the date when budgeted capitalized interest on the Approved Financings has been exhausted, the University has agreed to pay monthly sublease rent to the Foundation in an amount sufficient to pay interest on the Approved Financings when due, and any other obligations of the Foundation under the documents for the Approved Financings.

Neither the University nor the University System is obligated on the Approved Financings, and none of the revenues, faith or credit of the University or the University System has been pledged as security for the University’s obligations under the Lease Agreements or for the Foundation’s obligations under the Approved Financings. The Lease Agreements contain no provisions for accelerating the payment obligations of the University. However, the University will not have possession of the Project prior to substantial completion, and if it fails to purchase the Project upon substantial completion, the University may be denied possession of the Project until the purchase is completed.

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## DEBT SERVICE REQUIREMENTS

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

Fiscal Year Ending 8/31	Debt Service on Outstanding Parity Obligations <sup>(1)*</sup>	Other Debt – Lease Payments <sup>(2)</sup>	Series 2023A Bonds*		Series 2023B Bonds*		Total Parity Obligations & Other Debt
			Principal	Interest	Principal	Interest	
2023	\$ 10,442,258	\$ 90,631	\$ -	\$ -	\$ -	\$ -	\$ 10,532,889
2024	74,762,608	3,723,705	-	9,869,497	11,160,000	2,513,581	102,029,390
2025	74,399,608	258,602,039	1,045,000	9,655,125	11,010,000	1,888,493	356,600,265
2026	65,271,774	-	4,240,000	9,523,000	10,155,000	1,366,095	90,555,869
2027	57,443,021	-	4,450,000	9,305,750	10,655,000	873,295	82,727,066
2028	56,275,339	-	5,725,000	9,051,375	10,120,000	391,107	81,562,822
2029	55,408,865	-	13,330,000	8,575,000	3,300,000	78,111	80,691,976
2030	63,277,628	-	17,485,000	7,804,625	-	-	88,567,253
2031	47,358,251	-	18,375,000	6,908,125	-	-	72,641,376
2032	39,438,953	-	19,320,000	5,965,750	-	-	64,724,703
2033	28,797,198	-	20,315,000	4,974,875	-	-	54,087,073
2034	27,269,649	-	21,355,000	3,933,125	-	-	52,557,774
2035	30,579,325	-	22,450,000	2,838,000	-	-	55,867,325
2036	20,726,903	-	18,290,000	1,819,500	-	-	40,836,403
2037	14,235,661	-	5,095,000	1,234,875	-	-	20,565,536
2038	14,244,517	-	5,355,000	973,625	-	-	20,573,142
2039	12,493,707	-	5,630,000	699,000	-	-	18,822,707
2040	139,860,039	-	11,165,000	279,125	-	-	151,304,164
2041	5,788,673	-	-	-	-	-	5,788,673
2042	2,187,640	-	-	-	-	-	2,187,640
2043	2,189,828	-	-	-	-	-	2,189,828
2044	2,189,081	-	-	-	-	-	2,189,081
2045	2,190,295	-	-	-	-	-	2,190,295
2046	562,993	-	-	-	-	-	562,993
2047	558,603	-	-	-	-	-	558,603
2048	558,853	-	-	-	-	-	558,853
2049	558,672	-	-	-	-	-	558,672
2050	562,986	-	-	-	-	-	562,986
	<u>\$ 849,632,926</u>	<u>\$ 262,416,375</u>	<u>\$ 193,625,000</u>	<u>\$ 93,410,372</u>	<u>\$ 56,400,000</u>	<u>\$ 7,110,682</u>	<u>\$ 1,462,595,354</u>

\* All or a portion of such issues constitute CCAPs, which qualify the University System to be reimbursed from State appropriations for debt service payments in the amount of \$34,038,680 during Fiscal Year 2023. Fiscal Year 2023 CCAP appropriation of \$29,092,195 has been received for reimbursement of Commercial Paper Note debt service. The amount budgeted by the State Legislature for reimbursement of CCAP debt service for Fiscal Year 2024 and 2025 is \$60,032,449 and \$60,054,474, respectively, of which a portion is reimbursement for debt service of Midwestern State's Prior Encumbered Obligations as noted in Footnote 1 to the table located under "SECURITY FOR THE BONDS - Midwestern State Outstanding Obligations." Future reimbursement by the State for CCAP 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 – Capital Construction Assistance Projects."

<sup>(1)</sup> Does not include debt service on the outstanding Commercial Paper Notes. See "SECURITY FOR THE BONDS – University System Outstanding Obligations."

<sup>(2)</sup> See "SECURITY FOR THE BONDS - Interim Financing Loan – Red Raider Facilities Foundation."

## **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 \$362 million may require financing or partial financing in the next five years. The University System may consider other construction projects as well. This estimate includes \$275 million with respect to the Athletic Project described in “SECURITY FOR THE BONDS – Interim Financing Loan – Red Raider Facilities Foundation.” This estimate does not include (i) the CCAPs being funded with proceeds of the Bonds or (ii) CCAPs that may be authorized in the future by the State Legislature.

## **RISK FACTORS FOR UNIVERSITY SYSTEM OPERATIONS**

### **Cybersecurity**

Information technology and data are vital to the operations of the University System. As with any organization, these information systems may be subject to attempted attacks by malicious actors, both internal and external to the University System. Vulnerabilities may exist due to software flaws, employee error, negligence or malfeasance. A successful compromise of an information system within the University System may result in unauthorized access or disclosure of sensitive, confidential, or regulated information, and may also result in the disruption of University System operations. The University System recognizes this ongoing risk to the organization and its information assets.

The University System aims to reduce the likelihood of a material impact due to a cyber event using multiple risk mitigation strategies. In general, the University System adheres to the Texas Department of Information Resources (DIR) Security Controls framework as required and set forth in Texas Administrative Code (TAC) 202. Security risk assessments are performed to identify the inherent and residual risk related to confidential or sensitive information. Email communications are inspected and filtered to protect against spam and phishing attacks. Enterprise network firewalls filter malicious traffic based on a combination of access control lists and near real-time threat intelligence feeds. Anti-malware and ransomware protection has been deployed on University System desktop and laptop endpoints. The University System’s security training and awareness initiatives aim to tackle the people-centric nature and challenges of information security. The University System is covered under a cybersecurity insurance policy.

### **Severe Weather Events**

The University System and its Participants are located in a variety of geographic regions throughout the State and, as a result, the University System and its Participants may be exposed to differing climatic and environmental events, which may include potentially hazardous natural disasters and catastrophic events (such as severe winds, heavy rains, flooding and freezing) and expose the University System and its Participants to operational disruptions and casualty losses.

In February 2021, the State experienced a severe winter storm causing record breaking cold temperatures resulting in widespread disruptions to the operations of Texas electric and gas utilities. Based on ongoing assessments, the University System and its Participants experienced losses currently reported at \$222,500.00. These losses were fully covered by the Federal Emergency Management Agency (“FEMA”).

Climatic and weather-related events have not materially impacted the University System or its Participants thus far; however, the University System cannot predict whether similar events will occur in the future and the impact such events may have on the University System and its Participants.

### **COVID-19 and Future Pandemics**

The global outbreak and spread of COVID-19 and actions taken by federal, State, and local governments in response thereto, materially adversely affected certain operations of the University System. The outbreak of any future pandemic or epidemic and the actions taken in response thereto could have material impacts on global, regional, and local economic conditions as well as on the higher education landscape in general, and could adversely affect the financial conditions and operations of the University System.

## **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 Twentieth A Supplemental Resolution and the Twentieth 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 MSRB. Such information will be available to the public at no charge using the MSRB’s EMMA system via the MSRB’s internet website, [www.emma.msrb.org](http://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 ANNUAL COMBINED 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 2023.

The Board may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by 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 unaudited financial information of the type included in this Official Statement by the required time and audited financial 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 ANNUAL COMBINED 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 timely notices of certain events to the MSRB, not in excess of ten Business Days after the occurrence of the event. The Board will provide notice of any of the following events with respect to the

Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, 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 material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the Board, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the University System, 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, if material; (14) the appointment of a successor or additional Paying Agent/Registrar or the change of name of the Paying Agent/Registrar, if material; (15) incurrence of a financial obligation of the Board, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Board, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar event under the terms of a financial obligation of the Board, any of which reflect financial difficulties. In addition, the Board will provide timely notice of any failure by the Board to provide financial information or operating data in accordance with its agreement described above under “CONTINUING DISCLOSURE OF INFORMATION — Annual Reports.” The Resolution makes no provision for debt service reserves or credit or liquidity facilities for the Bonds.

For the purposes of the event numbered 12 in the preceding paragraph, the event 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 U.S. 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 intends the words used in events numbered 15 and 16 in the preceding paragraph and the definition of “financial obligation” to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

#### **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 type of financial information or operating data 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 the type of financial information and operating data provided.

### **Compliance with Prior Undertakings**

During the past five years, the Board has complied in all material respects with its continuing disclosure agreements made in accordance with the Rule, except as follows. Notice of a September 1, 2021 rating upgrade by Moody’s with respect to Midwestern State’s Prior Encumbered Obligations was filed on a timely basis on EMMA, but was not linked to the CUSIP numbers relating to Midwestern State’s Series 2016A and Series 2016B Bonds. Certain admissions and matriculation information of the University System has been reorganized and reported in the University System’s annual operating data filings in differing formats from year to year, but such information has been of the general type contemplated by the University System’s prior continuing disclosure undertakings. A separate “Tuition and Fees” table for each of the Health Sciences Center and the Health Sciences Center at El Paso was filed in the University System’s annual operating data filings for Fiscal Years 2018 and 2019, but not for subsequent Fiscal Years.

## **LEGAL MATTERS**

Legal matters relating to the Bonds are subject to approval of legality by the Attorney General of the State and of certain legal matters by Norton Rose Fulbright US LLP, Dallas, Texas (“Bond Counsel”), whose opinions will be delivered at the closing of the sale of the Bonds in substantially the forms attached hereto as Appendix D. 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 and Global Clearance Procedures”), “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 C and Appendix D 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 co-counsel, McCall, Parkhurst & Horton L.L.P., Dallas, Texas and Cantu Harden Montoya LLP, Dallas, 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 2023A Bonds**

**Tax Exemption.** The delivery of the Series 2023A Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Series 2023A 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.

A form of Bond Counsel’s opinion is reproduced as Appendix D. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

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 2023A Bonds pertaining to the use, expenditure, and investment of the proceeds of the Series 2023A Bonds and will assume continuing compliance by the Board with the provisions of the Twentieth A Supplemental Resolution subsequent to the issuance of the Series 2023A Bonds. The Twentieth A Supplemental Resolution contains covenants by the Board with respect to, among other matters, the use of the proceeds of the Series 2023A Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Series 2023A 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 2023A Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Series 2023A 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 2023A Bonds is commenced, under current procedures the IRS is likely to treat the University System as the “taxpayer,” and the owners of the Series 2023A 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 2023A Bonds, the University System may have different or conflicting interests from the owners of the Series 2023A Bonds. Public awareness of any future audit of the Series 2023A Bonds could adversely affect the value and liquidity of the Series 2023A 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 2023A Bonds. Prospective purchasers of the Series 2023A Bonds should be aware that the ownership of tax-exempt obligations such as the Series 2023A 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, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (“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.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than \$1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer’s applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Series 2023A Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Series 2023A Bonds.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Series 2023A 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 2023A Bonds. Prospective purchasers of the Series 2023A 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 2023A Bonds.** The initial public offering price of certain Series 2023A Bonds (the “Discount Bonds”) may be less than the amount payable on such Series 2023A 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 2023A 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 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, certain foreign corporations doing business in the United States, S corporations with “subchapter C” earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, 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. 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 purchase price of certain Series 2023A Bonds (the “Premium Bonds”) paid by an owner may be greater than the amount payable on such Series 2023A Bonds at maturity. An amount equal to the excess of a purchaser’s tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such 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 a purchaser is determined by using such purchaser’s yield to maturity (or, in some cases with respect to a callable Series 2023A Bond, the yield based on a call date that results in the lowest yield on the Series 2023A Bond).

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 2023B Bonds**

The following is a general summary of the United States federal income tax consequences of the purchase and ownership of the Series 2023B 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 2023B 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 2023B Bonds).

The summary is therefore limited to certain issues relating to initial investors who will hold the Series 2023B Bonds as “capital assets” within the meaning of section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”), and acquire such Series 2023B 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 Internal Revenue Service (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 2023B BONDS.

#### **Payments of Stated Interest on the Series 2023B Bonds**

The stated interest paid on the Series 2023B 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 2023B Bonds of any stated maturity is purchased at original issuance for a purchase price (the “Issue Price”) that is less than their stated redemption price at maturity by more than one quarter of one percent times the number of complete years to maturity, the Series 2023B 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 stated redemption price at maturity of such Series 2023B Bonds over its Issue Price, and the amount of the original issue discount on the Series 2023B Bonds will be amortized over the life of the Series 2023B 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 2023B 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 2023B 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 2023B 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 2023B Bonds will increase the adjusted tax basis of the Series 2023B Bonds in the hands of such beneficial owner.

#### **Premium**

If a beneficial owner purchases a Series 2023B 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 2023B 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 2023B Bond and may offset interest otherwise required to be included in respect of the Series 2023B Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Series 2023B 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 2023B Bond. However, if the Series 2023B 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 2023B 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 2023B Bonds should consult with their tax advisor concerning this additional tax, as it may apply to interest earned on the Series 2023B Bonds as well as gain on the sale of a Series 2023B Bond.

### **Disposition of Bonds and Market Discount**

A beneficial owner of Series 2023B Bonds will generally recognize gain or loss on the redemption, sale or exchange of a Series 2023B 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 2023B Bonds. Generally, the beneficial owner's adjusted tax basis in the Series 2023B 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 2023B Bonds.

Under current law, a purchaser of a Series 2023B Bond who did not purchase the Series 2023B Bonds in the initial public offering (a "subsequent purchaser") generally will be required, on the disposition of the Series 2023B 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 2023B 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 2023B Bonds. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire Series 2023B 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 2023B Bonds could have a material effect on the market value of the Series 2023B Bonds.

### **Legal Defeasance**

If the Board elects to defease the Series 2023B Bonds by depositing in escrow sufficient cash and/or obligations to pay when due outstanding Series 2023B Bonds (a "legal defeasance"), under current tax law, a beneficial owner of Series 2023B Bonds may be deemed to have sold or exchanged its Bonds. In the event of such a legal defeasance, a beneficial owner of Series 2023B Bonds generally would recognize gain or loss in the manner described above. Ownership of the Series 2023B Bonds after a deemed sale or exchange as a result of a legal defeasance may have tax consequences different from those described above, and each beneficial owner should consult its own tax advisor regarding the consequences to such beneficial owner of a legal defeasance of the Series 2023B Bonds.

### **Backup Withholding**

Under section 3406 of the Code, a beneficial owner of the Series 2023B 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 2023B Bonds. This withholding applies if such beneficial owner of Series 2023B 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 2023B Bonds. Beneficial owners of the Series 2023B 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 2023B 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 2023B 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 2023B Bonds pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business.

Assuming payments on the Series 2023B 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.

### **Foreign Account Tax Compliance Act**

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain United States persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act ("FATCA") imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial United States owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Series 2023B Bonds and sales proceeds of Series 2023B Bonds held by or through a foreign entity. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

### **Reporting of Interest Payments**

Subject to certain exceptions, interest payments made to beneficial owners with respect to the Series 2023B 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 2023B Bond for U.S. federal income tax purposes.

## **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, when accompanied by any unmatured interest coupons appurtenant thereto. 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**

Moody's Investors Service, Inc. ("Moody's"), Fitch Ratings, Inc. ("Fitch") and Kroll Bond Rating Agency, LLC ("Kroll") have assigned ratings of "Aa1," "AA+" and "AA+," respectively, to the Bonds.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. 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**

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.

## **UNDERWRITING**

J.P. Morgan Securities LLC ("JPMS"), as representative of the Underwriters of the Bonds (the "Underwriters"), has agreed, subject to certain customary conditions to delivery, to purchase the Series 2023A Bonds from the Board at a price equal to \$222,937,517.69, which is equal to the principal amount of the Series 2023A Bonds, plus an original issue premium of \$30,030,906.55 and less an underwriting discount of \$718,388.86. The Underwriters will be obligated to purchase all of the Series 2023A Bonds if any Series 2023A Bonds are purchased. The Series 2023A 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.

JPMS, as representative of the Underwriters, has agreed, subject to certain customary conditions to delivery, to purchase the Series 2023B Bonds from the Board at a price equal to \$56,222,277.81, which is equal to the principal amount of the Series 2023B Bonds and less an underwriting discount of \$177,722.19. The Underwriters will be obligated to purchase all of the Series 2023B Bonds if any Series 2023B Bonds are purchased. The Series 2023B 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.

JPMS 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.

RBC Capital Markets, LLC ("RBCCM") has provided the following information for inclusion in this Official Statement. RBCCM and its respective affiliates are full-service financial institutions 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 and its respective affiliates may engage in transactions for their own accounts involving

the securities and instruments made the subject of this securities offering or other offerings of the University System. 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 University System. RBCCM and its respective affiliates 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.

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 respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

#### **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**

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, the Rule.

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/ James Mauldin  
Vice Chancellor and Chief Financial Officer  
Texas Tech University System

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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 80<sup>th</sup> Legislature, Regular Session, H.B. 3564 transferred Angelo State University (“Angelo State”) from the Texas State University System to the University System, in the 2013 83<sup>rd</sup> 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 and in the 2021 87<sup>th</sup> Legislature, Regular Session, H.B. 1522 transferred Midwestern State University (“Midwestern State”) to the University System. 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, the Health Sciences Center at El Paso, Angelo State and Midwestern State are the only member institutions of the University System, and the only participants under the Revenue Financing System (the “Participants”). After receiving legislative funding and approval in the 2019 86<sup>th</sup> Texas Legislature, the University System established a new Texas Tech University veterinary school in Amarillo, and a new dental school at Texas Tech University Health Sciences Center El Paso. The addition of these two schools makes the University System one of only nine in the nation to offer programs for undergraduate, medical, law, nursing, pharmacy, dental and veterinary education, among other academic areas.

**Governance.** The Board consists of nine members, each of whom is appointed by the Governor of the State of Texas (the “State”) subject to confirmation by the State Senate. Each 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 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 and Chief Financial Officer, Vice Chancellor and General Counsel, Vice Chancellor for Institutional Advancement, Vice Chancellor for Governmental Relations, Vice Chancellor for State Relations, Vice Chancellor for Facilities Planning and Construction, the President of the University, the President of the Health Sciences Center, the President of the Health Sciences Center at El Paso, the President of Angelo State and the President of Midwestern State.

**Institution Administration.** The President of the University directs the operations of the University and is assisted by the Senior Vice President and Provost, Senior Vice President of Administration & Finance and Chief Financial Officer, Vice President for Research & Innovation, Director of Intercollegiate Athletics, and Vice President of Advancement. The leadership team also includes a Vice President for Administration, Vice President of Marketing & Communications, Vice President for Enrollment Management and Vice President for Information Technology.

The President of the Health Sciences Center directs the operations of the Health Sciences Center and is assisted by the Vice President and Chief Financial Officer, Vice President for Research, Executive Vice President and Provost 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, Executive Vice President for Rural and Community Health,

Vice President and Chief People Officer, Vice President for Facilities and Safety Services, Vice President for IT and Chief Information Officer, Vice President for External Relations, Vice President for Special Health Programs and Policy, Vice President for Institutional Collaborations, Vice President for Institutional Compliance, and Chief of Staff.

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 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, Dean of the Hunt School of Dental Medicine, Vice President for Institutional Advancement, Vice President of Clinical Administration, Vice President for Faculty Success, Vice President for Outreach and Community Engagement, Associate Vice President for Information Technology, Assistant Vice President for Institutional Compliance, Assistant Vice President for Student Services, and Vice President for Human Resources.

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

The President of Midwestern State directs the operations of Midwestern State and is assisted by a Provost and Vice President for Academic Affairs, a Vice President for Administration and Finance, a Vice President for Student Affairs, a Vice President for Enrollment Management, a Vice President for University Advancement & Public Affairs and a Director of Athletics.

A list of the current members of the Board, the principal officers of the System Administration, and the presidents 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:

Dr. Tedd L. Mitchell became Chancellor of the University System on October 25, 2018. Before becoming Chancellor, Mitchell served as president of the Texas Tech University Health Sciences Center (TTUHSC) since 2010. 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 lifestyle 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.

Mr. James Mauldin was named the Vice Chancellor and Chief Financial Officer for the University System on November 10, 2022. Prior to joining the University System, Mauldin served as vice president of treasury management for the Dallas Fort Worth International Airport where he was responsible for the defined benefit and defined contribution pension, debt portfolio, grants, banking and investments operations. His team led eight bond issues totaling more than \$5 billion during the COVID-19 pandemic and implemented a commercial paper program for the airport, which ranked as the No. 2 busiest airport in the world in 2021 with more than 62 million passengers.

He served in a critical leadership role during his four-year tenure at the University of North Texas System as associate vice chancellor for treasury and later in the interim CFO position. His notable contributions include centralizing key functions for the university system, generating incremental investment returns and implementing a strategic capital planning model. From 2008 to 2015, Mauldin served a pair of municipalities as the director of

finance/CFO at the City of Cedar Hill – a suburb in Dallas County – and as treasurer and assistant director of finance for the City of Fort Worth, which is the county seat in Tarrant County.

Mauldin has taught in higher education since 2009 as an adjunct finance professor at Dallas Baptist University, his alma mater, where he earned bachelor's and master's degrees in finance. He has made significant contributions to volunteer boards and military organizations as a member of the TexSTAR advisory board, Cedar Hill Economic Development Corporation board and six years of service with the U.S. Navy Reserves (logistics). Mauldin is a certified public accountant (CPA) by the Texas Board of Public Accountancy and is a certified treasury professional by the Association for Financial Professionals.

Dr. Lawrence Schovanec was named president of the University in 2016, where he has overseen unprecedented enrollment growth, record investments in research and fundraising, and the University's designation as both a Carnegie Very High Research Activity Institution and Hispanic Serving Institution. President Schovanec joined the faculty at the University in 1982 as an assistant professor of mathematics. He has also served as chair of the Department of Mathematics & Statistics, dean of the College of Arts & Sciences, and provost. Under Dr. Schovanec's leadership, the University has received more than \$900 million in philanthropic gifts and has completed the construction of new facilities that represent an investment of more than \$750 million. Dr. Schovanec is Chair of the Big 12 Board of Directors, Chair of the Texas Council of University Presidents and Chancellors, Chair of the Board of the Texas International Education Consortium, and a member of the NAFSA Board of Directors. He received a doctorate from Indiana University, a master's degree from Texas A&M University, and a Bachelor of Science from Phillips University.

Dr. Lori Rice-Spearman is the ninth president of the Health Sciences Center and the first female president in the University System. She joined TTUHSC in 1987 and has held multiple leadership positions during her tenure with the university. Most recently, Dr. Rice-Spearman served as provost and chief academic officer, appointed in October 2019; the following month, she agreed to serve concurrently as interim president. From 2016 to 2019, Dr. Rice-Spearman was dean of the School of Health Professions and served concurrently as the university's associate provost, beginning in 2018. Dr. Rice-Spearman also served the school as associate dean for Learning Outcomes and Assessments and chair of the Department of Laboratory Sciences and Primary Care. Dr. Rice-Spearman has numerous publications in peer-reviewed journals and is recognized nationally as an innovator in health professions education. She has served as an accreditation reviewer and site visitor for the National Accrediting Agency for Clinical Laboratory Sciences and the Commission on Accreditation for Physical Therapy Education. She is an alumna of the School of Health Professions' first class in the Clinical Laboratory Sciences program and earned her master's and Ph.D. from Texas Tech University.

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.

Lt. Gen. Ronnie D. Hawkins Jr. was appointed President of Angelo State on August 17, 2020. He is the sixth president of ASU and the 11<sup>th</sup> president of the institution since it began as San Angelo Junior College in 1928. He is also the second ASU alumnus to serve as president, and the first Black president in the history of the institution.

A retired Air Force Lieutenant General, Hawkins is an internationally respected subject-matter expert in leadership, strategic planning, cybersecurity, military matters and Christian discipleship development. He has over four decades of business, military, academic and spiritual development experience.

During his 37-year Air Force career, Hawkins served as the director of coalition forces for the Multi-National Forces in Iraq, as well as director of coalition forces for Operation Southern Watch in Saudi Arabia. He commanded at all levels of military command, including Cadet Squadron 24 at the U.S. Air Force Academy and as commander of

the Air Force ROTC Corps, Junior ROTC Corps and Officer Training School, which at the time had a combined enrollment of over 20,000 students and officer candidates.

His many professional and military honors include the Secretary of the Air Force Leadership Award, Defense Distinguished Service Medal, Defense Superior Service Medal, Legion of Merit and Bronze Star.

Following his Air Force retirement, Hawkins returned to San Angelo and immediately became involved in the community. He is the director of Ezra Ministries, which conducts short-term mission trips to Haiti, and serves as pastor of San Angelo's Christian Fellowship Baptist Church. He also started the Hawkins Group, a digital, information technology and cybersecurity firm, and teaches leadership courses at Angelo State.

Hawkins was recently recognized with the 21<sup>st</sup> Distinguished Citizen Award by the Texas Southwest Council of the Boy Scouts of America, and he is the first Concho Valley recipient of the National Outstanding Eagle Scout Award. He and his wife, Maria, were named 2018 Citizens of the Year by the San Angelo Chamber of Commerce.

A 1977 ASU distinguished graduate, Hawkins earned a Bachelor of Business Administration degree in computer science. He later graduated cum laude from Liberty Theological Seminary with a Master of Divinity degree, and has also earned a Master of Science in management and human relations from Abilene Christian University, and a Master of Science in national resource strategy from the National Defense University. He attended Harvard University's John F. Kennedy School Program for Senior Managers in Government, and has attended senior executive programs at the Air University at Maxwell AFB.

Dr. Stacia L. Haynie was appointed President of Midwestern State on June 20, 2023. The decision was unanimously approved at the conclusion of the Board's special-called video conference meeting on Tuesday, June 20<sup>th</sup>, after a national search was conducted to identify the 13th president of Midwestern State. Dr. Haynie is anticipated to start her new role on August 1, 2023.

A highly respected and collaborative leader in higher education for the past four decades, Haynie returns home to her alma mater following a 33-year tenure at LSU, where she was instrumental in countless academic endeavors and achievements that led to national recognition and excellence in research, graduate education, cross-campus collaborations, community engagement and university accreditation, to name a few. Haynie's extensive background and leadership service includes recently serving as Executive Vice President and Provost and Chief Academic Officer; Dean of the College of Humanities and Social Sciences; Vice Provost for Academics and Planning; Associate and Interim Dean of the Graduate School and Department Chair, all while serving as a professor teaching judicial policies, constitutional law, comparative judicial behavior and American politics as the J.W. Annison Jr. Family Alumni Professor.

Haynie earned a pair of degrees from Midwestern State with a bachelor's degree in theater –graduating summa cum laude – in 1981 and a master's degree in political science in 1986. She received her doctorate in political science in 1990 from the University of North Texas (UNT). She was named Outstanding Education Student at Midwestern State in 1981, and she was named a Distinguished Alumna by the Midwestern State Department of Political Science in 1999 and earned the same recognition from the Midwestern State Fain College of Fine Arts in 2011. Haynie also returned to her alma mater in 2013 to serve as the spring commencement speaker at Midwestern State. In addition, she received Outstanding Graduate Student honors in political science from UNT in 1990. Haynie arrived at LSU in 1990 as an assistant professor and then climbed the ranks to associate professor before becoming a full professor in 2003.

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

Texas Tech University is a comprehensive public university created by the State Legislature in 1923 and is now home to more than 40,000 students. From its beginning as a regional technological and liberal arts college, the University has grown into the colleges of: Huckabee College of Architecture, College of Arts & Sciences, Davis College of Agricultural Sciences & Natural Resources, College of Education, College of Human Sciences, College of Media and Communication, Rawls College of Business, Talkington College of Visual & Performing Arts, School of Law and Whitacre College of Engineering, as well as the Honors College and the Graduate School. The new Texas Tech University School of Veterinary Medicine, the first new school of veterinary medicine in the State in more than 100 years, is in Amarillo, Texas.



The University's 1,800-acre main campus in Lubbock showcases Spanish Renaissance architecture and is home to one of the country's largest public art collections. The University's 13 colleges offer over 150 undergraduate, 100 graduate and 50 doctoral degree programs. University students are involved in over 550 student organizations and clubs, participate in robust study abroad and international programs and are deeply engaged in service to our communities. Athletics also plays a central role at Texas Tech, with 17 varsity teams competing in the Big XII Conference.

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 by their respective professional associations. Texas Tech University is one of only 21 schools in the country classified as a Carnegie "Very High Research Activity" institution and a Hispanic Serving Institution. The University is home to the Center for Advancing Sustainable and Distributed Fertilizer Production (CASFER), a \$51 million U.S. National Science Foundation (NSF) Engineering Research Center award. CASFER aims to enable resilient and sustainable food production by developing next-generation, modular, distributed, and efficient technology for capturing, recycling and producing nitrogen-based fertilizers (NBFs).

The University's 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 Gordon W. Davis College of Agricultural Sciences and Natural Resources* prepares students for a wide range of careers in the fields of Agricultural Sciences, Plant and Soil Sciences and Animal and Food Sciences as well as preparing students for national, individual, and team competitions, internship programs and professional degrees.

*The College of Arts and Sciences* is dedicated to building innovators, regardless of their chosen field of study. From anthropology to zoology, students in the University's largest college are challenged by world-class faculty across 90 undergraduate majors to expand their knowledge, think critically and impact the world around them.

*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 with a joint program in Agribusiness.

*The Huckabee College of Architecture* has several degrees in its pre-professional and professional programs. The college offers a four-year Bachelor of Science in Architecture (B.S) degree and a two-year Master of Architecture (M.Arch) degree, which the National Architectural Accrediting Board accredits. The college also offers an undergraduate dual degree in General Business and Civil Engineering and a dual Master of Architecture (M.Arch.)/Master of Business Administration (M.B.A.) degree. Post-professional research degrees include a Master of Science in Architecture (M.S.) and a Doctor of Philosophy (Ph.D) degree in Land Use, Management, Planning, and Design.

*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* trains students to enter professional life across seven departments and multiple disciplines while offering world-class research opportunities, including a National Science Foundation Engineering Research Center and dual degree programs to stay in line with the modern workforce.

The Honors College provides exceptionally motivated and academically gifted students a place where they can expect to be challenged through an integrated curriculum uniquely designed to complement almost every chosen 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 and its ground-breaking work in obesity research.

The College of Media and Communications provides students with a broad education and experience that integrates today's media convergence and the future's media development in seven areas of mass communications. Students may study advertising, communication studies, creative media industries, digital media and professional communication, journalism, media strategies or public relations and strategic communication management.

The J.T. & Margaret Talkington College of Visual and Performing Arts offers a diverse 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 various options for students to expand their educational credentials with more than 100 master's programs and 55 doctoral programs and scholarships and fellowships specifically to support graduate students' dreams.

The School of Law offers courses of study in law and is nationally recognized as the preeminent school for legal competition in the U.S. The Law School also distinguishes itself by offering free or low-cost legal aid services to citizens of Lubbock and surrounding areas through the school's eight clinical programs.

The School of Veterinary Medicine supports the veterinary educational and service needs of rural and regional areas by providing affordable, world-class education delivered through an integrated core-elective curriculum on campus and through community-based partners.

Texas Tech University 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 campuses in Abilene, Amarillo, Dallas, Midland and Odessa. The Health Sciences Center is composed of a total of six schools: health professions, pharmacy, biomedical sciences, nursing, medicine and population/public health with total enrollment exceeding 5,100 students.

From its inception, the Health Sciences Center 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 the State and just over 9.4% of the population.

The Health Sciences Center facilities in Lubbock and Amarillo include academic, clinical, and research facilities. Permian Basin facilities are academic and clinical both in Odessa and Midland; Abilene facilities include academic and research facilities; and the institution also has an academic facility in Dallas.

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 85,000 volumes, 114,000 electronic books, 590 electronic databases, more than 33,000 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 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 35 accredited graduate medical education residency and fellowship programs are offered in Lubbock and the regional campuses, with 501 residency slots. On the three campuses, under the banner of Texas Tech Physicians, the School of Medicine operates 27 clinical departments providing medical services to people throughout the West Texas, Panhandle, High Plains, and Permian Basin regions. Texas Tech Physicians provided 590,000 clinical visits and served over 210,000 patients last year. The school also served 42,000 inpatients at the affiliated hospitals and provided \$30 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 BSN 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 Psychiatric 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 of Health Professions has 21 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 are focused in five areas: Laboratory Science and Primary Care; Rehabilitation Sciences; Speech, Language and Hearing Sciences; Healthcare Management and Leadership; and Clinical Counseling and Mental Health.

*The Jerry H. Hodge 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 the State, including Amarillo, Abilene, Dallas, and Lubbock. The Pharm.D. curriculum consists of a series of didactic classroom, clinical correlations, 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.

*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 has grown to include four graduate programs: Biomedical Sciences (M.S., Ph.D.); Pharmaceutical Sciences (M.S., Ph.D.); Biotechnology (M.S.); and Graduate Medical Education Sciences (M.S.). Degree options such as M.S., Ph.D., and several dual degrees (such as the M.D./Ph.D.) are available with research opportunities in Lubbock, Amarillo, and Abilene.

*The Julia Jones Matthews School of Population and Public Health (SPPH)* is training the next generation of public health professionals to approach complex issues from a population perspective, using evidence-based solutions to improve health outcomes for communities and individuals. Masters level degrees are offered with over 25 different courses and provides general training in five core disciplines in public health: biostatistics, environmental health, epidemiology, health policy management and social and behavioral sciences. In addition, SPPH have partnered with other programs to provide joint degree opportunities including M.D./MPH, MPA/MPH and Pharm.D./MPH. The main campus resides in Abilene, Texas with classes held in Lubbock, Texas and online. Current enrollment for Academic year 2022-2023 is 162 students.

*The Texas Tech University Health Sciences Center at El Paso (TTUHSC El Paso)* was established as the fourth member institution of the University System pursuant to legislation signed by Governor 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 L. Frederick Francis Graduate School of Biomedical Sciences (FGSBS) where students receive a comprehensive, practical education preparing them for the health care field. In April 2018, the addition of the Woody L. Hunt School of Dental Medicine (WLHSDM) to the Health Sciences Center at El Paso was acknowledged by the Texas Higher Education Coordinating Board. El Paso, the sixth most populous city in the State and twenty-second in the U.S., 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 Health Sciences Center at El Paso campus: the Medical Sciences Building II (MSB II), 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 TTUHSC El Paso Libraries* support the schools of medicine, dental medicine, nursing, as well as the Francis 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 the Health Sciences Center at El Paso, as well as the information needs of the larger biomedical and health care community greater El Paso service area and the citizenry of the State.

*The Paul L. Foster School of Medicine* (PLFSOM) 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* (GGHSON) 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 registered nurse's schedule.

Since 2018, the GGHSON has offered a Master of Science in Nursing (M.S.N.) degree in order to advance the expertise of health care leaders in the region. This advanced degree program provides unique opportunities for working nurses to develop their clinical leadership skills for roles such as health care advisor, charge nurse, manager, administrator, and chief nursing officer. The M.S.N. program graduated its inaugural class in May 2020.

*The L. Frederick Francis 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 Texas Higher Education Coordinating Board approved the addition of the Master of Science (M.S.) in Biomedical Sciences to the Health Sciences Center at El Paso's degree program inventory.

Woody L. Hunt School of Dental Medicine (WLHSDM) The Woody L. Hunt School of Dental Medicine (WLHSDM) offers a unique education for students through culturally competent, hands-on training and an introduction to early clinical experiences among a diverse population.

The Doctor of Dental Medicine (D.M.D.) degree program is the initial degree program at the school of dental medicine and is designed to prepare students at the doctoral level to practice general dentistry. The D.M.D. program is consistent with requirements set forth by the Texas Education Code (TEC), Texas Administrative Code (TAC), SACSCOC and the Commission on Dental Accreditation (CODA). The WLHSDM welcomed its inaugural class in the summer of 2021.

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, H. B. 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, Governor 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 50 bachelor's, 28 master's, and 4 doctoral degrees. The campus houses six academic colleges: Arts and Humanities; Business; Education; Health and Human Services; Science and Engineering; Graduate Studies including Research. Angelo State has been recognized by Princeton Review for the 14th consecutive year and is one of the top six public universities in the State and among the best 388 nationally for 2023. The 268-acre residential campus accommodates an enrollment of 10,599 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 Academic Scholarship Program, which is funded by an approximate \$152 million Carr Foundation endowment, one of the largest such scholarship endowments at a regional university in the nation. Scholarships funded by the Carr Foundation benefit one of every two current ASU students. Since the Carr program was first initiated in 1981, Angelo State has awarded more than \$149 million in scholarships to students.

Midwestern State University (Midwestern State) is a public co-educational institution. It was established in 1922 as Wichita Falls Junior College, the first municipal junior college in Texas. In 1937, in honor of a gift to the institution by Mr. and Mrs. John G. Hardin, Wichita Falls Junior College was renamed Hardin Junior College. When the senior college division was established in 1946, the name of the institution became Hardin College. In January 1950, the name was changed to Midwestern University. On September 1, 1961, Midwestern University became a part of the Texas colleges and universities system and the junior college division was dissolved. The institution became Midwestern State University in 1975.

Over its first century, Midwestern State has grown into a comprehensive regional university with 5,800 students at its main Wichita Falls, Texas campus and a distance learning support center in Flower Mound, Texas. Midwestern State became the fifth member of the University System in September 2021, a testament to the growth and exceptional reputation of the university throughout the State. The campus houses six academic colleges and a graduate school: Dillard College of Business Administration, Lamar D. Fain College of Fine Arts, Robert D. & Carol Gunn College of Health Sciences & Human Services, McCoy College of Mathematics, Science & Engineering, Prothro-Yeager College of Humanities & Social Sciences, Gordon T. & Ellen West College of Education, and Dr. Billie Doris McAda Graduate School. Each of the six colleges house programs that are independently accredited by both national and regional accrediting bodies.

Midwestern State offers 49 undergraduate and 27 graduate programs, including its first doctoral program in education in 2021. With a student-to-faculty ratio of 16:1, smaller class sizes allow faculty to provide students individual attention and make meaningful connections to promote high quality education and student success.

Midwestern State students represent 44 states and 55 foreign countries. The university provides extensive learning resources and a dedicated teaching faculty of active scholars and experienced professional teachers.

Midwestern State is the only university in Texas to become a member of the Council of Public Liberal Arts Colleges (COPLAC) and, in 2009, was designated in State statute by the Texas Legislature as a public liberal arts university. The university boasts small class sizes and a thriving undergraduate research program and offers study abroad programs in Spain, England, France, Germany, and Grenada West Indies.

In addition to the quality education students receive at Midwestern State, they also have opportunities to engage in the campus and local communities through 100 student organizations and 13 NCAA Division II sports offered to enrich the university experience. In 2022, Midwestern State commemorated 100 years since its inception. With the theme “Spirit Always Bold,” the centennial year honored the university’s rich history, celebrated its vibrant present, and envisioned an exciting future for Midwestern State.

**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 and full-time equivalent at the University System for each of the last five fall semesters:

<b><u>Headcount Enrollment Information</u></b>					
	<b>Fall 2022</b>	<b>Fall 2021</b>	<b>Fall 2020</b>	<b>Fall 2019</b>	<b>Fall 2018</b>
<b><u>Undergraduate:</u></b>					
Texas Tech University	32,729	33,256	33,269	32,125	31,957
Health Sciences Center	1,448	1,468	1,393	1,478	1,520
Health Sciences Center at El Paso	258	267	288	300	264
Angelo State University	9,144	9,213	9,190	9,046	8,752
Midwestern State University	4,818	5,041	N/A	N/A	N/A
<b>Undergraduate Total</b>	<b>48,397</b>	<b>49,245</b>	<b>44,140</b>	<b>42,949</b>	<b>42,493</b>
<b><u>Graduate &amp; Professional:</u></b>					
Texas Tech University	7,799	7,410	7,053	6,617	6,252
Health Sciences Center	3,688	3,910	3,892	3,816	3,563
Health Sciences Center at El Paso	597	518	487	465	466
Angelo State University	1,456	1,613	1,585	1,522	1,635
Midwestern State University	966	756	N/A	N/A	N/A
<b>Graduate Total</b>	<b>14,506</b>	<b>14,207</b>	<b>13,017</b>	<b>12,420</b>	<b>11,916</b>
<b>Total</b>	<b>62,903</b>	<b>63,452</b>	<b>57,157</b>	<b>55,369</b>	<b>54,409</b>

<b><u>Full-Time Equivalent Enrollment Information</u></b>					
	<b>Fall 2022</b>	<b>Fall 2021</b>	<b>Fall 2020</b>	<b>Fall 2019</b>	<b>Fall 2018</b>
<b><u>Undergraduate:</u></b>					
Texas Tech University	30,645	30,754	30,729	29,416	29,084
Health Sciences Center	1,330	1,393	1,327	1,401	1,420
Health Sciences Center at El Paso	243	243	263	268	224
Angelo State University	6,679	6,862	6,990	7,113	6,946
Midwestern State University	3,827	4,093	N/A	N/A	N/A
<b>Undergraduate Total</b>	<b>42,724</b>	<b>43,345</b>	<b>39,309</b>	<b>38,198</b>	<b>37,674</b>
<b><u>Graduate &amp; Professional:</u></b>					
Texas Tech University	6,013	5,550	5,259	4,511	4,649
Health Sciences Center	3,161	3,330	3,364	3,305	3,068
Health Sciences Center at El Paso	595	516	486	459	461
Angelo State University	1,160	1,313	1,283	1,222	1,263
Midwestern State University	612	452	N/A	N/A	N/A
<b>Graduate Total</b>	<b>11,541</b>	<b>11,161</b>	<b>10,392</b>	<b>9,497</b>	<b>9,441</b>
<b>Total</b>	<b>54,265</b>	<b>54,506</b>	<b>49,701</b>	<b>47,695</b>	<b>47,115</b>

Note: Enrollment numbers for Midwestern State are reflected after its membership into the University System on September 1, 2021.

**Admissions and Matriculation**

Set forth below is the information relating to admissions and matriculation for the University System for the general academic institutions in total (the University, Angelo State and Midwestern State) for each of the last five fall semesters. Admission and matriculation numbers for Midwestern State are only included in the 2022 and 2021 columns since Midwestern State did not become a member of the University System until September 1, 2021.

**Admissions and Matriculation Information**

	<b>2022</b>	<b>%</b>	<b>2021</b>	<b>%</b>	<b>2020</b>	<b>%</b>	<b>2019</b>	<b>%</b>	<b>2018</b>	<b>%</b>
<u>Freshman:</u>										
Applications Submitted	55,574	--	57,174	--	47,717	--	44,509	--	43,755	--
Applications Accepted	33,931	61%	31,113	54%	25,548	54%	22,695	51%	22,836	52%
Matriculation	10,616	31%	10,611	34%	9,774	38%	9,544	42%	9,671	42%
Matriculation from outside state	872	8%	795	7%	539	6%	457	5%	525	5%
<u>Transfers:</u>										
Applications Submitted	6,587	--	7,129	--	6,448	--	5,978	--	6,040	--
Applications Accepted	4,981	76%	5,606	79%	5,139	80%	4,694	79%	4,733	78%
Matriculation	3,234	65%	3,530	63%	3,301	64%	3,195	68%	3,108	66%
Matriculation from outside state	359	11%	391	11%	259	8%	288	9%	306	10%
<u>Graduates:</u>										
Applications Submitted	17,546	--	16,790	--	12,814	--	11,156	--	11,234	--
Applications Accepted	7,585	43%	6,254	37%	5,447	43%	4,070	36%	4,216	38%
Matriculation	3,517	46%	3,111	50%	2,899	53%	2,559	63%	2,336	55%
Matriculation from outside state	1,198	34%	1,026	33%	721	25%	741	29%	672	29%

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## 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 or equivalent 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).

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 ANNUAL COMBINED FINANCIAL REPORT" are the most recent unaudited primary financial statements of the University System for the University System's Fiscal Year ended August 31, 2022. The University System's unaudited primary financial statements consist of the Combined Statement of Net Position August 31, 2022 and 2021; the Combined Statement of Revenues, Expenses and Changes in Net Position for the Years Ended August 31, 2022 and 2021; and the Combined Statement of Cash Flows for the Years Ended August 31, 2022 and August 31, 2021. See "Appendix B — TEXAS TECH UNIVERSITY SYSTEM ANNUAL COMBINED FINANCIAL REPORT."

The following table reflects the condensed statement of net assets of the University System as of August 31, 2018 through August 31, 2022.

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**Condensed Statement of Net Position (unaudited)**

**As of August 31 (in thousands)**

Assets:	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Current Assets	\$918,773	\$821,928	\$740,275	\$717,904	\$830,087
Capital Assets, Net	2,113,627	1,953,276	1,842,111	1,779,293	1,715,868
Other Assets	3,214,543	3,065,375	2,608,657	2,436,873	2,327,124
<b>Total Assets</b>	<b>\$6,246,943</b>	<b>\$5,840,579</b>	<b>\$5,191,043</b>	<b>\$4,934,070</b>	<b>\$4,873,078</b>
Deferred Outflows of Resources:					
Total Deferred Outflows of Resources	\$406,266	\$534,081	\$710,618	\$796,317	\$45,894
Liabilities:					
Current Liabilities	\$682,699	\$619,824	\$554,015	\$560,348	\$535,381
Non-Current Liabilities	2,057,872	2,021,971	2,062,500	1,817,883	1,237,266
<b>Total Liabilities</b>	<b>\$2,740,572</b>	<b>\$2,641,796</b>	<b>\$2,616,515</b>	<b>\$2,378,230</b>	<b>\$1,772,647</b>
Deferred Inflows of Resources:					
Total Deferred Inflows of Resources	\$388,547	\$334,248	\$331,763	\$360,314	\$121,517
Net Position:					
Invested in Capital Assets, Net of Related Debt	\$1,195,360	\$1,149,262	\$1,129,812	\$1,081,350	\$1,016,654
Restricted					
Expendable	769,447	715,989	502,413	512,744	577,196
Non-Expendable	895,202	828,325	786,164	758,054	729,343
Unrestricted	664,081	705,040	534,994	639,696	701,616
<b>Total Net Position</b>	<b>\$3,524,090<sup>(1)</sup></b>	<b>\$3,398,617<sup>(1)</sup></b>	<b>\$2,953,383</b>	<b>\$2,991,843</b>	<b>\$3,024,809<sup>(2)</sup></b>

Note: Net position for 2018-2021 does not include Midwestern State.

(1) Fiscal Year 2021 and Fiscal Year 2022 included restatements related to implementation of GASB 87, which resulted in restatements to capital assets and right to use assets. Fiscal Year 2022 restatement also included adjustments to add Midwestern State University beginning balances related to Pension and OPEB into the University System consolidated financial records.

(2) Fiscal Year 2018 restatement due to several reclassifications in financial records of University System component institutions.

For more detailed information, see “Appendix B —TEXAS TECH UNIVERSITY SYSTEM ANNUAL COMBINED FINANCIAL REPORT - Combined Statement of Net Position August 31, 2022 and 2021.”

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The table below presents the Condensed Statement of Revenues, Expenses and Changes in Net Position of the University System for Fiscal Year 2018 through 2022.

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Operating Revenues	\$1,585,653	\$1,348,554	\$1,332,738	\$1,331,406	\$1,276,660
Operating Expenses	<u>2,475,357</u>	<u>2,160,235</u>	<u>2,190,441</u>	<u>2,132,971</u>	<u>1,910,599</u>
Operating Income (Loss)	(889,704)	(811,681)	(857,703)	(801,565)	(633,939)
Non-Operating Revenues (Expenses)	<u>695,906</u>	<u>1,116,083</u>	<u>676,123</u>	<u>589,654</u>	<u>661,852</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	(193,798)	304,402	(181,579)	(211,907)	27,913
Other Revenues, Expenses, Gains, Losses and Transfers	<u>371,909</u>	<u>165,391</u>	<u>143,119</u>	<u>178,942</u>	<u>154,794</u>
Changes in Net Position	<u>178,111</u>	<u>469,793</u>	<u>(38,460)</u>	<u>(32,965)</u>	<u>182,707</u>
Beginning Net Position (September 1)	3,398,617	2,953,383	2,991,843	3,024,809	2,833,287
Restated Beginning Net Position	<u>3,345,979<sup>(1)</sup></u>	<u>2,928,823<sup>(1)</sup></u>	N/A	N/A	<u>2,842,101<sup>(2)</sup></u>
<b>Ending Net Position (August 31)</b>	<b><u>\$3,524,090</u></b>	<b><u>\$3,398,617</u></b>	<b><u>\$2,953,383</u></b>	<b><u>\$2,991,843</u></b>	<b><u>\$3,024,809</u></b>

Note: Changes in net position for 2018-2021 do not include Midwestern State.

(1) Fiscal Year 2021 and Fiscal Year 2022 included restatements related to implementation of GASB 87, which resulted in restatements to capital assets and right to use assets. Fiscal Year 2022 restatement also included adjustments to add Midwestern State University beginning balances related to Pension and OPEB into the University System consolidated financial records.

(2) Fiscal Year 2018 restatement due to several reclassifications in financial records of University System component institutions.

For more detailed information, see “Appendix B—TEXAS TECH UNIVERSITY SYSTEM ANNUAL COMBINED FINANCIAL REPORT - Combined Statement of Revenues, Expenses and Changes in Net Position for the Years Ended August 31, 2022 and 2021.”

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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 dependent upon the continued support of the State pursuant to the biennial appropriations process initiated by the Texas Legislature. State appropriations for public higher education institutions are primarily allocated through funding formulas. The University System member institutions are eligible to receive additional distributions such as (i) the Higher Education Fund for certain capital expenditures and (ii) allocated funds from the State’s appropriation of general revenue or federal funds to fund all or a portion of the debt service on the revenue bonds issued to fund the Capital Construction Assistance Projects (“CCAPs”) authorized under Chapter 55, Texas Education Code. Further information on Higher Education Fund appropriations and CCAPs are detailed below. The 88<sup>th</sup> Texas Legislature, Regular Session, ended on May 29, 2023, during which the State Legislature adopted a budget for the 2024-25 biennium beginning September 1, 2023.

The University System can provide no assurance 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.

Numbers below indicate State Formula Funding (less Board Authorized Tuition) for the University System in the following amounts for Fiscal Years 2024 and 2025:

<b><u>State Formula Funding</u></b>		
	<b><u>FY 2024</u></b>	<b><u>FY 2025</u></b>
Texas Tech University System	\$412,663,725	\$412,663,724

**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 2022 through 2025 is set forth below:

<b><u>Higher Education Fund Appropriations</u></b>				
	<b><u>FY 2022</u></b>	<b><u>FY 2023</u></b>	<b><u>FY 2024</u></b>	<b><u>FY 2025</u></b>
Texas Tech University System	\$88,810,909	\$88,810,909	\$91,490,323	\$91,490,323

**Capital Construction Assistance Projects.** Historically, the State Legislature has appropriated from general revenues of the State an amount sufficient, during the next biennium, to reimburse institutions of higher education for an amount equal to all or a portion of the debt service on revenue bonds issued to fund certain approved capital construction projects issued pursuant to specific statutory authorizations for individual institutions and projects identified in Chapter 55 of the Texas Education Code. Prior to the enactment of Senate Bill No. 52 (“SB 52”) during the third special session of the 87<sup>th</sup> Legislature in 2021, revenue bonds issued to fund such authorized capital construction projects were historically known as Tuition Revenue Bonds (“TRBs”).

In 2021, SB 52 amended Chapter 55 of the Texas Education Code to authorize the support of CCAPs, which included capital projects for academic initiatives approved by the State Legislature at institutions of higher education. Institutions with authorized CCAPs were allocated funds from the State’s appropriation of general revenue or federal funds to fund all or a portion of the debt service on the revenue bonds issued to fund the CCAPs. Additionally, SB 52 added Section 55.1798 to the Texas Education Code (“Section 55.1798”), which authorized the Board to issue up to \$299,434,902 of additional Parity Obligations to fund the CCAPs at the University, the Health Sciences Center, the Health Sciences Center at El Paso, Angelo State and Midwestern State. The University System has previously issued \$29,092,195 of Commercial Paper Notes and redeemed the full amount with the State appropriation for CCAP debt

service reimbursement. Issuance of the Bonds will utilize the remaining \$270,342,707 of the University System's CCAP authorization from the 87th Legislature contained in Section 55.1798.

The reimbursement of the University System for the payment of debt service of bonds issued to finance CCAPs 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 for a term longer than two years. Accordingly, the State Legislature's appropriations for debt service of bonds issued to finance CCAPs 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. The University System bears the risk of the State not appropriating funds to reimburse the University System for its monies used to pay debt service on such revenue bonds, including the Bonds.

Revenue bonds, including the Bonds, issued by the University System for CCAP projects 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 a lien on Pledged Revenues on parity with all other Parity Obligations of the University System.

The State Legislature has appropriated funds 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 revenue bonds issued to finance CCAPs. The Board has no assurance that the State Legislature will continue to appropriate to the University System the general revenue funds of the State at the same levels as in previous fiscal years. Future levels of State support 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.

*[Remainder of this page intentionally left blank]*

Set forth below are the CCAP appropriations for the University System for Fiscal Years 2022 through 2025, as noted in the biennium of the State of Texas Budget:

**2022-2025 Capital Construction Assistance Projects and Appropriations**  
(In Thousands)

	FY 2022	FY 2023	FY 2024	FY 2025
Texas Tech University System	\$44,222	\$38,541	\$60,032	\$60,054

Note: The table above reflects State appropriations for the reimbursement of debt service on revenue bonds issued to fund CCAPs authorized under Chapter 55 of the Texas Education Code, including those revenue bonds historically known as “Tuition Revenue Bonds” or “TRBs.”

Texas University Fund. In the 2023 88<sup>th</sup> Legislature, Regular Session, the State Legislature passed House Joint Resolution 3 (“HJR 3”), as enabled by H.B. 1595 (“HB 1595”), which proposes an amendment to the Texas Constitution to rename the National Research University Fund (“NRUF”) as the Texas University Fund (“TUF”) and modify its structure to add funding sources to the TUF and offer certain institutions performance-based funding driven by research expenditures. **Enactment of this constitutional amendment is contingent upon voter approval at an election to be held on November 7, 2023.** If enacted, the TUF would be funded with an initial appropriation of \$3 billion from the State’s general revenue fund, plus the current NRUF balance of over \$900 million, along with annual appropriations of up to \$100 million from the Economic Stabilization Fund.

Under the new structure, eligible institutions would receive a base funding amount dependent on the institution’s research expenditures, as well as supplemental funding tied to the amount of federal and private research expenditures made and number of research doctoral degrees awarded. Initially, the University, Texas State University, the University of Houston and the University of North Texas would be eligible to receive distributions from the TUF. Of the distributions to be made from the TUF, (i) 75% would be allocated to the Permanent Endowment for Education and (ii) 25% would be allocated on the basis of federal and private grant money and the number of research doctorates awarded. The University System anticipates that the University would initially receive almost 33% of the annual distribution of the TUF funding described above. Eligible institutions may use distributions from the TUF only for the support and maintenance of educational and general activities that promote increased research capacity at the institution, in a manner that aligns with the goals of the State’s master plan for higher education developed under Section 61.051, Texas Education Code.

Tuition and Fees. Each component institution that grants 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.” Mandatory fees comprise charges of certain activities and services utilized by all students. Each component institution charges various types of fees and in various amounts.

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. The University, Angelo State, and Midwestern State 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, 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, Angelo State, or Midwestern 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.

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.

Set forth below is a table showing the State Mandated Tuition, Board Designated Tuition, Board Authorized Tuition, and mandatory fees by the University, Angelo State and Midwestern State (excludes the Health Sciences Center and the Health Sciences Center at El Paso), for the 2023-24 academic year.

**Tuition and Fees**  
**Academic Year 2023-2024**

	<b>State Mandated Tuition</b>	<b>Board Designated Tuition</b>	<b>Board Authorized Tuition</b>	<b>Mandatory Fees</b>	<b>Total Tuition &amp; Fees</b>
Texas Tech University	\$750.00	\$3,195.00	\$750.00	\$1,458.50	<b>\$6,153.50</b>
Angelo State University	\$750.00	\$2,059.50	\$0.00	\$1,912.00	<b>\$4,721.50</b>
Midwestern State University	\$750.00	\$2,188.50	\$0.00	\$2,306.45	<b>\$5,244.95</b>

Note: Excludes the Health Sciences Center and the Health Sciences Center at El Paso. Total tuition and fees include 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; from Board Designated Tuition no less than 20% charged to resident undergraduate students in excess of \$46 per semester hour (Section 56.011, Texas Education Code).

The Board may set rates for graduate tuition at different levels for different institutions. State Mandated Tuition for a resident student enrolled in a program leading to an M.D. degree is \$6,550 per academic year. State Mandated Tuition for a nonresident student enrolled in a program leading to an M.D. degree is an amount per year equal to three times the rate that a resident student enrolled in a program leading to an M.D. degree would pay during the corresponding academic year. In addition, various other programs have specific annual rates for resident students and maximum rates that may be charged to nonresident students. For more detailed information regarding tuition and fees charged by the University System member institutions, reference is made to the respective member institutions’ websites.

Investment Programs and Policies. The Board is responsible for investment of University System funds held outside the State Treasury. To facilitate the investment of the University System funds, the Board has created three separate investment pools designated as the Comprehensive Cash & Investment Pool (the “CCIP”), the Mission-Driven Investment Fund (the “MDIF”), and the Long-Term Investment Fund (the “LTIF”), which are governed overall by Regents’ Rules Chapter 09 “Investments and Endowments”, and individually by the Investment Policy Statement of each pool, codified as Board Policy Statements. The CCIP is centrally managed within the University System Office of Treasury under the direction of the Treasurer with oversight from the Pool Advisory Committee, made up of each institution’s Chief Financial Officer and the University System’s Chief Financial Officer and Treasurer. The LTIF is centrally managed within the University System Office of Investments under the direction of the Chief Investment Officer with oversight from the Investment Resource Council, made up of the University System Chief Financial Officer and Chief Investment Officer, Finance and Investments Committee of the Board and each institution’s Chief Financial Officer.

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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 and as of February 28, 2023.

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

<b>August 31</b>	<b>Comprehensive Cash &amp; Investment Pool (CCIP)<sup>(2)</sup></b>	<b>Long Term Investment Fund</b>	<b>Unspent Debt Proceeds</b>	<b>Total Market Value</b>
2018	\$1,393,231	\$1,216,275	\$129,833	\$2,739,339
2019	\$1,334,697	\$1,184,201	\$65,923	\$2,584,821
2020	\$1,405,397	\$1,175,242	\$163,544	\$2,744,183
2021	\$1,522,849	\$1,540,826	\$81,419	\$3,145,094
2022	\$1,675,144	\$1,564,200	\$61,929	\$3,301,273
2023 <sup>(1)</sup>	\$1,881,200	\$1,578,754	\$80,998	\$3,540,952

<sup>(1)</sup> As of February 28, 2023.

<sup>(2)</sup> The MDIF funds are currently located in the CCIP.

*The Comprehensive Cash & Investment Pool (CCIP).* The CCIP is a pooled fund for the collective investment of the operating funds, non-operating funds and other funds of the University System and component institutions. The CCIP is established to optimize system-wide liquidity and earnings, protect and preserve balances, and control costs of administering the pool and managing the University System’s assets.

*The Long-Term Investment Fund (LTIF).* The University System is benefited by certain eligible endowments and Board-approved institutional funds treated as endowments (“quasi-endowments”) collectively invested in the LTIF. The LTIF is a unitized pooled investment fund consisting of marketable securities and investments, land and other real estate holdings and mineral rights managed by unaffiliated investment managers selected by the Chief Investment Officer. 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 CCIP or, if instructed by the donor, managed and safeguarded in their original form. The LTIF in its entirety is not classified as pledged revenues or fund balance to the payment of debt obligations. However, quasi-endowments and earning distributions are pledgeable.

*Asset Allocation.* The investment policy set by the University System Board is presented below.

<b><u>CCIP</u></b>	<b>Target Allocation</b>	<b>Target Range</b>
Cash Segment	10%	0% - 15%
Contingency Segment	30%	20% -40%
Non-Current Segment	60%	45% -75%
<b><u>LTIF</u></b>		
Cash	0%	0% - 15%
Equity	25%	20% - 30%
Debt	25%	20% - 30%
Diversifying Assets	30%	25% - 35%
Private Assets	20%	15% - 25%
Portfolio Hedge	0%	0% - 15%

For a discussion of investments for Fiscal Year 2022, see “APPENDIX B – TEXAS TECH UNIVERSITY SYSTEM ANNUAL COMBINED FINANCIAL REPORT – Note 3: Deposits, Investments, and Repurchase Agreements.”



Set forth below is the market value for the University System endowment 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) and as of February 28, 2023.

**Market Value of Total Endowments  
(in Thousands)**

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023<sup>(1)</sup></b>
\$1,330,889	\$1,304,940	\$1,300,405	\$1,692,458	\$1,735,616	\$1,741,878

Note: Endowment reporting for Fiscal Years 2018-2021 does not include Midwestern State.

<sup>(1)</sup> As of February 28, 2023.

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**Appendix B**

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

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**TEXAS TECH UNIVERSITY  
SYSTEM**



**ANNUAL  
COMBINED FINANCIAL REPORT  
FISCAL YEAR 2022**

# **ANNUAL FINANCIAL REPORT**

**OF**

# **TEXAS TECH UNIVERSITY SYSTEM**

FOR THE YEAR ENDED AUGUST 31, 2022

Texas Tech University (TTU)  
Texas Tech University Health Sciences Center (TTUHSC)  
Texas Tech University Health Sciences Center at El Paso (TTUHSC at El Paso)  
Angelo State University (ASU)  
Midwestern State University (MSU)  
Texas Tech University System Administration (TTUSA)

## Texas Tech University System

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# Texas Tech University System

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# TEXAS TECH UNIVERSITY SYSTEM™

**Tedd Mitchell, Chancellor**

November 15, 2022

Honorable Greg Abbott  
Governor of Texas

Honorable Glenn Hegar  
Texas Comptroller

Jerry McGinty  
Director, Legislative Budget Board

Lisa R. Collier, CPA  
State Auditor

To Agency Heads Addressed:

The Annual Financial Report of Texas Tech University System (TTUS), with which this letter is bound, is transmitted for inclusion in the State of Texas Annual Comprehensive Financial Report for the fiscal year ended August 31, 2022. Neither the State Auditor nor TTUS Office of Audit Services has audited the accompanying annual financial report and, therefore, neither has expressed an opinion on the financial statements and related information contained in this report. This report is intended to present a complete picture of the fiscal affairs of the System for the year ended August 31, 2022.

As indicated by the following letter of transmittal, this report has been prepared by the fiscal office of the System to provide a summary of the System's financial records.

Sincerely,

A handwritten signature in black ink, appearing to read "Tedd Mitchell", written over a large, stylized circular flourish.

Tedd L. Mitchell, M.D.  
Chancellor



## TEXAS TECH UNIVERSITY SYSTEM

**Penny Harkey**

Interim Vice Chancellor and Chief Financial Officer

November 15, 2022

Tedd L. Mitchell, M.D.  
Texas Tech University System  
Lubbock, Texas 79409

Dear Chancellor Mitchell:

Submitted herein is the Annual Consolidated Financial Report of Texas Tech University System for the fiscal year ended August 31, 2022, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Annual Comprehensive Financial Report (ACFR); therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact me at 742-9000.

Sincerely,

A handwritten signature in black ink that reads "Chelle Hillis".

Chelle Hillis, CPA  
Texas Tech University System  
Assistant Chief Financial Officer

Approved:

A handwritten signature in black ink that reads "Penny Harkey".

Penny Harkey, CPA  
Texas Tech University System  
Interim Vice Chancellor & Chief Financial Officer

**Texas Tech University System  
Board of Regents**

**Officers of the Board**

---

J. Michael Lewis, Chair  
Mark Griffin, Vice Chair

**Members**

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*Term Expires January 31, 2023*

J. Michael Lewis	Dallas, TX
John Steinmetz	Dallas, TX
John Walker	Houston, TX

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*Term Expires January 31, 2025*

Ginger Kerrick Davis	Webster, TX
Mark Griffin	Lubbock, TX
Dusty Womble	Lubbock, TX

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*Term Expires January 31, 2027*

Arcilia Acosta	Dallas, TX
Cody Campbell	Fort Worth, TX
Pat Gordon	El Paso, TX

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*Term Expires May 31, 2023*

Hani Michael Annabi (Student Regent)	El Paso, TX
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*System Fiscal Officers*

Tedd Mitchell, M.D.	Chancellor
Penny Harkey	Interim Vice Chancellor and Chief Financial Officer
Lawrence Schovanec, Ph.D.	TTU President
Lori Rice-Spearman, Ph.D.	TTUHSC President
Richard Lange, M.D.	TTUHSC at El Paso President
Ronnie D. Hawkins Jr.	ASU President
JuliAnn Mazachek, Ph.D	MSU President
Noel Sloan	TTU CFO and Senior VP for Administration & Finance
Penny Harkey	TTUHSC Executive VP for Finance & Operations
Jessica Fisher	Interim TTUHSC at El Paso VP for Finance & Administration
Angelina Wright	ASU VP for Finance & Administration
Beth Reissenweber, Ph.D	MSU VP for Finance & Administration

UNAUDITED  
TEXAS TECH UNIVERSITY SYSTEM (793)

**COMBINED  
FINANCIAL STATEMENTS**

UNAUDITED

**Texas Tech University System (793)**  
**Combined Statement of Net Position**  
**August 31, 2022 and 2021**

	2022	Restated 2021
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 311,463,069.26	\$ 285,817,691.77
Restricted Cash and Cash Equivalents	26,623,329.81	26,939,419.17
Unrestricted Short Term Investments	9,833,462.86	0.00
Restricted Short Term Investments	1,161,517.88	0.00
Legislative Appropriations	268,092,942.63	245,161,978.40
Receivables:		
Federal	39,896,304.23	46,549,653.28
Patient	22,364,317.16	22,945,948.45
Student	36,021,805.11	20,427,101.23
Contracts	38,555,188.30	33,102,378.53
Accounts	7,165,371.19	6,630,924.43
Interest and Dividends	2,069,388.44	1,671,478.76
Gifts	20,669,353.33	22,859,472.80
Leases	968,522.74	1,422,397.51
Other	5,275,412.42	2,016,116.25
Due From Other State Agencies	22,100,373.60	15,130,959.29
Inventories	6,606,990.63	7,153,025.01
Prepaid Items	98,147,776.32	82,314,920.53
Loans and Contracts	811,656.46	831,520.99
Other Current Assets	946,236.91	953,035.42
Total Current Assets	918,773,019.28	821,928,021.82
Non-Current Assets:		
Restricted Cash and Cash Equivalents	77,224,160.27	84,759,711.20
Restricted Investments (Note 3)	1,451,320,976.96	1,421,721,701.17
Gifts Receivable	112,207,807.38	56,375,123.76
Leases Receivable	15,788,664.86	16,757,187.63
Loans and Notes Receivable	1,420,792.79	1,686,269.99
Investments (Note 3)	1,556,478,986.90	1,484,075,846.82
Capital Assets (Note 2)		
Non-Depreciable or Non-Amortizable	235,137,036.29	260,123,800.52
Depreciable or Amortizable	4,263,007,039.77	3,807,384,658.10
Accumulated Depreciation and Amortization	(2,435,259,656.73)	(2,163,287,134.91)
Right to Use Assets (Note 2)		
Amortizable	65,157,037.56	55,683,176.13
Accumulated Amortization	(14,414,079.72)	(6,628,773.17)
Other Non-Current Assets	101,878.77	0.00
Total Non-Current Assets	5,328,170,645.10	5,018,651,567.24
Total Assets	\$ 6,246,943,664.38	\$ 5,840,579,589.06

The accompanying Notes to the Combined Financial Statements are an integral part of this statement.

UNAUDITED

**Texas Tech University System (793)**  
**Combined Statement of Net Position**  
**August 31, 2022 and 2021**

	2022	Restated 2021
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows of Resources (Note 28)	406,266,012.38	534,081,309.00
Total Deferred Outflows of Resources	\$ 406,266,012.38	\$ 534,081,309.00
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 55,062,454.18	\$ 59,893,057.13
Payroll Payable	107,711,294.10	98,661,736.19
Unearned Revenue	312,572,275.72	281,277,577.09
Due to Other State Agencies	5,291,933.31	10,512,697.72
Short-Term Debt Commercial Paper Notes (Note 4)	75,911,000.00	48,844,000.00
Claims and Judgments (Note 5)	1,122,049.91	1,097,922.53
Employees' Compensable Leave (Note 5)	8,641,086.99	8,031,718.97
Right to Use Lease Obligations (Note 5)	6,771,971.84	5,812,480.98
Revenue Bonds Payable (Note 5)	62,923,933.94	59,116,239.75
Funds Held for Others	11,849,289.20	11,249,953.81
Net OPEB Liability (Note 11)	27,446,781.00	29,719,284.00
Other Current Liabilities	7,395,519.67	5,608,200.05
Total Current Liabilities	682,699,589.86	619,824,868.22
Non-Current Liabilities:		
Claims and Judgments (Note 5)	4,638,254.09	4,759,189.47
Employees' Compensable Leave (Note 5)	59,868,057.21	58,158,264.40
Right to Use Lease Obligations (Note 5)	46,075,706.08	44,329,556.70
Revenue Bonds Payable (Note 5)	794,585,048.41	729,113,227.05
Pollution Remediation Obligation (Note 5)	1,529,525.50	1,529,525.50
Net OPEB Liability (Note 11)	992,427,539.00	861,242,072.00
Net Pension Liability (Note 9)	156,543,241.00	322,680,807.00
Other Non-Current Liabilities	2,205,096.46	158,539.37
Total Non-Current Liabilities	2,057,872,467.75	2,021,971,181.49
Total Liabilities	\$ 2,740,572,057.61	\$ 2,641,796,049.71
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows of Resources (Note 28)	388,547,432.74	334,248,184.72
Total Deferred Inflows of Resources	\$ 388,547,432.74	\$ 334,248,184.72
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 1,195,360,053.89	\$ 1,149,262,050.35
Restricted:		
Nonexpendable:		
Endowments	895,202,031.36	828,325,849.07
Expendable:		
Capital Projects	76,242,149.04	9,289,014.24
Other	693,204,978.53	706,699,755.90
Unrestricted	664,080,973.59	705,039,994.07
Total Net Position	\$ 3,524,090,186.41	\$ 3,398,616,663.63

The accompanying Notes to the Combined Financial Statements are an integral part of this statement.

UNAUDITED

**Texas Tech University System (793)**  
**Combined Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
Operating Revenues		
Tuition and Fees	\$ 13,241,467.81	\$ 12,986,793.49
Tuition and Fees - Pledged	718,021,134.95	626,216,021.35
Less Discounts and Allowances	(178,810,357.73)	(157,876,376.71)
Professional Fees	304,853,494.21	289,913,868.82
Professional Fees - Pledged	578,441.78	566,369.46
Sales and Services of Auxiliary Enterprises - Pledged	190,774,206.41	146,037,012.74
Other Sales and Services	13,065,515.97	11,263,325.16
Other Sales and Services - Pledged	16,267,617.39	13,659,296.91
Federal Grants and Contracts	80,541,696.54	64,493,826.86
Federal Grants and Contracts - Pledged	18,536.98	0.00
Federal Grant Pass-Throughs from Other State Agencies	7,647,635.02	5,695,868.51
State Grants and Contracts	2,563,887.04	2,420,173.31
State Grants and Contracts - Pledged	7,945.88	7,223.58
State Grant Pass-Throughs from Other State Agencies	58,533,860.44	45,872,542.15
Local Governmental Grants and Contracts	167,127,234.07	148,639,775.78
Local Governmental Grants and Contracts - Pledged	1,821,379.33	1,736,244.08
Nongovernmental Grants and Contracts	103,964,450.69	106,622,153.83
Nongovernmental Grants and Contracts - Pledged	1,661,406.24	3,131,172.65
Other Operating Revenues	83,774,164.11	27,168,976.28
Total Operating Revenues	1,585,653,717.13	1,348,554,268.25
Operating Expenses		
Cost of Goods Sold	13,188,950.56	10,675,672.85
Salaries and Wages	1,132,991,998.37	1,041,591,942.03
Payroll Related Costs	401,509,725.36	416,525,431.14
Professional Fees and Services	112,884,947.69	88,709,426.66
Travel	32,460,299.27	10,389,454.09
Materials and Supplies	100,746,848.03	82,537,010.68
Communications and Utilities	66,697,065.49	56,363,114.30
Repairs and Maintenance	60,394,944.35	48,467,153.60
Rentals and Leases	22,367,264.40	20,607,776.49
Printing and Reproduction	4,807,980.42	3,754,080.32
Federal Grant Pass-Through Expense	745,366.44	898,051.37
State Grant Pass-Through Expense	201,927.95	92,968.63
Depreciation and Amortization (Note 2)	176,831,355.53	151,567,072.56
Bad Debt Expense	1,240,339.50	468,500.71
Interest	14,287.84	15,417.90
Scholarships	151,827,338.48	102,397,589.14
Net Change in Pollution Remediation Obligation	0.00	506,884.00
Claims and Judgments	1,745,092.49	523,707.54
Other Operating Expenses	194,702,857.79	124,144,562.35
Total Operating Expenses	2,475,358,589.96	2,160,235,816.36
Operating Income (Loss)	\$ (889,704,872.83)	\$ (811,681,548.11)

The accompanying Notes to the Combined Financial Statements are an integral part of this statement.

UNAUDITED

**Texas Tech University System (793)**  
**Combined Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 565,839,254.11	\$ 502,508,506.53
Federal Grants and Contracts	173,689,598.17	120,889,399.74
Federal Grant Pass-Throughs from Other State Agencies	7,553,311.32	4,529,171.00
State Grant Pass-Throughs from Other State Agencies	102,651.00	32,649.00
Private Gifts	71,553,635.58	48,614,779.74
Private Gifts - Pledged	1,571,430.44	1,207,353.08
Investment Income (Expense)	42,451,199.35	848,884.61
Investment Income (Expense) - Pledged	40,336,261.20	29,807,079.92
Interest Expense on Capital Asset Financing	(26,606,043.43)	(23,726,780.55)
Gain (Loss) on Sale and Disposal of Capital Assets	(9,634,710.91)	(1,162,724.44)
Net Increase (Decrease) in Fair Value of Investments	(187,641,104.14)	419,976,374.49
Interest Expense	(464,089.80)	(473,657.73)
Other Nonoperating Revenues (Expenses)	3,096,166.34	2,471,418.13
Other Nonoperating Revenues (Expenses) - Pledged	14,058,893.27	10,561,126.58
Total Nonoperating Revenues (Expenses)	695,906,452.50	1,116,083,580.10
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	(193,798,420.33)	304,402,031.99
Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEF)	88,810,909.00	83,877,709.00
Capital Contributions	95,803,874.96	43,488,613.75
Lapsed Appropriations	40,374.66	(0.32)
Contributions to Permanent and Term Endowments	53,909,038.81	20,418,187.40
Legislative Transfers In	7,435,967.45	9,104,287.00
Legislative Transfers Out	(2,287,903.18)	0.00
Interagency Transfers of Capital Assets - Decrease (Note 2)	(6,779.54)	0.00
Transfers In from Other State Agencies	129,121,320.95	8,508,660.31
Transfers Out to Other State Agencies	(917,193.40)	(6,568.84)
Net Other Revenues, Expenses, Gains, Losses, and Transfers	371,909,609.71	165,390,888.30
Total Change in Net Position	178,111,189.38	469,792,920.29
Beginning Net Position (September 1)	3,423,235,686.48	2,953,383,160.71
Restatement of Beginning Net Position (Note 14)	(24,619,022.85)	(24,559,417.37)
Beginning Net Position before MSU's share of Pension and OPEB	3,398,616,663.63	2,928,823,743.34
Restatement of Beginning Net Position for MSU's share of Pension and OPEB (Note 14)	(52,637,666.60)	0.00
Beginning Net Position (September 1) as Restated	3,345,978,997.03	2,928,823,743.34
Ending Net Position (August 31)	\$ 3,524,090,186.41	\$ 3,398,616,663.63

The accompanying Notes to the Combined Financial Statements are an integral part of this statement.



UNAUDITED

**Texas Tech University System (793)**  
**Combined Statement of Cash Flows**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
<b>Cash Flows from Operating Activities</b>		
Proceeds from Customers	\$ 423,746,195.36	\$ 351,217,089.62
Proceeds from Tuition and Fees	551,805,119.67	496,789,443.37
Proceeds from Grants and Contracts	417,043,014.87	376,365,014.41
Proceeds from Sales and Services of Auxiliary Enterprises	197,496,393.82	152,586,225.18
Proceeds from Collections of Loans to Students	5,876,777.06	5,872,216.95
Proceeds from Fiduciary Activities (Held 3 Months or Less)	408,095,686.01	365,963,447.77
Payments to Suppliers for Goods and Services	(310,961,633.12)	(257,106,464.87)
Payments to Employees for Salaries	(1,130,995,569.69)	(1,037,179,093.01)
Payments to Employees for Benefits	(303,933,610.46)	(280,341,381.73)
Payments for Loans Issued to Students	(5,803,631.80)	(5,788,167.44)
Payments for Fiduciary Activities (Held 3 Months or Less)	(406,930,422.57)	(366,463,006.55)
Payments for Other Expenses	(475,662,103.33)	(319,392,392.72)
Net Cash Provided/(Used) by Operating Activities	(630,223,784.18)	(517,477,069.02)
<b>Cash Flows from Noncapital Financing Activities</b>		
Proceeds from State Appropriations	569,369,861.55	477,356,987.96
Proceeds from Gifts	116,831,601.01	70,585,217.27
Proceeds from Nonoperating Grants and Contracts	167,440,844.57	116,259,514.60
Proceeds from Other Financing Activities	20,122,252.24	21,346,293.26
Proceeds from Transfers In from Other State Agencies	26,362,617.63	18,396,349.92
Payments for Transfers to Other State Agencies	(3,209,351.17)	(6,568.84)
Payments for Other Uses	(4,553,917.99)	(14,218,920.88)
Net Cash Provided/(Used) by Noncapital Financing Activities	892,363,907.84	689,718,873.29
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from Sale of Capital Assets	230,490.66	1,060,292.41
Proceeds from Capital Debt Issuances	41,532,000.00	39,000,000.00
Proceeds from Capital Gifts	54,084,168.25	34,302,737.25
Proceeds from Capital Appropriations	64,503,758.26	62,293,259.54
Proceeds from Other Capital and Related Financing Activities	363,063.67	0.00
Payments for Additions to Capital Assets	(156,121,595.40)	(184,160,473.01)
Payments for Principal Paid on Capital Debt	(78,736,281.04)	(87,069,948.09)
Payments for Interest Paid on Capital Debt	(27,664,061.06)	(24,811,464.19)
Payments for Leases	(6,956,759.03)	(5,853,279.78)
Payments for Other Costs on Debt Issuance	(87,357.25)	(80,764.29)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(108,852,572.94)	(165,319,640.16)
<b>Cash Flows from Investing Activities</b>		
Proceeds from Investment Sales and Maturities	146,213,904.01	224,272,203.50
Proceeds from Interest and Investment Income	173,451,883.50	107,875,467.27
Payments to Acquire Investments	(455,159,601.03)	(410,688,809.89)
Net Cash Provided/(Used) by Investing Activities	(135,493,813.52)	(78,541,139.12)
<b>TOTAL NET CASH FLOWS</b>	<b>\$ 17,793,737.20</b>	<b>\$ (71,618,975.01)</b>

The accompanying Notes to the Combined Financial Statements are an integral part of this statement.

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**Texas Tech University System (793)**  
**Combined Statement of Cash Flows**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
Beginning Cash & Cash Equivalents (September 1)	\$ 397,516,822.14	\$ 469,135,797.15
Ending Cash & Cash Equivalents (August 31)	\$ 415,310,559.34	\$ 397,516,822.14
<b>Reconciliation of Operating Loss to Net Cash Flows from Operating Activities</b>		
Operating Loss	\$ (889,704,872.83)	\$ (811,681,548.11)
Adjustments:		
Depreciation and Amortization Expense	176,831,355.53	151,567,072.56
Bad Debt Expense	907,789.58	454,749.77
Pension Expense	5,427,029.00	43,831,300.00
OPEB Expense	125,826,856.00	122,277,950.00
(Increase) Decrease in Accounts Receivables	(16,605,037.53)	(8,266,236.96)
(Increase) Decrease in Loans and Notes Receivable	299,966.73	392,426.64
(Increase) Decrease in Inventories	731,406.35	(2,376,120.89)
(Increase) Decrease in Other Assets	105,866.30	2,221.97
(Increase) Decrease in Due From Other State Agencies	(938,822.60)	166,426.20
(Increase) Decrease in Prepaid Items	(2,959,653.77)	(17,561,817.57)
(Increase) Decrease in Deferred Outflows of Resources	(63,156,791.00)	(34,291,354.00)
Increase (Decrease) in Accounts Payable	356,024.47	6,264,983.03
Increase (Decrease) in Payroll Payable	101,478.69	34,191.77
Increase (Decrease) in Unearned Revenue	8,753,028.61	23,666,735.07
Increase (Decrease) in Employees' Compensable Leave	(173,801.26)	1,356,031.48
Increase (Decrease) in Claims and Judgments	(96,808.00)	(4,595,785.78)
Increase (Decrease) in Due To Other State Agencies	(4,706,700.65)	8,836,785.64
Increase (Decrease) in Benefits Payable	1,159,681.59	925,105.93
Increase (Decrease) in Pollution Remediation Obligation	0.00	506,884.00
Increase (Decrease) in Fiduciary Funds (Held 3 Months or Less)	269,816.24	(555,033.34)
Increase (Decrease) in Net OPEB Liability	7,911,597.00	(99,959,411.00)
Increase (Decrease) in Deferred Inflows of Resources	19,594,102.00	101,341,307.00
Increase (Decrease) in Other Liabilities	(157,294.63)	186,067.57
Net Cash Used for Operating Activities	(630,223,784.18)	(517,477,069.02)
<b>Noncash Transactions</b>		
Donations of Capital Assets	5,678,640.80	20,690,604.95
Net Increase (Decrease) in Fair Value of Investments	(187,641,104.14)	419,976,374.49
Other	(10,525,824.69)	(1,373,009.66)
Total Noncash Transactions	\$ (192,488,288.03)	\$ 439,293,969.78

The accompanying Notes to the Combined Financial Statements are an integral part of this statement.

UNAUDITED  
TEXAS TECH UNIVERSITY SYSTEM (793)

**NOTES to the COMBINED  
FINANCIAL STATEMENTS**

**TEXAS TECH UNIVERSITY SYSTEM (793)****Notes to the Combined Financial Statements****Note 1: Summary of Significant Accounting Policies****General Introduction**

The Texas Tech University System (the System) is an agency of the State of Texas and its financial records comply with State statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements for State Agencies and Universities.

Component institutions which comprise the System include Texas Tech University (TTU), Texas Tech University Health Sciences Center (TTUHSC), Texas Tech University Health Sciences Center at El Paso (TTUHSC at El Paso), Angelo State University (ASU), Midwestern State University (MSU) and Texas Tech University System Administration (TTUSA). The System serves the state of Texas by providing undergraduate and post-graduate education and research in fields such as Law, Business, Medicine, Engineering and Nursing. Each component institution's financial statements are presented at the end of the combined report.

The System also includes within this report all component units as determined by an analysis of their relationship to the System. Blended component units are described in more detail in Note 19. The System has two discrete component units, the Angelo State University Robert G. Carr and Nona K. Carr Scholarship Foundation (Carr Foundation) and Texas Tech Research Park, Inc. (TTRP). Financial statements for these discrete component unit are presented separately at the end of this combined report, and more detailed information can be found in Note 19.

Effective August 31, 2020, the System had a change in accounting policy due to the implementation of GASB Statement No. 84 *Fiduciary Activities* (GASB 84). This statement establishes criteria for identifying fiduciary activities and requires that fiduciary activities be reported in a separate statement of fiduciary net position and a separate statement of changes in fiduciary net position (Fiduciary Statements) which are presented at the end of this combined report. The System allows an external entity to deposit funds in the System's Long Term Investment Fund as an investment vehicle. These funds are reported as External Investment Pool Non-Trustee Funds in the Fiduciary Statements. The System also holds funds for external entities and individuals that are not derived from the System's revenues, the System has no administrative or direct financial involvement with the funds, and the funds are for the benefit of the external entities and individuals. These funds are reported as Custodial Funds in the Fiduciary Statements.

GASB 84 allows business-type activities to report activities that would otherwise be considered custodial funds in the System's Combined Statement of Net Position and Combined Statement of Cash Flows as an operating activity if upon receipt, the funds are normally expected to be held for three months or less. These fiduciary activities are reported in the operating activities portion of the Combined Statement of Cash Flows at August 31, 2022 and 2021, respectively.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to be in compliance with all the requirements in this statement. The financial report is considered for audit by the State Auditor as part of the audit of the State of Texas Annual Comprehensive Financial Report (ACFR); therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

**Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)****Basis of Accounting**

For financial reporting purposes, institutions of higher education are considered proprietary funds, which are used to account for business-type activities. Business-type activities are defined as those that are financed in whole or in part by fees charged to external parties for goods and services. The accompanying financial statements are prepared with transactions recorded on a fund basis. GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities – an Amendment of GASB Statement No. 34*, established accounting and financial reporting standards for universities within the financial reporting guidelines of GASB 34 as mentioned above. Under GASB 35, universities must follow proprietary fund accounting, and are required to report all funds in a single column instead of by individual fund.

The basis of accounting determines when revenues and expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds use the flow of economic resources measurement focus (whether or not the entity is economically better off as a result of the events and transactions that occurred during the fiscal period reported) and the full accrual basis of accounting, meaning revenues are recognized when earned and expenses are recorded when an obligation has occurred.

Proprietary funds distinguish between operating and nonoperating items. Operating revenues and expenses result from providing services, or producing and delivering goods in connection with ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation and amortization on capital assets.

**Budgetary Information**

The System component institutions prepare annual budgets which are approved by the Board of Regents. The budgets for appropriated funds are prepared biennially and represent appropriations authorized by the Legislature and approved by the Governor (the General Appropriations Act).

**Cash and Cash Equivalents**

For reporting purposes, cash includes cash on hand, cash in transit, cash in local banks, cash in the state treasury, and cash equivalents. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near maturity they present insignificant risk of a decrease in value due to changes in interest rates. Investments with an original maturity of three months or less and used for cash management rather than investing activities are considered cash equivalents.

The System records and reports its deposits in the general deposit account at cost. It records and reports its special deposit accounts at fair value.

**Investments**

The System accounts for its investments at fair value on the Combined Statement of Net Position. All investment income, including changes in the fair value of investments, is reported in the Combined Statement of Revenues, Expenses, and Changes in Net Position. Investments are addressed in more detail in Note 3.

**Legislative Appropriations**

This item represents the balance of General Revenue Funds and Higher Education Funds (HEF) at August 31 as calculated in the Texas State Comptroller’s General Revenue Reconciliation.

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### Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

#### **Restricted Assets**

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of revenue bonds and revenues set aside for statutory or contractual requirements.

#### **Inventories and Prepaid Items**

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost generally utilizing the first-in, first out method. Changes in inventories are recorded using the consumption method, with the inventories being reported as assets when they are purchased, and the expense recognized in the period in which the inventories are used or consumed. The consumption method of accounting is used to account for inventories and prepaid items benefiting more than one accounting period. The cost of these items is expensed when the items are used or consumed. Prepaid items include payments for scholarships and capital assets that have not been received by the end of the fiscal year.

#### **Receivables**

Receivable balances are grouped into several receivable categories. Accounts receivable are recorded net of estimated uncollectible amounts based upon a review of outstanding receivables and historical collection information.

Student receivables consist of tuition and fees charged to students, patient receivables are for medical fees charged for services, and accounts receivable are fees for auxiliary enterprise services provided to students, faculty, and staff, as well as state and local grant billings.

Contracts receivable are primarily related to agreements between the System health sciences center component institutions and teaching hospitals for the provision of medical services.

Federal receivable includes amounts due from the federal government in connection with reimbursement of allowable expenditures disbursed by the System's grants and contracts departments.

Gift receivables are accounted for at their estimated net realizable value. The estimated net realizable value consists of the present value of long-term pledges and a reduction for any allowance for uncollectible pledges. Pledges vary from one to ten years and are used to support specifically identified System programs and initiatives.

Interest and dividend receivable consists of amounts due from investment holdings, cash management pools, and cash invested in various short-term investment items.

Leases receivable were calculated for leases with a term greater than 12 months. Lease receivables are calculated as the present value of the lease receipts expected during the lease term.

Other receivables include items such as travel advances, returned checks, and various other accrued items not included in any other receivable category.

#### **Loans and Notes Receivable**

These receivables are student loans receivable that consist of amounts due from loans administered by the System.

**Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)****Capital Assets**

Capital assets, defined as assets held for use in operations with a value equal to or greater than the capitalization threshold established for that asset type and an initial useful life of more than one year, are recorded at cost at the date of acquisition. Gifts of donated assets are recorded at acquisition value (the price that would be paid to acquire the asset with equivalent service potential in an orderly market transaction) at the date of donation. This is a change in definition established by GASB 72. Capital assets may or may not be capitalized for financial reporting purposes. Livestock held for educational purposes is recorded at estimated fair value.

The capitalization threshold for personal property, such as furniture and equipment is \$5,000. For buildings, building improvements, and facilities and other improvements, the capitalization threshold is \$100,000. Infrastructure has a capitalization threshold of \$500,000. Land, works of art and historical treasures are capitalized regardless of cost or value.

Intangible assets, defined as assets lacking physical substance and of a nonfinancial nature, include computer software, land use rights and patents and trademarks. Purchased computer software is capitalized if the aggregate cost of the purchase meets or exceeds \$100,000. Internally generated computer 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 is required to depreciate and amortize capitalized assets. Depreciation for capital assets is computed using the straight-line method over the estimated useful lives of the assets. Amortization of intangible assets is based on the estimated useful life of the asset using the straight-line method. Land, works of art and historical treasures are not depreciated.

Capital asset activity for the current fiscal year is shown in Note 2.

**Leases and Right to Use Assets**

GASB Statement No. 87, *Leases*, defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset for period of time in an exchange or exchange-like transaction. Short term leases with a maximum possible term of 12 months or less at commencement are recognized as a revenue and expense based on the provisions of the lease contract. For leases with a term greater than 12 months, the System recognizes a lease receivable and deferred inflow when acting as a lessor and a lease liability and right-to-use lease asset when acting as a lessee. The lease receivable is calculated as the present value of the lease receipts expected during the lease term. Lease liabilities are initially measured at the present value of lease payments and remeasured whenever there is a change in lease payments or lease modification.

Leases are covered in more detail in Note 8. Right to use assets are detailed in Note 2.

**Deferred Outflows of Resources**

Deferred outflows of resources refers to the net asset consumption of assets that is applicable to a future fiscal year. The System reports certain changes in the net pension liability, changes in net other postemployment benefits liability, and unamortized losses on refunding of debt as deferred outflows. Pension-related deferred outflows are discussed in more detail in Note 9, and other postemployment benefit-related deferred outflows in Note 11.

## UNAUDITED

### Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

#### **Payables**

Accounts payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending. Payroll payable includes accrued salary, wages and benefits.

#### **Claims and Judgments**

Claims and judgments include estimates for legal judgments and both known medical malpractice claims and those that have not yet been made against the insured participants. These liabilities are reported separately as either current or noncurrent in the Combined Statement of Net Position. Claims and judgments activity is shown in Note 5, with a detailed explanation of the medical self-insurance plan and activity in Note 17.

#### **Unearned Revenues**

Unearned revenues include amounts for tuition and fees, certain auxiliary activities, and amounts from grant and contract sponsors received prior to the end of the fiscal year but related to the subsequent accounting period.

#### **Employees' Compensable Leave**

Employees' compensable leave represents the liability that becomes due upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid. These liabilities are reported separately as either current or noncurrent in the Combined Statement of Net Position, and are explained in more detail in Note 5.

#### **Right to Use Lease Obligations**

For leases with a term greater than 12 months, the System recognizes a lease liability and right-to-use lease asset when acting as a lessee. Lease liabilities are initially measured at the present value of lease payments and remeasured whenever there is a change in lease payments or lease modification.

#### **Short-term Debt Commercial Paper Notes**

Short-term debt commercial paper notes are amounts owed for commercial paper that was issued during the current accounting period for long-term construction projects for the System's component institutions. Short-term debt commercial paper notes are further explained in Note 4.

#### **Revenue Bonds Payable**

The System has a number of bond issues outstanding, most of which are supported either directly or indirectly by tuition revenue. Revenue bonds payable are addressed in more detail in Note 6, with changes in activity shown in Note 5. The bonds are reported at par, net of unamortized premiums. Issuance costs are expensed in the period incurred.

#### **Pollution Remediation Obligation**

A pollution remediation obligation addresses the current or potential detrimental effects of existing pollution and contamination by participating in pollution remediation activities such as spills of hazardous substances or asbestos abatement. These obligations will generally require the recognition and reporting of remediation liabilities. The System initially accrued and recorded a pollution remediation obligation for Texas Tech University in fiscal year 2016. This obligation is discussed in detail in Note 5.



**Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)****Funds Held for Others**

Current balances in funds held for others result from the System acting as an agent or fiduciary for other organizations and the funds upon receipt are normally expected to be held for three months or less. This is a change in accounting policy effective fiscal year 2020 due to the implementation of GASB 84 which is described in more detail above in the general introduction section of Note 1.

**Net Pension Liability**

The System is required to recognize its proportionate share of net pension liability and operating statement activity related to changes in the net pension liability for participation in the Teacher Retirement System (TRS) pension plan. The net pension liability is the System's proportionate share of the total TRS pension plan liability less the Plan's net assets as reported by the TRS pension plan for fiscal year 2021. The System's proportionate share is based on its contributions to the pension plan relative to the contributions of other employers participating in the plan. The net pension liability and pension-related deferred outflows and inflows are provided by the Texas Comptroller of Public Accounts. These amounts are included in this annual financial report and represent the total net pension liability for all System component institutions. Pensions are discussed in greater detail in Note 9.

**Net Other Postemployment Benefits (OPEB) Liability**

The System is required to recognize its proportionate share of the collective net OPEB liability and operating statement activity related to changes in the net OPEB liability for participation in the State Retiree Health Plan administered by the Employees Retirement System of Texas (ERS). The net OPEB liability is the System's proportionate share of the total OPEB Plan liability less the Plan's net assets as reported by the ERS OPEB plan for fiscal year 2021. The System's proportionate share is based on its contributions to the OPEB plan relative to the contributions of all employers and non-employer contributing entity participating in the plan. The net OPEB liability and OPEB-related deferred outflows and inflows are provided by the Texas Comptroller of Public Accounts. These amounts are included in this annual financial report and represent the total net OPEB liability for all System component institutions. OPEB is discussed in greater detail in Note 11.

**Deferred Inflows of Resources**

Deferred inflows of resources are defined as the net asset acquisition of assets that is applicable to a future fiscal year. The System reports certain changes in the net pension liability and certain changes to the net other postemployment benefits liability as deferred inflows of resources. Pension-related deferred inflows are discussed further in Note 9, and other postemployment benefit-related deferred inflows in Note 11. There are also deferred inflows associated with irrevocable split-interest agreements, as discussed below and leases, as discussed above and further detailed in Note 8.

**Irrevocable Split-Interest Agreements**

Irrevocable split-interest agreements are a specific type of giving arrangement used by donors to provide resources to two or more beneficiaries. GASB 81, *Irrevocable Split-Interest Agreements* requires that agencies that receive resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement, and revenue when the resources become applicable to the reporting period. The System reports the transactions for unconditional lead and remainder interests in irrevocable split-interest agreements held by System component institutions in their financial records.

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### Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

#### **Other Liabilities**

The major component of other liabilities consists of advance deposits received from students for residence hall occupancy in the next fiscal year. This category also includes liabilities at TTU for noncurrent unearned revenues associated with a location incentives agreement with Amarillo Economic Development Corporation and licensing agreements for broadcasting rights with Public Broadcasting Service and National Public Radio .

Liabilities in the above categories are reported separately as either current (due within one year) or noncurrent (amounts due thereafter) in the Combined Statement of Net Position.

#### **Net Position**

Net Position reflects the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources. Net position is presented in three separate classes: Net Investment in Capital Assets; Restricted Net Position; and Unrestricted Net Position.

#### ***Net Investment in Capital Assets***

This category represents the System's capital assets, net of the System's accumulated depreciation, amortization and outstanding principal balances of the System's debt attributable to the acquisition, construction or improvement of those capital assets for the System.

#### ***Restricted Net Position***

*Nonexpendable* – assets subject to externally imposed stipulations that they be maintained permanently by the System. Such assets include the principal of the System's permanent endowment funds.

*Expendable* – 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.

#### ***Unrestricted Net Position***

Unrestricted net position includes assets whose use by the System is not subject to externally imposed stipulations. They may be designated for specific purposes by action of management or the Board of Regents, or may otherwise be limited by contractual agreements with outside parties.

#### **Interfund Activity and Transactions**

The System is regularly involved in both interfund activity and interfund transactions. Interfund activity refers to financial interaction between funds (including blended component units) and is related to internal events. Interfund transactions refer to interactions with outside parties (discretely presented component units, other governments, other legally separate entities and individuals) and are restricted to external events. Interfund activity and interfund transactions are both clearly identifiable and are eliminated where appropriate.

## Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Reporting Consideration for COVID-19 Response**

In response to the COVID-19 pandemic, Congress passed the following to provide economic support to offset additional expenses and forgone revenue:

- Coronavirus Aid, Relief and Economic Security (CARES) Act
- CARES Act for the Higher Education Emergency Relief Fund (HEERF), which provides budgetary relief to higher education institutions through numerous provisions
- CARES Act for the Provider Relief Fund (PRF), which reimburses eligible providers for healthcare-related expenses or lost revenues attributable to COVID-19
- HEERF II, authorized by the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) to support education
- HEERF III, authorized by the American Rescue Plan Act (ARPA), provides support to institutions of higher education to serve students and ensure learning continues during the COVID-19 pandemic
- Paycheck Protection Program and Health Care Enhancement Act (PPPHCE)
- Various COVID-19 Supplemental Appropriation Acts

During fiscal year 2022, the System received a total of \$116,706,092.90 in COVID-19 relief funding: \$77,336,242.25 from ARPA-HEERF III, \$23,315,410.39 from CRRSAA-HEERF II, \$13,825,489.30 from CARES HEERF, \$1,091,552.78 from PPPHCE, \$469,433.13 from CARES PRF and \$667,965.05 from various COVID-19 Supplemental Appropriation Acts. During fiscal year 2021, the System received \$20,808,832.79 from CARES HEERF, \$3,571,337.77 from CARES PRF and \$39,894,943.78 from various COVID-19 Supplemental Appropriation Acts passed in fiscal year 2021.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Note 2: Capital Assets and Intangible Right to Use Assets

A summary of changes in capital assets for the year ended August 31, 2022 is presented below:

	Balance 9/1/2021	Adjustments	Reclassifications			Additions	Deletions	Balance 8/31/2022
			Completed CIP	Inc-Inf'agy Trans	Dec-Inf'agy Trans			
<b>BUSINESS-TYPE ACTIVITIES</b>								
<b>Non-depreciable or Non-amortizable Assets</b>								
Land and Land Improvements	\$ 45,553,442.73	\$ 8,233,708.31	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,890,832.36	\$ 0.00	\$ 55,677,983.40
Construction in Progress	120,635,598.48	(14,401,728.42)	(108,164,050.84)	0.00	0.00	65,573,925.31	(22,210.79)	63,621,533.74
Other Capital Assets	110,900,826.89	3,533,965.30	0.00	0.00	0.00	1,645,326.96	(242,600.00)	115,837,519.15
Total Non-depreciable or Non-amortizable Assets	277,089,868.10	(2,634,054.81)	(108,164,050.84)	0.00	0.00	69,110,084.63	(264,810.79)	235,137,036.29
<b>Depreciable Assets</b>								
Buildings and Building Improvements	2,705,597,642.75	313,276,274.95	104,367,669.09	0.00	0.00	33,563,248.34	(877,403.25)	3,155,927,431.88
Infrastructure	50,301,231.52	13,351,147.45	0.00	0.00	0.00	0.00	0.00	63,652,378.97
Facilities and Other Improvements	233,736,221.80	17,759,436.42	0.00	0.00	0.00	5,551,116.37	0.00	257,046,774.59
Furniture and Equipment	417,215,141.35	19,938,852.73	3,444,750.31	0.00	(158,769.62)	32,939,624.62	(12,845,483.77)	460,534,115.62
Vehicle, Boats and Aircraft	21,976,350.83	1,752,035.25	57,435.59	0.00	0.00	1,088,235.88	(544,790.44)	24,329,267.11
Other Capital Assets	230,960,966.73	11,338,569.11	294,195.85	0.00	0.00	15,772,657.89	(8,995,974.80)	249,370,414.78
Total Depreciable Assets at Historical Cost	3,659,787,554.98	377,416,315.91	108,164,050.84	0.00	(158,769.62)	88,914,883.10	(23,263,652.26)	4,210,860,382.95
Less Accumulated Depreciation for:								
Buildings and Building Improvements	(1,396,436,638.52)	(161,250,667.77)	0.00	0.00	0.00	(110,828,259.41)	833,533.08	(1,667,682,032.62)
Infrastructure	(28,200,162.51)	(9,104,833.48)	0.00	0.00	0.00	(1,713,296.51)	0.00	(39,018,292.50)
Facilities and Other Improvements	(132,722,038.01)	(8,024,444.93)	0.00	0.00	0.00	(8,218,816.80)	0.00	(148,965,299.74)
Furniture and Equipment	(306,096,866.66)	(14,618,143.14)	0.00	0.00	151,990.08	(32,596,838.78)	12,173,204.74	(340,986,653.76)
Vehicles, Boats and Aircraft	(18,098,377.01)	(1,425,223.31)	0.00	0.00	0.00	(1,394,662.79)	544,790.44	(20,373,472.67)
Other Capital Assets	(153,014,973.59)	(10,076,103.99)	0.00	0.00	0.00	(9,688,554.96)	144,667.65	(172,634,964.89)
Total Accumulated Depreciation	(2,034,569,056.30)	(204,499,416.62)	0.00	0.00	151,990.08	(164,440,429.25)	13,696,195.91	(2,389,660,716.18)
Depreciable Assets, Net	1,625,218,498.68	172,916,899.29	108,164,050.84	0.00	(6,779.54)	(75,525,546.15)	(9,567,456.35)	1,821,199,666.77
<b>Intangible Capital Assets - Amortizable</b>								
Computer Software - Intangible	130,672,634.73	28,426,018.46	0.00	0.00	0.00	155,000.00	(107,106,996.37)	52,146,656.82
Other Intangible Capital Assets - Term	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Intangible Assets at Historical Cost	130,672,634.73	28,426,018.46	0.00	0.00	0.00	155,000.00	(107,106,996.37)	52,146,656.82
Less Accumulated Amortization for:								
Computer Software - Intangible	(128,300,238.12)	(19,955,530.89)	0.00	0.00	0.00	(4,417,233.48)	107,074,061.94	(45,598,940.55)
Other Intangible Capital Assets - Term	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Accumulated Amortization	(128,300,238.12)	(19,955,530.89)	0.00	0.00	0.00	(4,417,233.48)	107,074,061.94	(45,598,940.55)
Amortizable Assets - Intangible, Net	2,372,396.61	8,470,487.57	0.00	0.00	0.00	(4,262,233.48)	(32,934.43)	6,547,716.27
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 1,904,680,763.39</b>	<b>\$ 178,753,332.05</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ (6,779.54)</b>	<b>\$ (10,677,695.00)</b>	<b>\$ (9,865,201.57)</b>	<b>\$ 2,062,884,419.33</b>

A summary of changes in intangible right to use assets for the year ended August 31, 2022 is presented below:

	Balance 9/1/2021	Adjustments	Additions	Deletions	Balance 8/31/2022
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b>Right to Use Assets - Amortizable</b>					
Land	\$ 0.00	\$ 218,322.53	\$ 0.00	\$ 0.00	\$ 218,322.53
Buildings and Building Improvements	0.00	59,872,835.93	5,711,267.21	(795,479.33)	64,788,623.81
Furniture and Equipment	0.00	150,091.22	0.00	0.00	150,091.22
Total Right to Use Amortizable Assets	0.00	60,241,249.68	5,711,267.21	(795,479.33)	65,157,037.56
Less Accumulated Amortization for:					
Land	0.00	(22,015.72)	(22,015.71)	0.00	(44,031.43)
Buildings and Building Improvements	0.00	(7,175,529.37)	(7,913,355.93)	795,479.33	(14,293,405.97)
Furniture and Equipment	0.00	(38,321.16)	(38,321.16)	0.00	(76,642.32)
Total Accumulated Amortization	0.00	(7,235,866.25)	(7,973,692.80)	795,479.33	(14,414,079.72)
<b>Business-Type Activities Right to Use Assets, Net</b>	<b>\$ 0.00</b>	<b>\$ 53,005,383.43</b>	<b>\$ (2,262,425.59)</b>	<b>\$ 0.00</b>	<b>\$ 50,742,957.84</b>

Additional information on the liabilities relating to the right-to-use leased assets is detailed further in Note 8.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Note 3: Deposits, Investments, and Repurchase Agreements**

The System’s investment portfolio is invested pursuant to the parameters of applicable Texas law and the governing board’s Investment Policies. Under Texas law, the System investments may be “any kind of investment that persons of ordinary prudence, discretion, and intelligence, exercising the judgment and care under the circumstances then prevailing, acquire or retain for their own account in the management of their affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital.” Under Texas law, the System is required to invest its institutional funds according to written investment policies adopted by the Board of Regents. No person may invest the System funds without express written authority from the governing board.

The governing investment policy is Regents’ Rules Chapter 09, “Investments and Endowments.” The majority of the System assets are invested in two investment funds; the Long Term Investment Fund (LTIF) and the Comprehensive Cash Pool (CCP), each having their own stand-alone investment policies. The objective of the CCP is to retain appropriate liquidity to meet daily operating demands while seeking higher yield on cash reserves through appropriately diversified longer-termed investment strategies. Endowment funds and certain eligible long-term institutional funds are invested in the LTIF, which invests in equity and fixed income securities, as well as alternative investments such as hedge funds and private equity, and is operated using a total return philosophy. Institutional funds not in the LTIF are invested in the CCP. Other assets outside the two funds include securities gifted to the System with donor instructions to maintain in their original form, an endowment managed by American National Bank and Trust for MSU, and debt proceeds. The published Regent's Rules Chapter 09, "Investments and Endowment," the LTIF Investment Policy Statement and the CCP Investment Policy Statement can be obtained at <https://www.texastech.edu/board-of-regents/regents-rules.php>.

**Deposits of Cash in Bank**

The carrying amount of deposits as of August 31, 2022 and August 31, 2021 was \$166,992,595.44 and \$212,549,148.53, respectively, as presented below:

**Business-Type Activities**

	<u>FY22</u>	<u>FY21</u>
CASH IN BANK – CARRYING AMOUNT	\$ 166,992,595.44	\$ 212,549,148.53
Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalent	0.00	0.00
Less: Uninvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral	0.00	0.00
Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral	0.00	0.00
<b>Cash in Bank per AFR</b>	<b><u>\$ 166,992,595.44</u></b>	<b><u>\$ 212,549,148.53</u></b>
Proprietary Funds Current Assets Cash in Bank	\$ 137,210,686.50	\$ 189,497,723.12
Proprietary Funds Current Assets Restricted Cash in Bank	14,643,801.06	20,653,963.59
Proprietary Funds Non-Current Assets Restricted Cash in Bank	15,138,107.88	2,397,461.82
<b>Cash in Bank per AFR</b>	<b><u>\$ 166,992,595.44</u></b>	<b><u>\$ 212,549,148.53</u></b>

These amounts consist of all cash in local banks and are included on the Combined Statement of Net Position as part of current unrestricted, current restricted, and non-current restricted “Cash and Cash Equivalents.”

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**Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)**

**Custodial credit risk** for deposits is the risk that, in the event of the failure of a depository financial institution, the System will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The System maintains depository relationships with limited banking institutions by depository agreements between the System and the respective banking institution. State law requires that the System's deposits, to the extent such deposits exceed the maximum insured limit under deposit insurance provided by the Federal Deposit Insurance Corporation (FDIC), shall at all times be collateralized with government securities.

All the System’s deposits in excess of FDIC limits are fully collateralized. The collateral is held in the System’s name by the pledging institution’s agent. The System also has no foreign currency risk on deposits.

As of August 31, 2022, the total **bank balance** for Business-Type Activities was \$174,409,236.83. As of August 31, 2021, the balance was \$231,633,006.07.

The carrying amount of deposits for the System's Fiduciary Activities as of August 31, 2022 and August 31, 2021 was \$4,814,018.36 and \$3,915,724.81, respectively, as presented below:

**Fiduciary Activities**

	<u>FY22</u>	<u>FY21</u>
CASH IN BANK – CARRYING AMOUNT	\$ 4,814,018.36	\$ 3,915,724.81
Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalent	0.00	0.00
Less: Uninvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral	0.00	0.00
Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral	0.00	0.00
<b>Cash in Bank per AFR</b>	<b><u>\$ 4,814,018.36</u></b>	<b><u>\$ 3,915,724.81</u></b>
Fiduciary Funds Current Assets Cash in Bank	\$ 4,814,018.36	\$ 3,915,724.81
<b>Cash in Bank per AFR</b>	<b><u>\$ 4,814,018.36</u></b>	<b><u>\$ 3,915,724.81</u></b>

All the System's Fiduciary Activities deposits in excess of FDIC limits are fully collateralized. The collateral is held in the System’s name by the pledging institution’s agent. The System's Fiduciary Activities also have no foreign currency risk on deposits.

As of August 31, 2022, the total **bank balance** for the System's Fiduciary Activities was \$4,814,018.36. As of August 31, 2021, this balance was \$3,915,724.81.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

The carrying amount of deposits for Carr Foundation as of August 31, 2022 and August 31, 2021 was \$395,244.42 and \$549,963.76, respectively, as presented below:

**Discrete Component Unit - Carr Foundation**

	<u>FY22</u>	<u>FY21</u>
CASH IN BANK – CARRYING AMOUNT	\$ 395,244.42	\$ 549,963.76
Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalent	0.00	0.00
Less: Uninvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral	0.00	0.00
Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral	0.00	0.00
<b>Cash in Bank per AFR</b>	<b><u>\$ 395,244.42</u></b>	<b><u>\$ 549,963.76</u></b>
Discrete Component Unit Current Assets Restricted Cash in Bank	\$ 96,361.74	\$ 74,876.01
Discrete Component Unit Non-Current Assets Restricted Cash in Bank	298,882.68	475,087.75
<b>Cash in Bank per AFR</b>	<b><u>\$ 395,244.42</u></b>	<b><u>\$ 549,963.76</u></b>

All of the Carr Foundation’s deposits in excess of FDIC limits are fully collateralized. The collateral is held in the Foundation’s name by the pledging institution’s agent. The Foundation also has no foreign currency risk on deposits.

As of August 31, 2022, the total **bank balance** for Discrete Component Unit Activities for the Carr Foundation was \$887,521.16. As of August 31, 2021, this balance was \$650,378.78.

The carrying amount of deposits for TTRP as of August 31, 2022 was \$14,625.00, as presented below:

**Discrete Component Unit - TTRP**

	<u>FY22</u>
CASH IN BANK – CARRYING AMOUNT	\$ 14,625.00
Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalent	0.00
Less: Uninvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral	0.00
Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral	0.00
<b>Cash in Bank per AFR</b>	<b><u>\$ 14,625.00</u></b>
Discrete Component Unit Current Assets Cash in Bank	\$ 14,625.00
<b>Cash in Bank per AFR</b>	<b><u>\$ 14,625.00</u></b>

All of the TTRP’s deposits in excess of FDIC limits are fully collateralized. The collateral is held in TTRP's name by the pledging institution’s agent. TTRP also has no foreign currency risk on deposits.

As of August 31, 2022, the total **bank balance** for Discrete Component Unit Activities for TTRP was \$14,625.00. TTRP is a new discrete component unit of the System in FY22, thus balances for prior years is not provided.

## Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Fair Value Measurements**

The System values its investments at fair value. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is an exit price at the measurement date from the perspective of the market participant that holds the asset. This is a market-based measurement.

GASB 72 identifies the following three acceptable valuation approaches to determine fair value:

- Market approach - uses prices and other relevant information generated by market transactions involving identical or similar items.
- Cost approach – measures fair value based on the current cost to replace the present service capacity of an asset.
- Income approach – discounts future amounts (such as cash flows or revenues and expenses) into a single current amount.

GASB 72 also establishes a fair value hierarchy that classifies inputs to valuation techniques into three levels:

- Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 – Inputs (other than quoted prices included within Level 1) that are observable for an asset or liability – either directly (quoted market prices for similar assets or liabilities) or indirectly (corroborated from observable market information).
- Level 3 – Unobservable inputs for an asset or liability.

Beyond these three levels, Net Asset Value and Amortized Cost may be used to categorize investments without a readily determinable fair value.



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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

The fair value of investments at each level is presented below for August 31, 2022:

**Business-Type Activities**

Type of Security	Fair Value Hierarchy					
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Total
U. S. Government						
U.S. Treasury Securities	\$ 60,382,679.65	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 60,382,679.65
U.S. Government Agency Obligations	287,611,778.07	526,776.92	0.00	0.00	0.00	288,138,554.99
Corporate Obligations	0.00	2,294,984.00	0.00	0.00	0.00	2,294,984.00
Equity	523,938,522.99	6,687.16	0.00	0.00	313,188,218.59	837,133,428.74
Fixed Income Money Market and Bond Mutual Fund	890,333,904.23	0.00	0.00	0.00	0.00	890,333,904.23
Mutual Funds - Domestic	82,977,867.61	0.00	0.00	0.00	0.00	82,977,867.61
Other Commingled Funds	2,660,489.22	108,602,667.02	1,176,526.22	0.00	5,789,517.48	118,229,199.94
Other Commingled Funds (TexPool)	0.00	0.00	0.00	43,886,826.71	0.00	43,886,826.71
Real Estate	0.00	0.00	2,832,418.68	0.00	21,436,276.19	24,268,694.87
Domestic Derivatives	0.00	(22,578,897.05)	0.00	0.00	0.00	(22,578,897.05)
Externally Managed Investments:						
Domestic	0.00	358,587,863.87	101,528,139.35	0.00	375,109,837.76	835,225,840.98
International	0.00	1,278,455.86	0.00	0.00	5,773,720.25	7,052,176.11
Miscellaneous	748,432.03	406,573.86	35,495,984.61	0.00	0.00	36,650,990.50
<b>Total Investments</b>	<b>\$1,848,653,673.80</b>	<b>\$ 449,125,111.64</b>	<b>\$ 141,033,068.86</b>	<b>\$ 43,886,826.71</b>	<b>\$ 721,297,570.27</b>	<b>\$ 3,203,996,251.28</b>
Current Unrestricted Short-Term Investments	\$ 2,660,489.22	\$ 0.00	\$ 0.00	\$ 2,544,974.04	\$ 4,627,999.60	\$ 9,833,462.86
Current Restricted Short-Term Investments	0.00	0.00	0.00	0.00	1,161,517.88	1,161,517.88
Non-Current Investments	1,702,133,730.57	449,125,111.64	141,033,068.86	0.00	715,508,052.79	3,007,799,963.86
Items in Cash and Cash Equivalents:						
Money Market Funds	143,859,454.01	0.00	0.00	0.00	0.00	143,859,454.01
TexPool Investments	0.00	0.00	0.00	41,341,852.67	0.00	41,341,852.67
<b>Total Investments</b>	<b>\$1,848,653,673.80</b>	<b>\$ 449,125,111.64</b>	<b>\$ 141,033,068.86</b>	<b>\$ 43,886,826.71</b>	<b>\$ 721,297,570.27</b>	<b>\$ 3,203,996,251.28</b>

**Fiduciary Activities**

Type of Security	Fair Value Hierarchy					
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Total
Equity	\$ 520,247.23	\$ 61.00	\$ 0.00	\$ 0.00	\$ 2,857,029.10	\$ 3,377,337.33
Fixed Income Money Market and Bond Mutual Fund	1,657,998.15	1,438,433.85	0.00	0.00	0.00	3,096,432.00
Mutual Funds - Domestic	729,906.51	0.00	0.00	0.00	0.00	729,906.51
Other Commingled Funds	0.00	529,937.71	5,753.46	0.00	0.00	535,691.17
Real Estate	0.00	0.00	0.00	0.00	195,550.35	195,550.35
Domestic Derivatives	0.00	(205,973.80)	0.00	0.00	0.00	(205,973.80)
Externally Managed Investments:						
Domestic	0.00	2,635,486.25	480,855.81	0.00	1,862,330.06	4,978,672.12
International	0.00	6,251.92	0.00	0.00	52,670.20	58,922.12
<b>Total Investments</b>	<b>\$ 2,908,151.89</b>	<b>\$ 4,404,196.93</b>	<b>\$ 486,609.27</b>	<b>\$ 0.00</b>	<b>\$ 4,967,579.71</b>	<b>\$ 12,766,537.80</b>
Non-Current Investments	\$ 2,908,151.89	\$ 4,404,196.93	\$ 486,609.27	\$ 0.00	\$ 4,967,579.71	\$ 12,766,537.80
<b>Total Investments</b>	<b>\$ 2,908,151.89</b>	<b>\$ 4,404,196.93</b>	<b>\$ 486,609.27</b>	<b>\$ 0.00</b>	<b>\$ 4,967,579.71</b>	<b>\$ 12,766,537.80</b>

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Discrete Component Unit - Carr Foundation**

Type of Security	Fair Value Hierarchy					
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Total
Equity	\$ 6,192,620.72	\$ 726.13	\$ 0.00	\$ 0.00	\$ 34,007,865.60	\$ 40,201,212.45
Fixed Income Money Market and Bond Mutual Fund	19,735,528.19	17,122,004.41	0.00	0.00	0.00	36,857,532.60
Mutual Funds - Domestic	8,688,242.80	0.00	0.00	0.00	0.00	8,688,242.80
Other Commingled Funds	0.00	6,307,968.70	68,484.77	0.00	0.00	6,376,453.47
Real Estate	0.00	0.00	18,437,050.80	0.00	2,327,680.15	20,764,730.95
Domestic Derivatives	0.00	(2,451,752.81)	0.00	0.00	0.00	(2,451,752.81)
Externally Managed Investments:						
Domestic	0.00	31,370,790.74	5,723,735.84	0.00	22,167,737.16	59,262,263.74
International	0.00	74,418.03	0.00	0.00	626,945.37	701,363.40
<b>Total Investments</b>	<b>\$34,616,391.71</b>	<b>\$52,424,155.20</b>	<b>\$24,229,271.41</b>	<b>\$ 0.00</b>	<b>\$ 59,130,228.28</b>	<b>\$ 170,400,046.60</b>
Non-Current Investments	\$34,616,391.71	\$52,424,155.20	\$24,229,271.41	\$ 0.00	\$ 59,130,228.28	\$ 170,400,046.60
<b>Total Investments</b>	<b>\$34,616,391.71</b>	<b>\$52,424,155.20</b>	<b>\$24,229,271.41</b>	<b>\$ 0.00</b>	<b>\$ 59,130,228.28</b>	<b>\$ 170,400,046.60</b>

Discrete Component Unit - TTRP, did not have any investment activity as of August 31, 2022.

The fair value of investments at each level is presented below for August 31, 2021:

**Business-Type Activities**

Type of Security	Fair Value Hierarchy					
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Total
U. S. Government						
U.S. Treasury Securities	\$ 35,925,669.09	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 35,925,669.09
U.S. Government Agency Obligations	284,684,149.63	0.00	0.00	0.00	0.00	284,684,149.63
Equity	340,262,751.61	6,654.38	0.00	0.00	260,705,264.32	600,974,670.31
Fixed Income Money Market and Bond Mutual Fund	747,712,637.38	0.00	0.00	0.00	0.00	747,712,637.38
Mutual Funds - Domestic	75,865,514.87	0.00	0.00	0.00	0.00	75,865,514.87
Other Commingled Funds	0.00	173,852,993.52	1,300,524.23	0.00	0.00	175,153,517.75
Other Commingled Funds (TexPool)	0.00	0.00	0.00	15,058,065.91	0.00	15,058,065.91
Real Estate	0.00	0.00	3,203,797.93	0.00	20,044,549.74	23,248,347.67
Domestic Derivatives	0.00	8,475,395.99	0.00	0.00	0.00	8,475,395.99
Externally Managed Investments:						
Domestic	0.00	477,115,704.77	128,796,547.38	0.00	417,242,180.97	1,023,154,433.12
International	0.00	4,600,976.10	0.00	0.00	3,791,403.57	8,392,379.67
Miscellaneous	867,638.93	0.00	35,346,060.03	0.00	0.00	36,213,698.96
<b>Total Investments</b>	<b>\$1,485,318,361.51</b>	<b>\$ 664,051,724.76</b>	<b>\$168,646,929.57</b>	<b>\$15,058,065.91</b>	<b>\$ 701,783,398.60</b>	<b>\$ 3,034,858,480.35</b>
Non-Current Investments	\$1,371,315,495.06	\$ 664,051,724.76	\$168,646,929.57	\$ 0.00	\$ 701,783,398.60	\$ 2,905,797,547.99
Items in Cash and Cash Equivalents:						
Money Market Funds	114,002,866.45	0.00	0.00	0.00	0.00	114,002,866.45
TexPool Investments	0.00	0.00	0.00	15,058,065.91	0.00	15,058,065.91
<b>Total Investments</b>	<b>\$1,485,318,361.51</b>	<b>\$ 664,051,724.76</b>	<b>\$168,646,929.57</b>	<b>\$15,058,065.91</b>	<b>\$ 701,783,398.60</b>	<b>\$ 3,034,858,480.35</b>

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Fiduciary Activities**

Type of Security	Fair Value Hierarchy					
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Total
Equity	\$ 136,172.35	\$ 65.35	\$ 0.00	\$ 0.00	\$ 2,560,118.61	\$ 2,696,356.31
Fixed Income Money Market and Bond Mutual Fund	1,418,436.34	1,652,263.62	0.00	0.00	0.00	3,070,699.96
Mutual Funds - Domestic	694,992.24	0.00	0.00	0.00	0.00	694,992.24
Other Commingled Funds	0.00	832,098.31	6,224.59	0.00	0.00	838,322.90
Real Estate	0.00	0.00	0.00	0.00	196,836.93	196,836.93
Domestic Derivatives	0.00	83,228.16	0.00	0.00	0.00	83,228.16
Externally Managed Investments:						
Domestic	0.00	2,998,904.31	655,098.11	0.00	2,177,362.69	5,831,365.11
International	0.00	22,020.32	0.00	0.00	37,228.17	59,248.49
<b>Total Investments</b>	<b>\$ 2,249,600.93</b>	<b>\$ 5,588,580.07</b>	<b>\$ 661,322.70</b>	<b>\$ 0.00</b>	<b>\$ 4,971,546.40</b>	<b>\$ 13,471,050.10</b>
Non-Current Investments	\$ 2,249,600.93	\$ 5,588,580.07	\$ 661,322.70	\$ 0.00	\$ 4,971,546.40	\$ 13,471,050.10
<b>Total Investments</b>	<b>\$ 2,249,600.93</b>	<b>\$ 5,588,580.07</b>	<b>\$ 661,322.70</b>	<b>\$ 0.00</b>	<b>\$ 4,971,546.40</b>	<b>\$ 13,471,050.10</b>

**Discrete Component Unit - Carr Foundation**

Type of Security	Fair Value Hierarchy					
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Total
Equity	\$ 1,572,420.51	\$ 754.57	\$ 0.00	\$ 0.00	\$ 29,562,411.37	\$ 31,135,586.45
Fixed Income Money Market and Bond Mutual Fund	16,379,084.29	19,079,153.82	0.00	0.00	0.00	35,458,238.11
Mutual Funds - Domestic	8,025,271.38	0.00	0.00	0.00	0.00	8,025,271.38
Other Commingled Funds	0.00	9,608,473.78	71,877.12	0.00	0.00	9,680,350.90
Real Estate	0.00	0.00	11,257,220.61	0.00	2,272,931.57	13,530,152.18
Domestic Derivatives	0.00	961,059.01	0.00	0.00	0.00	961,059.01
Externally Managed Investments:						
Domestic	0.00	34,629,390.97	7,564,602.51	0.00	25,142,957.46	67,336,950.94
International	0.00	254,075.70	0.00	0.00	429,547.52	683,623.22
<b>Total Investments</b>	<b>\$ 25,976,776.18</b>	<b>\$64,532,907.85</b>	<b>\$ 18,893,700.24</b>	<b>\$ 0.00</b>	<b>\$ 57,407,847.92</b>	<b>\$ 166,811,232.19</b>
Non-Current Investments	\$ 25,976,776.18	\$64,532,907.85	\$ 18,893,700.24	\$ 0.00	\$ 57,407,847.92	\$ 166,811,232.19
<b>Total Investments</b>	<b>\$ 25,976,776.18</b>	<b>\$64,532,907.85</b>	<b>\$ 18,893,700.24</b>	<b>\$ 0.00</b>	<b>\$ 57,407,847.92</b>	<b>\$ 166,811,232.19</b>

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Investments Reported at NAV**

Per GASB 72, the System uses the net asset value (NAV) per share as a method for determining fair value for its investments in the tables below.

**As of August 31, 2022:**

**Business-Type Activities**

Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Alternative	\$ 380,883,558.01	Monthly	Annually	30 days	90 days	\$ 144,980,089.55
Commingled Funds	5,789,517.48	Monthly	Annually	30 days	90 days	0.00
Private Equity	313,188,218.59	4 years	5 years	1 year	1 year	111,785,261.21
Real Estate	21,436,276.19	4 years	5 years	1 year	1 year	3,064,408.73
<b>Total</b>	<b>\$ 721,297,570.27</b>					<b>\$ 259,829,759.49</b>

**Fiduciary Activities**

Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Alternative	\$ 1,915,000.26	Monthly	Annually	30 days	90 days	\$ 853,710.60
Private Equity	2,857,029.10	4 years	5 years	1 year	1 year	912,357.96
Real Estate	195,550.35	4 years	5 years	1 year	1 year	25,010.79
<b>Total</b>	<b>\$ 4,967,579.71</b>					<b>\$ 1,791,079.35</b>

**Discrete Component Unit - Carr Foundation**

Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Alternative	\$ 22,794,682.53	Monthly	Annually	30 days	90 days	\$ 10,161,910.99
Private Equity	34,007,865.60	4 Years	5 Years	1 year	1 year	10,860,003.80
Real Estate	2,327,680.15	4 Years	5 Years	1 year	1 year	297,709.11
<b>Total</b>	<b>\$ 59,130,228.28</b>					<b>\$ 21,319,623.90</b>

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

As of August 31, 2021:

**Business-Type Activities**

Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Alternative	\$ 421,033,584.54	Monthly	Annually	30 days	90 days	\$120,343,712.19
Private Equity	260,705,264.32	4 Years	5 Years	1 year	1 year	85,113,168.87
Real Estate	20,044,549.74	4 Years	5 Years	1 year	1 year	3,138,603.92
<b>Total</b>	<b>\$ 701,783,398.60</b>					<b>\$208,595,484.98</b>

**Fiduciary Activities**

Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Alternative	\$ 2,214,590.86	Monthly	Annually	30 days	90 days	\$ 655,545.97
Private Equity	2,560,118.61	4 Years	5 Years	1 year	1 year	835,809.01
Real Estate	196,836.93	4 Years	5 Years	1 year	1 year	30,821.01
<b>Total</b>	<b>\$ 4,971,546.40</b>					<b>\$ 1,522,175.99</b>

**Discrete Component Unit - Carr Foundation**

Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Alternative	\$ 25,572,504.98	Monthly	Annually	30 days	90 days	\$ 7,569,774.16
Private Equity	29,562,411.37	4 Years	5 Years	1 year	1 year	9,651,332.22
Real Estate	2,272,931.57	4 Years	5 Years	1 year	1 year	355,898.84
<b>Total</b>	<b>\$ 57,407,847.92</b>					<b>\$ 17,577,005.22</b>

These investments calculate the NAV consistent with the Financial Accounting Standard Board’s measurement principles for investment companies. These investments are exempt from classification within the fair value hierarchy when the System does not intend to sell all or a portion of the investment for an amount that is different from the NAV.

**Investment Risks**

**Custodial credit risk for investments** is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. State statutes and the System's investment regulation does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. The System’s investment policy is to require third party custody for the two investment funds, the LTIF and the CCP. The balances listed below relate to the securities held outside of those pools as of August 31, 2022 and August 31, 2021, respectfully.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Business-Type Activities**

Fiscal Year	Fund Type	Type	Uninsured and unregistered with securities held by the counterparty	
2022	05	Equity	\$	8,711,148.91
2021	05	Equity	\$	2,945,572.86

Fiduciary Funds had no custodial credit risk for investments as of August 31, 2022 or August 31, 2021.

The Carr Foundation and TTRP had no custodial credit risk for investments as of August 31, 2022 or August 31, 2021.

**Interest rate risk** is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As of August 31, 2022, the System investments subject to interest rate risk - comingled funds such as local government investment pools, and fixed income money market funds - have an average maturity of less than one year. The System's investments in U.S. Government Agency and Municipal Obligations have an average maturity of less than three years and the investments in bond mutual funds have an average maturity of less than three years.

**Foreign currency risk for investments** is the risk that changes in exchange rates will adversely affect the investment. The LTIF and CCP do not have policy limits specific to international equity or debt. All exposures are through funds managed by external investment managers. The exposure to foreign currency risk as of August 31, 2022, is presented below.

**Business-Type Activities**

FY22			International
Fund Type	Foreign Currency		Externally Managed Investments
05	British pound	\$	5,773,720.25
05	Euro		1,278,455.86
<b>Total</b>		<b>\$</b>	<b>7,052,176.11</b>

As of August 31, 2021, the exposure to foreign currency risk was: International Externally Managed Investments - \$8,392,379.67.

**Fiduciary Activities**

FY22			International
Fund Type	Foreign Currency		Externally Managed Investments
22	British pound	\$	52,670.20
22	Euro		6,251.92
<b>Total</b>		<b>\$</b>	<b>58,922.12</b>

As of August 31, 2021, the exposure to foreign currency risk was: International Externally Managed Investments - \$59,248.49.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Discrete Component Unit - Carr Foundation**

FY22			
Fund Type	Foreign Currency		International Externally Managed Investments
15	British pound		\$ 626,945.37
15	Euro		74,418.03
	<b>Total</b>		<b>\$ 701,363.40</b>

As of August 31, 2021, the exposure to foreign currency risk for the Carr Foundation was: International Externally Managed Investments - \$683,623.22.

Discrete Component Unit - TTRP did not have any foreign currency risk as of August 31, 2022.

**Credit risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO). The System’s investment policy limits fixed income securities to those issued by the U.S. or its agencies and instrumentalities. According to the authoritative literature from the GASB, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. However in 2011, some of the U.S. government direct obligations were downgraded and thus U.S. government direct obligations are included in the credit risk disclosure.

As of August 31, 2022, the System’s credit quality distribution for securities with credit risk exposure was as follows:

**Business-Type Activities**

*Standard & Poor’s*

Fund Type	Investment Type	AAA	AA	A	BBB	BB	Unrated
05	U.S. Government Agency Obligations	\$ 287,673,751.49	\$ 464,803.50				
05	Corporate Obligations		\$ 119,663.64	\$ 427,344.96	\$ 1,747,975.40		
05	Miscellaneous	\$ 406,573.86					
		<b>AAAf</b>	<b>AAAm</b>	<b>Aaf</b>	<b>Af</b>		<b>Unrated</b>
05	Fixed Income Money Market and Bond Mutual Fund	\$ 143,859,454.01		\$200,854,282.94			\$545,620,167.28

**Fiduciary Activities**

*Standard & Poor’s*

Fund Type	Investment Type	AAAf	Aaf	Af	Unrated
22	Fixed Income Money Market and Bond Mutual Fund				\$ 3,096,432.00

**Discrete Component Unit - Carr Foundation**

*Standard & Poor’s*

Fund Type	Investment Type	AAAf	Aaf	Af	Unrated
15	Fixed Income Money Market and Bond Mutual Fund				\$ 36,857,532.60

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Discrete Component Unit - TTRP did not have any credit risk exposure as of August 31, 2022.

The System’s credit quality distribution for securities with credit risk exposure as of August 31, 2021 was as presented below:

**Business-Type Activities**

*Standard & Poor’s*

Fund Type	Investment Type	AAA	AA	A	BBB	BB	Unrated
05	U.S. Government Agency Obligations	\$ 284,684,149.63					
		<b>AAAf</b>	<b>Aaf</b>	<b>Af</b>			<b>Unrated</b>
05	Fixed Income Money Market and Bond Mutual Fund	\$ 114,002,866.45	\$ 193,180,493.77				\$ 440,529,277.16

**Fiduciary Activities**

*Standard & Poor’s*

Fund Type	Investment Type	AAAf	Aaf	Af	Unrated
22	Fixed Income Money Market and Bond Mutual Fund				\$ 3,070,699.96

**Discrete Component Unit - Carr Foundation**

*Standard & Poor’s*

Fund Type	Investment Type	AAA	AA	A	BBB	BB	Unrated
15	Fixed Income Money Market and Bond Mutual Fund						\$ 35,458,238.11

**Investment Derivative Instruments**

The System’s Investment Policy Statement for the LTIF allows investment in certain derivative securities. A derivative security is a financial instrument which derives its value from another security, currency, commodity or index. The System held total return swaps as investment derivatives during fiscal year 2022.

Derivative investments are also reported at fair value, using the same approach and hierarchy required by GASB 72 discussed in the Investments section above. The System’s derivative investment instruments are reported using Level 2 inputs. Derivatives are discussed more in Note 7.

The System entered into these type derivatives as efficient substitutes for traditional securities to reduce portfolio risks created by other securities, or in fully hedged positions to take advantage of market anomalies. The derivative contracts entered into during fiscal year 2022 used market indices as underlying securities in order to gain and reduce market exposure in an efficient manner. All investment derivatives are reported as Investments on the Combined Statement of Net Position, and changes in fair value of certain derivatives are reported as investment revenue in the Combined Statement of Revenues, Expenses and Changes in Net Position.

These derivative instruments involve market and/or credit risk in excess of the amount recognized in the Combined Statement of Net Position. Risks arise from the possibility that counterparties will be unable to meet the terms of their contracts and from movement in index values. Counterparty risk for swaps is mitigated by master netting agreements between the System and its counterparties, and by the posting of collateral on a daily basis.



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**Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)**

As of August 31, 2022 and August 31, 2021, the System had no exposure to investment **foreign currency risk in derivative investments**.

As of August 31, 2022 and August 31, 2021, Fiduciary Activities had no exposure to **foreign currency risk in derivative investments**.

As of August 31, 2022 and August 31, 2021, Discrete Component Units - Carr Foundation and TTRP had no exposure to **foreign currency risk in derivative investments**.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Note 4: Short-Term Debt**

The System had the following short-term debt outstanding as of August 31, 2022.

Business-Type Activities	Balance 9/1/2021	Increases	Decreases	Balance 8/31/2022
Short-Term Debt CP Notes	\$ 48,844,000.00	\$ 27,067,000.00	\$ 0.00	\$ 75,911,000.00

**Short-Term Debt Commercial Paper Notes**

Commercial paper, both taxable and non-taxable, was issued during the fiscal year to serve as an interim financing source for various long-term construction projects in advance of the issuance of authorized bonds. All commercial paper outstanding at August 31, 2022 will mature in fiscal year 2023. Commercial paper has short maturities up to 270 days with interest rates ranging from 0.09% to 1.20% for tax-exempt, and 0.15% to 2.65% for taxable paper.

The System has no credit facilities and no lines or letters of credit. The System commercial paper (CP) program, classified as notes for reporting purposes, has a total aggregate principal authorization of \$150 million. With \$75,911,000.00 outstanding as of August 31, 2022, the remaining principal authorization is \$74,089,000.00. The CP program is supported by the System's own self-liquidity to be used in the event there are tendered securities of the System's RFS Commercial Paper notes not remarketed. No assets are pledged as collateral. No terms specified relating to default and termination events are in the CP program indentures. The CP program notes are not subject to redemption prior to their respective maturities or to acceleration of maturities.

**Note 5: Long-Term Liabilities**

During the year ended August 31, 2022, the following changes occurred in liabilities:

Business-Type Activities	Balance 9/1/2021	Additions	Reductions	Restatement/ Adjustment	Balance 8/31/2022	Amounts due within one year	Amounts due Thereafter
Claims and Judgments	\$ 5,857,112.00	\$ 0.00	\$ 96,808.00	\$ 0.00	\$ 5,760,304.00	\$ 1,122,049.91	\$ 4,638,254.09
Capital Lease Obligations	14,423.90	0.00	0.00	(14,423.90)	0.00	0.00	0.00
Right to Use Lease Obligations	0.00	5,711,267.21	7,013,532.51	54,149,943.22	52,847,677.92	6,771,971.84	46,075,706.08
Employees' Compensable Leave	66,189,983.37	885,823.66	1,059,624.92	2,492,962.09	68,509,144.20	8,641,086.99	59,868,057.21
Revenue Bonds Payable	788,229,466.80	0.00	63,590,000.00	132,869,515.55	857,508,982.35	62,923,933.94	794,585,048.41
Pollution Remediation Obligation	1,529,525.50	0.00	0.00	0.00	1,529,525.50	0.00	1,529,525.50
<b>Total Business-Type Activities</b>	<b>\$861,820,511.57</b>	<b>\$ 6,597,090.87</b>	<b>\$ 71,759,965.43</b>	<b>\$ 189,497,996.96</b>	<b>\$ 986,155,633.97</b>	<b>\$ 79,459,042.68</b>	<b>\$ 906,696,591.29</b>

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Discrete Component Unit - Carr Foundation**

Discrete Component Unit Activities	Balance 9/1/2021	Additions	Reductions	Restatement/ Adjustment	Balance 8/31/2022	Amounts due within one year	Amounts due Thereafter
Employees' Compensable Leave	\$ 19,503.68	\$ 1,798.27	\$ 0.00	\$ 0.00	\$ 21,301.95	\$ 0.00	\$ 21,301.95

Discrete Component Unit - TTRP did not have any long term liabilities as of August 31, 2022.

**Claims and Judgments**

TTUHSC and TTUHSC at El Paso have self-insured arrangements for medical malpractice coverage through a medical malpractice self-insurance plan. Claims and judgments include estimates for both known medical malpractice claims and those that have not yet been made against the insured participants. The liability is actuarially estimated to reflect the anticipated future claims for past medical services, and is adjusted annually based on an actuarially estimated incurred but not reported (IBNR) liability. Some of these claims are in process, while others are expected to be filed in the future. The liability estimate does not consider the probability of payment on a claim-by-claim basis and instead considers overall probability of payment for medical malpractice claims. Funding for future claim payments will be from a self-insurance reserve managed by the office of the General Counsel. More information is presented in Note 17.

**Capital Lease Obligations**

Capital lease obligations were restated due to the implementation of GASB 87 and no balances remains as of August 31, 2022.

**Right to Use Lease Obligations**

The System is a lessee for various noncancellable leases of buildings, land and equipment. For leases with a maximum possible term of 12 months or more the System recognizes a lease liability and an intangible right-to-use lease asset. At the commencement of a lease the System initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. Additional information on the System's right to use lease obligations is provided in Note 8. Right to use lease asset detail is provided in Note 2.

**Employees' Compensable Leave**

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months. Under state law, the hours accumulated are limited based on the employees' length of service. Expenditures for accumulated annual leave balances are recognized in the period paid or taken. The liability for unpaid benefits is recorded in the Combined Statement of Net Position. This obligation is paid from a central vacation pool account which collects the funding from the same funding source(s) from which the employee's salary or wage compensation was paid. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**Revenue Bonds Payable**

See Note 6 and accompanying Combined Bond Schedules for detailed information on bond liability balances and transactions.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Pledged Future Revenues**

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, makes a basic distinction between sales of receivables and future revenues, and the pledging of receivables or future revenues to repay a borrowing (collateralized borrowing). The following table provides the pledged future revenue information for the System’s revenue bonds for which a revenue pledge exists:

Pledged Future Revenues	Business-Type Activities	
	FY22	FY21
Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds	\$ 1,079,019,025.84	\$ 996,353,879.02
Term of Commitment for Year Ending 8/31	2050	2050
Percentage of Revenue Pledged	100%	100%
Current Year Pledged Revenue	\$ 795,950,872.98	\$ 834,127,462.94
Current Year Principal and Interest Paid	\$ 91,701,617.94	\$ 92,462,032.11

Pledged revenue sources include operating income from tuition and fees, sales and services from auxiliary and non-auxiliary activities, investment income, unrestricted contract and grant revenues, and state appropriations for tuition revenue bonds.

**Pollution Remediation Obligation**

TTU owns a 5,855-acre parcel of land in Carson County, Texas. The land was purchased from the United States of America, acting by and through the General Services Administrator, in 1949 to operate an experimental research farm on a portion of the land. TTU is a responsible party for pollution remediation activities on this land for which expenses have been previously accrued in the amount of \$1,529,525.50. The estimated liability is based on an analysis from ARS Aleut Remediation, LLC and factored down by 50% for cost reduction measures that would result in cost savings. This amount is subject to cost volatility until such time remediation activities are complete. The land will be considered for remediation if the land is sold, transferred or otherwise utilized in a manner necessitating pollution remediation.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Note 6: Bonded Indebtedness**

**Revenue Bonds Payable**

Detailed supplemental bond information is disclosed in the Combined:

Schedule 2A	Miscellaneous Bond Information
Schedule 2B	Changes in Bonded Indebtedness
Schedule 2C	Debt Service Requirements
Schedule 2D	Analysis of Funds Available for Debt Service
Schedule 2E	Defeased Bonds Outstanding
Schedule 2F	Early Extinguishment and Refunding

In Fiscal Year 2022, MSU became a part of the System. Their bond issues outstanding, alongside the System's bond issues outstanding as of August 31, 2022, are summarized in the paragraphs that follow.

**Revenue Financing System Revenue & Refunding Bonds, Series 2007**

Purpose:	To pay for constructing, equipping, and furnishing a student recreation and health facility; improving, renovating, enlarging, and/or equipping Fowler Hall; improving, renovating, enlarging, and/or equipping D.L. Ligon Coliseum; and refunding a portion of the outstanding Revenue Refunding and Improvement Bonds, Series 1998.
Issue Date:	August 1, 2007
Original Issue Amount:	\$28,855,000, all authorized bonds have been issued
Source of revenue for debt service:	Pledged Revenues, consisting of revenues, incomes, receipts, rentals, rates, charges, fees, and tuition levied or collected from any public or private source, including interest or other income from those funds and unrestricted fund and reserve balances available, but not including remissions, governmental appropriations and gifts, Higher Education Assistance Funds, grants and contracts, student service fees, and private gifts.

**Revenue Financing System Revenue & Refunding Bonds, Series 2008**

Purpose:	To pay for constructing, equipping, and furnishing an additional student housing facility; purchasing an existing student housing facility; improving, renovating, enlarging, and/or equipping D.L. Ligon Coliseum; constructing, equipping and furnishing an instrumental music facility.
Issue Date:	July 1, 2009
Original Issue Amount:	\$38,300,136, all authorized bonds have been issued
Source of revenue for debt service:	Pledged Revenues consisting of unrestricted current funds revenues but do not include: remissions, governmental appropriations and gifts, Higher Education Assistance Funds, grants and contracts within the Educational and General Fund Group, student service fees, and private gifts in the Auxiliary Fund Group.

**Revenue Financing System Revenue & Refunding Bonds, Series 2010**

Purpose:	To pay for improving, renovating, enlarging, and/or equipping MSU's existing D.L. Ligon Coliseum.
Issue Date:	April 1, 2010
Original Issue Amount:	\$6,700,000, all authorized bonds have been issued
Source of revenue for debt service:	Pledged Revenues consisting of unrestricted current funds revenues, but do not include: remissions, governmental appropriations and gifts, Higher Education Assistance Funds, grants and contracts within the Educational and General Fund Group, student service fees, and private gifts in the Auxiliary Fund Group.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Revenue Financing System Refunding and Improvement Bonds, Series 2012B**

Purpose: To finance advance refunding of \$4,945,000 of MSU Building Revenue and Refunding Bonds, Series 2003, which were used to pay for improving, enlarging, and/or equipping MSU residence halls, including fire safety improvements and other general modernization improvements.

Issue Date: September 15, 2012

Original Issue Amount: \$5,415,000, all authorized bonds have been issued

Source of revenue for debt service: Pledged Revenues, consisting of unappropriated fund balances and unrestricted current funds revenues available, but not including remissions, governmental appropriations and gifts, Higher Education Assistance Funds, grants and contracts, student service fees, and private gifts.

**Revenue Financing System Building Revenue & Refunding Bonds, Series 2015A**

Purpose: To finance the construction of a new 500-bed student dormitory and an addition to the Fain Fine Arts building to expand the Mass Communications program; the refunding of \$605,000 of the MSU Building Revenue and Refunding Bonds, Series 2003, which were used to pay for improving, enlarging, and/or equipping MSU residence halls, including fire safety and other general modernization improvements; the refunding of \$6,025,000 of the Series 2007 TRB portion; and the refunding of \$7,195,000 of the Series 2007 Non-TRB portion.

Issue Date: June 2, 2015

Original Issue Amount: \$53,335,000, all authorized bonds have been issued

Source of revenue for debt service: Pledged Revenues, consisting of revenues, incomes, receipts, rentals, rates, charges, fees, and tuition levied or collected from any public or private source, including interest or other income from those funds and unrestricted fund and reserve balances available, but not including remissions, governmental appropriations and gifts, Higher Education Assistance Funds, grants and contracts, student service fees, and private gifts.

**Revenue Financing System Building Revenue & Refunding Bonds, Series 2015B**

Purpose: To finance the refunding of \$1,710,000 of the Series 2007 TRB portion and \$2,045,000 of the Series 2007 Non-TRB portion.

Issue Date: June 2, 2015

Original Issue Amount: \$3,755,000, all authorized bonds have been issued

Source of revenue for debt service: Pledged revenues, consisting of revenues, incomes, receipts, rentals, rates, charges, fees, and tuition levied or collected from any public or private source, including interest or other income from those funds and unrestricted fund and reserve balances available, but not including remissions, governmental appropriations and gifts, Higher Education Assistance Funds, grants and contracts, student service fees, and private gifts.

**Revenue Financing System Revenue & Refunding Bonds, Series 2016A**

Purpose: \$58,400,000 of the proceeds from the sale of the Series 2016A Bonds will be used for the construction of the new 84,000 gross square foot Gunn Health Sciences and Human Services building with the consolidation of the previously separately housed Simulation Center; along with substantial renovations to Moffett Library; minor renovations and code improvements to Bridwell Hall, Bolin Hall, the Fain Fine Arts Center, and the Hardin Administration Building; the relocation of Information Technology to a more secure building on campus; and other essential electrical, infrastructural, HVAC, and ADA upgrades and improvements.

Issue Date: September 15, 2016

Original Issue Amount: \$70,135,000; Of the \$58,400,000 authorized, \$50,975,000 have been issued.

Source of revenue for debt service: The additional debt service for these projects will be funded with tuition revenue bond retirement appropriations authorized by the 84th Texas Legislature.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Revenue Financing System Revenue & Refunding Bonds, Series 2016B**

Purpose: The entire proceeds of \$11,790,000 from the sale of Series 2016B revenue and refunding bonds were used to advance refund the remaining 2008 series revenue bonds on a taxable basis.

Issue Date: September 15, 2016

Original Issue Amount: \$11,790,000, all authorized bonds have been issued

Source of revenue for debt service: Pledged revenues, consisting of revenues, incomes, receipts, rentals, rates, charges, fees, and tuition levied or collected from any public or private source, including interest or other income from those funds and unrestricted fund and reserve balances available, but not including remissions, governmental appropriations and gifts, Higher Education Assistance Funds, grants and contracts, student service fees, and private gifts.

**Revenue Financing System Refunding and Improvement Bonds, 16th Series 2015A**

Purpose: For refunding of \$62,790,000 of Revenue Financing System Commercial Paper Notes Series A, a current refunding of \$245,000 of Revenue Financing System Bonds Series 2003. To provide new funding for the new TTU College of Business Administration Building Wing Addition, TTU West Village Residence Hall and Dining Facility and the HSC at El Paso School of Nursing.

Issue Date: April 9, 2015

Original Issue Amount: \$73,255,000, all authorized bonds have been issued

Source of revenue for debt service: All pledged revenues of the participants of the Texas Tech University System Revenue Financing System

**Revenue Financing System Refunding and Improvement Bonds, 17th Series 2015B (Taxable)**

Purpose: For refunding of \$39,025,000 of Revenue Financing System Commercial Paper Notes Series A, an advance refunding of \$157,035,000 of Revenue Financing System Bonds Series 2006, a current refunding of \$4,185,000 of Texas State University System Revenue Financing System Bonds Series 2005 and an advance refunding of \$13,365,000 of Texas State University System Revenue Financing System Bonds Series 2006 representing ASU's portion. To provide new funding for the new TTU Research Park Building, the United Supermarkets Arena renovations, Jones Stadium facility upgrades, and Bayer CropScience Research Building Renovation and the new Bayer CropScience Trait Development Center.

Issue Date: April 9, 2015

Original Issue Amount: \$245,315,000, all authorized bonds have been issued

Source of revenue for debt service: All pledged revenues of the participants of the Texas Tech University System Revenue Financing System

**Revenue Financing System Refunding and Improvement Bonds, 2017A Series**

Purpose: For refunding of \$33,007,000 of Revenue Financing System Commercial Paper Notes Series A and to provide funding of new construction of ASU Archer College of Human & Health Services Building, TTU Honors Residence Hall, HSC Amarillo Simulation Center, HSC Permian Basin Academic Center and Texas Tech University System Administration Building.

Issue Date: January 31, 2017

Original Issue Amount: \$79,035,000, all bonds authorized have been issued

Source of revenue for debt service: All pledged revenues of the participants of the Texas Tech University System Revenue Financing System

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Revenue Financing System Refunding and Improvement Bonds, 2017B Series (Taxable)**

Purpose: For refunding of \$17,327,000 of Revenue Financing System Commercial Paper Notes Series A, an advance refunding of \$75,430,000 of Revenue Financing System Bonds Series 2009, and an advance refunding of \$3,147,667.15 of Government Capital Corp Lease for Angelo State University. To provide funding for new construction of TTU Experimental Sciences Building II, TTU Sports Performance Complex, HSC Lubbock Campus Expansion, HSC at El Paso Medical Sciences Building II.

Issue Date: January 31, 2017

Original Issue Amount: \$295,700,000, all bonds authorized have been issued

Source of revenue for debt service: All pledged revenues of the participants of the Texas Tech University System Revenue Financing System

**Revenue Financing System Refunding and Improvement Bonds, 2020 Series (Taxable)**

Purpose: For refunding of \$52,009,000 of Revenue Financing System Commercial Paper Notes Series A, an advance refunding of \$80,665,000 of Revenue Financing System Bonds 14th Series 2012A, and an advance refunding of \$17,440,000 of Revenue Financing System Bonds Taxable 15th Series 2012B. To provide funding for new construction of TTU School of Veterinary Medicine, HSC at El Paso School of Dental Learning and Oral Health Clinic, TTU Womble Basketball Practice Center, ASU Centennial Village Phase II, ASU Food Service Center Renovation, TTU Cash Family Athletics Nutrition Center, and other various minor capital improvement projects.

Issue Date: July 29, 2020

Original Issue Amount: \$314,745,000, all authorized bonds have been issued

Source of revenue for debt service: All pledged revenues of the participants of the Texas Tech University System Revenue Financing System

**Sources of Debt-Service Revenue**

On October 21, 1993, the governing board of the System established a Revenue Financing System (RFS) for the purpose of providing a financing structure for all revenue supported indebtedness of System component institutions. The source of revenues for debt service issued under the RFS includes pledged general tuition, pledged tuition fee, pledged general fee and any other revenues, income, receipts, rentals, rates, charges, fees, including interest or other income, and balances lawfully available to System component institutions. Excluded from the revenues described above are amounts received under Article 7, Section 17 of the Constitution of the State of Texas, general revenue funds appropriated by the Legislature except to the extent so specifically appropriated, encumbered housing revenues, and practice plan funds.

**Note 7: Derivatives**

The System Investment Policy Statement for the LTIF allows investment in certain derivative securities. Derivatives are financial instruments whose values are derived in whole or in part from the value of any one or more underlying assets or index of asset values. Investment derivatives are entered into with the intention of managing transaction risk, reducing interest cost, or reducing currency exchange risk in purchasing, selling or holding investments.

The following disclosures summarize the System’s derivative activity as reported in the financial statements as of August 31, 2022:

**Business-Type Activities**

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2022		
	Classification	Amount	Classification	Amount	Notional
Total Return Swaps	Investment Revenue	\$ (31,096,040.58)	Investments	\$ (22,578,897.05)	\$ 516,137,340.77



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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Fiduciary Activities**

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2022		
	Classification	Amount	Classification	Amount	Notional
Total Return Swaps	Investment Revenue	\$ (283,670.61)	Investments	\$ (205,973.80)	\$ 4,708,412.76

**Discrete Component Unit - Carr Foundation**

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2022		
	Classification	Amount	Classification	Amount	Notional
Total Return Swaps	Investment Revenue	\$(3,376,595.62)	Investments	\$(2,451,752.81)	\$56,045,305.26

Discrete Component Unit - TTRP did not have any derivative activity as of August 31, 2022.

The System classified its investment derivative instruments using Level 2 inputs in the fair value hierarchy, meaning the instruments are valued using a market approach that considers benchmark interest rates and foreign exchange rates. Note 3 contains more detailed information about derivatives held for investment purposes and the fair value measurement hierarchy established by GASB 72.

**Business-Type Activities**

Investment Derivative Instruments	August 31, 2022	(Level 1)	(Level 2)	(Level 3)
Interest Rate Swaps	\$ (22,578,897.05)	\$ 0.00	\$ (22,578,897.05)	\$ 0.00

**Fiduciary Activities**

Investment Derivative Instruments	August 31, 2022	(Level 1)	(Level 2)	(Level 3)
Interest Rate Swaps	\$ (205,973.80)	\$ 0.00	\$ (205,973.80)	\$ 0.00

**Discrete Component Unit - Carr Foundation**

Investment Derivative Instruments	August 31, 2022	(Level 1)	(Level 2)	(Level 3)
Interest Rate Swaps	\$ (2,451,752.81)	\$ 0.00	\$ (2,451,752.81)	\$ 0.00

The following disclosures summarize the System’s derivative activity as reported in the financial statements as of August 31, 2021.

**Business-Type Activities**

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2021		
	Classification	Amount	Classification	Amount	Notional
Total Return Swaps	Investment Revenue	\$ (41,083,389.92)	Investments	\$ 8,475,395.99	\$ 565,008,106.42

**Fiduciary Activities**

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2021		
	Classification	Amount	Classification	Amount	Notional
Total Return Swaps	Investment Revenue	\$ (403,437.77)	Investments	\$ 83,228.16	\$ 5,548,364.25

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Discrete Component Unit - Carr Foundation**

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2021		
	Classification	Amount	Classification	Amount	Notional
Total Return Swaps	Investment Revenue	\$ (4,658,609.70)	Investments	\$ 961,059.01	\$ 64,068,526.25

The System classified its investment derivative instruments using Level 2 inputs in the fair value hierarchy for fiscal year 2021, as presented below:

**Business-Type Activities**

Investment Derivative Instruments	August 31, 2021	(Level 1)	(Level 2)	(Level 3)
Interest Rate Swaps	\$ 8,475,395.99	\$ 0.00	\$ 8,475,395.99	\$ 0.00
Total Investment Derivative Instruments	\$ 8,475,395.99	\$ 0.00	\$ 8,475,395.99	\$ 0.00

**Fiduciary Activities**

Investment Derivative Instruments	August 31, 2021	(Level 1)	(Level 2)	(Level 3)
Interest Rate Swaps	\$ 83,228.16	\$ 0.00	\$ 83,228.16	\$ 0.00
Total Investment Derivative Instruments	\$ 83,228.16	\$ 0.00	\$ 83,228.16	\$ 0.00

**Discrete Component Unit - Carr Foundation**

Investment Derivative Instruments	August 31, 2021	(Level 1)	(Level 2)	(Level 3)
Interest Rate Swaps	\$ 961,059.01	\$ 0.00	\$ 961,059.01	\$ 0.00
Total Investment Derivative Instruments	\$ 961,059.01	\$ 0.00	\$ 961,059.01	\$ 0.00

**Fair Value**

Derivative instruments are recorded at fair value. Futures contracts are marked-to-market daily and valued at closing market prices on the valuation date. A daily variation margin between the daily value of the contracts and the value on the previous day is recorded and settled in cash with the broker the following morning. Options and total return swaps are valued using broker quotes, proprietary pricing agents or appropriate pricing models with primarily externally verifiable model inputs.

**Investment Derivatives**

Investment derivatives expose the System to certain investment related risks. The System discloses more detail about investment derivatives and risk in Note 3.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Note 8: Leases**

**Lease Liabilities**

The System is a lessee for various noncancellable leases of buildings, land and equipment. A summary of the System's right to use lease asset activity during the year is disclosed separately in Note 2. Included in the expenditures reported in the financial statements is the following amount of rent paid or due under lease liability as of August 31, 2022:

Fund Type	Business-Type Activities
	FY22
Proprietary Fund	\$4,774,790.16

Future minimum lease payments at August 31, 2022 are as follows:

Fiscal Year Ended August 31	Business-Type Activities		Total Future Minimum Lease Payments
	Principal	Interest	
2023	\$ 6,771,971.84	\$ 489,545.74	\$ 7,261,517.58
2024	5,617,747.20	441,614.29	6,059,361.49
2025	4,762,734.18	389,982.79	5,152,716.97
2026	4,321,120.11	348,300.00	4,669,420.11
2027	3,999,332.56	311,608.98	4,310,941.54
2028-2032	16,162,395.19	1,049,371.03	17,211,766.22
2033-2037	11,212,376.84	242,689.49	11,455,066.33
2038-2042	0.00	0.00	0.00
2043-2047	0.00	0.00	0.00
2048-2052	0.00	0.00	0.00
<b>Total</b>	<b>\$ 52,847,677.92</b>	<b>\$ 3,273,112.32</b>	<b>\$ 56,120,790.24</b>

As of August 31, 2022, TTU has a lease, leaseback arrangement with community public television station KCOS for lease of office space and broadcasting from El Paso Community College (ECC). As a requirement of the lease, TTU leases back to ECC exclusive right to broadcast on a certain sub channel and access on the premises to do so at no cost to ECC for the duration of the original lease term.

TTU had a sublease agreement with Texas Tech Federal Credit Union (TTFCU) for office space at a TTU owned property in Irving, TX. TTFCU shared in operational costs of the retail space until the contract was terminated in October 2021 for a total payment of \$32,119 in FY 2022.

The Carr Foundation and TTRP had no right-to-use lease obligations for the years ending August 31, 2022 or 2021.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Lease Income**

The System is a lessor for various non-cancelable leases of buildings, land, office space and equipment to outside parties. Included in the revenues reported in the financial statements is the following amount of rental income received as of August 31, 2022:

Fund Type	Business-Type Activities
	FY22
Proprietary Fund	\$777,085.52

Future minimum lease rental income at August 31, 2022 are as follows:

Fiscal Year Ended August 31	Business-Type Activities		Total Future Minimum Lease Income
	Principal	Interest	
2023	\$ 968,522.74	\$ 178,037.85	\$ 1,146,560.59
2024	915,819.04	172,680.55	1,088,499.59
2025	819,331.13	166,439.49	985,770.62
2026	671,777.23	160,975.69	832,752.92
2027	651,142.81	155,789.16	806,931.97
2028-2032	3,099,817.33	703,437.18	3,803,254.51
2033-2037	1,340,777.80	596,187.25	1,936,965.05
2038-2042	853,709.41	542,846.37	1,396,555.78
2043-2047	905,459.31	480,822.12	1,386,281.43
2048-2052	1,076,275.87	415,525.97	1,491,801.84
2053 and beyond	5,454,554.93	695,972.92	6,150,527.85
<b>Total</b>	<b>\$ 16,757,187.60</b>	<b>\$ 4,268,714.55</b>	<b>\$ 21,025,902.15</b>

As of August 31, 2022, ASU had lease income agreements for cell phone towers affixed to land on ASU property.

The Carr Foundation and TTRP had no lease income for the years ended August 31, 2022 or 2021.

System component institutions had no regulated lease arrangements as of August 31, 2022.

**Note 9: Defined Benefit Pension Plan and Defined Contribution Pension Plan**

**Defined Benefit Pension Plan**

The System component institutions participate in one of the three retirement systems in the State of Texas' financial reporting entity – the Teacher Retirement System (TRS). The accounting and reporting for the System's proportionate share of the TRS net pension liability is included in the System's financial records and represents the net liability for all the System component institutions.

The Teacher Retirement System of Texas is the administrator of the TRS Plan, a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

The employers of the TRS Plan include the state of Texas, TRS, the state’s public schools, education service centers, charter schools, and community and junior colleges. All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the TRS Plan. Employees of TRS and state of Texas colleges, universities and medical schools are members of the TRS Plan.

The TRS Plan provides retirement, disability annuities and death and survivor benefits. The benefit and contribution provisions of the TRS Plan are authorized by state law and may be amended by the Legislature. The pension benefit formulas are based on members’ average annual compensation and years of service credit. The standard annuity is 2.3 percent of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered members who were hired on or before August 31, 2005 and meet certain criteria, the standard annuity is based on the average of the three highest annual salaries. The plan does not provide automatic cost of living adjustments (COLAs).

An audited Annual Comprehensive Financial Report (ACFR) for the Teacher Retirement System may be obtained from their website at [www.trs.texas.gov](http://www.trs.texas.gov) and searching for financial reports.

During the measurement period of 2021 for fiscal year 2022 reporting, and the measurement period of 2020 for fiscal year 2021 reporting, the amount of the System’s contributions excluding the State match to TRS recognized by the Plan was \$26,232,321.00 for 2022, and \$24,858,860.00 for 2021. The contribution rates are based on a percentage of the monthly gross compensation for each member. The contribution requirements for the state and the members in the measurement period are presented in the table below:

**Required Contribution Rates**

<b>Contribution Rates - TRS Plan</b>	<b>FY22</b>	<b>FY21</b>
Employer	7.8%	7.5%
Employees	8.0%	7.7%

The total pension liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used by TRS to measure the total pension liability for the TRS Plan as of the August 31, 2021 and 2020 measurement dates.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Actuarial Methods and Assumptions\***

Actuarial Methods and Assumptions - TRS Plan	FY22	FY21
Actuarial Valuation Date	August 31, 2020 rolled forward to August 31, 2021	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal
Amortization Method	Floating	Floating
Asset Valuation Method	Fair Value	Market Value
Actuarial Assumptions:		
Discount Rate	7.25%	7.25%
Investment Rate of Return	7.25%	7.25%
Long-term Expected Rate of Return	7.25%	7.25%
Municipal Bond Rate as of August 2020	1.95% *	2.33% *
Inflation	2.30%	2.30%
Salary Increase	3.05% to 9.05% including inflation	3.05% to 9.05% including inflation
Mortality:		
Active	90% of the RP 2014 Employee Mortality Tables for males and females with full generational mortality.	90% of the RP 2014 Employee Mortality Tables for males and females with full generational mortality
Post-Retirement	2018 TRS Healthy Pensioner Mortality Tables with full generation projection using Scale U-MP.	2018 TRS Healthy Pensioner Mortality Tables with full generation projection using Scale U-MP
Ad Hoc Post-Employment Benefit Changes	None	None

Notes:

\*Source for the rate is Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index".

The actuarial assumptions used in the valuation were primarily based on the result of an actuarial experience study for the three-year period ending August 31, 2017 and adopted in July 2018. The mortality rates were based on 90% of the RP 2014 Employee Mortality Tables for males and females. The Post-Retirement mortality rates were based on the 2018 TRS Healthy Pensioner Mortality Tables with full generation projection using Scale U-MP.

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019 with no changes since the prior measurement date.

There have been no changes to the benefit provisions of the Plan since the prior measurement date.

The discount rate of 7.25% was applied to measure the total pension liability for the TRS Plan. The discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projected cash flows into and out of the pension plan assumed that active members, employers, and the non-employer contributing entity make their contributions at the statutorily required rates. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% over the next several years. This includes a factor for all employer and state contributions for active and rehired retirees. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments of current plan members. As a result, the long-term expected rate of return on TRS pension plan investments was applied to all projected benefit payments to determine the total pension liability.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

The long-term expected rate of return on TRS Plan investments was developed using a building-block method in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class for the TRS Plan’s investment portfolio are presented below for fiscal years 2021 and 2020 measurement dates:

Asset Class	FY22		FY21	
	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Target Allocation	Long-Term Expected Geometric Real Rate of Return
<b>Global Equity</b>				
U.S.	18.00%	3.60%	18.00%	3.90%
Non-U.S. Developed	13.00%	4.40%	13.00%	5.10%
Emerging Markets	9.00%	4.60%	9.00%	5.60%
Directional Hedge Funds	0.00%	0.00%	0.00%	0.00%
Private Equity	14.00%	6.30%	14.00%	6.70%
<b>Stable Value</b>				
U.S. Treasury	16.00%	(0.20)%	16.00%	(0.70)%
Absolute Return	0.00%	1.10%	0.00%	1.80%
Stable Value Hedge Funds	5.00%	2.20%	5.00%	1.90%
Cash	0.00%	0.00%	0.00%	0.00%
<b>Real Return</b>				
Global Inflation Linked Bonds	0.00%	0.00%	0.00%	0.00%
Real Assets	15.00%	4.50%	15.00%	4.60%
Energy, Natural Resources and Infrastructure	6.00%	4.70%	6.00%	6.00%
Commodities	0.00%	1.70%	0.00%	0.80%
<b>Risk Parity</b>				
Risk Parity	8.00%	2.80%	8.00%	3.00%
Asset Allocation Leverage Cash	2.00%	(0.70)%	2.00%	(1.50)%
Asset Allocation Leverage	(6.00)%	(0.50)%	(6.00)%	(1.30)%
<b>Total</b>	<b>100.00%</b>		<b>104.00%</b>	

Sensitivity analysis was performed by TRS on the impact of changes in the discount rate on the proportionate share of the System’s net pension liability. The result of the analysis is presented in the table below:

Fiscal Year	Sensitivity of TTU System’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
<b>FY22</b>	\$ 342,071,828.00	\$ 156,543,241.00	\$ 6,023,242.00
<b>FY21</b>	\$ 497,568,030.00	\$ 322,680,807.00	\$ 180,588,770.00

The TRS pension plan’s fiduciary net position is determined using the economic resources measurement focus and the accrual basis of accounting, which is the same basis used by TRS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the TRS Plan.

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**Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)**

Investments are reported at fair value. Fair value is a market-based measurement, not an entity-specific measurement. TRS utilizes one or more of the following valuation techniques in order to measure fair value: the market approach, the cost approach, and the income approach. More detailed information on the TRS Plan’s investment policy, assets, and fiduciary net position, may be obtained from TRS’ fiscal year 2021 Annual Comprehensive Financial Report.

The System reported a liability of \$156,543,241.00 for its proportionate share of the TRS collective net pension liability for the year ended August 31, 2022 and \$322,680,807.00 for the year ended August 31, 2021. The collective net pension liability was measured as of August 31, 2021 for fiscal year 2022 reporting, and as of August 31, 2020 for fiscal year 2021 reporting, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the measurement date for each year. The System’s proportion of the net pension liability at the August 31, 2021 measurement date was .6147036 percent, and was .6024890 percent at the August 31, 2020 measurement date. The System’s proportion of the collective net pension liability was based on its contributions to the pension plan relative to the contributions of all the employers and the non-employer contributing entity to the Plan for the period September 1, 2020 through August 31, 2021 for fiscal year 2022 reporting, and for the period September 1, 2019 through August 31, 2020 for fiscal year 2021 reporting.

For the years ending August 31, 2022 and 2021, the System recognized pension expense of \$5,427,029.00 and \$43,831,300.00, respectively. At August 31, 2022 and 2021, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FY22		FY21	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 261,971.00	\$ 11,020,767.00	\$ 589,189.00	\$ 9,005,164.00
Changes of assumptions	55,334,978.00	24,121,304.00	74,873,427.00	31,835,659.00
Net difference between projected and actual investment return	0.00	131,259,476.00	6,532,395.00	0.00
Change in proportion and contribution difference	7,382,580.00	10,578,449.00	10,827,928.00	6,788,827.00
Contributions subsequent to the measurement date	28,235,854.00	0.00	24,828,323.00	0.00
<b>Total</b>	<b><u>\$ 91,215,383.00</u></b>	<b><u>\$ 176,979,996.00</u></b>	<b><u>\$ 117,651,262.00</u></b>	<b><u>\$ 47,629,650.00</u></b>

The \$28,235,854.00 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the System’s net pension liability for the year ending August 31, 2023.



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**Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)**

Amounts reported by the System as deferred outflows and inflows of resources related to pensions will be recognized as pension expense in the following years:

<b>Year ended August 31:</b>		
2023	\$	(17,752,667.00)
2024		(19,968,518.00)
2025		(31,581,809.00)
2026		(41,374,265.00)
2027		(2,606,256.00)
Thereafter		(716,952.00)
<b>Total</b>	<b>\$</b>	<b><u>(114,000,467.00)</u></b>

**Defined Contribution Pension Plan**

The State has also established an Optional Retirement Program (ORP), which is an optional defined contribution retirement program for institutions of higher education and is authorized by Texas Government Code, Chapter 830. Full-time faculty, librarians, and certain professionals and administrators employed in public higher education are eligible to elect ORP in lieu of participation in the TRS Plan before the 91st day after becoming eligible. It is a one-time irrevocable choice between two distinct plans. ORP is an individualized defined contribution plan in which each participant selects from a variety of investments offered by several insurance and investment companies through annuity contracts or mutual fund investments. ORP is administered by each employer. Participants vest in ORP after one year of participation. The Texas Higher Education Coordinating Board develops policies, practices and procedures to provide greater uniformity in the administration of ORP. Since contributions are invested in individual annuity contracts, neither the State nor the System have any additional or unfunded liability for this program. The contributory percentage of participant salaries by the members (employees) was 6.65% for both fiscal years 2022 and 2021. The contributory percentage of participant salaries by the employer (System components) was 6.8% in both fiscal years 2022 and 2021. For those employees who were participating in the ORP on or before August 31, 1995, the employer contribution rate was 8.5% for both fiscal years 2022 and 2021, and will remain so subject to legislative change. The contributions made by plan members and the employer for the fiscal years ended August 31, 2022 and 2021 are:

	<b>FY22</b>	<b>FY21</b>
Member Contributions	\$ 21,862,928.18	\$ 21,819,302.21
Employer Contributions	23,005,700.16	23,036,619.66
<b>Total</b>	<b><u>\$ 44,868,628.34</u></b>	<b><u>\$ 44,855,921.87</u></b>

**Note 10: Deferred Compensation (administering agencies only)**

Not applicable.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Note 11: Postemployment Benefits Other Than Pensions**

**Employees Retirement System of Texas Plan**

Employees Retirement System (ERS) of Texas is the administrator of the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer defined benefit Other Postemployment Benefit (OPEB) plan with a special funding situation. ERS' Board of Trustees administers SRHP.

The 61 employers of SRHP include state of Texas agencies and universities, community and junior colleges, and other entities specified by the Legislature. Benefits are provided to retirees through the Texas Employees Group Benefits Program as authorized by Texas Insurance Code, Chapter 1551.

The SRHP provides postemployment health care, life and dental insurance benefits to retirees. The benefit and contribution provisions of the SRHP are authorized by state law and may be amended by the Legislature. Retirees must meet certain age and service requirements and have at least 10 years of service at retirement to participate in the plan. Surviving spouses and dependents of retirees are also covered by the plan. The plan does not provide automatic cost of living adjustments (COLAs).

The audited Annual Comprehensive Financial Report (ACFR) for the Employees Retirement System may be obtained from their website at [www.ers.texas.gov](http://www.ers.texas.gov) and searching for reports and studies.

During the measurement period of 2021 for fiscal year 2022 reporting and the measurement period of 2020 for fiscal year 2021 reporting, the amount of the System's contributions recognized by the plan were \$22,909,612.00 for 2022 and \$21,195,278.00 for 2021. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution.

The contribution requirements for the state and the members in the measurement period are presented in the table below:

**Employer Contribution Rates**

<b>Retiree Health and Basic Life Premium</b>	<b>FY22 ERS Plan</b>	<b>FY21 ERS Plan</b>
Retiree Only	\$ 624.82	\$ 624.82
Retiree and Spouse	\$ 1,339.90	\$ 1,340.82
Retiree and Children	\$ 1,103.58	\$ 1,104.22
Retiree and Family	\$ 1,818.66	\$ 1,820.22

The total OPEB liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total OPEB liability as of the August 31, 2021 and August 31, 2020 measurement dates.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Actuarial Methods and Assumptions	FY22 SRHP	FY21 SRHP
Actuarial Valuation Date	August 31, 2021	August 31, 2020
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level Percent of Payroll, Open	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years	30 Years
Actuarial Assumptions:		
Discount Rate *	2.14%	2.20%
Inflation	2.30%	2.30%
Salary Increase	2.30% to 9.05%, including inflation	2.30% to 9.05%, including inflation
Healthcare Cost and Trend Rate		
HealthSelect	5.25% for FY2023, 5.15% for FY2024, 5.00% for FY2025, 4.75% for FY2026, 4.60% for FY2027, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2030 and later years	8.80% for FY2022, 5.25% for FY2023, 5.00% for FY2024, 4.75% for FY2025, 4.60% for FY2026, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2029 and later years
HealthSelect Medicare Advantage	0% for FY2023, 66.67% for FY2024, 24.00% for FY2025, 4.75% for FY2026, 4.60% for FY2027, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2030 and later years	(53.30)% for FY2022, 0.00% for FY2023, 66.67% for FY2024, 24.00% for FY2025, 4.60% for FY2026, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2029 and later years
Aggregate Payroll Growth	2.70%	2.70%
Retirement Age	Experience-based tables of rates that are specific to the class of employee	Experience-based tables of rates that are specific to the class of employee
Mortality:		
State Agency Members:		
Service Retirees, Survivors and Other Inactive Members	2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2020	2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2020
Disabled Retirees	2020 State Retirees of Texas Mortality table with a 3 year set forward for males and females with minimum rates at all ages of 3.0% for males and 2.5% for females, respectively, and Ultimate MP Projection Scale projected from the year 2020	2020 State Retirees of Texas Mortality table with a 3 year set forward for males and females with minimum rates at all ages of 3.0% for males and 2.5% for females, respectively, and Ultimate MP Projection Scale projected from the year 2020
Active Members	Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members and Pub-2010 Public Safety Active Member Mortality table for CPO/CO members with Ultimate MP Projection Scale from the year 2010	Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members and Pub-2010 Public Safety Active Member Mortality table for CPO/CO members with Ultimate MP Projection Scale from the year 2010
Higher Education Members:		
Service Retirees, Survivors and Other Inactive Members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018
Disabled Retirees	Tables based on TRS experience with Ultimate MP Projection Scale from year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members	Tables based on TRS experience with Ultimate MP Projection Scale from year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active Members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014
Ad Hoc Post-Employment Benefit Changes	None	None

Notes: \*The source of the municipal bond rate is the Bond Buyer Index of general obligations bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

The many actuarial assumptions used in the valuation were primarily based on the result of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2014 to August 31, 2019 for state agency members and for the period September 1, 2010 to August 31, 2017 for higher education members. The mortality rates were based on the tables identified in the table above titled *Actuarial Methods and Assumptions*.

The following assumptions and other inputs have been adopted since the prior valuation to reflect plan experience and trends as expected by ERS and the actuaries attesting to the results of the valuation:

- a. The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence;
- b. The percentage of future female retirees assumed to be married and electing coverage for their spouse;
- a. The proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement;
- b. The percentage of Higher Education vested terminated members assumed to have terminate less than one year before the valuation date;
- c. Assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost and Retiree Contribution trends have been updated to reflect recent health plan experience and its effects on our short term expectations. The annual rate of increase in the Patient-Centered Outcomes Research Institute Fee payable under the Affordable Care Act has been updated to reflect recent health plan experience and its effects on our short-term expectations. Assumed expenses directly related to the payment of GBP HealthSelect medical benefits have been updated to reflect recent contract revisions; and,
- a. The discount rate was changed from 2.20% as of August 31, 2020 to 2.14% as of August 31, 2021 as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

The only benefit revisions that have been adopted since the prior valuation for retirees and dependents are minor benefit changes that will become effective January 1, 2021, since these changes were communicated to plan members in advance of the preparation of this report. These changes are not expected to have a significant impact on plan costs for fiscal year 2021 and are provided for in the 2021 Assumed Per Capital Health Benefit Costs.

The discount rate that was used to measure the total OPEB liability is the municipal bond rate of 2.14% as of the end of the measurement year; as of the beginning of the measurement year, the discount rate was 2.20%. Projected cash flows into the plan are equal to projected benefit payments out of the plan. As the plan operates on a pay as you go basis and is not intended to accumulate assets, there is no long-term expected rate of return. ERS' board of trustees adopted an amendment to the investment policy in August 2017 to require that all funds in this plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments be at least 2.4%. The investment rate of return used to calculate the projected earnings on OPEB plan investments was 2.20%.

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**Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)**

Sensitivity analysis was performed on the impact of changes in the discount rate on the proportionate share of the System’s net OPEB liability. The result of the analysis is presented in the table below:

<b>Sensitivity of TTU System’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate</b>			
<b>Fiscal Year</b>	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
FY22	\$ 1,116,540,492.00	\$ 1,019,874,320.00	\$ 800,322,613.00
FY21	\$ 1,058,970,413.00	\$ 890,961,356.00	\$ 759,341,329.00

Sensitivity analysis was performed on the impact of changes in the healthcare cost trend rates on the proportionate share of the System’s net OPEB liability. The result of the analysis is presented in the table below:

<b>Sensitivity of TTU System’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate</b>			
<b>Fiscal Year</b>	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
FY22	\$ 786,214,128.00	\$ 1,019,874,320.00	\$ 1,140,205,506.00
FY21	\$ 745,676,046.00	\$ 890,961,356.00	\$ 1,081,415,232.00

The OPEB plan’s fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by ERS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments of the Other Employee Benefit Trust Fund are reported at fair value in accordance with GASB Statement No. 72. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings. More detailed information on the plan’s investment valuation, investment policy, assets, and fiduciary net position may be obtained from ERS’ fiscal 2021 ACFR.

The System reported a liability of \$1,019,874,320.00 for its proportionate share of the ERS collective net OPEB liability for the year ended August 31, 2022 and \$890,961,356.00 for the year ended August 31, 2021. The collective net OPEB liability was measured as of August 31, 2021 for fiscal year 2022 reporting, and as of August 31, 2020 for fiscal year 2021 reporting. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of the measurement date for each year. The System’s proportion of the net OPEB liability at the August 31, 2021 measurement date was 2.8428150 percent, and was 2.6962363 percent at the August 31, 2020 measurement date. The System’s proportion of the collective net OPEB liability was based on its contributions to the OPEB plan relative to the contributions of all the employers and non-employer contributing entity to the Plan for the period September 1, 2020 through August 31, 2021 for fiscal year 2022, and for the period September 1, 2019 through August 31, 2020 for fiscal year 2021 reporting.

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**Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)**

For the years ending August 31, 2022 and 2021, the System recognized OPEB expense of \$125,826,856.00 and \$122,277,950.00, respectively. At August 31, 2022 and 2021, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	FY22		FY21	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 0.00	\$ 25,016,369.00	\$ 0.00	\$ 34,845,943.00
Changes of assumptions	69,824,593.00	113,591,167.00	51,580,469.00	191,965,455.00
Net difference between projected and actual investment return	180,626.00	0.00	265,904.00	0.00
Change in proportion and contribution difference	234,894,839.40	29,475,757.00	356,573,479.00	15,312,411.00
Contributions subsequent to the measurement date	7,810,636.00	0.00	8,010,195.00	0.00
<b>Total</b>	<b><u>\$ 312,710,694.40</u></b>	<b><u>\$ 168,083,293.00</u></b>	<b><u>\$ 416,430,047.00</u></b>	<b><u>\$ 242,123,809.00</u></b>

The \$7,810,636.00 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability for the year ending August 31, 2023.

Amounts reported by the System as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense in the following years:

<b>Year ended August 31:</b>	
2023	\$ 86,639,771
2024	63,203,716
2025	(9,293,983)
2026	(5,383,798)
2027	1,651,059
Thereafter	0.00
<b>Total</b>	<b><u>\$ 136,816,765</u></b>

**Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)****Note 12: Interfund Activity and Transactions**

As explained in Note 1 on interfund activities and transactions, there are numerous transactions between funds and agencies. Interfund activity refers to financial interactions between funds and/or blended component institutions and units and is restricted to internal events. Interfund transactions refer to financial interactions with legally separate entities, i.e., discrete component units and other governments, and are restricted to external events. Interfund activity between System components is eliminated where appropriate for reporting purposes.

At year-end, amounts to be received or paid are reported as:

- Interfund Receivables or Interfund Payables
- Due from Other State Agencies or Due to Other State Agencies
- Transfers In or Transfers Out
- Interagency Capital Asset Transfers
- Legislative Transfers In or Legislative Transfers Out

The agency experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances occurs within one year from the date of the financial statement.

System component institutions and units had no interfund receivable or interfund payables as of August 31, 2022. Tables included in previous years detailing the other types of interfund activity and transactions above are an optional presentation and are not included in this note.

**Note 13: Continuance Subject to Review**

The System is not subject to the Texas Sunset Act.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Note 14: Adjustments to Fund Balances and Net Position**

During fiscal year 2022, an adjustment was made that required the restatement of net position and is presented below.

**Business-Type Activities**

Combined Statement of Revenues, Expenses and Changes in Net Position	FY22
Beginning Net Position, September 1 as previously reported	\$ 3,423,235,686.48
Restatement of Beginning Net Position for GASB 87	(951,842.97)
Restatement of Beginning Net Position for NRUF Reporting	(23,220,739.95)
Restatement of Beginning Net Position for Building Reclass	(446,439.93)
Restatement of Beginning Net Position for MSU's share of Pension and OPEB	(52,637,666.60)
Beginning Net Position, September 1 as restated	\$ 3,345,978,997.03

During fiscal year 2022, Texas Tech University System implemented GASB 87, *Leases*. This change in accounting resulted in restatements to capital assets and right to use assets and their related accounts.

In addition, per guidance from the Comptroller, TTU restated amounts related to NRUF in order to recognize actual NRUF expenditures, instead of receipts.

In fiscal year 2022, HSC El Paso recognized the completion of a building that was previously categorized as construction in progress. The asset was reclassified and the building's related depreciation for the period incorrectly categorized resulted in a restatement to depreciation.

On September 1, 2021, the governance, control, management, and property of MSU was transferred from the board of regents of MSU to the board of regents of the System pursuant with House Bill 1522, during the 87th legislative session. As a result, MSU's proportionate share of the TRS collective net pension liability and the ERS collective net OPEB liability was moved to the System. The entries made resulted in a restatement to beginning net position for the System. Otherwise, comparative financials for MSU are not included in the fiscal year 2021 combined financial statements of the System. Additional detail on fiscal year 2021 comparative financials for MSU can be found in the component institution annual financial statements at the end of this report.

There were also reclassifications of several items in the financial records of System component institutions resulting in the restatement of comparative financial statement balances for the year ended August 31, 2022. These reclassifications required no restatement of fund balances or net position. The table below summarizes the restatement to net position as well as the reclassifications:



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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Statement	Description	Restatement and Reclassification Amounts		
		FY21 as Reported	Correction	FY21 Restated
SNP	Current Cash and Cash Equivalents	\$ 271,983,461.90	\$ 13,834,229.87	\$ 285,817,691.77
SNP	Current Restricted Cash and Cash Equivalents	40,238,536.50	(13,299,117.33)	26,939,419.17
SNP	Interest and Dividends Payable	1,641,096.07	30,382.69	1,671,478.76
SNP	Leases Receivable	0.00	1,422,397.51	1,422,397.51
SNP	Due from Othe State Agencies	38,351,699.24	(23,220,739.95)	15,130,959.29
	Total Current Asset Correction		\$ (21,232,847.21)	
SNP	Noncurrent Restricted Cash and Cash Equivalents	\$ 85,294,823.74	\$ (535,112.54)	\$ 84,759,711.20
SNP	Noncurrent Restricted Investments	1,423,409,549.39	(1,687,848.22)	1,421,721,701.17
SNP	Noncurrent Leases Receivable	0.00	16,757,187.63	16,757,187.63
SNP	Noncurrent Unrestricted Investments	1,482,387,998.60	1,687,848.22	1,484,075,846.82
SNP	Construction in Progress	120,635,598.48	(16,966,067.58)	103,669,530.90
SNP	Capital Assets - Building and Building Improvements	2,705,597,642.75	16,966,067.58	2,722,563,710.33
SNP	Capital Assets - Building and Building Improvements Accum Depreciation	(1,396,436,638.52)	(446,439.93)	(1,396,883,078.45)
SNP	Capital Assets - Furniture and Equipment	417,215,141.35	(41,599.19)	417,173,542.16
SNP	Capital Assets - Furniture and Equipment Accum Depreciation	(306,096,866.66)	28,599.44	(306,068,267.22)
SNP	Right to Use Assets - Land	0.00	218,322.53	218,322.53
SNP	Right to Use Assets - Land Accum Amortization	0.00	(22,015.72)	(22,015.72)
SNP	Right to Use Assets - Building and Building Improvements	0.00	55,464,853.60	55,464,853.60
SNP	Right to Use Assets - Building and Building Improvements Accum Amortization	0.00	(6,606,757.45)	(6,606,757.45)
	Total Noncurrent Asset Correction		\$ 64,817,038.37	
SNP	Capital Lease Obligations	\$ 10,763.72	\$ (10,763.72)	\$ 0.00
SNP	Right to Use Lease Obligations	0.00	5,812,480.98	5,812,480.98
SNP	Other Current Assets	5,569,818.19	38,381.86	5,608,200.05
	Total Current Liability Correction		\$ 5,840,099.12	
SNP	Noncurrent Capital Lease Obligations	\$ 3,660.18	\$ (3,660.18)	\$ 0.00
SNP	Noncurrent Right to Use Lease Obligations	0.00	44,329,556.70	44,329,556.70
	Total Noncurrent Liability Correction		\$ 44,325,896.52	
SNP	Deferred Inflows of Resources - Leases	\$ 0.00	\$ 18,037,218.37	\$ 18,037,218.37
	Total Deferred Inflows of Resources Correction		\$ 18,037,218.37	
SNP	Net Investment in Capital Assets	\$ 1,159,031,540.63	\$ (9,769,490.28)	\$ 1,149,262,050.35
SNP	Restricted Expendable Capital Projects	20,421,915.56	(11,132,901.32)	9,289,014.24
SNP	Restricted Expendable Debt Service	5,164,157.00	(5,164,157.00)	0.00
SNP	Restricted Expendable Other	442,532,745.42	1,087,416.28	443,620,161.70
SNP	Unrestricted	704,679,884.60	360,109.47	705,039,994.07
	Total Net Position Correction		\$ (24,619,022.85)	

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Statement	Description	Restatement and Reclassification Amounts		
SRECNP	Other Sales and Services Pledged	\$ 13,769,402.21	\$ (110,105.30)	\$ 13,659,296.91
SRECNP	Local Governmental Grants and Contracts Pledged	2,251,153.51	(514,909.43)	1,736,244.08
SRECNP	Nongovernmental Grants and Contracts - Non-Pledged	3,310,005.05	(178,832.40)	3,131,172.65
	Total Operating Revenues		\$ (803,847.13)	
SRECNP	Professional Fees and Services	\$ 88,041,324.32	\$ 668,102.34	\$ 88,709,426.66
SRECNP	Rentals and Leases	26,530,104.08	(5,922,327.59)	20,607,776.49
SRECNP	Depreciation and Amortization	144,502,259.26	7,064,813.30	151,567,072.56
SRECNP	Other Operating Expenses	124,187,599.84	(43,037.49)	124,144,562.35
	Total Operating Expenses		\$ 1,767,550.56	
SRECNP	Investment Income (Expense) Non-Pledged	\$ 452,932.69	\$ 395,951.92	\$ 848,884.61
SRECNP	Investment Income (Expense) Pledged	29,578,297.01	228,782.91	29,807,079.92
SRECNP	Interest Expense on Capital Asset Financing	(23,727,383.79)	603.24	(23,726,780.55)
SRECNP	Interest Expense	0.00	(473,657.73)	(473,657.73)
SRECNP	Other Nonoperating Revenues (Expenses) Non-Pledged	2,398,562.67	72,855.46	2,471,418.13
SRECNP	Other Nonoperating Revenues (Expenses) Pledged	9,614,017.94	947,108.64	10,561,126.58
	Total Nonoperating Revenues (Expenses)		\$ 1,171,644.44	
SRECNP	Transfers In from Other State Agencies	\$ 7,168,512.54	\$ 1,340,147.77	\$ 8,508,660.31
	Total Other Revenues, Expenses, and Transfers		\$ 1,340,147.77	
Cash Flow	Proceeds from Customers	\$ 351,327,194.92	\$ (110,105.30)	\$ 351,217,089.62
Cash Flow	Proceeds from Grants and Contracts	377,058,756.24	(693,741.83)	376,365,014.41
Cash Flow	Payments to Suppliers for Goods and Services	(259,173,424.21)	2,066,959.34	(257,106,464.87)
Cash Flow	Payments for Other Expenses	(322,622,696.12)	3,230,303.40	(319,392,392.72)
Cash Flow	Proceeds from Other Financing Activities	20,469,726.21	876,567.05	21,346,293.26
Cash Flow	Payments for Additions to Capital Assets	(183,999,862.10)	(160,610.91)	(184,160,473.01)
Cash Flow	Payments for Leases	(48,525.61)	(5,804,754.17)	(5,853,279.78)
Cash Flow	Proceeds from Interest and Investment Income	107,280,084.85	595,382.42	107,875,467.27
	Total Cash Flows		\$ 0.00	
Cash Flow	Donations of Capital Assets	\$ 20,489,852.25	\$ 200,752.70	\$ 20,690,604.95
Cash Flow	Other	(224,685.75)	(1,148,323.91)	(1,373,009.66)
	Total Noncash Transactions		\$ (947,571.21)	

TTRP was a newly identified discrete component unit of the System, beginning September 1, 2021. TTRP had very limited financial activity prior to fiscal year 2022; however, a restatement of beginning net position of (\$43,909.00) was necessary to appropriately account for the beginning balances of the newly identified discrete component unit.

**Note 15: Contingencies and Commitments**

**Contingencies**

*Unpaid Claims and Lawsuits*

At August 31, 2022, other lawsuits involving the System were pending. While the ultimate liability with respect to litigation and other claims asserted against the System cannot be precisely estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is in legal counsel's opinion, not likely to have a material effect on the System.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Federal Assistance**

The System component institutions receive federal grants for specific purposes that are subject to review or audit by federal grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management believes such disallowances, if any, would be immaterial.

**Arbitrage**

Rebatable arbitrage is defined by Internal Revenue Code, Section, 148 as earnings on investments purchased with the gross proceeds of a bond issue in excess of the amount that would have been earned if the investments were invested at a yield equal to the yield on the bond issue. The rebatable arbitrage must be paid to the federal government. The System monitors its investments to restrict earnings to a yield less than the bond issue and, therefore, limit any arbitrage liability. For fiscal years 2022 and 2021, the System recorded no rebatable arbitrage.

**Commitments**

**Investment Funds**

The System entered into capital commitments with investment managers for future funding of investment funds. Investment funds include hedge fund pools, private investment pools, public market funds and other alternative investments managed by external investment managers.

As of August 31, 2022 and August 31, 2021, the remaining commitment - domestic for the System was \$237,727,793.90 and \$208,566,554.78, respectively.

As of August 31, 2022 and August 31, 2021, the remaining commitment - domestic for the System's Fiduciary Activities was \$1,794,819.66 and \$1,515,983.34, respectively.

As of August 31, 2022 and August 31, 2021, the remaining commitment – domestic for the Carr Foundation was \$21,364,145.93 and \$17,505,487.02, respectively.

As of August 31, 2022, TTRP did not have any remaining domestic commitments.

**Note 16: Subsequent Events**

RRFF opened both a taxable and tax-exempt line of credit after August 31, 2022 with the intent of drawing down funds for incurred construction expenditures on TTU Athletics facilities.

Issuance	Series	Original Line Amount	Date of Issuance	Purpose
RRFF Line of Credit Tax-Exempt	N/A	\$ 190,380,000.00	11/22/2022	May be drawn on to pay expenditures for construction of TTU Athletics facility.
RRFF Line of Credit Taxable	N/A	\$ 34,620,000.00	11/22/2022	May be drawn on to pay expenditures for construction of TTU Athletics facility.

The System has no other subsequent events to report as of August 31, 2022.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Note 17: Risk Management**

The System, by State law, is required to be a participant in the Workers Compensation Program and Pool managed by the State Office of Risk Management (SORM). The System component institutions are assessed fees by SORM based upon claims experience, claim incidences, payroll size and full-time equivalent (FTE). SORM also determines the methodology for allocation to the major fund groups. SORM pays all workers' compensation insurance claims. The Worker's Compensation plan for the fiscal year was funded by a .25 percent charge on non-educational and general gross payroll for paying its proportionate share of the SORM assessment.

The System has self-insured arrangements for Unemployment Compensation Fund coverage. The State of Texas pays 50% of claims for employees paid from state funds. The System pays the remainder for employees paid from state funds and 100% of the claims paid from non-state funds. The claims for employees paid from non-state funds are funded by interest earnings on the Unemployment Compensation Fund balance and utilization of fund balance.

Two component institutions of the System, TTUHSC and TTUHSC at El Paso, have self-insured arrangements for medical malpractice coverage through a medical malpractice self-insurance plan. The plan is managed by the Office of General Counsel, and the associated liability is adjusted annually based on actuarially estimated incurred but not reported (IBNR) liability to reflect the anticipated future claims related to past medical services. The information below includes current year accruals and associated payments in addition to the liabilities accrued in Note 5.

Changes in the balances of the agency's claims liabilities during fiscal years 2022 and 2021 are presented in the table below.

<b>Claims and Judgments</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
FY 2022	\$ 5,857,112.00	\$ 1,745,092.49	\$ (1,841,900.49)	\$ 5,760,304.00
FY 2021	\$ 10,452,897.78	\$ 1,150,515.54	\$ (5,746,301.32)	\$ 5,857,112.00

The increase in fiscal year 2022 includes miscellaneous claims and judgments. The increase in fiscal year 2021 includes the required actuarial adjustment for the medical malpractice self-insurance fund liability and miscellaneous claims and judgments. The decrease for fiscal year 2022 includes payments for prior year TTPA judgment and for miscellaneous claims and judgments. The decrease for fiscal year 2021 includes a partial reduction for prior year TTPA contingency and payment for miscellaneous claims and judgments. The liability is actuarially estimated to reflect the anticipated future claims for past medical services, and is adjusted annually based on an actuarially estimated incurred but not reported (IBNR) liability.

**Note 18: Management's Discussion and Analysis**

The System is governed, controlled, and directed by a ten-member Board of Regents, who are appointed by the Governor of Texas and confirmed by the legislature. All members of the board serve six-year staggered terms with the exception of one (non-voting) student regent who serves a one-year term. Actions of the Board of Regents are guided by the Regents' Rules and Regulations. A list of the current members of the Board of Regents is included in the organizational data.

Chancellor Tedd L. Mitchell serves as the chief executive officer of the System, a position that is appointed by the Board of Regents. As chief executive officer, Chancellor Mitchell leads System policy and has direct oversight of all operations at the five universities (component institutions). An Executive Leadership team

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### Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

guides the System in areas including finance, legal affairs, advancement services, and governmental relations, along with other strategic functions. Each of the five institutions has a president who is appointed by the chancellor. The president is the chief executive officer of that university and is responsible for its operation.

Formally established by the Texas Legislature in 1999, the System is composed of a central administration, three general academic institutions and two health-related institutions. The component institutions of the System are Texas Tech University (TTU), Texas Tech University Health Sciences Center (TTUHSC), Texas Tech University Health Sciences Center El Paso (TTUHSC El Paso), Angelo State University (ASU), Midwestern State University (MSU) and Texas Tech University System Administration (TTUSA). In its young history, the System has emerged as a nationally acclaimed higher education system and is one of only nine in the nation (and the only non-land grant institution) to offer programs for undergraduate, medical, law, nursing, pharmacy, dental and veterinary. Headquartered in Lubbock, Texas, the System operates 24 academic locations throughout the State of Texas and internationally and its health care service area covers 108 counties, serving more than 3 million people. The System has locations statewide in Abilene, Amarillo, Cleburne, Dallas, El Paso, Fredericksburg, Highland Lakes, Junction, Lubbock, Mansfield, McKinney, Midland, Odessa, Rockwall, San Angelo, Sherman, Waco and Wichita Falls. Internationally, the System has locations in Seville, Spain and San Jose, Costa Rica. The total enrollment across all component institutions is more than 63,000 students as of Fall 2022.

In fiscal year 2022, the System maintained stellar financial ratings with all three of the industry's top credit rating agencies: Standard & Poor (AA+), Moody's (Aa1) and Fitch (AA+). The System's credit ratings are among the top 25% of all public higher education institutions nationwide. The System employs more than 21,000 faculty and staff and has an annual combined operating budget of \$2.6 billion consisting of revenues from the following sources: 44% designated funding, 29% appropriated funds by the Texas Legislature, 18% restricted funds, and 9% from auxiliaries.

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.

#### **Note 19: The Financial Reporting Entity**

The combined financial statements of the System include all component institutions comprising the System – Texas Tech University (TTU), Texas Tech University Health Sciences Center (TTUHSC), Texas Tech University Health Sciences Center at El Paso (TTUHSC at El Paso), Angelo State University (ASU), Midwestern State University (MSU) and Texas Tech University System Administration (TTUSA). Amounts due between and among component institutions and other duplications in reporting are eliminated in combining the financial statements. Also included in these combined financial statements are the component units listed below.

#### **Individual Component Unit Disclosures**

##### ***Blended Component Units***

The financial transactions and records of the following component units are blended with the financial transactions and records of the System component institutions due to the significance of their operational or financial relationship with the System.

The Texas Tech Foundation, Inc. (TTFI) is a Texas nonprofit corporation qualified under section 501(c)(3) of the Internal Revenue Code, as amended, and exempt from income taxes. TTFI was founded to financially support and serve the fundraising needs of all colleges, schools, programs, and campuses of the System and the component institutions of the System. TTFI was formed to seek and obtain gifts for all the System

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### Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

component institutions; to receive, hold, invest and administer property of any type given to the component institutions; and to make expenditures to or for the benefit of the System component institutions. The TTU System Chancellor, component institution Presidents, TTU System Vice Chancellors of General Counsel, Institutional Advancement, and Chief Financial Officer are non-voting ex-officio members of the Foundation Board of Directors. Financial transactions of TTFI have been blended into the financial statements of the System rather than discretely presented because TTFI operates exclusively for the benefit of the System and component institutions and there is a fiscal dependency and financial benefit relationship between TTFI and the System. The Foundation's fiscal year end is August 31, and the Foundation's financial statements may be obtained from the TTUS Office of Institutional Advancement, located at 1508 Knoxville Avenue, Suite 315, Lubbock, TX 79409.

Texas Tech Physician Associates (TTPA), whose principal office and financial records are located at Provider Payor Relations, 3601 4<sup>th</sup> St. Lubbock, TX 79430, is a certified non-profit health corporation authorized under the Medical Practice Act Section 5.01(a), article 4495b of the State of Texas. TTPA was organized and is operated exclusively for the benefit of, to perform the function of, or to carry out the purposes of TTUHSC and TTUHSC at El Paso, and its financial records are blended with those of TTUHSC and TTUHSC at El Paso. TTPA is exempt from tax under Internal Revenue Service code section 501(c)(3). The TTUHSCs have the sole and exclusive right to appoint the nine member Board of Directors. The TTUHSCs control all financial and operational transactions of TTPA including developing and approving the annual and capital budgets of TTPA, appointing and removing directors and officers of the Board, entering into contracts, sales or leases, giving or seeking grants, and approving financial expenditures; therefore, the financial transactions of TTPA have been blended into the financial statements of TTUHSC and TTUHSC at El Paso. TTPA's fiscal year end is August 31.

The Angelo State University Foundation, Inc. (ASUF) was formed exclusively for the benefit of ASU, and is a public, non-profit organization established to provide financial assistance to ASU, primarily from gifts and earnings on endowed funds. ASUF oversees management, investment and distribution of all funds for the furtherance of educational purposes at ASU. ASU provides the foundation with office space, telephone service, utilities and the use of other equipment and facilities. ASU also authorizes its officers and employees, as a part of their regular duties, to perform administrative tasks for, and solicit funds on behalf of, the foundation. The financial transactions of ASUF have been blended into the financial statements of Angelo State University. The financial records of ASUF may be obtained from Angelo State University, 2601 W. Ave N., San Angelo, TX 76909. ASUF's fiscal year end is August 31.

Red Raider Facilities Foundation, Inc. (RRFF), is a Texas nonprofit corporation qualified under section 501(c)(3) of the Internal Revenue Code (IRC) and exempt from income taxes. RRFF shall be operated exclusively for charitable and educational purposes within the meaning of the IRC. It was formed to support and promote, and otherwise hold, invest, construct and administer property, and make expenditures for the benefit of athletic activities and endeavors of TTU. The RRFF Board of Directors are appointed one each by the TTU President, the TTU System Chancellor, and the Texas Tech Board of Regents Chairman. Although RRFF is legally separate from TTU, financial transactions have been blended into the financial statements of TTU rather than discretely presented because RRFF operates exclusively for the benefit of TTU. RRFF's fiscal year end is August 31. Audited financial statements may be obtained by mail request to 801 Cherry Street, Suite 500, Fort Worth, TX 76102.

The condensed financial statements for the System blended component units as of August 31, 2022 are presented below.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

	<b>Blended Component Units</b>			
	<b>TTFI</b>	<b>TTPA</b>	<b>ASUF</b>	<b>RRFF</b>
<b>Condensed Statement of Net Position</b>				
Total Assets	\$849,587,948.23	\$ 1,077,563.57	\$ 39,498,494.23	\$ 73,179,375.00
Total Liabilities and Deferred Inflows of Resources	4,223,248.20	9,230.00	158,705.97	312,245.00
Net Position:				
Net Investment in Capital Assets	2,169,715.08	0.00	0.00	2,655,188.00
Restricted:				
Nonexpendable:				
Endowments	628,767,809.97	0.00	34,695,264.88	0.00
Expendable:				
Capital Projects	0.00	0.00	0.00	70,211,942.00
Other	207,770,030.23	0.00	4,644,523.38	0.00
Unrestricted	6,657,144.75	1,068,333.57	0.00	0.00
Total Net Position	\$845,364,700.03	\$ 1,068,333.57	\$ 39,339,788.26	\$ 72,867,130.00

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

	<b>Blended Component Units</b>			
	<b>TTFI</b>	<b>TTPA</b>	<b>ASUF</b>	<b>RRFF</b>
<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>				
Operating Revenues				
Other Sales and Services	\$ 150,990.21	\$ 0.00	\$ 0.00	\$ 0.00
Professional Fees	0.00	5,969,914.58	0.00	0.00
Federal Grants and Contracts	0.00	178,190.72	0.00	0.00
Nongovernmental Grants and Contracts	1,556,500.00	0.00	0.00	0.00
Total Operating Revenues	1,707,490.21	6,148,105.30	0.00	0.00
Operating Expenses				
Professional Fees and Services	362,323.96	377,356.94	364,500.00	249,052.00
Travel	48,612.64	0.00	(105.17)	0.00
Materials and Supplies	64,992.66	0.00	329,051.00	0.00
Communications and Utilities	58,977.75	0.00	1,366.64	0.00
Repairs and Maintenance	112,203.00	0.00	277.50	0.00
Rentals and Leases	319,259.83	0.00	0.00	0.00
Printing and Reproduction	8,145.86	0.00	4,208.08	0.00
Other Operating Expenses	1,081,801.75	33,169.64	1,532,698.18	2,049.00
Distributions to Component Institutions	111,479,604.04	0.00	0.00	0.00
Total Operating Expenses	113,535,921.49	410,526.58	2,231,996.23	251,101.00
Operating Income (Loss)	(111,828,431.28)	5,737,578.72	(2,231,996.23)	(251,101.00)
Nonoperating Revenues (Expenses)				
Private Gifts	50,344,930.70	0.00	11,748,717.50	0.00
Investment Income (Expense)	(9,744,729.09)	17,743.76	(1,941,470.45)	(118,805.00)
Other Nonoperating Revenues (Expenses)	360,842.72	0.00	1,185,946.10	0.00
Total Nonoperating Revenues and Expenses	40,961,044.33	17,743.76	10,993,193.15	(118,805.00)
Other Revenues, Expenses, Gains, Losses and Transfers				
Capital Contributions	27,825,993.05	0.00	0.00	56,544,191.11
Capital Contributions - TTFI	0.00	0.00	0.00	16,692,844.89
Contributions to Permanent and Term Endowments	52,724,076.78	0.00	0.00	0.00
Transfers to Components/Other Funds	0.00	(5,740,608.62)	(5,320,143.99)	0.00
Total Other Revenues, Expenses, Gains, Losses and Transfers	80,550,069.83	(5,740,608.62)	(5,320,143.99)	73,237,036.00
Total Change in Net Position	9,682,682.88	14,713.86	3,441,052.93	72,867,130.00
Beginning Net Position (September 1)	835,633,312.47	1,053,619.71	35,898,735.33	0.00
Restatement of Beginning Net Position	48,704.68	0.00	0.00	0.00
Beginning Net Position (September 1) as restated	835,682,017.15	1,053,619.71	35,898,735.33	0.00
Ending Net Position (August 31)	<u>\$845,364,700.03</u>	<u>\$ 1,068,333.57</u>	<u>\$ 39,339,788.26</u>	<u>\$ 72,867,130.00</u>



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**Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)**

<b>Condensed Statement of Cash Flows</b>	<b>Blended Component Units</b>			
	<b>TTFI</b>	<b>TTPA</b>	<b>ASUF</b>	<b>RRFF</b>
Net Cash Provided (Used) by Operating Activities	\$(111,742,525.44)	\$ 5,760,707.24	\$ (2,090,413.07)	\$ (211,661.00)
Net Cash Provided (Used) by Noncapital Financing Activities	91,701,626.55	(5,740,608.62)	7,614,519.61	0.00
Net Cash Provided (Used) by Capital and Related Financing Activities	45,547,297.95	0.00	0.00	14,152,388.69
Net Cash Provided (Used) by Investing Activities	(25,607,704.99)	17,743.76	(5,567,533.96)	10,183.00
Total Net Cash Flows	(101,305.93)	37,842.38	(43,427.42)	13,950,910.69
Beginning Cash and Cash Equivalents (September 1)	\$ 3,721,438.71	\$ 992,563.50	\$ 2,236,107.26	\$ 0.00
Restatement of Beginning Cash and Cash Equivalents	(671,255.38)	0.00	0.00	0.00
Beginning Cash and Cash Equivalents (September 1) as restated	3,050,183.33	992,563.50	2,236,107.26	0.00
Ending Cash and Cash Equivalents (August 31)	\$ 2,948,877.40	\$ 1,030,405.88	\$ 2,192,679.84	\$ 13,950,910.69

***Discretely Presented Component Units***

The Angelo State University Robert G. Carr and Nona K. Carr Scholarship Foundation financial statements are included at the end of this report as a discretely presented component unit of the System. The Foundation is a legally separate testamentary trust organization described in Internal Revenue Code Section 509(a)(3) as being exempt from income taxes under IRC Section 501(c)(3), and was established solely for the benefit of providing academic scholarships to the students of Angelo State University. The nine member Foundation Board of Trustees is comprised of all members of the TTU System Board of Regents, who have the ability to appoint, hire, reassign or dismiss those persons responsible for the operation of the Foundation. The Foundation has a fiscal year end of August 31, and the financial records of the Foundation are audited annually by an independent accounting firm. The Foundation's complete audited financial statements can be obtained from the Carr Foundation at Box 11007C, ASU Station, San Angelo, TX 76909.

Texas Tech Research Park, Inc. (TTRP) is a Texas nonprofit corporation qualified under section 501(c)(3) of the Internal Revenue Code (IRC) and exempt from income taxes. TTRP shall be operated exclusively for charitable, educational, and scientific purposes within the meaning of the IRC. TTRP was formed to provide support for and promote, sponsor, assist and carry out the educational, scientific, and related activities and objectives of the TTUS and will support and enhance scientific research and collaborative innovation opportunities for TTUS and the surrounding region. The nine-member Board of Directors are appointed two each by the TTU President and TTUHSC President, one appointment by the TTU System Chancellor and the remaining four director roles are elected by existing TTRP Board of Directors. No board members may be employees of the TTUS and appointing persons have the right to revoke and remove the director role he/she appoints at any time. The TTRP financial statements are included at the end of this report as a discretely presented component unit of the TTUS. TTRP's fiscal year end is August 31 and financial statements may be obtained by mail request to 3911 4th Street, Box 43005, Lubbock, TX 79415.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Related Organization**

The MSU Charitable Trust was terminated on September 1, 2021, and all assets were distributed to the MSU Foundation, which is organized and operated exclusively for exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code.

**Note 20: Stewardship, Compliance and Accountability**

In Fiscal Year 2022, Texas Tech Research Park, Inc. reported a deficit balance for fund 4172. The deficit is a result of accounts payable exceeding cash during the fiscal year.

**Note 21: N/A**

**Note 22: Donor-Restricted Endowments**

Expenditure of endowed funds, in accordance with Texas Uniform Prudent Management of Institutional Funds Act (UPMIFA), is not allowed without the express consent of the donor. Most of the System’s endowments are held in perpetuity. In many cases, endowment earnings are expendable for student financial assistance or other purposes as designated by the donor. In other cases, endowment earnings are reinvested.

The net appreciation (cumulative and unexpended) on donor-restricted endowments presented below is available for authorization and expenditure by the System. The System’s spending policy for endowments reflects an objective to distribute as much of total return as is consistent with overall investment objectives while protecting the real value of the endowment corpus.

The target distribution is set by policy to be between 4 and 6 percent of the moving average market value for endowments over the preceding 12 quarters.

Donor-Restricted Endowments	Amount of Net Appreciation *		Reported in Combined Statement of Net Position
	FY22	FY21	
True Endowments	\$ 203,453,622.90	\$ 263,079,594.20	Restricted Expendable
Term Endowments	0.00	0.00	Restricted Expendable
Total	<u>\$ 203,453,622.90</u>	<u>\$ 263,079,594.20</u>	

\*There was a negative fair value adjustment totaling \$(59,625,971.30) for fiscal year 2022, and a positive fair value adjustment of \$184,596,985.32 for fiscal year 2021.

Term endowments reported \$0.00 for net appreciation due to the endowments being underwater in both fiscal years 2022 and 2021.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Variances from prior year ending balances for the System are shown in the table below:

<u>Changes from Prior Year Balances</u>		
<b>Endowment Funds</b>	<b>Increase/(Decrease)</b>	<b>Reason for Change</b>
<b>Expendable Balances</b>		
		Decrease is a result of unprecedented stimulus post-Covid giving rise to inflation, which in turn, pushed central bankers globally to start hiking interest rates. The result of those interest rate hikes devastated government bond markets and risk assets in general, resulting in lower returns.
True Endowments	\$ (59,625,971.30)	
Term Endowments	0.00	
Total	\$ (59,625,971.30)	

**Midwestern State University Donor-Restricted Endowments**

In Fiscal Year 2022, MSU held endowments outside of the System's funds. These endowments are managed by American National Bank and Trust. The net appreciation (cumulative and unexpended) on donor-restricted endowments presented below is available for authorization and expenditure by MSU. MSU's spending policy for endowments reflects an objective to distribute as much of total return as is consistent with overall investment objectives while protecting the real value of the endowment corpus.

The target distribution is set by policy to be between 3 and 5 percent of the moving average market value for endowments over the preceding 12 quarters.

<b>Donor-Restricted Endowments</b>	<b>Amount of Net Appreciation *</b>	<b>Reported in Combined Statement of Net Position</b>
	<u>FY22</u>	
True Endowments	\$ 1,580,281.31	Restricted Expendable
Term Endowments	0.00	Restricted Expendable
Total	\$ 1,580,281.31	

\*There was a positive fair value adjustment totaling \$1,580,281.31 for fiscal year 2022.

Term endowments reported \$0.00 for net appreciation due to the endowments being underwater in both fiscal years 2022.

Variances from prior year ending balances for MSU are shown in the table below:

<u>Changes from Prior Year Balances</u>		
<b>Endowment Funds</b>	<b>Increase/(Decrease)</b>	<b>Reason for Change</b>
<b>Expendable Balances</b>		
True Endowments	\$ (1,568,431.84)	Fair market value decrease
Term Endowments	0.00	
Total	\$ (1,568,431.84)	

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Discrete Component Unit - Carr Foundation**

Donor-Restricted Endowments	Amount of Net Appreciation *		Reported in Combined Statement of Net Position
	FY22	FY21	
True Endowments	\$ 0.00	\$ 11,281,693.48	Restricted Expendable

\*There was a negative fair value adjustment totaling \$(11,830,592.49) for fiscal year 2022, and a positive fair value adjustment of \$24,629,923.44 for fiscal year 2021.

True endowments reported \$0.00 for net appreciation in fiscal year 2022 due to the endowments being underwater.

Variances from prior year ending balances for the Carr Foundation are shown in the table below:

Endowment Funds	Changes from Prior Year Balances	
	Increase/(Decrease)	Reason for Change
<b>Expendable Balances</b>		
True Endowments	\$ (11,830,592.49)	Decrease is a result of unprecedented stimulus post-Covid giving rise to inflation, which in turn, pushed central bankers globally to start hiking interest rates. The result of those interest rate hikes devastated government bond markets and risk assets in general, resulting in lower returns.

**Note 23: Extraordinary and Special Items**

The System had no special or extraordinary items to report for the years ended August 31, 2022 and August 31, 2021.

**Note 24: Disaggregation of Receivable and Payable Balances**

Net other receivables current as reported in the State of Texas Comptroller's accounting system as of August 31, 2022 and August 31, 2021 are detailed by type as shown in the table below. The System had no other reportable disaggregation of receivable and payable balances as of August 31, 2022 nor as of August 31, 2021.

Net Other Receivables Current	FY 2022	FY 2021
Patient Receivables	\$ 22,364,317.16	\$ 22,945,948.45
Contract Receivables	38,555,188.30	33,102,378.53
Accounts Receivables	7,165,371.19	6,630,924.43
Current Other Receivables	5,275,412.42	2,016,116.25
Total A/R - Other Revenue and Current Other Receivables	<u>\$ 73,360,289.07</u>	<u>\$ 64,695,367.66</u>

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

**Note 25: Termination Benefits**

The System has voluntary and involuntary terminations in the ordinary course of business. Payments for related termination benefits, when offered, were immaterial. Thus, the System has no reportable benefits as of August 31, 2022 or as of August 31, 2021.

**Note 26: Segment Information**

The System has no reportable segments as of August 31, 2022 or as of August 31, 2021.

**Note 27: Service Concession Arrangements**

The System had no service concession arrangements as of August 31, 2022 or as of August 31, 2021.

**Note 28: Deferred Outflows of Resources and Deferred Inflows of Resources**

In fiscal year 2022 and fiscal year 2021, the System reported deferred outflows and deferred inflows of resources in connection with its defined benefit pension plan, postemployment benefits other than pensions, debt refunding, split-interest agreements, and leases as presented below.

Fiscal Year	Business-Type Activities	Deferred Outflows of Resources	Deferred Inflows of Resources
FY22	Defined Benefit Pension Plans (Note 9)	\$ 91,215,383.00	\$ 176,979,996.00
	Postemployment Benefits Other Than Pensions (Note 11)	312,710,694.40	168,083,293.00
	Bond/Debt Refunding	2,339,934.98	0.00
	Split-interest Agreements	0.00	27,002,182.43
	Leases	0.00	16,481,961.31
	Total		<u>\$ 406,266,012.38</u>
Restated			
FY21	Defined Benefit Pension Plans (Note 9)	\$ 117,651,262.00	\$ 47,629,650.00
	Postemployment Benefits Other Than Pensions (Note 11)	416,430,047.00	242,123,809.00
	Split-interest Agreements	0.00	26,457,507.35
	Leases	0.00	18,037,218.37
	Total		<u>\$ 534,081,309.00</u>

**Note 29: Troubled Debt Restructuring**

The System had no outstanding receivables whose terms were modified pursuant to troubled debt restructuring for the year ended August 31, 2022, or for the year ended August 31, 2021.

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**Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)**

**Note 30: Non-Exchange Financial Guarantees**

The System had no non-exchange financial guarantees to report for the year ended August 31, 2022, or for the year ended August 31, 2021.

**Note 31: Tax Abatements**

The System had no tax abatement arrangements for the years ended August 31, 2022 or August 31, 2021.

**Note 32: Governmental Fund Balances**

Not applicable.

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TEXAS TECH UNIVERSITY SYSTEM (793)

**COMBINED  
SUPPORTING SCHEDULES**

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**Texas Tech University System (793)**  
**Combined Schedule 1A - Schedule of Expenditures of Federal Awards**  
**For the Year Ended August 31, 2022**

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The information contained in this schedule is submitted through the State Comptroller Schedule of Expenditures of Federal Awards web application. This schedule is no longer required to be presented.



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**Texas Tech University System (793)**  
**Combined Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies**  
**For the Year Ended August 31, 2022**

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The information contained in this schedule is submitted through the State Comptroller State Pass-Through Reporting web application.  
This schedule is no longer required to be presented.

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**Texas Tech University System (793)  
 Combined Schedule 2A - Miscellaneous Bond Information  
 For the Year Ended August 31, 2022**

Description of Issue	Bonds Issued to Date	Range of Interest Rates		Scheduled Maturities		First Call Date
				First Year	Final Maturity Date	
Revenue Bonds						
Revenue and Refunding Bonds Series 2007	\$ 0.00	4.0000%	4.6250%	2008	12/1/2032	12/01/2016
Rev Fin Sys Revenue Bonds Series 2008	0.00	3.0000%	5.2500%	2008	12/1/2034	12/01/2018
Rev Fin Sys Revenue Bonds Series 2010	0.00	4.0000%	5.0000%	2012	12/1/2036	N/A
Rev Fin Sys Rev Ref & Imp Bds Ser '12B	5,415,000.00	0.5000%	3.2500%	2013	12/1/2024	12/1/2022
Rev Fin Sys Bldg Rev & Ref Bds Ser '15A	53,335,000.00	2.0000%	5.0000%	2016	12/1/2044	6/1/2025
Rev Fin Sys Bldg Rev & Ref Bds Ser '15B	3,755,000.00	0.5150%	2.9570%	2016	12/1/2021	N/A
Rev Fin Sys Rev & Ref Bds Ser '16A	72,250,000.00	2.0000%	5.0000%	2016	12/1/2035	12/1/2026
Rev Fin Sys Rev & Ref Bds Ser '16B	11,790,000.00	1.4260%	2.6660%	2019	12/1/2034	12/1/2026
Rev Fin Sys Ref & Imp Bds 16th Ser '15A	73,255,000.00	2.0000%	5.0000%	2016	2/15/2040	2/15/2025
Rev Fin Sys Ref & Imp Bds Tax 17th Ser '15B	245,315,000.00	0.2950%	4.1720%	2015	2/15/2045	2/15/2025
Rev Fin Sys Ref & Imp Bds Ser '17A	79,035,000.00	4.0000%	5.0000%	2017	2/15/2036	2/15/2027
Rev Fin Sys Ref & Imp Bds Tax Ser '17B	295,700,000.00	0.9000%	4.0000%	2017	2/15/2038	2/15/2027
Rev Fin Sys Ref & Imp Bds Tax Ser '20	<u>314,745,000.00</u>	0.4050%	2.8780%	2020	2/15/2050	2/15/2029
Total	<u><u>\$ 1,154,595,000.00</u></u>					

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**Texas Tech University System (793)  
 Combined Schedule 2B - Changes in Bonded Indebtedness  
 For the Year Ended August 31, 2022**

Description of Issue	Bonds Outstanding 9/1/21	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Par Value Adjustments	Bonds Outstanding 8/31/22
Revenue Bonds						
Rev Fin Sys Rev Ref & Imp Bds Ser '12B	\$ 2,405,000.00		\$ 575,000.00			\$ 1,830,000.00
Rev Fin Sys Bldg Rev & Ref Bds Ser '15A	49,130,000.00		1,030,000.00			48,100,000.00
Rev Fin Sys Bldg Rev & Ref Bds Ser '15B	490,000.00		490,000.00			0.00
Rev Fin Sys Rev & Ref Bds Ser '16A	61,455,000.00		3,065,000.00			58,390,000.00
Rev Fin Sys Rev & Ref Bds Ser '16B	10,460,000.00		680,000.00			9,780,000.00
Rev Fin Sys Ref & Imp Bds 16th Ser '15A	60,760,000.00		1,855,000.00			58,905,000.00
Rev Fin Sys Ref & Imp Bds Tax 17th Ser '15B	126,250,000.00		15,665,000.00			110,585,000.00
Rev Fin Sys Ref & Imp Bds Ser '17A	65,525,000.00		3,825,000.00			61,700,000.00
Rev Fin Sys Ref & Imp Bds Tax Ser '17B	217,445,000.00		21,620,000.00			195,825,000.00
Rev Fin Sys Ref & Imp Bds Tax Ser '20	309,145,000.00		14,785,000.00			294,360,000.00
Total	<u>\$903,065,000.00</u>	<u>\$ 0.00</u>	<u>\$ 63,590,000.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$839,475,000.00</u>

Description of Issue	Unamortized Premium	Unamortized Discount	Other Adjustments	Net Bonds Outstanding 8/31/22	Amounts Due Within One Year
Revenue Bonds					
Rev Fin Sys Rev Ref & Imp Bds Ser '12B				\$ 1,830,000.00	\$ 590,000.00
Rev Fin Sys Bldg Rev & Ref Bds Ser '15A	2,093,339.68			50,193,339.68	1,730,151.81
Rev Fin Sys Bldg Rev & Ref Bds Ser '15B				0.00	0.00
Rev Fin Sys Rev & Ref Bds Ser '16A	8,202,415.62			66,592,415.62	3,800,886.83
Rev Fin Sys Rev & Ref Bds Ser '16B				9,780,000.00	695,000.00
Rev Fin Sys Ref & Imp Bds 16th Ser '15A	2,343,603.35			61,248,603.35	2,267,550.35
Rev Fin Sys Ref & Imp Bds Tax 17th Ser '15B				110,585,000.00	16,095,000.00
Rev Fin Sys Ref & Imp Bds Ser '17A	5,394,623.70			67,094,623.70	4,910,344.95
Rev Fin Sys Ref & Imp Bds Tax Ser '17B				195,825,000.00	22,190,000.00
Rev Fin Sys Ref & Imp Bds Tax Ser '20				294,360,000.00	10,645,000.00
Total	<u>\$ 18,033,982.35</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$857,508,982.35</u>	<u>\$ 62,923,933.94</u>

Note: The '15A Series amount due within one year includes bond premium amortization of \$95,151.81. The '16A Series amount due within one year includes bond premium amortization of \$585,886.83. The 16th Series '15A amount due within one year includes bond premium amortization of \$332,550.35. The 2017A Series amount due within one year includes bond premium amortization of \$915,344.95.

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**Texas Tech University System (793)  
Combined Schedule 2C - Debt Service Requirements  
For the Year Ended August 31, 2022**

Description of Issue	Fiscal Year	Principal	Interest	Total
Revenue Bonds				
Rev Fin Sys Rev Ref & Imp Bds Ser '12B				
	2023	590,000.00	48,854.35	638,854.35
	2024	610,000.00	30,150.85	640,150.85
	2025	630,000.00	10,209.15	640,209.15
		1,830,000.00	89,214.35	1,919,214.35
Rev Fin Sys Bldg Rev & Ref Bds Ser '15A				
	2023	1,635,000.00	2,088,231.26	3,723,231.26
	2024	1,750,000.00	2,003,606.26	3,753,606.26
	2025	1,880,000.00	1,912,856.26	3,792,856.26
	2026	2,020,000.00	1,815,356.26	3,835,356.26
	2027	2,165,000.00	1,710,731.26	3,875,731.26
	2028-2032	9,940,000.00	7,043,056.30	16,983,056.30
	2033-2037	8,605,000.00	4,974,506.30	13,579,506.30
	2038-2042	11,385,000.00	3,007,828.18	14,392,828.18
	2043-2045	8,720,000.00	553,781.29	9,273,781.29
		48,100,000.00	25,109,953.37	73,209,953.37
Rev Fin Sys Rev & Ref Bds Ser '16A				
	2023	3,215,000.00	2,474,275.00	5,689,275.00
	2024	3,375,000.00	2,309,525.00	5,684,525.00
	2025	3,545,000.00	2,136,525.00	5,681,525.00
	2026	3,735,000.00	1,954,525.00	5,689,525.00
	2027	3,920,000.00	1,763,150.00	5,683,150.00
	2028-2032	22,150,000.00	5,986,975.00	28,136,975.00
	2033-2036	18,450,000.00	1,401,200.00	19,851,200.00
		58,390,000.00	18,026,175.00	76,416,175.00
Rev Fin Sys Rev & Ref Bds Ser '16B				
	2023	695,000.00	283,390.95	978,390.95
	2024	715,000.00	267,669.00	982,669.00
	2025	735,000.00	250,369.65	985,369.65
	2026	750,000.00	231,684.60	981,684.60
	2027	770,000.00	211,798.00	981,798.00
	2028-2032	4,025,000.00	705,382.55	4,730,382.55
	2033-2035	2,090,000.00	94,408.50	2,184,408.50
		9,780,000.00	2,044,703.25	11,824,703.25

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**Texas Tech University System (793)  
 Combined Schedule 2C - Debt Service Requirements  
 For the Year Ended August 31, 2022**

Description of Issue	Fiscal Year	Principal	Interest	Total
Rev Fin Sys Ref & Imp Bds 16th Ser '15A				
	2023	1,935,000.00	2,334,381.26	4,269,381.26
	2024	2,035,000.00	2,235,131.26	4,270,131.26
	2025	2,135,000.00	2,130,881.26	4,265,881.26
	2026	2,245,000.00	2,021,381.26	4,266,381.26
	2027	4,825,000.00	1,895,293.76	6,720,293.76
	2028-2032	28,740,000.00	6,801,488.80	35,541,488.80
	2033-2037	14,500,000.00	1,396,565.66	15,896,565.66
	2038-2040	2,490,000.00	137,568.75	2,627,568.75
		58,905,000.00	18,952,692.01	77,857,692.01
Rev Fin Sys Ref & Imp Bds Tax 17th Ser '15B				
	2023	16,095,000.00	3,455,693.81	19,550,693.81
	2024	16,570,000.00	2,995,323.48	19,565,323.48
	2025	17,050,000.00	2,505,474.36	19,555,474.36
	2026	10,965,000.00	2,079,143.16	13,044,143.16
	2027	7,780,000.00	1,775,542.02	9,555,542.02
	2028-2032	20,960,000.00	5,984,870.24	26,944,870.24
	2033-2037	10,085,000.00	3,111,777.25	13,196,777.25
	2038-2042	6,485,000.00	1,657,848.50	8,142,848.50
	2043-2045	4,595,000.00	292,770.10	4,887,770.10
		110,585,000.00	23,858,442.92	134,443,442.92
Rev Fin Sys Ref & Imp Bds Ser '17A				
	2023	3,995,000.00	2,946,125.00	6,941,125.00
	2024	4,210,000.00	2,741,000.00	6,951,000.00
	2025	4,075,000.00	2,533,875.00	6,608,875.00
	2026	5,300,000.00	2,299,500.00	7,599,500.00
	2027	4,470,000.00	2,055,250.00	6,525,250.00
	2028-2032	24,705,000.00	6,497,625.00	31,202,625.00
	2033-2036	14,945,000.00	1,506,875.00	16,451,875.00
		61,700,000.00	20,580,250.00	82,280,250.00

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**Texas Tech University System (793)  
 Combined Schedule 2C - Debt Service Requirements  
 For the Year Ended August 31, 2022**

Description of Issue	Fiscal Year	Principal	Interest	Total
Rev Fin Sys Ref & Imp Bds Tax Ser '17B				
	2023	22,190,000.00	6,305,871.47	28,495,871.47
	2024	21,665,000.00	5,678,064.72	27,343,064.72
	2025	22,315,000.00	5,009,352.00	27,324,352.00
	2026	22,440,000.00	4,293,234.50	26,733,234.50
	2027	17,290,000.00	3,636,990.50	20,926,990.50
	2028-2032	78,345,000.00	9,098,390.75	87,443,390.75
	2033-2037	9,870,000.00	1,285,800.00	11,155,800.00
	2038	1,710,000.00	34,200.00	1,744,200.00
		195,825,000.00	35,341,903.94	231,166,903.94
Rev Fin Sys Ref & Imp Bds Tax Ser '20				
	2023	10,645,000.00	6,556,239.00	17,201,239.00
	2024	10,150,000.00	6,483,089.00	16,633,089.00
	2025	10,250,000.00	6,395,025.00	16,645,025.00
	2026	7,325,000.00	6,303,515.00	13,628,515.00
	2027	7,505,000.00	6,209,945.00	13,714,945.00
	2028-2032	52,065,000.00	28,561,661.00	80,626,661.00
	2033-2037	41,005,000.00	23,902,719.00	64,907,719.00
	2038-2042	151,410,000.00	10,649,958.00	162,059,958.00
	2043-2047	2,395,000.00	408,029.00	2,803,029.00
	2048-2050	1,610,000.00	70,511.00	1,680,511.00
		294,360,000.00	95,540,691.00	389,900,691.00
Total Principal and Interest				
	2023	60,995,000.00	26,493,062.10	87,488,062.10
	2024	61,080,000.00	24,743,559.57	85,823,559.57
	2025	62,615,000.00	22,884,567.68	85,499,567.68
	2026	54,780,000.00	20,998,339.78	75,778,339.78
	2027	48,725,000.00	19,258,700.54	67,983,700.54
	2028-2032	240,930,000.00	70,679,449.64	311,609,449.64
	2033-2037	119,550,000.00	37,673,851.71	157,223,851.71
	2038-2042	173,480,000.00	15,487,403.43	188,967,403.43
	2043-2047	15,710,000.00	1,254,580.39	16,964,580.39
	2048-2050	1,610,000.00	70,511.00	1,680,511.00
		\$ 839,475,000.00	\$ 239,544,025.84	\$ 1,079,019,025.84

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**Texas Tech University System (793)  
 Combined Schedule 2D - Analysis of Funds Available for Debt Service  
 For the Year Ended August 31, 2022**

<u>Pledged and Other Sources and Related Expenditures for FY 2022</u>				
<u>Description of Issue</u>	<u>Net Available for Debt Service</u>			
	<u>Total Pledged and Other Sources</u>	<u>Operating Expenses/Expenditures and Capital Outlay</u>	<u>Debt Service</u>	
			<u>Principal</u>	<u>Interest</u>
Revenue Bonds:				
Rev Fin Sys Rev Ref & Imp Bds Ser '12B			\$ 575,000.00	\$ 65,993.18
Rev Fin Sys Bldg Rev & Ref Bds Ser '15A			1,030,000.00	2,154,856.26
Rev Fin Sys Bldg Rev & Ref Bds Ser '15B			490,000.00	7,244.65
Rev Fin Sys Rev & Ref Bds Ser '16A			3,065,000.00	2,631,275.00
Rev Fin Sys Rev & Ref Bds Ser '16B			680,000.00	297,349.70
Rev Fin Sys Ref & Imp Bds 16th Ser '15A			1,855,000.00	2,410,581.26
Rev Fin Sys Ref & Imp Bds Tax 17th Ser '15B			15,665,000.00	3,885,104.96
Rev Fin Sys Ref & Imp Bds Ser '17A			3,825,000.00	3,141,625.00
Rev Fin Sys Ref & Imp Bds Tax Ser '17B			21,620,000.00	6,890,857.93
Rev Fin Sys Ref & Imp Bds Tax Ser '20			14,785,000.00	6,626,730.00
<b>Total</b>	<b>\$ 795,950,872.98</b>	<b>(B)</b>	<b>\$ 63,590,000.00</b>	<b>\$ 28,111,617.94</b>

(A) Beginning balances as of 09/01/21 of \$1,256,623,334.10 are not included in "Total Pledged and Other Sources".  
 (B) Expenditures associated with pledged sources were approximately \$784,378,219.42.

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**Texas Tech University System (793)**  
**Combined Schedule 2E - Defeased Bonds Outstanding**  
**For the Year Ended August 31, 2022**

<b>Description of Issue</b>	<b>Year Defeased</b>	<b>Par Value Outstanding</b>
Revenue Bonds		
Revenue Financing System Revenue and Refunding Bonds 2007	2015	\$ 11,215,000.00
Revenue Financing System Revenue and Refunding Bonds 2008	2016	23,995,000.00
Revenue Financing System Revenue and Refunding Bonds 2010	2016	<u>4,625,000.00</u>
		<u>\$ 39,835,000.00</u>



UNAUDITED

**Texas Tech University System (793)**  
**Combined Schedule 2F - Early Extinguishment and Refunding**  
**For the Year Ended August 31, 2022**

Description of Issue	Category	Amount Extinguished or Refunded	Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
Revenue Bonds					
Total		\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

UNAUDITED

**Texas Tech University System (793)**  
**Combined Schedule 3 - Reconciliation of Cash in State Treasury**  
**For the Year Ended August 31, 2022**

<b>Cash in State Treasury</b>	<b>Current Unrestricted</b>	<b>Current Restricted</b>
Local Revenue (Fund 0227)	4,961,002.55	0.00
Local Revenue (Fund 0239)	19,175,781.34	0.00
Local Revenue (Fund 0255)	5,647,611.00	0.00
Local Revenue (Fund 0264)	4,414,304.50	0.00
Local Revenue (Fund 0294)	8,937,109.02	0.00
Local Revenue (Fund 0325)	0.00	954,083.24
Permanent Health Fund - El Paso Campus (Fund 0820)	4,844,834.65	0.00
Permanent Health Fund - Other Campuses (Fund 0821)	7,603,320.57	0.00
Total Cash in State Treasury	<u>\$ 55,583,963.63</u>	<u>\$ 954,083.24</u>

UNAUDITED

**Texas Tech University System (793)  
 Combined Schedule 4A - TTU System's Proportionate Share of Net Pension Liability  
 For the Years Ended August 31**

	2022	2021	2020	2019	2018	2017	2016	2015
TTU System's proportion of the net pension liability	0.6147036 %	0.6024890 %	0.6116105 %	0.6081304 %	0.5766112 %	0.5788987 %	0.5280855 %	0.6064722 %
TTU System's proportionate share of net pension liability	\$156,543,241.00	\$322,680,807.00	\$317,934,234.00	\$334,729,720.00	\$184,369,216.00	\$218,757,231.00	\$186,671,195.00	\$162,030,163.64
TTU System's covered payroll	\$306,493,078.63	\$292,393,180.74	\$276,644,114.00	\$265,427,058.00	\$242,817,459.00	\$235,859,714.00	\$203,038,968.00	\$222,298,083.81
TTU System's proportionate share of net pension liability as a percentage of its covered payroll	51.08 %	110.36 %	114.93 %	126.11 %	75.93 %	92.75 %	91.94 %	72.89 %
Plan fiduciary net position as a percentage of the total pension liability	75.54 %	75.24 %	75.24 %	73.74 %	82.17 %	78.00 %	78.43 %	83.25 %

Note: This schedule is intended to present 10 years of information. Currently only eight years of information is available. Information for future years will be added when it becomes available.

UNAUDITED

**Texas Tech University System (793)  
 Combined Schedule 4B - TTU System's TRS Employer Contributions  
 For the Years Ended August 31**

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$27,833,351.11	\$27,280,283.76	\$26,225,862.22	\$20,836,024.00	\$19,279,706.00	\$18,680,089.00	\$16,750,715.00	\$19,273,243.86
Contributions in relation to the statutorily required contributions	28,235,854.00	24,858,860.00	21,407,103.00	20,486,374.00	18,861,478.00	18,429,661.00	15,681,265.00	15,253,844.56
Contribution deficiency (excess)	(402,502.89)	2,421,423.76	4,818,759.22	349,650.00	418,228.00	250,428.00	1,069,450.00	4,019,399.30
TTU System's covered payroll	306,493,078.63	292,393,180.74	276,644,114.00	265,427,058.00	242,817,459.00	235,859,714.00	203,038,968.00	222,298,083.81
Contributions as a percentage of covered payroll	9.21 %	8.50 %	7.74 %	7.72 %	7.77 %	7.81 %	7.72 %	6.86 %

Note: This schedule is intended to present 10 years of information. Currently only eight years of information is available. Information for future years will be added when it becomes available.

UNAUDITED

**Texas Tech University System (793)**  
**Combined Schedule 5A - TTU System's Proportionate Share of Net OPEB Liability**  
**For the Years Ended August 31**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
TTU System's proportion of the net OPEB liability	2.8428150 %	2.6962363 %	2.6636141 %	2.7025980 %	0.8421099 %
TTU System's proportionate share of the net OPEB liability	\$ 1,019,874,320.00	\$ 890,961,356.00	\$ 920,616,292.00	\$ 800,989,039.00	\$ 286,932,208.00
TTU System's covered payroll	339,336,905.00	341,215,363.00	328,158,007.00	332,960,835.00	98,908,419.00
TTU System's proportionate share of the net OPEB liability as a percentage of its covered payroll	300.55 %	261.11 %	280.54 %	240.57 %	290.10 %
Plan fiduciary net position as a percentage of the total OPEB liability	0.38 %	0.32 %	0.17 %	1.28 %	2.04 %

Note: This schedule is intended to present 10 years of information. Currently only five years of information is available. Information for future years will be added when it becomes available.

UNAUDITED

**Texas Tech University System (793)  
 Combined Schedule 5B - TTU System's ERS Employer Contributions  
 For the Years Ended August 31**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Statutorily required contributions	\$ 73,351,597.00	\$ 69,838,893.00	\$ 71,576,849.00	\$ 63,041,982.00	\$ 22,862,931.00
Contributions in relation to the statutorily required contributions	22,909,612.00	21,195,278.00	11,226,273.00	8,745,978.00	7,892,593.19
Contribution deficiency (excess)	50,441,985.00	48,643,615.00	60,350,576.00	54,296,004.00	14,970,337.81
TTU System's covered payroll	339,336,905.00	341,215,363.00	328,158,007.00	332,960,835.00	98,908,419.00
Contributions as a percentage of covered payroll	6.75 %	6.21 %	3.42 %	2.63 %	7.98 %

Note: This schedule is intended to present 10 years of information. Currently only five years of information is available. Information for future years will be added when it becomes available.

UNAUDITED

Texas Tech University System (793)  
 Combined Matrix of Operating Expenses Reported by Function  
 For the Years Ended August 31, 2022 and 2021

OPERATING EXPENSES	INSTRUCTION	RESEARCH	PUBLIC SERVICE	HOSPITALS & CLINICS	ACADEMIC SUPPORT	STUDENT SERVICES	INSTITUTIONAL SUPPORT
Cost of Goods Sold	\$ 77,917.22	\$ 284.04	\$ 25,925.29	\$ 0.00	\$ 24,123.67	\$ 1,303.47	\$ 886,383.57
Salaries and Wages	487,594,626.38	136,501,011.36	75,135,120.16	75,132,954.59	141,440,015.71	47,934,215.10	75,683,594.66
Payroll Related Costs	147,950,371.71	48,996,741.12	24,790,945.44	31,651,373.44	52,813,875.88	18,326,583.80	40,861,766.72
Professional Fees and Services	8,351,192.72	5,450,760.62	49,047,165.45	4,544,112.34	11,109,138.10	4,926,073.91	22,887,001.50
Travel	5,081,324.29	5,060,817.95	1,445,612.19	51,967.19	4,263,175.48	2,929,167.34	1,413,489.88
Materials and Supplies	10,592,168.81	15,030,700.85	14,292,158.43	10,003,871.49	16,967,433.38	6,702,749.88	4,063,421.69
Communications and Utilities	2,357,890.30	1,667,131.94	874,514.90	613,173.38	12,049,009.24	2,493,041.73	1,456,460.34
Repairs and Maintenance	1,901,786.05	4,002,272.14	972,743.58	469,729.56	8,568,081.64	2,676,848.15	2,490,132.52
Rentals and Leases	2,260,983.64	1,088,981.90	1,121,637.26	531,153.27	6,477,096.28	5,050,226.04	2,784,724.68
Printing and Reproduction	322,093.13	563,862.48	408,134.17	167,863.38	978,542.28	999,526.20	776,316.09
Federal Grant Pass-Through Expense	63,714.76	142,969.50	538,682.18	0.00	0.00	0.00	0.00
State Grant Pass-Through Expense	0.00	201,927.95	0.00	0.00	0.00	0.00	0.00
Depreciation and Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bad Debt Expense	0.00	0.00	0.00	0.00	0.00	530,806.33	259,347.04
Interest	1,749.94	2,694.94	400.71	448.34	4,713.03	822.97	1,551.35
Scholarships	2,379,659.97	4,521,074.77	14,222.77	0.00	1,672,346.57	109,615.16	14,595.00
Net Change in Pollution Remediation Obligation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Claims and Judgments	2,000.00	0.00	72,300.00	0.00	992,942.49	0.00	32,500.00
Other Operating Expenses	13,019,607.36	20,191,382.02	8,567,694.02	2,243,742.44	71,255,324.15	17,080,155.30	17,548,480.70
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 681,957,086.28</b>	<b>\$ 243,422,613.58</b>	<b>\$ 177,307,256.55</b>	<b>\$ 125,410,389.42</b>	<b>\$ 328,615,817.90</b>	<b>\$ 109,761,135.38</b>	<b>\$ 171,159,765.74</b>

UNAUDITED

Texas Tech University System (793)  
 Combined Matrix of Operating Expenses Reported by Function  
 For the Years Ended August 31, 2022 and 2021

OPERATING EXPENSES	OPERATION & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	GRAND TOTAL	Restated 2021
Cost of Goods Sold	\$ 0.00	\$ 0.00	\$ 12,173,013.30	\$ 0.00	\$ 13,188,950.56	\$ 10,675,672.85
Salaries and Wages	24,887,659.85	8,641.18	68,674,159.38	0.00	1,132,991,998.37	1,041,591,942.03
Payroll Related Costs	8,929,488.20	576.09	27,188,002.96	0.00	401,509,725.36	416,525,431.14
Professional Fees and Services	3,092,963.49	500.00	3,476,039.56	0.00	112,884,947.69	88,709,426.66
Travel	64,563.38	0.00	12,150,181.57	0.00	32,460,299.27	10,389,454.09
Materials and Supplies	5,768,259.29	0.00	17,326,084.21	0.00	100,746,848.03	82,537,010.68
Communications and Utilities	31,854,993.66	0.00	13,330,850.00	0.00	66,697,065.49	56,363,114.30
Repairs and Maintenance	25,883,569.87	0.00	13,429,780.84	0.00	60,394,944.35	48,467,153.60
Rentals and Leases	629,083.52	0.00	2,423,377.81	0.00	22,367,264.40	20,607,776.49
Printing and Reproduction	27,451.22	0.00	564,191.47	0.00	4,807,980.42	3,754,080.32
Federal Grant Pass-Through Expense	0.00	0.00	0.00	0.00	745,366.44	898,051.37
State Grant Pass-Through Expense	0.00	0.00	0.00	0.00	201,927.95	92,968.63
Depreciation and Amortization	0.00	0.00	0.00	176,831,355.53	176,831,355.53	151,567,072.56
Bad Debt Expense	0.00	140,000.00	310,186.13	0.00	1,240,339.50	468,500.71
Interest	1,705.14	0.00	201.42	0.00	14,287.84	15,417.90
Scholarships	0.00	143,115,824.24	0.00	0.00	151,827,338.48	102,397,589.14
Net Change in Pollution Remediation Obligation	0.00	0.00	0.00	0.00	0.00	506,884.00
Claims and Judgments	0.00	0.00	645,350.00	0.00	1,745,092.49	523,707.54
Other Operating Expenses	20,201,910.21	8,782.47	24,585,779.12	0.00	194,702,857.79	124,144,562.35
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 121,341,647.83</b>	<b>\$ 143,274,323.98</b>	<b>\$ 196,277,197.77</b>	<b>\$ 176,831,355.53</b>	<b>\$2,475,358,589.96</b>	<b>\$2,160,235,816.36</b>



UNAUDITED  
TEXAS TECH UNIVERSITY SYSTEM (793)

**FIDUCIARY  
FINANCIAL STATEMENTS**

**Texas Tech University System (793)**  
**Combined Statement of Fiduciary Net Position**  
**For the Years Ended August 31, 2022 and 2021**

	Custodial Funds	External Investment Pool Non-Trusted	Total 2022	2021
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,814,018.36	\$ 0.00	\$ 4,814,018.36	\$ 3,915,724.81
Investments (Note 3)	0.00	12,766,537.80	12,766,537.80	13,471,050.10
Other Assets	15,000.00	0.00	15,000.00	0.00
Total Assets	<u>4,829,018.36</u>	<u>12,766,537.80</u>	<u>17,595,556.16</u>	<u>17,386,774.91</u>
<b>LIABILITIES</b>				
Accounts Payable	0.00	0.00	0.00	30,871.20
Unearned Revenue	0.00	0.00	0.00	47,700.00
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>78,571.20</u>
<b>NET POSITION</b>				
Restricted for Pool Participants	0.00	12,766,537.80	12,766,537.80	13,471,050.10
Fiduciary Net Position Other Purposes	4,829,018.36	0.00	4,829,018.36	3,837,153.61
Total Net Position	<u>\$ 4,829,018.36</u>	<u>\$ 12,766,537.80</u>	<u>\$ 17,595,556.16</u>	<u>\$ 17,308,203.71</u>

The accompanying Notes to the Combined Financial Statements are an integral part of this statement.

**Texas Tech University System (793)**  
**Combined Statement of Changes in Fiduciary Net Position**  
**For the Years Ended August 31, 2022 and 2021**

	Custodial Funds	External Investment Pool Non-Trusted	Total 2022	2021
<b>Additions:</b>				
Investment Income:				
From Investing Activities:				
Net Increase (Decrease) in Fair Value of Investments	\$ 0.00	\$ (233,524.84)	\$ (233,524.84)	\$ 3,228,689.67
Interest, Dividends and Other	85,274.13	148,846.65	234,120.78	(133,233.50)
Total Investing Income (Loss)	85,274.13	(84,678.19)	595.94	3,095,456.17
Less Investing Activities Expense	6,709.24	83,439.21	90,148.45	80,810.13
Net Income (Loss) from Investing Activities	78,564.89	(168,117.40)	(89,552.51)	3,014,646.04
Total Net Investment Income (Loss)	78,564.89	(168,117.40)	(89,552.51)	3,014,646.04
Other Additions:				
Other Revenue	2,158,167.54	0.00	2,158,167.54	1,797,107.44
Total Other Additions	2,158,167.54	0.00	2,158,167.54	1,797,107.44
<b>Total Additions</b>	<b>2,236,732.43</b>	<b>(168,117.40)</b>	<b>2,068,615.03</b>	<b>4,811,753.48</b>
<b>Deductions:</b>				
Other Expenses	1,244,867.68	536,394.90	1,781,262.58	1,425,512.65
<b>Total Deductions</b>	<b>1,244,867.68</b>	<b>536,394.90</b>	<b>1,781,262.58</b>	<b>1,425,512.65</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 991,864.75</b>	<b>\$ (704,512.30)</b>	<b>\$ 287,352.45</b>	<b>\$ 3,386,240.83</b>
<b>Net Position:</b>				
<b>Beginning Net Position (September 1)</b>	3,837,153.61	13,471,050.10	17,308,203.71	13,921,962.88
<b>Restatement (Note 14)</b>	0.00	0.00	0.00	0.00
<b>Beginning Net Position (September 1) as Restated</b>	3,837,153.61	13,471,050.10	17,308,203.71	13,921,962.88
<b>Ending Net Position (August 31)</b>	<b>\$ 4,829,018.36</b>	<b>\$ 12,766,537.80</b>	<b>\$ 17,595,556.16</b>	<b>\$ 17,308,203.71</b>

The accompanying Notes to the Combined Financial Statements are an integral part of this statement.

UNAUDITED  
TEXAS TECH UNIVERSITY SYSTEM (793)

**DISCRETELY PRESENTED  
COMPONENT UNITS  
The Angelo State University  
Robert G. Carr and Nona K. Carr  
Scholarship Foundation  
and  
Texas Tech Research Park, Inc.**

UNAUDITED

**Texas Tech University System (793)**  
**Statement of Net Position**  
**Discretely Presented Component Units**  
**The Angelo State University Robert G. Carr and Nona K. Carr Scholarship Foundation**  
**and Texas Tech Research Park, Inc.**  
**August 31, 2022 and 2021**

	Carr Scholarship Foundation	Texas Tech Research Park	2022	Restated 2021
<b>ASSETS</b>				
Current Assets:				
Unrestricted Cash and Cash Equivalents	\$ 0.00	\$ 14,625.00	\$ 14,625.00	\$ 0.00
Restricted Cash and Cash Equivalents	96,361.74	0.00	96,361.74	74,876.01
Accounts Receivable	524,326.17	0.00	524,326.17	141,038.95
Total Current Assets	<u>620,687.91</u>	<u>14,625.00</u>	<u>635,312.91</u>	<u>215,914.96</u>
Non-Current Assets:				
Restricted Cash and Cash Equivalents	298,882.68	0.00	298,882.68	475,087.75
Restricted Investments (Note 3)	170,400,046.60	0.00	170,400,046.60	166,811,232.19
Total Non-Current Assets	<u>170,698,929.28</u>	<u>0.00</u>	<u>170,698,929.28</u>	<u>167,286,319.94</u>
Total Assets	<u>\$171,319,617.19</u>	<u>\$ 14,625.00</u>	<u>\$171,334,242.19</u>	<u>\$ 167,502,234.90</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 44.50	\$ 116,509.00	\$ 116,553.50	\$ 0.00
Payroll Payable	14,875.78	0.00	14,875.78	14,802.15
Employees' Compensable Leave (Note 5)	0.00	0.00	0.00	58.83
Total Current Liabilities	<u>14,920.28</u>	<u>116,509.00</u>	<u>131,429.28</u>	<u>14,860.98</u>
Employees' Compensable Leave (Note 5)	21,301.95	0.00	21,301.95	19,444.85
Total Non-Current Liabilities	<u>21,301.95</u>	<u>0.00</u>	<u>21,301.95</u>	<u>19,444.85</u>
Total Liabilities	<u>\$ 36,222.23</u>	<u>\$ 116,509.00</u>	<u>\$ 152,731.23</u>	<u>\$ 34,305.83</u>
<b>NET POSITION</b>				
Restricted:				
Nonexpendable:				
Endowments	\$171,223,255.45	\$ 0.00	\$171,223,255.45	\$ 156,145,665.41
Expendable:				
Other	60,139.51	0.00	60,139.51	11,322,263.66
Unrestricted	0.00	(101,884.00)	(101,884.00)	0.00
Total Net Position	<u>\$171,283,394.96</u>	<u>\$ (101,884.00)</u>	<u>\$171,181,510.96</u>	<u>\$ 167,467,929.07</u>

The accompanying Notes to the Combined Financial Statements are an integral part of this statement.

UNAUDITED

**Texas Tech University System (793)**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Discretely Presented Component Units**  
**The Angelo State University Robert G. Carr and Nona K. Carr Scholarship Foundation**  
**and Texas Tech Research Park, Inc.**  
**For the Years Ended August 31, 2022 and 2021**

	Carr Scholarship Foundation	Texas Tech Research Park	2022	Restated 2021
Operating Revenues				
Total Operating Revenues	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Operating Expenses				
Salaries and Wages	203,262.80	0.00	203,262.80	192,813.37
Payroll Related Costs	65,428.90	0.00	65,428.90	61,795.83
Professional Fees and Services	21,500.00	36,812.00	58,312.00	33,624.44
Travel	2,867.09	7,179.00	10,046.09	1,309.68
Materials and Supplies	60,490.20	0.00	60,490.20	52,772.79
Communications and Utilities	1,207.97	0.00	1,207.97	1,126.27
Repairs and Maintenance	6.74	0.00	6.74	0.00
Rentals and Leases	250.00	6,039.00	6,289.00	0.00
Printing and Reproduction	883.95	0.00	883.95	160.10
Other Operating Expenses	14,536.95	7,945.00	22,481.95	7,956.32
Total Operating Expenses	370,434.60	57,975.00	428,409.60	351,558.80
Operating Income (Loss)	(370,434.60)	(57,975.00)	(428,409.60)	(351,558.80)
Nonoperating Revenues (Expenses)				
Investment Income (Expense)	9,310,513.04	0.00	9,310,513.04	(5,425,514.98)
Net Increase (Decrease) in Fair Value of Investments	(3,562,615.48)	0.00	(3,562,615.48)	36,446,898.35
Other Nonoperating Revenues (Expenses) - Pledged	(1,561,997.07)	0.00	(1,561,997.07)	(4,221,562.02)
Total Nonoperating Revenues (Expenses)	4,185,900.49	0.00	4,185,900.49	26,799,821.35
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	3,815,465.89	(57,975.00)	3,757,490.89	26,448,262.55
Other Revenues, Expenses, Gains, Losses, and Transfers				
Total Other Revenues, Expenses, Gains, Losses, and Transfers	0.00	0.00	0.00	0.00
Total Change in Net Position	3,815,465.89	(57,975.00)	3,757,490.89	26,448,262.55
Beginning Net Position (September 1)	167,467,929.07	0.00	167,467,929.07	141,019,666.52
Restatement of Beginning Net Position (Note 14)	0.00	(43,909.00)	(43,909.00)	0.00
Beginning Net Position (September 1) as Restated	167,467,929.07	(43,909.00)	167,424,020.07	141,019,666.52
Ending Net Position (August 31)	\$171,283,394.96	\$ (101,884.00)	\$171,181,510.96	\$167,467,929.07

The accompanying Notes to the Combined Financial Statements are an integral part of this statement.

UNAUDITED  
TEXAS TECH UNIVERSITY SYSTEM (793)

**COMPONENT INSTITUTION  
ANNUAL FINANCIAL STATEMENTS**

**Texas Tech University  
Texas Tech University Health Sciences Center  
Texas Tech University Health Sciences Center at El Paso  
Angelo State University  
Midwestern State University  
Texas Tech University System Administration**

UNAUDITED

**Texas Tech University (733)  
Statement of Net Position  
August 31, 2022 and 2021**

	2022	Restated 2021
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 70,828,442.65	\$ 84,248,731.70
Restricted Cash and Cash Equivalents	3,205,150.03	3,167,834.56
Legislative Appropriations	171,371,645.24	149,469,661.52
Receivables:		
Federal	30,635,405.94	37,421,784.69
Student	8,531,132.79	8,553,993.58
Accounts	6,291,481.96	5,898,444.86
Interest and Dividends	1,058,789.05	869,820.21
Gifts	760,663.80	650,566.62
Leases	543,179.21	538,768.13
Other	940,764.07	1,140,697.43
Due From Other State Agencies	10,301,136.42	3,018,072.90
Inventories	3,953,031.43	4,694,914.01
Prepaid Items	53,690,833.13	50,845,731.71
Loans and Contracts	337,416.19	344,043.75
Other Current Assets	940,236.91	937,035.42
Total Current Assets	363,389,308.82	351,800,101.09
Non-Current Assets:		
Restricted Cash and Cash Equivalents	14,345,598.80	423,740.36
Restricted Investments	299,282,353.99	302,088,853.98
Gifts Receivable	62,629,539.06	6,920,590.05
Leases Receivable	6,399,469.66	6,942,648.89
Investments	908,591,314.02	883,572,879.50
Capital Assets		
Non-Depreciable or Non-Amortizable	158,803,813.19	197,073,060.18
Depreciable or Amortizable	2,487,358,196.85	2,466,067,850.49
Accumulated Depreciation and Amortization	(1,441,030,439.25)	(1,458,451,364.90)
Right to Use Assets		
Amortizable	3,464,084.87	3,118,065.05
Accumulated Amortization	(1,526,554.37)	(840,117.35)
Other Noncurrent Assets	101,878.77	0.00
Total Non-Current Assets	2,498,419,255.59	2,406,916,206.25
Total Assets	\$ 2,861,808,564.41	\$ 2,758,716,307.34



UNAUDITED

**Texas Tech University (733)  
Statement of Net Position  
August 31, 2022 and 2021**

	2022	Restated 2021
	<u>2022</u>	<u>2021</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 21,961,870.75	\$ 25,614,429.58
Payroll Payable	43,132,396.31	41,099,233.93
Unearned Revenue	204,456,693.43	211,357,870.65
Due to Other State Agencies	4,606,890.41	1,492,248.85
Employees' Compensable Leave	2,315,509.11	2,344,088.23
Right to Use Lease Obligations	821,890.40	904,354.98
Funds Held for Others	8,716,944.69	8,020,678.00
Other Current Liabilities	4,471,995.96	4,520,455.16
Total Current Liabilities	<u>290,484,191.06</u>	<u>295,353,359.38</u>
Non-Current Liabilities:		
Employees' Compensable Leave	15,446,009.50	16,058,530.79
Right to Use Lease Obligations	1,091,966.44	1,400,657.68
Pollution Remediation Obligation	1,529,525.50	1,529,525.50
Other Non-Current Liabilities	2,000,000.00	0.00
Total Non-Current Liabilities	<u>20,067,501.44</u>	<u>18,988,713.97</u>
Total Liabilities	<u>\$ 310,551,692.50</u>	<u>\$ 314,342,073.35</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows of Resources	29,869,592.63	28,742,431.98
Total Deferred Inflows of Resources	<u>\$ 29,869,592.63</u>	<u>\$ 28,742,431.98</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 1,201,253,244.37	\$ 1,196,368,822.39
Restricted:		
Nonexpendable:		
Endowments	104,932,691.87	104,777,724.99
Expendable:		
Capital Projects	67,972,205.48	2,117,210.15
Other	215,630,390.97	207,026,542.48
Unrestricted	<u>931,598,746.59</u>	<u>905,341,502.00</u>
Total Net Position	<u>\$ 2,521,387,279.28</u>	<u>\$ 2,415,631,802.01</u>

UNAUDITED

**Texas Tech University (733)**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
Operating Revenues		
Tuition and Fees	\$ 7,156,389.54	\$ 6,993,515.08
Tuition and Fees - Pledged	504,578,392.83	471,356,885.07
Less Discounts and Allowances	(124,867,555.56)	(121,055,561.55)
Sales and Services of Auxiliary Enterprises - Pledged	165,173,661.37	134,410,310.63
Other Sales and Services	6,321,573.49	5,937,883.18
Other Sales and Services - Pledged	11,710,776.96	9,996,146.76
Federal Grants and Contracts	49,865,321.25	40,628,528.29
Federal Grant Pass-Throughs from Other State Agencies	5,460,702.93	3,823,575.89
State Grants and Contracts	722,084.92	499,108.85
State Grant Pass-Throughs from Other State Agencies	27,048,430.43	18,984,207.11
Local Governmental Grants and Contracts	1,770,401.72	897,267.05
Nongovernmental Grants and Contracts	18,010,319.10	15,121,789.75
Total Operating Revenues	672,950,498.98	587,593,656.11
Operating Expenses		
Cost of Goods Sold	13,188,950.56	10,675,660.87
Salaries and Wages	443,883,262.87	411,751,971.30
Payroll Related Costs	129,482,691.27	123,235,250.63
Professional Fees and Services	26,545,259.06	20,056,218.77
Travel	24,544,138.72	8,780,147.07
Materials and Supplies	43,258,579.79	38,298,204.45
Communications and Utilities	34,348,940.54	31,558,481.98
Repairs and Maintenance	31,702,773.80	22,411,547.59
Rentals and Leases	17,278,094.43	15,415,256.96
Printing and Reproduction	2,430,507.99	2,010,522.33
Federal Grant Pass-Through Expense	762,655.85	684,802.59
State Grant Pass-Through Expense	3,269.00	24,003.94
Depreciation and Amortization	97,341,011.05	93,781,027.68
Interest	5,539.98	9,245.04
Scholarships	104,724,367.92	74,429,865.40
Net Change in Pollution Remediation Obligation	0.00	506,884.00
Claims and Judgments	701,350.00	81,569.93
Other Operating Expenses	74,475,205.24	54,636,097.17
Total Operating Expenses	1,044,676,598.07	908,346,757.70
Operating Income (Loss)	\$ (371,726,099.09)	\$ (320,753,101.59)

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**Texas Tech University (733)**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 238,447,368.41	\$ 194,264,323.70
Federal Grants and Contracts	117,211,685.52	79,362,961.98
Federal Grant Pass-Throughs from Other State Agencies	7,244,942.28	3,032,192.00
Private Gifts	47,005,054.92	41,347,251.36
Private Gifts - Pledged	2,287,086.20	1,888,398.97
Investment Income (Expense)	5,190,051.99	(1,618,919.91)
Investment Income (Expense) - Pledged	21,938,692.52	14,030,017.31
Interest Expense on Capital Asset Financing	0.00	(4,802.78)
Gain (Loss) on Sale and Disposal of Capital Assets	(9,484,082.26)	(592,374.20)
Net Increase (Decrease) in Fair Value of Investments	(86,925,058.89)	129,822,567.99
Interest Expense	(7,346.73)	(7,350.23)
Other Nonoperating Revenues (Expenses)	1,081,985.54	1,683,312.38
Other Nonoperating Revenues (Expenses) - Pledged	4,712,399.54	6,661,867.59
Total Nonoperating Revenues (Expenses)	348,702,779.04	469,869,446.16
 Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	 (23,023,320.05)	 149,116,344.57
 Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEF)	49,874,746.00	49,874,746.00
Capital Contributions	103,594,092.48	62,658,904.52
Contributions to Permanent and Term Endowments	432,981.69	540,520.34
Legislative Transfers In (Out)	(28,156,592.50)	(21,790,017.00)
Interagency Transfers of Capital Assets - Increase	2,944.80	96,996.33
Interagency Transfers of Capital Assets - Decrease	(165,214.74)	(135,775.49)
Net Transfers from (to) Texas Tech University System Components	(5,261,264.60)	181,911.65
Net Transfers from (to) Other State Agencies	8,457,104.19	8,350,873.75
Net Other Revenues, Expenses, Gains, Losses, and Transfers	128,778,797.32	99,778,160.10
 Total Change in Net Position	 105,755,477.27	 248,894,504.67
 Beginning Net Position (September 1)	 2,438,847,465.65	 2,191,296,714.71
 Restatements	 (23,215,663.64)	 (24,559,417.37)
 Ending Net Position (August 31)	 \$ 2,521,387,279.28	 \$ 2,415,631,802.01

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**Texas Tech University (733)**  
**Statement of Cash Flows**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
<b>Cash Flows from Operating Activities</b>		
Proceeds from Customers	\$ 17,893,352.03	\$ 15,761,913.32
Proceeds from Tuition and Fees	389,749,207.99	370,541,121.68
Proceeds from Grants and Contracts	103,041,377.31	79,337,379.10
Proceeds from Sales and Services of Auxiliary Enterprises	171,920,582.55	140,725,641.99
Proceeds from Collections of Loans to Students	384,342.77	483,258.89
Proceeds from Fiduciary Activities (Held 3 Months or Less)	163,247,014.21	165,290,062.80
Payments to Suppliers for Goods and Services	(76,859,591.00)	(64,763,585.58)
Payments to Employees for Salaries	(443,802,117.00)	(411,542,834.68)
Payments to Employees for Benefits	(127,530,674.76)	(123,345,930.50)
Payments for Loans Issued to Students	(377,715.21)	(411,515.18)
Payments for Fiduciary Activities (Held 3 Months or Less)	(162,976,718.63)	(166,203,804.81)
Payments for Other Expenses	(299,319,498.31)	(216,055,288.02)
Net Cash Provided/(Used) by Operating Activities	(264,630,438.05)	(210,183,580.99)
<b>Cash Flows from Noncapital Financing Activities</b>		
Proceeds from State Appropriations	240,852,535.43	181,999,790.69
Proceeds from Gifts	50,206,547.93	44,383,913.22
Proceeds from Nonoperating Grants and Contracts	110,551,911.88	74,040,710.28
Proceeds from Other Financing Activities	5,656,627.22	7,426,514.57
Proceeds from Transfers from Component Institutions	2,709,928.92	368,986.04
Proceeds from Transfers In from Other State Agencies	9,576,399.00	10,119,913.92
Payments for Transfers to Component Institutions	(7,298,043.06)	(5,361,713.44)
Payments for Transfers to Other State Agencies	0.00	(3,686.56)
Payments for Other Uses	(405,095.10)	(331,656.79)
Net Cash Provided/(Used) by Noncapital Financing Activities	411,850,812.22	312,642,771.93
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from Sale of Capital Assets	127,201.01	0.00
Proceeds from Capital Gifts	47,728,635.06	57,018,196.01
Proceeds from Capital Appropriations	25,567,595.26	28,290,296.54
Proceeds from Transfers from Component Institutions	40,926,500.32	89,031,002.81
Payments for Transfers to Component Institutions	(70,932,911.28)	(106,628,331.76)
Payments for Additions to Capital Assets	(108,784,401.51)	(131,328,330.91)
Payments for Principal Paid on Capital Debt	0.00	(230,948.09)
Payments for Interest Paid on Capital Debt	0.00	(11,525.29)
Payments for Leases	(939,563.87)	(819,559.46)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(66,306,945.01)	(64,679,200.15)
<b>Cash Flows from Investing Activities</b>		
Proceeds from Investment Sales and Maturities	66,941,041.50	79,125,245.21
Proceeds from Interest and Investment Income	37,592,325.43	29,944,529.29
Payments to Acquire Investments	(184,907,911.23)	(102,262,119.62)
Net Cash Provided/(Used) by Investing Activities	(80,374,544.30)	6,807,654.88
TOTAL NET CASH FLOWS	\$ 538,884.86	\$ 44,587,645.67

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**Texas Tech University (733)**  
**Statement of Cash Flows**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
Beginning Cash & Cash Equivalents (September 1)	\$ 87,840,306.62	\$ 43,252,660.95
Ending Cash & Cash Equivalents (August 31)	\$ 88,379,191.48	\$ 87,840,306.62
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (371,726,099.09)	\$ (320,753,101.59)
Adjustments:		
Depreciation and Amortization Expense	97,341,011.05	93,781,027.68
(Increase) Decrease in Accounts Receivables	(408,154.90)	(621,578.82)
(Increase) Decrease in Loans and Notes Receivable	6,627.56	71,743.71
(Increase) Decrease in Inventories	741,882.58	(2,043,311.21)
(Increase) Decrease in Other Assets	(3,201.49)	8,221.97
(Increase) Decrease in Due From Other State Agencies	(350,212.31)	(814,956.48)
(Increase) Decrease in Prepaid Items	(2,982,686.38)	(4,426,696.71)
Increase (Decrease) in Accounts Payable	781,381.52	4,886,062.91
Increase (Decrease) in Payroll Payable	81,145.87	209,136.62
Increase (Decrease) in Unearned Revenue	6,945,369.92	20,276,288.10
Increase (Decrease) in Employees' Compensable Leave	(641,100.41)	(382,114.47)
Increase (Decrease) in Due To Other State Agencies	3,467,018.19	(67,352.82)
Increase (Decrease) in Benefits Payable	1,952,016.51	(110,679.87)
Increase (Decrease) in Pollution Remediation Obligation	0.00	506,884.00
Increase (Decrease) in Fiduciary Funds Held 3 Months or Less	270,295.58	(913,742.01)
Increase (Decrease) in Other Liabilities	(105,732.25)	210,588.00
Net Cash Used for Operating Activities	(264,630,438.05)	(210,183,580.99)
Noncash Transactions		
Donations of Capital Assets	1,435,998.11	5,640,708.51
Net Increase (Decrease) in Fair Value of Investments	(86,925,058.89)	129,822,567.99
Other	(9,287,350.66)	510,489.15
Total Noncash Transactions	\$ (94,776,411.44)	\$ 135,973,765.65

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**Texas Tech University (733)**  
**Matrix of Operating Expenses Reported by Function**  
**For the Years Ended August 31, 2022 and 2021**

OPERATING EXPENSES	INSTRUCTION	RESEARCH	PUBLIC SERVICE	ACADEMIC SUPPORT	STUDENT SERVICES	INSTITUTIONAL SUPPORT
Cost of Goods Sold	\$ 77,917.22	\$ 284.04	\$ 25,925.29	\$ 24,123.67	\$ 1,303.47	\$ 886,383.57
Salaries and Wages	151,523,577.43	106,298,487.03	8,590,907.97	58,178,282.87	24,404,539.77	23,874,280.74
Payroll Related Costs	47,264,593.87	32,263,535.71	2,859,107.68	16,433,384.61	6,983,821.33	6,783,689.27
Professional Fees and Services	700,282.64	4,415,507.98	699,542.52	2,390,262.62	710,441.25	15,571,365.19
Travel	3,080,488.74	4,619,125.61	709,149.81	2,619,286.48	1,663,784.80	356,107.96
Materials and Supplies	6,266,808.39	11,360,899.23	1,706,054.49	7,664,400.25	2,681,635.21	1,409,555.73
Communications and Utilities	1,163,039.90	1,489,618.10	320,133.89	1,956,266.68	1,107,833.83	254,238.08
Repairs and Maintenance	947,455.91	2,233,988.95	459,337.70	2,532,066.03	998,764.85	337,901.71
Rentals and Leases	1,862,034.70	1,032,339.58	579,393.44	4,414,863.50	4,669,396.36	2,158,481.09
Printing and Reproduction	138,253.38	324,690.68	100,911.13	435,542.93	529,936.60	387,432.29
Federal Grant Pass-Through Expense	85,053.48	129,357.94	548,244.43	0.00	0.00	0.00
State Grant Pass-Through Expense	0.00	3,269.00	0.00	0.00	0.00	0.00
Depreciation and Amortization	0.00	0.00	0.00	0.00	0.00	0.00
Interest	902.51	2,502.40	178.33	515.96	153.90	20.79
Scholarships	2,294,887.92	4,325,532.59	14,222.77	416,268.52	101,030.16	12,095.00
Net Change in Pollution Remediation Obligation	0.00	0.00	0.00	0.00	0.00	0.00
Claims and Judgments	2,000.00	0.00	2,300.00	19,200.00	0.00	32,500.00
Other Operating Expenses	3,838,559.66	12,906,748.68	2,324,352.23	7,470,739.81	12,642,847.40	5,232,639.14
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 219,245,855.75</b>	<b>\$ 181,405,887.52</b>	<b>\$ 18,939,761.68</b>	<b>\$ 104,555,203.93</b>	<b>\$ 56,495,488.93</b>	<b>\$ 57,296,690.56</b>

UNAUDITED

**Texas Tech University (733)**  
**Matrix of Operating Expenses Reported by Function**  
**For the Years Ended August 31, 2022 and 2021**

OPERATING EXPENSES	OPERATIONS & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	GRAND TOTAL	Restated 2021
Cost of Goods Sold	\$ 0.00	\$ 0.00	\$ 12,173,013.30	\$ 0.00	\$ 13,188,950.56	\$ 10,675,660.87
Salaries and Wages	10,056,597.80	0.00	60,956,589.26	0.00	443,883,262.87	411,751,971.30
Payroll Related Costs	3,116,834.16	0.00	13,777,724.64	0.00	129,482,691.27	123,235,250.63
Professional Fees and Services	358,593.66	0.00	1,699,263.20	0.00	26,545,259.06	20,056,218.77
Travel	27,557.44	0.00	11,468,637.88	0.00	24,544,138.72	8,780,147.07
Materials and Supplies	3,867,301.47	0.00	8,301,925.02	0.00	43,258,579.79	38,298,204.45
Communications and Utilities	17,606,585.30	0.00	10,451,224.76	0.00	34,348,940.54	31,558,481.98
Repairs and Maintenance	13,304,688.57	0.00	10,888,570.08	0.00	31,702,773.80	22,411,547.59
Rentals and Leases	464,996.08	0.00	2,096,589.68	0.00	17,278,094.43	15,415,256.96
Printing and Reproduction	6,055.67	0.00	507,685.31	0.00	2,430,507.99	2,010,522.33
Federal Grant Pass-Through Expense	0.00	0.00	0.00	0.00	762,655.85	684,802.59
State Grant Pass-Through Expense	0.00	0.00	0.00	0.00	3,269.00	24,003.94
Depreciation and Amortization	0.00	0.00	0.00	97,341,011.05	97,341,011.05	93,781,027.68
Interest	1,114.90	0.00	151.19	0.00	5,539.98	9,245.04
Scholarships	0.00	97,560,330.96	0.00	0.00	104,724,367.92	74,429,865.40
Net Change in Pollution Remediation Obligation	0.00	0.00	0.00	0.00	0.00	506,884.00
Claims and Judgments	0.00	0.00	645,350.00	0.00	701,350.00	81,569.93
Other Operating Expenses	7,305,033.47	0.00	22,754,284.85	0.00	74,475,205.24	54,636,097.17
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 56,115,358.52</b>	<b>\$ 97,560,330.96</b>	<b>\$ 155,721,009.17</b>	<b>\$ 97,341,011.05</b>	<b>\$ 1,044,676,598.07</b>	<b>\$ 908,346,757.70</b>

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**Texas Tech University (733)**  
**Combined Statement of Fiduciary Net Position**  
**For the Years Ended August 31, 2022 and 2021**

	Custodial Funds	External Investment Pool Non-Trusted	Total 2022	2021
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,814,018.36	\$ 0.00	\$ 4,814,018.36	\$ 3,915,724.81
Investments	0.00	12,766,537.80	12,766,537.80	13,471,050.10
Other Assets	15,000.00	0.00	15,000.00	0.00
Total Assets	<u>4,829,018.36</u>	<u>12,766,537.80</u>	<u>17,595,556.16</u>	<u>17,386,774.91</u>
<b>LIABILITIES</b>				
Accounts Payable	0.00	0.00	0.00	30,871.20
Unearned Revenue	0.00	0.00	0.00	47,700.00
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>78,571.20</u>
<b>NET POSITION</b>				
Restricted for Pool Participants	0.00	12,766,537.80	12,766,537.80	13,471,050.10
Fiduciary Net Position Other Purposes	4,829,018.36	0.00	4,829,018.36	3,837,153.61
Total Net Position	<u>\$ 4,829,018.36</u>	<u>\$ 12,766,537.80</u>	<u>\$ 17,595,556.16</u>	<u>\$ 17,308,203.71</u>



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**Texas Tech University (733)**  
**Combined Statement of Changes in Fiduciary Net Position**  
**For the Years Ended August 31, 2022 and 2021**

	Custodial Funds	External Investment Pool Non-Trusted	Total 2022	2021
<b>Additions:</b>				
Investment Income:				
From Investing Activities:				
Net Increase (Decrease) in Fair Value of Investments	\$ 0.00	\$ (233,524.84)	\$ (233,524.84)	\$ 3,228,689.67
Interest, Dividends and Other	85,274.13	148,846.65	234,120.78	(133,233.50)
Total Investing Income (Loss)	85,274.13	(84,678.19)	595.94	3,095,456.17
Less Investing Activities Expense	6,709.24	83,439.21	90,148.45	80,810.13
Net Income (Loss) from Investing Activities	78,564.89	(168,117.40)	(89,552.51)	3,014,646.04
Total Net Investment Income (Loss)	78,564.89	(168,117.40)	(89,552.51)	3,014,646.04
Other Additions:				
Other Revenue	2,158,167.54	0.00	2,158,167.54	1,797,107.44
Total Other Additions	2,158,167.54	0.00	2,158,167.54	1,797,107.44
<b>Total Additions</b>	<b>2,236,732.43</b>	<b>(168,117.40)</b>	<b>2,068,615.03</b>	<b>4,811,753.48</b>
<b>Deductions:</b>				
Other Expenses	1,244,867.68	536,394.90	1,781,262.58	1,425,512.65
<b>Total Deductions</b>	<b>1,244,867.68</b>	<b>536,394.90</b>	<b>1,781,262.58</b>	<b>1,425,512.65</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 991,864.75</b>	<b>\$ (704,512.30)</b>	<b>\$ 287,352.45</b>	<b>\$ 3,386,240.83</b>
<b>Net Position:</b>				
<b>Beginning Net Position (September 1)</b>	<b>3,837,153.61</b>	<b>13,471,050.10</b>	<b>17,308,203.71</b>	<b>13,921,962.88</b>
<b>Ending Net Position (August 31)</b>	<b>\$ 4,829,018.36</b>	<b>\$ 12,766,537.80</b>	<b>\$ 17,595,556.16</b>	<b>\$ 17,308,203.71</b>

UNAUDITED

**Texas Tech University Health Sciences Center (739)**  
**Statement of Net Position**  
**August 31, 2022 and 2021**

	2022	Restated 2021
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 138,729,064.65	\$ 124,171,929.26
Restricted Cash and Cash Equivalents	15,524,755.56	19,758,256.12
Legislative Appropriations	50,074,322.54	52,555,674.34
Receivables:		
Federal	5,482,160.78	4,498,481.20
Patient	13,294,393.61	14,745,613.33
Student	674,641.12	578,162.40
Contracts	21,407,259.84	19,394,576.12
Interest and Dividends	563,282.25	477,940.64
Gifts	0.00	745,462.56
Leases	273,837.57	720,741.09
Other	490,327.17	436,556.00
Due From Other State Agencies	8,495,241.40	8,483,342.34
Inventories	1,694,737.81	1,672,084.64
Prepaid Items	18,312,249.85	14,400,646.86
Loans and Contracts	287,722.11	315,508.18
Total Current Assets	275,303,996.26	262,954,975.08
Non-Current Assets:		
Restricted Cash and Cash Equivalents	11,107.61	6,750.10
Restricted Investments	154,546,550.29	164,182,054.29
Leases Receivable	7,873,172.88	8,147,010.47
Loans and Notes Receivable	980,416.95	1,070,914.52
Investments	312,908,820.54	307,988,981.25
Capital Assets		
Non-Depreciable or Non-Amortizable	25,765,871.91	33,566,515.53
Depreciable or Amortizable	702,075,782.89	667,249,922.73
Accumulated Depreciation and Amortization	(393,960,296.61)	(375,252,618.00)
Right to Use Assets		
Amortizable	10,515,706.38	9,536,387.19
Accumulated Amortization	(4,933,778.16)	(2,428,621.69)
Total Non-Current Assets	815,783,354.68	814,067,296.39
Total Assets	\$ 1,091,087,350.94	\$ 1,077,022,271.47

UNAUDITED

**Texas Tech University Health Sciences Center (739)**  
**Statement of Net Position**  
**August 31, 2022 and 2021**

	2022	Restated 2021
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 19,654,050.18	\$ 23,034,155.04
Payroll Payable	38,242,964.65	36,113,929.02
Unearned Revenue	21,656,655.42	23,436,854.19
Due to Other State Agencies	740,300.04	9,023,576.84
Employees' Compensable Leave	4,191,333.24	4,001,607.56
Right to Use Lease Obligations	2,161,838.06	2,473,764.13
Funds Held for Others	446,397.53	661,747.60
Other Current Liabilities	52,199.65	49,822.03
Total Current Liabilities	87,145,738.77	98,795,456.41
Non-Current Liabilities:		
Employees' Compensable Leave	27,346,162.88	27,227,063.62
Right to Use Lease Obligations	3,515,364.02	4,707,266.29
Other Non-Current Liabilities	71,899.52	98,430.93
Total Non-Current Liabilities	30,933,426.42	32,032,760.84
Total Liabilities	\$ 118,079,165.19	\$ 130,828,217.25
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows of Resources	7,930,566.64	8,748,768.32
Total Deferred Inflows of Resources	\$ 7,930,566.64	\$ 8,748,768.32
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 333,783,688.86	\$ 325,488,616.86
Restricted:		
Nonexpendable:		
Endowments	71,439,610.47	72,889,986.82
Expendable:		
Capital Projects	(48,378.12)	0.00
Other	97,837,346.05	102,720,748.49
Unrestricted	462,065,351.85	436,345,933.73
Total Net Position	\$ 965,077,619.11	\$ 937,445,285.90

UNAUDITED

**Texas Tech University Health Sciences Center (739)**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
Operating Revenues		
Tuition and Fees	\$ 1,649,529.94	\$ 1,644,798.99
Tuition and Fees - Pledged	80,197,867.51	76,066,964.79
Less Discounts and Allowances	(10,327,533.21)	(10,218,444.73)
Professional Fees	247,232,830.02	231,702,318.57
Professional Fees - Pledged	578,441.78	566,369.46
Sales and Services of Auxiliary Enterprises - Pledged	938,468.14	882,667.90
Other Sales and Services	5,421,544.79	5,234,503.97
Other Sales and Services - Pledged	7,589,134.81	6,258,135.03
Federal Grants and Contracts	25,674,507.57	20,389,779.10
Federal Grants and Contracts - Pledged	18,536.98	0.00
Federal Grant Pass-Throughs from Other State Agencies	1,191,225.36	1,325,615.76
State Grants and Contracts	129,799.87	213,502.80
State Grants and Contracts - Pledged	7,945.88	7,223.58
State Grant Pass-Throughs from Other State Agencies	15,504,489.44	14,296,927.93
Local Governmental Grants and Contracts	96,044,480.34	86,984,143.70
Local Governmental Grants and Contracts - Pledged	1,820,479.33	1,736,244.08
Nongovernmental Grants and Contracts	57,622,407.40	63,599,144.68
Nongovernmental Grants and Contracts - Pledged	1,630,165.74	3,131,172.65
Other Operating Revenues	56,319,322.05	15,736,655.12
Total Operating Revenues	589,243,643.74	519,557,723.38
Operating Expenses		
Salaries and Wages	412,923,032.08	400,701,098.39
Payroll Related Costs	102,773,352.51	101,663,173.21
Professional Fees and Services	69,181,712.69	59,376,320.94
Travel	2,859,111.29	799,691.84
Materials and Supplies	32,867,687.53	30,610,128.64
Communications and Utilities	19,246,487.38	15,495,598.43
Repairs and Maintenance	15,575,991.22	16,542,303.00
Rentals and Leases	1,386,635.07	1,895,512.00
Printing and Reproduction	1,308,274.01	1,140,092.74
Federal Grant Pass-Through Expense	595,076.84	465,816.64
State Grant Pass-Through Expense	68,551.17	44,114.92
Depreciation and Amortization	28,102,451.09	26,868,790.82
Bad Debt Expense	182,238.93	(114,358.61)
Interest	2,261.29	2,301.17
Scholarships	5,831,406.12	5,420,036.95
Claims and Judgments	70,000.00	121,110.61
Other Operating Expenses	78,005,360.20	40,757,299.97
Total Operating Expenses	770,979,629.42	701,789,031.66
Operating Income (Loss)	\$ (181,735,985.68)	\$ (182,231,308.28)

UNAUDITED

**Texas Tech University Health Sciences Center (739)**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 179,806,241.19	\$ 188,746,871.16
Federal Grants and Contracts	7,819,906.73	10,059,067.56
Federal Grant Pass-Throughs from Other State Agencies	0.00	1,773.00
State Grant Pass-Throughs from Other State Agencies	67,417.00	25,589.00
Private Gifts	9,508,201.77	8,490,283.27
Private Gifts - Pledged	900.00	350.00
Investment Income (Expense)	4,789,863.11	1,686,759.38
Investment Income (Expense) - Pledged	8,461,024.40	6,111,568.24
Gain (Loss) on Sale and Disposal of Capital Assets	(80,164.41)	(377,518.15)
Net Increase (Decrease) in Fair Value of Investments	(34,962,222.29)	52,584,306.09
Interest Expenses	(22,678.13)	(25,337.40)
Other Nonoperating Revenues (Expenses)	1,354,210.88	470,592.14
Other Nonoperating Revenues (Expenses) - Pledged	264,496.76	1,270,344.11
Total Nonoperating Revenues (Expenses)	<u>177,007,197.01</u>	<u>269,044,648.40</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	(4,728,788.67)	86,813,340.12
Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEF)	21,652,392.00	21,652,392.00
Capital Contributions	8,968,046.69	17,015,811.74
Contributions to Permanent and Term Endowments	133,990.97	636,543.74
Legislative Transfers In (Out)	(9,634,017.66)	(18,911,303.00)
Interagency Transfers of Capital Assets - Increase	15,860.44	124,308.63
Interagency Transfers of Capital Assets - Decrease	(296,202.68)	(50,757.56)
Net Transfers from (to) Texas Tech University System Components	11,480,756.12	5,011,562.20
Net Transfers from (to) Other State Agencies	40,296.00	39,412.00
Net Other Revenues, Expenses, Gains, Losses, and Transfers	<u>32,361,121.88</u>	<u>25,517,969.75</u>
Total Change in Net Position	<u>27,632,333.21</u>	<u>112,331,309.87</u>
Beginning Net Position (September 1)	937,392,522.71	825,113,976.03
Restatements	<u>52,763.19</u>	<u>0.00</u>
Ending Net Position (August 31)	<u>\$ 965,077,619.11</u>	<u>\$ 937,445,285.90</u>

UNAUDITED

**Texas Tech University Health Sciences Center (739)**  
**Statement of Cash Flows**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
<b>Cash Flows from Operating Activities</b>		
Proceeds from Customers	\$ 318,466,192.16	\$ 265,964,972.58
Proceeds from Tuition and Fees	70,064,504.52	68,783,375.79
Proceeds from Grants and Contracts	195,877,589.27	193,849,571.83
Proceeds from Sales and Services of Auxiliary Enterprises	938,468.14	882,667.90
Proceeds from Collections of Loans to Students	5,189,075.19	4,992,166.79
Proceeds from Fiduciary Activities (Held 3 Months or Less)	73,153,347.71	74,385,853.35
Payments to Suppliers for Goods and Services	(160,740,953.57)	(145,356,232.42)
Payments to Employees for Salaries	(411,230,875.03)	(397,417,107.83)
Payments to Employees for Benefits	(101,933,264.91)	(99,861,916.97)
Payments for Loans Issued to Students	(5,029,798.84)	(5,059,912.41)
Payments for Fiduciary Activities (Held 3 Months or Less)	(73,251,729.91)	(74,319,066.09)
Payments for Other Expenses	(82,027,853.58)	(43,200,015.71)
Net Cash Provided/(Used) by Operating Activities	(170,525,298.85)	(156,355,643.19)
<b>Cash Flows from Noncapital Financing Activities</b>		
Proceeds from State Appropriations	182,287,592.99	182,022,110.48
Proceeds from Gifts	10,388,555.30	9,210,289.72
Proceeds from Nonoperating Grants and Contracts	7,887,323.73	10,086,429.56
Proceeds from Other Financing Activities	1,404,279.20	1,628,048.77
Proceeds from Transfers from Component Institutions	2,962,832.57	1,701,341.06
Proceeds from Transfers In from Other State Agencies	4,296,190.68	4,538,909.00
Payments for Transfers to Component Institutions	(5,390,807.63)	(5,410,838.32)
Payments for Transfers to Other State Agencies	(2,287,903.18)	0.00
Payments for Other Uses	(14,625.00)	0.00
Net Cash Provided/(Used) by Noncapital Financing Activities	201,533,438.66	203,776,290.27
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from Sale of Capital Assets	88,343.00	104,800.59
Proceeds from Capital Gifts	5,100,000.00	4,166,668.00
Proceeds from Capital Appropriations	21,652,392.00	21,652,392.00
Proceeds from Transfers from Component Institutions	12,690,433.18	7,525,214.46
Payments for Transfers to Component Institutions	(10,383,711.16)	(22,214,955.00)
Payments for Additions to Capital Assets	(30,361,288.15)	(22,905,188.97)
Payments for Leases	(2,639,716.03)	(2,378,755.69)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(3,853,547.16)	(14,049,824.61)
<b>Cash Flows from Investing Activities</b>		
Proceeds from Investment Sales and Maturities	40,067,349.00	83,630,784.33
Proceeds from Interest and Investment Income	17,638,396.66	14,893,788.98
Payments to Acquire Investments	(74,532,345.97)	(114,730,291.80)
Net Cash Provided/(Used) by Investing Activities	(16,826,600.31)	(16,205,718.49)
<b>TOTAL NET CASH FLOWS</b>	<b>\$ 10,327,992.34</b>	<b>\$ 17,165,103.98</b>

UNAUDITED

**Texas Tech University Health Sciences Center (739)**  
**Statement of Cash Flows**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
	<u>2022</u>	<u>2021</u>
Beginning Cash & Cash Equivalents (September 1)	\$ 143,936,935.48	\$ 126,771,831.50
Ending Cash & Cash Equivalents (August 31)	<u>\$ 154,264,927.82</u>	<u>\$ 143,936,935.48</u>
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (181,735,985.68)	\$ (182,231,308.28)
Adjustments:		
Depreciation and Amortization Expense	28,102,451.09	26,868,790.82
Bad Debt Expense		
(Increase) Decrease in Accounts Receivables	(1,695,393.47)	(2,264,997.43)
(Increase) Decrease in Loans and Notes Receivable	132,908.64	58,145.45
(Increase) Decrease in Inventories	(22,653.17)	(319,925.52)
(Increase) Decrease in Due From Other State Agencies	(266,310.43)	1,427,558.10
(Increase) Decrease in Prepaid Items	(3,911,602.99)	(9,163,791.90)
Increase (Decrease) in Accounts Payable	(1,251,069.23)	1,356,686.99
Increase (Decrease) in Unearned Revenue	(1,780,198.77)	1,651,220.07
Increase (Decrease) in Employees' Compensable Leave	308,824.94	1,214,435.53
Increase (Decrease) in Claims and Judgments	0.00	(3,968,977.78)
Increase (Decrease) in Due To Other State Agencies	(8,283,276.80)	8,931,666.90
Increase (Decrease) in Fiduciary Activities Held 3 Months or Less	(98,382.20)	66,787.26
Increase (Decrease) in Other Liabilities	(24,610.78)	18,066.60
Net Cash Used for Operating Activities	<u>(170,525,298.85)</u>	<u>(156,355,643.19)</u>
Noncash Transactions		
Donations of Capital Assets	3,868,046.69	12,849,143.74
Net Increase (Decrease) in Fair Value of Investments	(34,962,222.29)	52,584,306.09
Other	(168,507.41)	(482,318.74)
Total Noncash Transactions	<u>\$ (31,262,683.01)</u>	<u>\$ 64,951,131.09</u>

UNAUDITED

**Texas Tech University Health Sciences Center (739)  
Matrix of Operating Expenses Reported by Function  
For the Years Ended August 31, 2022 and 2021**

<b>OPERATING EXPENSES</b>	<b>INSTRUCTION</b>	<b>RESEARCH</b>	<b>PUBLIC SERVICE</b>	<b>HOSPITALS AND CLINICS</b>	<b>ACADEMIC SUPPORT</b>	<b>STUDENT SERVICES</b>	<b>INSTITUTIONAL SUPPORT</b>
Salaries and Wages	\$ 186,030,631.28	\$ 22,503,144.80	\$ 62,627,331.70	\$ 58,188,792.95	\$ 50,641,063.27	\$ 8,899,992.84	\$ 17,892,762.97
Payroll Related Costs	35,659,769.02	5,010,128.67	18,462,252.57	16,779,204.57	15,445,231.41	2,650,048.84	6,436,778.15
Professional Fees and Services	1,924,131.43	679,053.13	48,147,045.78	4,526,478.89	6,252,290.85	2,345,712.74	3,120,605.02
Travel	275,993.67	214,503.59	650,575.47	36,022.27	1,114,581.04	284,233.80	258,187.53
Materials and Supplies	473,626.89	2,755,653.41	12,177,105.20	9,670,934.86	5,616,845.91	1,772,499.92	138,136.98
Communications and Utilities	242,330.08	120,701.21	528,531.28	596,833.83	7,818,783.47	851,288.79	730,445.03
Repairs and Maintenance	97,676.74	1,076,285.76	403,034.32	262,592.25	2,656,346.50	1,245,939.23	197,515.63
Rentals and Leases	33,219.93	56,200.33	404,375.13	64,354.32	662,609.26	92,700.35	64,965.98
Printing and Reproduction	64,308.37	200,015.35	271,202.79	166,634.92	335,340.43	160,720.86	89,639.47
Federal Grant Pass-Through Expense	0.00	193,953.12	401,123.72	0.00	0.00	0.00	0.00
State Grant Pass-Through Expense	0.00	68,551.17	0.00	0.00	0.00	0.00	0.00
Depreciation and Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bad Debt Expense	0.00	0.00	0.00	0.00	0.00	182,238.93	0.00
Interest	7.71	109.17	185.65	174.92	894.73	77.69	486.38
Scholarships	82,750.00	195,542.18	0.00	0.00	516,631.99	8,585.00	2,500.00
Claims and Judgments	0.00	0.00	70,000.00	0.00	0.00	0.00	0.00
Other Operating Expenses	2,546,256.55	5,685,441.18	5,462,544.46	1,856,716.14	41,454,570.43	6,051,070.37	5,357,943.27
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 227,430,701.67</b>	<b>\$ 38,759,283.07</b>	<b>\$ 149,605,308.07</b>	<b>\$ 92,148,739.92</b>	<b>\$ 132,515,189.29</b>	<b>\$ 24,545,109.36</b>	<b>\$ 34,289,966.41</b>



UNAUDITED

**Texas Tech University Health Sciences Center (739)  
Matrix of Operating Expenses Reported by Function  
For the Years Ended August 31, 2022 and 2021**

OPERATING EXPENSES	OPERATIONS & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	GRAND TOTAL	Restated 2021
Salaries and Wages	\$ 5,855,405.09	\$ 8,641.18	\$ 275,266.00	\$ 0.00	\$ 412,923,032.08	\$ 400,701,098.39
Payroll Related Costs	2,221,327.73	576.09	108,035.46	0.00	102,773,352.51	101,663,173.21
Professional Fees and Services	2,185,894.85	500.00	0.00	0.00	69,181,712.69	59,376,320.94
Travel	24,987.04	0.00	26.88	0.00	2,859,111.29	799,691.84
Materials and Supplies	235,330.57	0.00	27,553.79	0.00	32,867,687.53	30,610,128.64
Communications and Utilities	8,355,344.69	0.00	2,229.00	0.00	19,246,487.38	15,495,598.43
Repairs and Maintenance	9,625,380.31	0.00	11,220.48	0.00	15,575,991.22	16,542,303.00
Rentals and Leases	7,559.77	0.00	650.00	0.00	1,386,635.07	1,895,512.00
Printing and Reproduction	14,282.15	0.00	6,129.67	0.00	1,308,274.01	1,140,092.74
Federal Grant Pass-Through Expense	0.00	0.00	0.00	0.00	595,076.84	465,816.64
State Grant Pass-Through Expense	0.00	0.00	0.00	0.00	68,551.17	44,114.92
Depreciation and Amortization	0.00	0.00	0.00	28,102,451.09	28,102,451.09	26,868,790.82
Bad Debt Expense	0.00	0.00	0.00	0.00	182,238.93	(114,358.61)
Interest	325.04	0.00	0.00	0.00	2,261.29	2,301.17
Scholarships	0.00	5,025,396.95	0.00	0.00	5,831,406.12	5,420,036.95
Claims and Judgments	0.00	0.00	0.00	0.00	70,000.00	121,110.61
Other Operating Expenses	9,485,389.02	8,782.47	96,646.31	0.00	78,005,360.20	40,757,299.97
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 38,011,226.26</b>	<b>\$ 5,043,896.69</b>	<b>\$ 527,757.59</b>	<b>\$ 28,102,451.09</b>	<b>\$ 770,979,629.42</b>	<b>\$ 701,789,031.66</b>

UNAUDITED

**Texas Tech University Health Sciences Center (739)  
Combined Statement of Fiduciary Net Position  
For the Years Ended August 31, 2022 and 2021**

There is no fiduciary activity to report for Texas Tech University Health Sciences Center for the years ended August 31, 2022 and 2021.

UNAUDITED

**Texas Tech University Health Science Center (739)  
Combined Statement of Changes in Fiduciary Net Position  
For the Years Ended August 31, 2022 and 2021**

There is no fiduciary activity to report for Texas Tech University Health Sciences Center for the years ended August 31, 2022 and 2021.

UNAUDITED

**Texas Tech University Health Sciences Center at El Paso (774)**  
**Statement of Net Position**  
**August 31, 2022 and 2021**

	2022	Restated 2021
	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 56,718,750.54	\$ 42,939,898.47
Restricted Cash and Cash Equivalents	5,491,047.59	3,014,562.88
Legislative Appropriations	31,435,855.93	35,025,144.17
Receivables:		
Federal	343,150.07	1,628,908.09
Patient	9,069,923.55	8,200,335.12
Student	16,772.53	12,506.43
Contracts	17,147,928.46	13,707,802.41
Interest and Dividends	220,095.68	183,093.31
Gifts	605,880.00	605,880.00
Leases	100,351.20	100,025.41
Other	475,246.17	417,839.63
Due From Other State Agencies	3,295,366.54	3,558,787.37
Inventories	517,077.26	579,170.63
Prepaid Items	3,176,254.15	6,486,737.62
Loans and Contracts	51,375.86	28,219.42
Total Current Assets	<u>128,665,075.53</u>	<u>116,488,910.96</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	(161.91)	298,838.59
Restricted Investments	62,338,568.64	63,258,734.68
Gifts Receivable	4,241,160.00	4,847,040.00
Leases Receivable	162,915.85	263,267.05
Loans and Notes Receivable	440,375.84	615,355.47
Investments	141,289,137.92	151,038,282.45
Capital Assets		
Non-Depreciable or Non-Amortizable	25,448,466.60	22,392,619.52
Depreciable or Amortizable	326,291,866.09	324,110,723.44
Accumulated Depreciation and Amortization	(155,408,024.65)	(141,493,442.05)
Right to Use Assets		
Amortizable	46,132,968.23	42,680,900.23
Accumulated Amortization	(6,508,185.76)	(3,263,594.24)
Total Non-Current Assets	<u>444,429,086.85</u>	<u>464,748,725.14</u>
Total Assets	<u>\$ 573,094,162.38</u>	<u>\$ 581,237,636.10</u>

UNAUDITED

**Texas Tech University Health Sciences Center at El Paso (774)**  
**Statement of Net Position**  
**August 31, 2022 and 2021**

	2022	Restated 2021
	<u>2022</u>	<u>2021</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 7,701,525.67	\$ 7,931,040.49
Payroll Payable	14,218,728.03	13,662,337.92
Unearned Revenue	6,369,010.82	5,052,459.58
Due to Other State Agencies	169,855.99	27,727.10
Employees' Compensable Leave	1,561,915.29	1,500,934.87
Right to Use Lease Obligations	3,031,627.55	2,334,099.60
Funds Held for Others	152,918.20	132,402.29
Other Current Liabilities	53,181.77	49,097.95
Total Current Liabilities	<u>33,258,763.32</u>	<u>30,690,099.80</u>
Non-Current Liabilities:		
Employees' Compensable Leave	10,189,907.66	10,212,408.03
Right to Use Lease Obligations	38,518,694.01	38,068,739.01
Other Non-Current Liabilities	21,973.61	25,104.04
Total Non-Current Liabilities	<u>48,730,575.28</u>	<u>48,306,251.08</u>
Total Liabilities	<u>\$ 81,989,338.60</u>	<u>\$ 78,996,350.88</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows of Resources	262,516.00	362,841.18
Total Deferred Inflows of Resources	<u>\$ 262,516.00</u>	<u>\$ 362,841.18</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 194,370,272.23	\$ 203,988,808.51
Restricted:		
Nonexpendable:		
Endowments	36,081,405.34	32,354,266.57
Expendable:		
Capital Projects	5,800,711.07	6,376,225.09
Other	35,970,160.37	42,636,199.24
Unrestricted	<u>218,619,758.77</u>	<u>216,522,944.63</u>
Total Net Position	<u>\$ 490,842,307.78</u>	<u>\$ 501,878,444.04</u>

UNAUDITED

**Texas Tech University Health Sciences Center at El Paso (774)**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
Operating Revenues		
Tuition and Fees	\$ 336,608.93	\$ 221,978.33
Tuition and Fees - Pledged	15,874,797.01	14,238,261.40
Less Discounts and Allowances	(2,954,414.05)	(2,665,459.89)
Professional Fees	57,620,664.19	58,211,550.25
Sales and Services of Auxiliary Enterprises - Pledged	290,445.84	273,101.96
Other Sales and Services	57,135.15	86,082.01
Other Sales and Services - Pledged	301,737.03	276,610.92
Federal Grants and Contracts	2,203,358.05	2,247,660.31
Federal Grant Pass-Throughs from Other State Agencies	762,710.52	468,660.68
State Grants and Contracts	1,712,002.25	1,707,561.66
State Grant Pass-Throughs from Other State Agencies	4,457,556.91	5,686,353.70
Local Governmental Grants and Contracts	69,312,352.01	60,758,365.03
Local Governmental Grants and Contracts - Pledged	900.00	0.00
Nongovernmental Grants and Contracts	23,709,162.48	25,748,737.87
Nongovernmental Grants and Contracts - Pledged	31,240.50	0.00
Other Operating Revenues	25,863,254.97	11,432,321.16
Total Operating Revenues	<u>199,579,511.79</u>	<u>178,691,785.39</u>
Operating Expenses		
Salaries and Wages	162,052,249.32	157,315,105.95
Payroll Related Costs	37,556,265.82	36,496,295.07
Professional Fees and Services	7,645,713.21	6,658,694.72
Travel	1,009,724.73	254,772.14
Materials and Supplies	5,549,050.51	4,785,363.69
Communications and Utilities	5,836,316.22	5,312,566.89
Repairs and Maintenance	6,273,588.25	5,503,447.89
Rentals and Leases	1,832,128.09	1,906,479.47
Printing and Reproduction	450,124.03	281,360.04
Federal Grant Pass-Through Expense	29,275.12	0.00
State Grant Pass-Through Expense	248,719.32	96,584.93
Depreciation and Amortization	19,266,717.68	18,214,447.28
Bad Debt Expense	150,310.99	128,109.55
Interest	5,526.06	3,650.47
Scholarships	1,978,060.44	2,528,577.32
Claims and Judgments	0.00	13,500.00
Other Operating Expenses	33,128,892.47	19,518,952.51
Total Operating Expenses	<u>283,012,662.26</u>	<u>259,017,907.92</u>
Operating Income (Loss)	<u>\$ (83,433,150.47)</u>	<u>\$ (80,326,122.53)</u>

UNAUDITED

**Texas Tech University Health Sciences Center at El Paso (774)**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 80,558,351.17	\$ 81,222,113.41
Federal Grants and Contracts	1,299,303.51	2,401,373.72
Federal Grant Pass-Throughs from Other State Agencies	132,064.40	3,654.00
State Grant Pass-Throughs from Other State Agencies	29,734.00	7,060.00
Private Gifts	7,113,180.94	6,151,898.56
Investment Income (Expense)	1,603,537.73	2,534,972.43
Investment Income (Expense) - Pledged	4,110,907.75	1,262,609.14
Gain (Loss) on Sale and Disposal of Capital Assets	(15,938.32)	(192,832.09)
Net Increase (Decrease) in Fair Value of Investments	(14,802,275.63)	25,806,110.72
Interest Expense	(433,563.74)	(440,412.99)
Other Nonoperating Revenues (Expenses)	352,777.45	280,753.41
Other Nonoperating Revenues (Expenses) - Pledged	193,820.74	18,947.07
Total Nonoperating Revenues (Expenses)	80,141,900.00	119,056,247.38
 Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	 (3,291,250.47)	 38,730,124.85
 Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEF)	5,557,572.00	5,557,572.00
Capital Contributions	56,541.00	1,118,951.17
Contributions to Permanent and Term Endowments	71,928.57	323,968.57
Legislative Transfers In (Out)	(11,973,757.23)	(11,183,906.50)
Interagency Transfers of Capital Assets - Increase	0.00	9,517.86
Interagency Transfers of Capital Assets - Decrease	(6,779.54)	(46,238.77)
Net Transfers from (to) Texas Tech University System Components	(1,451,228.09)	10,424,176.98
Net Transfers from (to) Other State Agencies	837.50	1,865.50
Net Other Revenues, Expenses, Gains, Losses, and Transfers	(7,744,885.79)	6,205,906.81
 Total Change in Net Position	 (11,036,136.26)	 44,936,031.66
 Beginning Net Position (September 1)	 503,394,126.97	 456,942,412.38
 Restatements	 (1,515,682.93)	 0.00
 Ending Net Position (August 31)	 \$ 490,842,307.78	 \$ 501,878,444.04

UNAUDITED

**Texas Tech University Health Sciences Center at El Paso (774)**  
**Statement of Cash Flows**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
<b>Cash Flows from Operating Activities</b>		
Proceeds from Customers	\$ 83,447,924.38	\$ 68,600,175.20
Proceeds from Tuition and Fees	14,577,660.43	12,420,067.12
Proceeds from Grants and Contracts	98,853,061.43	94,832,572.90
Proceeds from Sales and Services of Auxiliary Enterprises	308,389.76	288,343.56
Proceeds from Collections of Loans to Students	168,796.30	272,114.89
Proceeds from Fiduciary Activities (Held 3 Months or Less)	18,445,078.00	15,101,773.00
Payments to Suppliers for Goods and Services	(26,493,465.21)	(28,871,231.28)
Payments to Employees for Salaries	(161,541,422.89)	(156,220,439.26)
Payments to Employees for Benefits	(37,472,222.09)	(36,116,279.23)
Payments for Loans Issued to Students	(264,620.70)	(192,538.75)
Payments for Fiduciary Activities (Held 3 Months or Less)	(17,549,630.80)	(15,046,298.44)
Payments for Other Expenses	(34,926,627.86)	(21,965,624.77)
Net Cash Provided/(Used) by Operating Activities	(62,447,079.25)	(66,897,365.06)
<b>Cash Flows from Noncapital Financing Activities</b>		
Proceeds from State Appropriations	84,147,639.41	76,188,707.34
Proceeds from Gifts	7,178,989.51	6,475,867.13
Proceeds from Nonoperating Grants and Contracts	1,461,101.91	1,574,826.28
Proceeds from Other Financing Activities	466,788.94	235,596.01
Proceeds from Transfers from Component Institutions	1,264,930.97	581,886.31
Proceeds from Transfers In from Other State Agencies	1,739,744.77	3,456,926.00
Payments for Transfers to Component Institutions	(2,148,630.19)	(2,389,008.67)
Payments for Transfers to Other State Agencies	(2,445.50)	(1,550.50)
Net Cash Provided/(Used) by Noncapital Financing Activities	94,108,119.82	86,123,249.90
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from Sale of Capital Assets	14,946.65	955,491.82
Proceeds from Capital Gifts	612,000.00	1,495,333.34
Proceeds from Capital Appropriations	5,557,572.00	5,557,572.00
Proceeds from Transfers from Component Institutions	5,188,901.95	17,498,549.48
Payments for Transfers to Component Institutions	(19,466,649.82)	(19,904,666.64)
Payments for Additions to Capital Assets	(6,860,295.92)	(26,109,125.54)
Payments for Leases	(2,764,933.44)	(2,682,914.83)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(17,718,458.58)	(23,189,760.37)
<b>Cash Flows from Investing Activities</b>		
Proceeds from Investment Sales and Maturities	24,653,067.29	45,149,157.68
Proceeds from Interest and Investment Income	7,810,775.43	9,869,546.39
Payments to Acquire Investments	(30,450,088.43)	(50,583,952.01)
Net Cash Provided/(Used) by Investing Activities	2,013,754.29	4,434,752.06
<b>TOTAL NET CASH FLOWS</b>	<b>\$ 15,956,336.28</b>	<b>\$ 470,876.53</b>



UNAUDITED

**Texas Tech University Health Sciences Center at El Paso (774)**  
**Statement of Cash Flows**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
Beginning Cash & Cash Equivalents (September 1)	\$ 45,582,044.56	\$ 45,782,423.41
Restatement to Beginning Cash & Cash Equivalents	671,255.38	0.00
Ending Cash & Cash Equivalents (August 31)	\$ 62,209,636.22	\$ 46,253,299.94
 Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (83,433,150.47)	\$ (80,326,122.53)
Adjustments:		
Depreciation and Amortization Expense	19,266,717.68	18,214,447.28
(Increase) Decrease in Accounts Receivables	(3,348,896.15)	(2,952,727.82)
(Increase) Decrease in Loans and Notes Receivable	151,823.19	205,010.53
(Increase) Decrease in Inventories	62,093.37	(20,613.82)
(Increase) Decrease in Due From Other State Agencies	(280,202.26)	(365,676.26)
(Increase) Decrease in Prepaid Items	3,310,483.47	(3,023,941.60)
Increase (Decrease) in Accounts Payable	359,616.35	162,367.58
Increase (Decrease) in Unearned Revenue	1,316,551.24	589,535.19
Increase (Decrease) in Employees' Compensable Leave	38,480.05	644,467.78
Increase (Decrease) in Due To Other State Agencies	109,387.83	(28,113.15)
Increase (Decrease) in Other Liabilities	16.45	4,001.76
Net Cash Used for Operating Activities	(62,447,079.25)	(66,897,365.06)
 Noncash Transactions		
Donations of Capital Assets	56,541.00	200,752.70
Net Increase (Decrease) in Fair Value of Investments	(14,802,275.63)	25,806,110.72
Other	(30,884.97)	(1,148,323.91)
Total Noncash Transactions	\$ (14,776,619.60)	\$ 24,858,539.51

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**Texas Tech University Health Sciences Center at El Paso (774)**  
**Matrix of Operating Expenses Reported by Function**  
**For the Years Ended August 31, 2022 and 2021**

<b>OPERATING EXPENSES</b>	<b>INSTRUCTION</b>	<b>RESEARCH</b>	<b>PUBLIC SERVICE</b>	<b>HOSPITALS AND CLINICS</b>	<b>ACADEMIC SUPPORT</b>	<b>STUDENT SERVICES</b>	<b>INSTITUTIONAL SUPPORT</b>
Salaries and Wages	\$ 96,482,619.36	\$ 6,824,220.73	\$ 2,830,685.66	\$ 16,944,161.64	\$ 23,708,297.17	\$ 1,972,308.35	\$ 9,535,150.92
Payroll Related Costs	17,089,544.36	1,873,018.33	597,568.41	5,908,691.60	6,720,130.38	463,011.74	3,458,217.01
Professional Fees and Services	4,591,365.49	278,493.18	119,668.34	17,633.45	766,791.41	81,094.16	1,531,395.98
Travel	458,345.48	86,699.53	51,368.61	15,944.92	254,322.40	60,934.09	71,724.24
Materials and Supplies	1,786,608.87	636,879.73	91,389.10	332,936.63	1,803,781.28	425,556.34	88,416.45
Communications and Utilities	601,669.37	55,526.55	12,911.61	16,339.55	2,133,975.63	121,356.72	257,389.04
Repairs and Maintenance	304,005.38	690,436.65	47,578.41	207,137.31	2,337,847.09	69,705.68	423,845.72
Rentals and Leases	88,496.07	264.00	6,115.07	466,798.95	1,054,335.80	28,431.84	74,138.25
Printing and Reproduction	43,075.83	38,756.17	19,446.81	1,228.46	147,092.50	65,575.26	126,800.79
Federal Grant Pass-Through Expense	0.00	29,275.12	0.00	0.00	0.00	0.00	0.00
State Grant Pass-Through Expense	0.00	248,719.32	0.00	0.00	0.00	0.00	0.00
Depreciation and Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bad Debt Expense	0.00	0.00	0.00	0.00	0.00	10,310.99	0.00
Interest	674.11	83.37	36.73	273.42	3,302.34	587.93	361.77
Scholarships	2,022.05	0.00	0.00	0.00	730,951.56	0.00	0.00
Claims and Judgments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Operating Expenses	3,489,702.02	1,536,387.29	295,788.86	387,026.30	19,478,234.85	1,584,670.94	3,436,273.99
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 124,938,128.39</b>	<b>\$ 12,298,759.97</b>	<b>\$ 4,072,557.61</b>	<b>\$ 24,298,172.23</b>	<b>\$ 59,139,062.41</b>	<b>\$ 4,883,544.04</b>	<b>\$ 19,003,714.16</b>

UNAUDITED

**Texas Tech University Health Sciences Center at El Paso (774)**  
**Matrix of Operating Expenses Reported by Function**  
**For the Years Ended August 31, 2022 and 2021**

<b>OPERATING EXPENSES</b>	<b>OPERATIONS &amp; MAINTENANCE OF PLANT</b>	<b>SCHOLARSHIPS &amp; FELLOWSHIPS</b>	<b>AUXILIARY ENTERPRISES</b>	<b>DEPRECIATION &amp; AMORTIZATION</b>	<b>GRAND TOTAL</b>	<b>Restated 2021</b>
Salaries and Wages	\$ 3,690,374.51	\$ 0.00	\$ 64,430.98	\$ 0.00	\$ 162,052,249.32	\$ 157,315,105.95
Payroll Related Costs	1,410,807.77	0.00	35,276.22	0.00	37,556,265.82	36,496,295.07
Professional Fees and Services	257,571.20	0.00	1,700.00	0.00	7,645,713.21	6,658,694.72
Travel	10,385.46	0.00	0.00	0.00	1,009,724.73	254,772.14
Materials and Supplies	380,916.93	0.00	2,565.18	0.00	5,549,050.51	4,785,363.69
Communications and Utilities	2,631,157.37	0.00	5,990.38	0.00	5,836,316.22	5,312,566.89
Repairs and Maintenance	2,094,948.13	0.00	98,083.88	0.00	6,273,588.25	5,503,447.89
Rentals and Leases	111,120.94	0.00	2,427.17	0.00	1,832,128.09	1,906,479.47
Printing and Reproduction	3,360.98	0.00	4,787.23	0.00	450,124.03	281,360.04
Federal Grant Pass-Through Expense	0.00	0.00	0.00	0.00	29,275.12	0.00
State Grant Pass-Through Expense	0.00	0.00	0.00	0.00	248,719.32	96,584.93
Depreciation and Amortization	0.00	0.00	0.00	19,266,717.68	19,266,717.68	18,214,447.28
Bad Debt Expense	0.00	140,000.00	0.00	0.00	150,310.99	128,109.55
Interest	206.39	0.00	0.00	0.00	5,526.06	3,650.47
Scholarships	0.00	1,245,086.83	0.00	0.00	1,978,060.44	2,528,577.32
Claims and Judgments	0.00	0.00	0.00	0.00	0.00	13,500.00
Other Operating Expenses	2,907,859.21	0.00	12,949.01	0.00	33,128,892.47	19,518,952.51
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 13,498,708.89</b>	<b>\$ 1,385,086.83</b>	<b>\$ 228,210.05</b>	<b>\$ 19,266,717.68</b>	<b>\$ 283,012,662.26</b>	<b>\$ 259,017,907.92</b>

UNAUDITED

**Texas Tech University Health Sciences Center at El Paso (774)**  
**Combined Statement of Fiduciary Net Position**  
**For the Years Ended August 31, 2022 and 2021**

There is no fiduciary activity to report for Texas Tech University Health Sciences Center at El Paso for the years ended August 31, 2022 and 2021.

UNAUDITED

**Texas Tech University Health Science Center at El Paso (774)**  
**Combined Statement of Changes in Fiduciary Net Position**  
**For the Years Ended August 31, 2022 and 2021**

There is no fiduciary activity to report for Texas Tech University Health Sciences Center at El Paso for the years ended August 31, 2022 and 2021.

UNAUDITED

**Angelo State University (737)  
Statement of Net Position  
August 31, 2022 and 2021**

	2022	Restated 2021
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 31,219,262.36	\$ 33,846,224.92
Restricted Cash and Cash Equivalents	(1,154,685.03)	(3,906,317.35)
Legislative Appropriations	11,926,029.60	7,561,733.90
Receivables:		
Federal	2,774,804.30	3,000,479.30
Student	17,249,687.67	11,282,438.82
Accounts	873,889.23	732,479.57
Interest and Dividends	83,693.42	55,960.30
Gifts	3,427,890.33	685,428.23
Leases	51,154.76	62,862.88
Due From Other State Agencies	144,294.06	102,196.46
Inventories	234,702.83	206,855.73
Prepaid Items	10,864,726.47	10,561,091.96
Loans and Contracts	135,142.30	143,749.64
Total Current Assets	77,830,592.30	64,335,184.36
Non-Current Assets:		
Restricted Cash and Cash Equivalents	0.00	27,030.00
Restricted Investments	52,299,234.57	48,825,706.40
Gifts Receivable	4,087,005.30	1,987,259.99
Leases Receivable	1,353,106.47	1,404,261.22
Investments	66,448,211.82	61,919,351.81
Capital Assets		
Non-Depreciable or Non-Amortizable	6,266,483.13	4,662,496.46
Depreciable or Amortizable	326,255,033.98	322,000,647.15
Accumulated Depreciation and Amortization	(191,512,222.92)	(180,112,179.86)
Right to Use Assets		
Amortizable	160,610.91	160,610.91
Accumulated Amortization	(107,073.89)	(53,536.97)
Total Non-Current Assets	265,250,389.37	260,821,647.11
Total Assets	\$ 343,080,981.67	\$ 325,156,831.47

UNAUDITED

**Angelo State University (737)  
Statement of Net Position  
August 31, 2022 and 2021**

	2022	Restated 2021
	<u>2022</u>	<u>2021</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 3,196,602.07	\$ 3,069,878.51
Payroll Payable	5,202,228.23	6,281,744.18
Unearned Revenue	45,504,595.61	41,430,392.67
Due to Other State Agencies	754.84	584.71
Right to Use Leases Obligations	55,250.73	53,509.05
Funds Held for Others	2,533,028.78	2,435,125.92
Other Current Liabilities	110.90	161.45
Total Current Liabilities	<u>56,492,571.16</u>	<u>53,271,396.49</u>
Non-Current Liabilities:		
Employees' Compensable Leave	3,161,220.66	3,271,711.68
Right to Use Lease Obligations	0.00	55,250.74
Other Non-Current Liabilities	12,086.31	35,004.40
Total Non-Current Liabilities	<u>3,173,306.97</u>	<u>3,361,966.82</u>
Total Liabilities	<u>59,665,878.13</u>	<u>56,633,363.31</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows of Resources	1,395,905.88	1,466,111.28
Total Deferred Inflows of Resources	<u>1,395,905.88</u>	<u>1,466,111.28</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	141,062,831.21	146,658,037.69
Restricted:		
Nonexpendable:		
Endowments	47,758,066.84	42,064,081.73
Expendable:		
Other	27,531,405.43	23,799,476.13
Unrestricted	<u>65,666,894.18</u>	<u>54,535,761.33</u>
Total Net Position	<u>\$ 282,019,197.66</u>	<u>\$ 267,057,356.88</u>

UNAUDITED

**Angelo State University (737)**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
Operating Revenues		
Tuition and Fees	\$ 4,098,939.40	\$ 4,126,501.09
Tuition and Fees - Pledged	65,358,830.53	64,553,910.09
Less Discounts and Allowances	(22,494,377.21)	(23,936,910.54)
Sales and Services of Auxiliary Enterprises - Pledged	12,464,548.50	10,470,932.25
Other Sales and Services - Pledged	962,017.74	882,153.15
Federal Grants and Contracts	1,272,424.07	1,227,859.16
Federal Grant Pass-Throughs from Other State Agencies	303,551.32	330,584.04
State Grant Pass-Throughs from Other State Agencies	7,036,667.50	6,976,788.57
Nongovernmental Grants and Contracts	1,041,104.00	475,815.53
Total Operating Revenues	70,043,705.85	65,107,633.34
Operating Expenses		
Salaries and Wages	58,412,908.13	57,466,524.02
Payroll Related Costs	18,588,644.19	18,385,179.02
Professional Fees and Services	1,939,389.49	870,967.09
Travel	1,924,296.24	462,123.12
Materials and Supplies	9,829,669.99	8,522,262.30
Communications and Utilities	4,005,452.95	3,564,542.58
Repairs and Maintenance	3,091,230.41	3,719,143.00
Rentals and Leases	812,761.10	582,748.25
Printing and Reproduction	389,419.35	255,189.62
Depreciation and Amortization	12,444,985.71	11,127,579.46
Bad Debt Expense	569,533.17	454,749.77
Interest	323.53	204.86
Scholarships	19,344,123.31	20,011,385.78
Other Operating Expenses	13,950,105.25	11,436,661.26
Total Operating Expenses	145,302,842.82	136,859,260.13
Operating Income (Loss)	\$ (75,259,136.97)	\$ (71,751,626.79)



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**Angelo State University (737)**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 38,834,161.44	\$ 35,544,538.02
Federal Grants and Contracts	25,415,612.59	29,065,996.48
Federal Grant Pass-Throughs from Other State Agencies	79,753.78	1,491,552.00
Private Gifts	14,788,581.50	11,736,415.92
Investment Income (Expense)	12,508,585.25	11,702,282.92
Interest Expense on Capital Asset Financing	0.00	(2,173.67)
Net Increase (Decrease) in Fair Value of Investments	(8,508,252.10)	13,016,793.30
Interest Expense	(191.67)	(317.18)
Other Nonoperating Revenues (Expenses) - Pledged	8,888,176.23	2,502,684.27
Total Nonoperating Revenues (Expenses)	92,006,427.02	105,057,772.06
 Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	 16,747,290.05	 33,306,145.27
 Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEF)	6,792,999.00	6,792,999.00
Capital Contributions	318,055.00	0.00
Lapsed Appropriations	(8.91)	(0.32)
Legislative Transfers In (Out)	(3,968,835.74)	(4,163,457.42)
Net Transfers from (to) Texas Tech University System Components	(5,042,406.50)	(18,689,108.84)
Net Transfers from (to) Other State Agencies	114,747.88	109,940.22
Net Other Revenues, Expenses, Gains, Losses, and Transfers	(1,785,449.27)	(15,949,627.36)
 Total Change in Net Position	 14,961,840.78	 17,356,517.91
 Beginning Net Position (September 1)	 267,046,395.67	 249,700,838.97
 Restatements	 10,961.21	 0.00
 Ending Net Position (August 31)	 \$ 282,019,197.66	 \$ 267,057,356.88

UNAUDITED

**Angelo State University (737)**  
**Statement of Cash Flows**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
<b>Cash Flows from Operating Activities</b>		
Proceeds from Customers	\$ 960,937.95	\$ 885,172.52
Proceeds from Tuition and Fees	44,327,937.95	45,044,878.78
Proceeds from Grants and Contracts	9,802,115.42	6,668,824.58
Proceeds from Sales and Services of Auxiliary Enterprises	12,615,762.84	10,686,090.43
Proceeds from Collections of Loans to Students	120,053.59	124,676.38
Proceeds from Fiduciary Activities (Held 3 Months or Less)	34,253,200.29	34,872,218.29
Payments to Suppliers for Goods and Services	(22,303,999.45)	(17,411,464.13)
Payments to Employees for Salaries	(58,402,527.85)	(57,642,501.32)
Payments to Employees for Benefits	(19,789,031.44)	(17,429,388.17)
Payments for Loans Issued to Students	(131,497.05)	(124,201.10)
Payments for Fiduciary Activities (Held 3 Months or Less)	(34,155,297.43)	(34,580,296.88)
Payments for Other Expenses	(37,322,477.05)	(32,355,087.44)
Net Cash Provided/(Used) by Operating Activities	(70,024,822.23)	(61,261,078.06)
<b>Cash Flows from Noncapital Financing Activities</b>		
Proceeds from State Appropriations	34,469,865.74	34,445,916.92
Proceeds from Gifts	14,788,581.50	11,736,415.92
Proceeds from Nonoperating Grants and Contracts	25,495,366.37	30,557,548.48
Proceeds from Other Financing Activities	12,186,982.17	11,929,365.13
Proceeds from Transfers In from Other State Agencies	292,587.00	280,601.00
Payments for Transfers to Component Institutions	(538,810.00)	(558,761.00)
Payments for Transfers to Other State Agencies	(644.12)	(1,331.78)
Payments for Other Uses	(4,134,197.89)	(13,887,264.09)
Net Cash Provided/(Used) by Noncapital Financing Activities	82,559,730.77	74,502,490.58
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from Capital Appropriations	6,792,999.00	6,792,999.00
Proceeds from Transfers from Component Institutions	2,985,010.38	5,214,521.44
Payments for Transfers to Component Institutions	(11,634,637.62)	(27,677,655.70)
Payments for Additions to Capital Assets	(6,524,874.23)	(3,703,201.01)
Payments for Leases	(53,711.28)	70,987.69
Net Cash Provided/(Used) by Capital and Related Financing Activities	(8,435,213.75)	(19,302,348.58)
<b>Cash Flows from Investing Activities</b>		
Proceeds from Interest and Investment Income	12,508,585.25	11,720,299.10
Payments to Acquire Investments	(16,510,640.28)	(35,620,608.52)
Net Cash Provided/(Used) by Investing Activities	(4,002,055.03)	(23,900,309.42)
 TOTAL NET CASH FLOWS	 \$ 97,639.76	 \$ (29,961,245.48)

UNAUDITED

**Angelo State University (737)**  
**Statement of Cash Flows**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
Beginning Cash & Cash Equivalents (September 1)	\$ 29,966,937.57	\$ 59,928,183.05
Ending Cash & Cash Equivalents (August 31)	<u>\$ 30,064,577.33</u>	<u>\$ 29,966,937.57</u>
 Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (75,259,136.97)	\$ (71,751,626.79)
Adjustments:		
Depreciation and Amortization Expense	12,444,985.71	11,127,579.46
Bad Debt Expense	569,533.17	454,749.77
(Increase) Decrease in Accounts Receivables	(11,295,694.06)	(2,405,909.70)
(Increase) Decrease in Loans and Notes Receivable	8,607.34	57,526.95
(Increase) Decrease in Inventories	(27,847.10)	7,729.66
(Increase) Decrease in Due From Other State Agencies	(42,097.60)	(80,499.16)
(Increase) Decrease in Prepaid Items	(170,972.35)	(944,531.43)
Increase (Decrease) in Accounts Payable	788,488.76	98,480.59
Increase (Decrease) in Payroll Payable	10,380.28	(175,977.30)
Increase (Decrease) in Unearned Revenue	4,074,202.94	1,149,691.71
Increase (Decrease) in Employees' Compensable Leave	(110,491.02)	(122,120.60)
Increase (Decrease) in Due To Other State Agencies	170.13	584.71
Increase (Decrease) in Benefits Payable	(1,089,896.23)	1,077,911.45
Increase (Decrease) in Fiduciary Funds Held 3 Months or Less	97,902.86	291,921.41
Increase (Decrease) in Other Liabilities	(22,958.09)	(46,588.79)
Net Cash Used for Operating Activities	<u>(70,024,822.23)</u>	<u>(61,261,078.06)</u>
 Noncash Transactions		
Donations of Capital Assets	318,055.00	0.00
Net Increase (Decrease) in Fair Value of Investments	(8,508,252.10)	13,016,793.30
Other	(984,555.73)	(254,805.16)
Total Noncash Transactions	<u>\$ (9,174,752.83)</u>	<u>\$ 12,761,988.14</u>

UNAUDITED

**Angelo State University (737)**  
**Matrix of Operating Expenses Reported by Function**  
**For the Years Ended August 31, 2022 and 2021**

<b>OPERATING EXPENSES</b>	<b>INSTRUCTION</b>	<b>RESEARCH</b>	<b>PUBLIC SERVICE</b>	<b>ACADEMIC SUPPORT</b>	<b>STUDENT SERVICES</b>	<b>INSTITUTIONAL SUPPORT</b>
Salaries and Wages	\$ 30,096,944.82	\$ 368,286.43	\$ 609,718.19	\$ 3,810,803.07	\$ 5,881,043.44	\$ 9,399,674.14
Payroll Related Costs	9,518,252.07	78,353.22	177,618.50	1,120,293.88	1,876,930.42	3,490,689.69
Professional Fees and Services	544,628.89	540.00	7,920.11	7,804.75	123,578.92	962,965.85
Travel	611,266.84	73,816.46	21,964.33	27,909.11	87,597.02	437,267.31
Materials and Supplies	1,503,049.41	152,687.96	144,713.71	214,148.95	240,794.81	1,161,105.40
Communications and Utilities	294,628.15	1,129.83	5,697.15	28,043.08	24,141.01	132,645.04
Repairs and Maintenance	384,896.85	827.78	13,135.82	79,858.95	92,102.23	773,661.44
Rentals and Leases	208,892.54	2.99	17,825.40	10,286.54	47,840.71	106,467.67
Printing and Reproduction	60,169.29	358.18	11,830.64	12,663.89	31,258.38	238,789.08
Depreciation and Amortization	0.00	0.00	0.00	0.00	0.00	0.00
Bad Debt Expense	0.00	0.00	0.00	0.00	0.00	259,347.04
Interest	165.61	0.00	0.00	0.00	0.00	118.92
Scholarships	0.00	0.00	0.00	0.00	0.00	0.00
Other Operating Expenses	3,145,089.13	65,804.87	485,008.47	1,859,512.28	1,087,655.03	5,082,209.59
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 46,367,983.60</b>	<b>\$ 741,807.72</b>	<b>\$ 1,495,432.32</b>	<b>\$ 7,171,324.50</b>	<b>\$ 9,492,941.97</b>	<b>\$ 22,044,941.17</b>

UNAUDITED

**Angelo State University (737)**  
**Matrix of Operating Expenses Reported by Function**  
**For the Years Ended August 31, 2022 and 2021**

<b>OPERATING EXPENSES</b>	<b>OPERATIONS &amp; MAINTENANCE OF PLANT</b>	<b>SCHOLARSHIPS &amp; FELLOWSHIPS</b>	<b>AUXILIARY ENTERPRISES</b>	<b>DEPRECIATION &amp; AMORTIZATION</b>	<b>GRAND TOTAL</b>	<b>Restated 2021</b>
Salaries and Wages	\$ 2,367,876.69	\$ 0.00	\$ 5,878,561.35	\$ 0.00	\$ 58,412,908.13	\$ 57,466,524.02
Payroll Related Costs	903,886.47	0.00	1,422,619.94	0.00	18,588,644.19	18,385,179.02
Professional Fees and Services	3,988.88	0.00	287,962.09	0.00	1,939,389.49	870,967.09
Travel	379.48	0.00	664,095.69	0.00	1,924,296.24	462,123.12
Materials and Supplies	669,624.82	0.00	5,743,544.93	0.00	9,829,669.99	8,522,262.30
Communications and Utilities	1,845,298.84	0.00	1,673,869.85	0.00	4,005,452.95	3,564,542.58
Repairs and Maintenance	603,934.77	0.00	1,142,812.57	0.00	3,091,230.41	3,719,143.00
Rentals and Leases	6,487.36	0.00	414,957.89	0.00	812,761.10	582,748.25
Printing and Reproduction	1,283.87	0.00	33,066.02	0.00	389,419.35	255,189.62
Depreciation and Amortization	0.00	0.00	0.00	12,444,985.71	12,444,985.71	11,127,579.46
Bad Debt Expense	0.00	0.00	310,186.13	0.00	569,533.17	454,749.77
Interest	0.00	0.00	39.00	0.00	323.53	204.86
Scholarships	0.00	19,344,123.31	0.00	0.00	19,344,123.31	20,011,385.78
Other Operating Expenses	502,926.93	0.00	1,721,898.95	0.00	13,950,105.25	11,436,661.26
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 6,905,688.11</b>	<b>\$ 19,344,123.31</b>	<b>\$ 19,293,614.41</b>	<b>\$ 12,444,985.71</b>	<b>\$ 145,302,842.82</b>	<b>\$ 136,859,260.13</b>

UNAUDITED

**Angelo State University (737)**  
**Combined Statement of Fiduciary Net Position**  
**For the Years Ended August 31, 2022 and 2021**

There is no fiduciary activity to report for Angelo State University for the years ended August 31, 2022 and 2021.

UNAUDITED

**Angelo State University (737)**  
**Combined Statement of Changes in Fiduciary Net Position**  
**For the Years Ended August 31, 2022 and 2021**

There is no fiduciary activity to report for Angelo State University for the years ended August 31, 2022 and 2021.

UNAUDITED

**Midwestern State University (735)**  
**Statement of Net Position**  
**August 31, 2022 and 2021**

	2022	Restated 2021
	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 10,211,326.79	\$ 5,359,108.07
Unrestricted Short-Term Investments	9,833,462.86	14,286,760.78
Restricted Cash and Cash Equivalents	1,752,154.40	4,950,395.11
Restricted Short-Term Investments	1,161,517.88	1,039,522.69
Legislative Appropriations	2,683,765.40	2,114,037.36
Receivables:		
Federal	660,783.14	1,107,878.94
Student	9,549,571.00	9,765,019.53
Interest and Dividends	40,478.34	0.00
Gifts	186,616.77	508,114.47
Other	3,351,788.95	3,245,649.35
Due From Other State Agencies	93,293.61	0.00
Inventories	207,441.30	185,371.97
Prepaid Items	12,073,999.37	12,878,124.82
Total Current Assets	<u>51,806,199.81</u>	<u>55,439,983.09</u>
Non-Current Assets:		
Restricted Investments	7,472,960.60	4,214,441.00
Gifts Receivable	194,156.09	288,388.32
Investments	52,410,481.77	62,168,215.96
Capital Assets		
Non-Depreciable or Non-Amortizable	16,368,204.13	14,332,012.77
Depreciable or Amortizable	389,267,942.30	388,917,865.98
Accumulated Depreciation and Amortization	(240,399,939.84)	(224,037,107.02)
Right to Use Assets		
Amortizable	4,558,073.55	4,558,073.55
Accumulated Amortization	(1,214,186.16)	(607,093.08)
Other Noncurrent Assets	0.00	0.00
Total Non-Current Assets	<u>228,657,692.44</u>	<u>249,834,797.48</u>
Total Assets	<u>\$ 280,463,892.25</u>	<u>\$ 305,274,780.57</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows of Resources	2,339,934.98	37,823,722.96
Total Deferred Outflows of Resources	<u>\$ 2,339,934.98</u>	<u>\$ 37,823,722.96</u>



UNAUDITED

**Midwestern State University (735)**  
**Statement of Net Position**  
**August 31, 2022 and 2021**

	2022	Restated 2021
	<u>2022</u>	<u>2021</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 2,094,796.11	\$ 2,529,354.34
Payroll Payable	4,777,875.07	5,102,971.89
Unearned Revenue	34,585,270.44	36,391,257.62
Due to Other State Agencies	3,090.46	96,235.94
Employees' Compensable Leave	322,223.03	267,725.80
Right to Use Lease Obligations	585,358.31	558,834.41
Revenue Bonds Payable	6,816,038.64	6,521,038.64
Net OPEB Liability	0.00	1,830,388.00
Other Current Liabilities	1,653,998.82	1,720,139.35
Total Current Liabilities	<u>50,838,650.88</u>	<u>55,017,945.99</u>
Non-Current Liabilities:		
Employees' Compensable Leave	1,862,705.57	2,225,236.29
Right to Use Lease Obligations	2,863,712.82	3,449,071.13
Revenue Bonds Payable	121,579,716.66	128,395,755.30
Net OPEB Liability	0.00	53,043,239.00
Net Pension Liability	0.00	16,304,410.00
Other Non-Current Liabilities	99,137.02	101,034.07
Total Non-Current Liabilities	<u>126,405,272.07</u>	<u>203,518,745.79</u>
Total Liabilities	<u>\$ 177,243,922.95</u>	<u>\$ 258,536,691.78</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows of Resources	0.00	16,748,423.00
Total Deferred Inflows of Resources	<u>\$ 0.00</u>	<u>\$ 16,748,423.00</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 39,073,682.63	\$ 46,772,219.98
Restricted:		
Nonexpendable:		
Endowments	5,477,048.06	5,526,138.76
Expendable:		
Capital Projects	1,532,112.04	3,396,738.66
Other	15,887,412.03	15,667,322.67
Unrestricted	<u>43,589,649.52</u>	<u>(3,549,031.32)</u>
Total Net Position	<u>\$ 105,559,904.28</u>	<u>\$ 67,813,388.75</u>

UNAUDITED

**Midwestern State University (735)**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
Operating Revenues		
Tuition and Fees - Pledged	\$ 52,011,247.07	\$ 52,500,564.51
Less Discounts and Allowances	(18,166,477.70)	(18,667,784.83)
Sales and Services of Auxiliary Enterprises - Pledged	11,907,082.56	13,143,359.91
Other Sales and Services	1,235,211.54	805,593.50
Federal Grants and Contracts	1,526,085.60	1,367,619.47
Federal Grant Pass-Throughs from Other State Agencies	571,086.26	1,307,794.52
State Grant Pass-Throughs from Other State Agencies	4,605,327.70	4,257,133.69
Nongovernmental Grants and Contracts	2,024,957.71	1,753,387.86
Other Operating Revenues	1,591,587.09	1,822,174.33
Total Operating Revenues	57,306,107.83	58,289,842.96
Operating Expenses		
Salaries and Wages	44,244,062.83	43,680,196.20
Payroll Related Costs	14,649,152.87	23,595,060.53
Professional Fees and Services	5,586,869.48	6,047,102.69
Travel	1,906,233.77	417,425.60
Materials and Supplies	8,976,581.47	7,476,369.37
Communications and Utilities	3,022,358.64	2,622,407.56
Repairs and Maintenance	3,464,328.69	3,115,098.06
Rentals and Leases	467,311.51	327,526.90
Printing and Reproduction	196,131.14	222,858.99
Depreciation and Amortization	17,983,679.37	17,823,811.78
Bad Debt Expense	338,256.41	467,507.97
Interest	636.98	590.64
Scholarships	19,940,886.19	17,262,752.92
Total Operating Expenses	120,776,489.35	123,058,709.21
Operating Income (Loss)	\$ (63,470,381.52)	\$ (64,768,866.25)

UNAUDITED

**Midwestern State University (735)**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 25,336,477.03	\$ 26,399,431.13
Federal Grants and Contracts	21,943,089.82	20,678,426.01
Federal Grant Pass-Throughs from Other State Agencies	96,550.86	2,788.15
State Grant Pass-Throughs from Other State Agencies	5,500.00	5,400.00
Private Gifts	4,870,632.53	5,016,020.75
Investment Income (Expense)	12,426,129.76	2,428,742.31
Interest Expense on Capital Asset Financing	(4,628,409.57)	(4,892,954.79)
Gain (Loss) on Sale and Disposal of Capital Assets	(54,525.92)	(358,259.10)
Net Increase (Decrease) in Fair Value of Investments	(16,390,093.06)	7,705,337.50
Other Nonoperating Revenues (Expenses)	0.00	2,921.00
Total Nonoperating Revenues (Expenses)	43,605,351.45	56,987,852.96
 Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	 (19,865,030.07)	 (7,781,013.29)
 Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEF)	4,933,200.00	4,933,200.00
Capital Contributions	250,000.00	4,503,750.00
Lapsed Appropriations	40,383.57	(1,594,950.57)
Contributions to Permanent and Term Endowments	520,460.80	63,269.54
Legislative Transfers In (Out)	89,748.00	89,846.00
Net Transfers from (to) Other State Agencies	(859,913.37)	(1,199,067.95)
Net Other Revenues, Expenses, Gains, Losses, and Transfers	4,973,879.00	6,796,047.02
 Total Change in Net Position	 (14,891,151.07)	 (984,966.27)
 Beginning Net Position (September 1)	 67,872,076.12	 68,798,355.02
 Restatements	 52,578,979.23	 0.00
 Ending Net Position (August 31)	 \$ 105,559,904.28	 \$ 67,813,388.75

UNAUDITED

**Midwestern State University (735)**  
**Statement of Cash Flows**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
<b>Cash Flows from Operating Activities</b>		
Proceeds from Customers	\$ 2,826,798.63	\$ 2,627,767.83
Proceeds from Tuition and Fees	33,085,808.78	34,443,916.74
Proceeds from Grants and Contracts	7,912,371.44	13,587,991.85
Proceeds from Sales and Services of Auxiliary Enterprises	11,706,851.03	12,703,018.95
Proceeds from Collections of Loans to Students	14,509.21	3,499.20
Payments to Suppliers for Goods and Services	(23,967,132.07)	(20,210,191.37)
Payments to Employees for Salaries	(44,877,193.14)	(43,276,078.34)
Payments to Employees for Benefits	(14,649,152.87)	(14,677,089.93)
Payments for Other Expenses	(19,143,304.73)	(19,074,792.80)
Net Cash Provided/(Used) by Operating Activities	(47,090,443.72)	(33,871,957.87)
<b>Cash Flows from Noncapital Financing Activities</b>		
Proceeds from State Appropriations	24,807,132.56	24,783,677.23
Proceeds from Gifts	5,697,755.47	4,664,982.13
Proceeds from Nonoperating Grants and Contracts	22,045,140.68	20,686,614.16
Proceeds from Transfers In from Other State Agencies	148,193.00	148,887.00
Payments for Transfers to Other State Agencies	(918,358.37)	(1,258,108.95)
Payments for Other Uses	0.00	(15.00)
Net Cash Provided/(Used) by Noncapital Financing Activities	51,779,863.34	49,026,036.57
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from Capital Gifts	250,000.00	250,000.00
Proceeds from Other Capital and Related Financing Activities	363,063.67	138,875.00
Proceeds from Capital Appropriations	4,933,200.00	4,933,200.00
Payments for Additions to Capital Assets	(3,454,547.07)	(3,096,857.52)
Payments for Principal Paid on Capital Debt	(6,521,281.04)	(6,987,079.21)
Payments for Interest Paid on Capital Debt	(4,495,545.56)	(4,758,306.06)
Payments for Capital Leases	(558,834.41)	(550,168.01)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(9,483,944.41)	(10,070,335.80)
<b>Cash Flows from Investing Activities</b>		
Proceeds from Investment Sales and Maturities	8,975,527.67	20,586,319.51
Proceeds from Interest and Investment Income	55,761,847.73	6,108,427.72
Payments to Acquire Investments	(58,288,872.60)	(29,176,480.79)
Net Cash Provided/(Used) by Investing Activities	6,448,502.80	(2,481,733.56)
TOTAL NET CASH FLOWS	\$ 1,653,978.01	\$ 2,602,009.34
Beginning Cash & Cash Equivalents (September 1)	\$ 10,309,503.18	\$ 7,707,493.84
Ending Cash & Cash Equivalents (August 31)	\$ 11,963,481.19	\$ 10,309,503.18

UNAUDITED

**Midwestern State University (735)**  
**Statement of Cash Flows**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (63,470,381.52)	\$ (64,768,866.25)
Adjustments:		
Depreciation and Amortization Expense	17,983,679.37	17,823,811.78
Bad Debt Expense	338,256.41	467,507.97
Pension Expense	0.00	2,299,179.00
OPEB Expense	0.00	8,795,049.00
(Increase) Decrease in Accounts Receivables	139,363.92	415,064.41
(Increase) Decrease in Inventories	(22,069.33)	(31,138.66)
(Increase) Decrease in Other Assets	109,067.79	821,886.54
(Increase) Decrease in Prepaid Items	804,125.45	(1,841,382.13)
(Increase) Decrease in Deferred Outflows of Resources	0.00	11,160,696.60
Increase (Decrease) in Accounts Payable	(532,448.82)	(676,234.02)
Increase (Decrease) in Payroll Payable	(325,096.82)	121,394.87
Increase (Decrease) in Unearned Revenue	(1,802,896.72)	4,565,051.26
Increase (Decrease) in Employees' Compensable Leave	(308,033.49)	282,722.99
Increase (Decrease) in Net OPEB Liability	0.00	(10,755,208.00)
Increase (Decrease) in Net Pension Liability	0.00	(2,258,793.00)
Increase (Decrease) in Deferred Inflows of Resources	0.00	(322,953.00)
Increase (Decrease) in Other Liabilities	(4,009.96)	30,252.77
Net Cash Used for Operating Activities	(47,090,443.72)	(33,871,957.87)
Noncash Transactions		
Donations of Capital Assets	0.00	4,253,750.00
Net Increase (Decrease) in Fair Value of Investments	(16,390,093.06)	7,705,337.50
Other	(54,525.92)	(358,259.10)
Total Noncash Transactions	\$ (16,444,618.98)	\$ 11,600,828.40

UNAUDITED

**Midwestern State University (735)**  
**Matrix of Operating Expenses Reported by Function**  
**For the Years Ended August 31, 2022 and 2021**

OPERATING EXPENSES	INSTRUCTION	RESEARCH	PUBLIC SERVICE	ACADEMIC SUPPORT	STUDENT SERVICES	INSTITUTIONAL SUPPORT
Salaries and Wages	23,460,853.49	506,872.37	476,476.64	4,229,296.18	6,776,330.70	4,377,515.90
Payroll Related Costs	7,635,145.25	110,093.11	147,060.43	1,435,166.72	2,028,569.04	1,564,666.55
Professional Fees and Services	590,784.27	77,166.33	72,988.70	1,232,222.28	1,665,246.84	174,431.89
Travel	655,229.56	66,672.76	12,553.97	192,977.90	832,617.63	127,506.87
Materials and Supplies	562,075.25	124,580.52	172,895.93	1,521,238.11	1,582,263.60	1,148,670.61
Communications and Utilities	56,222.80	156.25	7,240.97	36,001.11	388,421.38	(79,827.34)
Repairs and Maintenance	167,751.17	733.00	49,657.33	833,473.11	270,336.16	638,708.69
Rentals and Leases	68,340.40	175.00	113,928.22	37,067.62	211,856.78	88,271.05
Printing and Reproduction	16,286.26	42.10	4,742.80	36,467.71	212,035.10	(88,434.62)
Depreciation and Amortization	0.00	0.00	0.00	0.00	0.00	0.00
Bad Debt Expense	0.00	0.00	0.00	0.00	338,256.41	0.00
Interest	0.00	0.00	0.00	0.00	3.45	563.49
Scholarships	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 33,212,688.45</b>	<b>\$ 886,491.44</b>	<b>\$ 1,057,544.99</b>	<b>\$ 9,553,910.74</b>	<b>\$ 14,305,937.09</b>	<b>\$ 7,952,073.09</b>

UNAUDITED

**Midwestern State University (735)**  
**Matrix of Operating Expenses Reported by Function**  
**For the Years Ended August 31, 2022 and 2021**

OPERATING EXPENSES	OPERATIONS & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	GRAND TOTAL	Restated 2021
Salaries and Wages	2,917,405.76	0.00	1,499,311.79	0.00	44,244,062.83	43,680,196.20
Payroll Related Costs	1,331,582.79	0.00	396,868.98	0.00	14,649,152.87	23,595,060.53
Professional Fees and Services	286,914.90	0.00	1,487,114.27	0.00	5,586,869.48	6,047,102.69
Travel	1,253.96	0.00	17,421.12	0.00	1,906,233.77	417,425.60
Materials and Supplies	614,362.16	0.00	3,250,495.29	0.00	8,976,581.47	7,476,369.37
Communications and Utilities	1,416,607.46	0.00	1,197,536.01	0.00	3,022,358.64	2,622,407.56
Repairs and Maintenance	214,575.40	0.00	1,289,093.83	0.00	3,464,328.69	3,115,098.06
Rentals and Leases	38,919.37	0.00	(91,246.93)	0.00	467,311.51	327,526.90
Printing and Reproduction	2,468.55	0.00	12,523.24	0.00	196,131.14	222,858.99
Depreciation and Amortization	0.00	0.00	0.00	17,983,679.37	17,983,679.37	17,823,811.78
Bad Debt Expense	0.00	0.00	0.00	0.00	338,256.41	467,507.97
Interest	58.81	0.00	11.23	0.00	636.98	590.64
Scholarships	0.00	19,940,886.19	0.00	0.00	19,940,886.19	17,262,752.92
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 6,824,149.16</b>	<b>\$ 19,940,886.19</b>	<b>\$ 9,059,128.83</b>	<b>\$ 17,983,679.37</b>	<b>\$ 120,776,489.35</b>	<b>\$ 123,058,709.21</b>

UNAUDITED

**Midwestern State University (735)  
Combined Statement of Fiduciary Net Position  
For the Years Ended August 31, 2022 and 2021**

There is no fiduciary activity to report for Midwestern State University for the years ended August 31, 2022 and 2021.



UNAUDITED

**Midwestern State University (735)**  
**Combined Statement of Changes in Fiduciary Net Position**  
**For the Years Ended August 31, 2022 and 2021**

There is no fiduciary activity to report for Midwestern State University for the years ended August 31, 2022 and 2021.

UNAUDITED

**Texas Tech University System Administration (768)**  
**Statement of Net Position**  
**August 31, 2022 and 2021**

	2022	Restated 2021
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 3,250,791.92	\$ 68,369.79
Restricted Cash and Cash Equivalents	238,930.22	3,294,383.60
Legislative Appropriations	601,323.92	549,764.47
Receivables:		
Interest and Dividends	70,651.97	57,891.64
Other	15,703.90	16,322.14
Prepaid Items	29,713.35	20,712.38
Other Current Assets	0.00	10,000.00
Total Current Assets	<u>4,207,115.28</u>	<u>4,017,444.02</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	61,990,145.76	83,106,405.81
Restricted Investments	93,878,890.67	77,073,526.92
Investments	68,650,022.53	72,874,100.67
Capital Assets		
Non-Depreciable or Non-Amortizable	314,482.25	314,482.25
Depreciable or Amortizable	31,758,217.66	27,955,514.29
Accumulated Depreciation and Amortization	(12,948,733.46)	(7,977,530.10)
Right to Use Assets		
Amortizable	325,593.62	187,212.75
Accumulated Amortization	(124,301.38)	(42,902.92)
Total Non-Current Assets	<u>243,844,317.65</u>	<u>253,490,809.67</u>
Total Assets	<u>\$ 248,051,432.93</u>	<u>\$ 257,508,253.69</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflow of Resources		
Deferred Outflows of Resources	<u>403,926,077.40</u>	<u>534,081,309.00</u>
Total Deferred Outflows of Resources	<u>\$ 403,926,077.40</u>	<u>\$ 534,081,309.00</u>

UNAUDITED

**Texas Tech University System Administration (768)**  
**Statement of Net Position**  
**August 31, 2022 and 2021**

	2022	Restated 2021
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 257,683.79	\$ 130,414.85
Payroll Payable	2,137,101.81	1,504,491.14
Short-Term Debt Commercial Paper Notes	75,911,000.00	48,844,000.00
Claims and Judgments	1,122,049.91	1,097,922.53
Right to Use Lease Obligations	116,006.79	46,753.22
Employees' Compensable Leave	250,106.32	185,088.31
Revenue Bonds Payable	56,107,895.30	59,116,239.75
Net OPEB Liability	27,446,781.00	29,719,284.00
Other Current Liabilities	1,164,032.57	988,663.46
Total Current Liabilities	164,512,657.49	141,632,857.26
Non-Current Liabilities:		
Claims and Judgments	4,638,254.09	4,759,189.47
Employees' Compensable Leave	1,862,050.94	1,388,550.28
Right to Use Lease Obligations	85,968.79	97,642.98
Revenue Bonds Payable	673,005,331.75	729,113,227.05
Net OPEB Liability	992,427,539.00	861,242,072.00
Net Pension Liability	156,543,241.00	322,680,807.00
Total Non-Current Liabilities	1,828,562,385.57	1,919,281,488.78
Total Liabilities	\$ 1,993,075,043.06	\$ 2,060,914,346.04
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows of Resources	345,063,289.00	289,753,459.00
Total Deferred Inflows of Resources	\$ 345,063,289.00	\$ 289,753,459.00
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ (716,353,380.49)	\$ (725,356,861.68)
Restricted:		
Nonexpendable:		
Endowments	745,398.81	719,798.79
Expendable:		
Capital Projects	985,498.57	795,579.00
Other	92,578,233.45	79,648,378.16
Unrestricted	(1,064,116,572.07)	(914,885,136.62)
Total Net Position	\$ (1,686,160,821.73)	\$ (1,559,078,242.35)

UNAUDITED

**Texas Tech University System Administration (768)**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
Operating Revenues		
Other Sales and Services - Pledged	\$ 6,339.50	\$ 3,481.30
Total Operating Revenues	6,339.50	3,481.30
Operating Expenses		
Cost of Goods Sold	0.00	11.98
Salaries and Wages	11,476,483.14	14,357,242.37
Payroll Related Costs	98,459,618.70	136,745,533.21
Professional Fees and Services	1,623,679.80	1,505,400.30
Travel	168,181.88	79,738.03
Materials and Supplies	200,286.08	285,392.89
Communications and Utilities	178,532.01	259,752.26
Repairs and Maintenance	174,828.98	171,522.05
Rentals and Leases	293,267.70	858,821.59
Printing and Reproduction	25,378.04	39,554.91
Depreciation and Amortization	1,692,510.63	1,575,227.32
Interest	0.00	16.36
Claims and Judgments	973,742.49	307,527.00
Other Operating Expenses	(1,528,878.09)	707,762.66
Total Operating Expenses	113,737,631.36	156,893,502.93
Operating Income (Loss)	(113,731,291.86)	(156,890,021.63)
Nonoperating Revenues (Expenses)		
Legislative Revenue	2,856,654.87	2,730,660.24
Private Gifts	1,168.87	565.77
Private Gifts - Pledged	3,476,079.37	3,053,778.00
Investment Income (Expense)	968,766.27	191,543.14
Investment Income (Expense) - Pledged	1,693,471.39	4,622,665.11
Interest Expense on Capital Asset Financing	(21,977,633.86)	(23,719,804.10)
Net Increase (Decrease) in Fair Value of Investments	(7,212,042.70)	24,243,243.86
Interest Expense	(309.53)	(239.93)
Other Nonoperating Revenues (Expenses)	(53,650.25)	(42,989.29)
Other Nonoperating Revenues (Expenses) - Pledged	0.00	107,283.54
Total Nonoperating Revenues (Expenses)	(20,247,495.57)	11,186,706.34
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	(133,978,787.43)	(145,703,315.29)
Other Revenues, Expenses, Gains, Losses, and Transfers		
Contributions to Permanent and Term Endowments	25,600.00	7,000.00
Legislative Transfers In (Out)	58,791,519.40	65,152,970.92
Interagency Transfers of Capital Assets - Increase	442,612.18	1,949.00
Net Transfers from (to) Texas Tech University System Components	274,143.07	3,071,458.01
Net Other Revenues, Expenses, Gains, Losses, and Transfers	59,533,874.65	68,233,377.93
Total Change in Net Position	(74,444,912.78)	(77,469,937.36)
Beginning Net Position (September 1)	(1,559,078,136.99)	(1,481,608,304.99)
Restatements	(52,637,771.96)	0.00
Ending Net Position (August 31)	\$ (1,686,160,821.73)	\$ (1,559,078,242.35)

UNAUDITED

**Texas Tech University System Administration (768)**  
**Statement of Cash Flows**  
**For the Years Ended August 31, 2022 and 2021**

	<u>2022</u>	<u>Restated 2021</u>
<b>Cash Flows from Operating Activities</b>		
Proceeds from Sales and Services of Auxiliary Enterprises	\$ 6,339.50	\$ 3,481.30
Proceeds from Fiduciary Activities (Held 3 Months or Less)	118,997,045.80	76,313,540.33
Payments to Suppliers for Goods and Services	(400,493.10)	(496,469.85)
Payments to Employees for Salaries	(11,141,433.78)	(14,356,209.92)
Payments to Employees for Benefits	(2,559,264.39)	(3,587,866.86)
Payments for Fiduciary Activities (Held 3 Months or Less)	(118,997,045.80)	(76,313,540.33)
Payments for Other Expenses	(1,147,928.91)	(4,370,269.43)
Net Cash Provided/(Used) by Operating Activities	<u>(15,242,780.68)</u>	<u>(22,807,334.76)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Proceeds from State Appropriations	2,805,095.42	2,700,462.53
Proceeds from Gifts	3,502,848.24	3,061,343.77
Proceeds from Other Financing Activities	45,022.00	47,109.23
Proceeds from Transfers from Component Institutions	14,681,473.29	12,966,919.01
Payments for Transfers to Component Institutions	(6,242,874.87)	(1,898,810.99)
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>14,791,564.08</u>	<u>16,877,023.55</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from Capital Debt Issuances	41,532,000.00	39,000,000.00
Proceeds from Transfers from Component Institutions	112,417,909.88	176,425,609.10
Payments for Transfers to Component Institutions	(61,790,845.83)	(119,269,288.19)
Payments for Additions to Capital Assets	(81,100.02)	0.00
Payments for Principal Paid on Capital Debt	(72,215,000.00)	(86,839,000.00)
Payments for Interest Paid on Capital Debt	(23,168,515.50)	(24,799,938.90)
Payments for Leases	0.00	(43,037.49)
Payments for Other Costs on Debt Issuance	(87,357.25)	(80,764.29)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(3,392,908.72)</u>	<u>(15,606,419.77)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Investment Sales and Maturities	3,146,843.60	3,447,273.65
Proceeds from Interest and Investment Income	6,497,071.24	9,695,635.22
Payments to Acquire Investments	(26,789,080.82)	(94,712,060.91)
Net Cash Provided/(Used) by Investing Activities	<u>(17,145,165.98)</u>	<u>(81,569,152.04)</u>
 TOTAL NET CASH FLOWS	 <u>\$ (20,989,291.30)</u>	 <u>\$ (103,105,883.02)</u>

UNAUDITED

**Texas Tech University System Administration (768)**  
**Statement of Cash Flows**  
**For the Years Ended August 31, 2022 and 2021**

	2022	Restated 2021
Beginning Cash & Cash Equivalents (September 1)	\$ 86,469,159.20	\$ 189,575,042.22
Ending Cash & Cash Equivalents (August 31)	<u>\$ 65,479,867.90</u>	<u>\$ 86,469,159.20</u>
 Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (113,731,291.86)	\$ (156,890,021.63)
Adjustments:		
Depreciation and Amortization Expense	1,692,510.63	1,575,227.32
Pension Expense	5,427,029.00	43,831,300.00
OPEB Expense	125,826,856.00	122,277,950.00
(Increase) Decrease in Accounts Receivables	618.24	(16,322.14)
(Increase) Decrease in Prepaid Items	(9,000.97)	(2,855.93)
(Increase) Decrease in Deferred Outflows of Resources	(63,156,791.00)	(34,291,354.00)
Increase (Decrease) in Accounts Payable	127,268.94	(6,616.42)
Increase (Decrease) in Payroll Payable	335,049.36	1,032.45
Increase (Decrease) in Employees' Compensable Leave	538,518.67	1,363.24
Increase (Decrease) in Claims and Judgments	(96,808.00)	(626,808.00)
Increase (Decrease) in Benefits Payable	297,561.31	(42,125.65)
Increase (Decrease) Net OPEB Liability	7,911,597.00	(99,959,411.00)
Increase (Decrease) in Deferred Inflows	<u>19,594,102.00</u>	<u>101,341,307.00</u>
Net Cash Used for Operating Activities	<u>(15,242,780.68)</u>	<u>(22,807,334.76)</u>
 Noncash Transactions		
Net Increase (Decrease) in Fair Value of Investments	(7,212,042.70)	24,243,243.86
Other	0.00	1,949.00
Total Noncash Transactions	<u>\$ (7,212,042.70)</u>	<u>\$ 24,245,192.86</u>

UNAUDITED

**Texas Tech University System Administration (768)**  
**Matrix of Operating Expenses Reported by Function**  
**For the Years Ended August 31, 2022 and 2021**

<b>OPERATING EXPENSES</b>	<b>ACADEMIC SUPPORT</b>	<b>INSTITUTIONAL SUPPORT</b>	<b>OPERATIONS &amp; MAINTENANCE OF PLANT</b>	<b>DEPRECIATION &amp; AMORTIZATION</b>	<b>GRAND TOTAL</b>	<b>Restated 2021</b>
Cost of Goods Sold	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 11.98
Salaries and Wages	872,273.15	10,604,209.99	0.00	0.00	11,476,483.14	14,357,242.37
Payroll Related Costs	244,015.91	98,215,602.79	0.00	0.00	98,459,618.70	136,745,533.21
Professional Fees and Services	97,442.23	1,526,237.57	0.00	0.00	1,623,679.80	1,505,400.30
Travel	5,485.91	162,695.97	0.00	0.00	168,181.88	79,738.03
Materials and Supplies	82,026.22	117,536.52	723.34	0.00	200,286.08	285,392.89
Communications and Utilities	16,961.52	161,570.49	0.00	0.00	178,532.01	259,752.26
Repairs and Maintenance	16,286.96	118,499.33	40,042.69	0.00	174,828.98	171,522.05
Rentals and Leases	867.06	292,400.64	0.00	0.00	293,267.70	858,821.59
Printing and Reproduction	3,288.96	22,089.08	0.00	0.00	25,378.04	39,554.91
Depreciation and Amortization	0.00	0.00	0.00	1,692,510.63	1,692,510.63	1,575,227.32
Interest	0.00	0.00	0.00	0.00	0.00	16.36
Claims and Judgments	973,742.49	0.00	0.00	0.00	973,742.49	307,527.00
Other Operating Expenses	1,064.06	(1,530,643.73)	701.58	0.00	(1,528,878.09)	707,762.66
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 2,313,454.47</b>	<b>\$ 109,690,198.65</b>	<b>\$ 41,467.61</b>	<b>\$ 1,692,510.63</b>	<b>\$ 113,737,631.36</b>	<b>\$ 156,893,502.93</b>

UNAUDITED

**Texas Tech University System Administration (768)**  
**Combined Statement of Fiduciary Net Position**  
**For the Years Ended August 31, 2022 and 2021**

There is no fiduciary activity to report for Texas Tech University System Administration for the years ended August 31, 2022 and 2021.



UNAUDITED

**Texas Tech University System Administration (768)  
Combined Statement of Changes in Fiduciary Net Position  
For the Years Ended August 31, 2022 and 2021**

There is no fiduciary activity to report for Texas Tech University System Administration for the years ended August 31, 2022 and 2021.

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## Appendix C

### 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 office of the Vice Chancellor and 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 “*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 “*ASU*” shall mean Angelo State University, a component institution of TTUS.

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 Twentieth 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 “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 Twentieth 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 “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 “MSU” shall mean Midwestern State University, located in Wichita Falls, Texas, a component institution of TTUS.

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 any series of Bonds as authorized by the Twentieth 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 terms “Paying Agent/Registrar” and “Paying 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 Certificate” shall mean one or more certificates executed by the Pricing Officer in accordance with the Twentieth Supplement.

The term “Pricing Officer” shall mean each of the Chancellor and the Chief Financial Officer of TTUS, acting in such capacity severally and not jointly.

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 Twentieth Supplement.



The term “Refunded Obligations” shall mean those Refundable Obligations identified in a Pricing Certificate 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 the 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 “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 “Twentieth Supplement” shall mean the Twentieth Supplemental Resolution adopted by the Board on May 4, 2023, authorizing the sale of the Bonds.

The term “*Underwriters*” shall mean collectively the initial purchasers of any series of Bonds issued under the Twentieth Supplement as named in a Pricing Certificate, including any underwriters named therein in a negotiated sale.

**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 TTU, the Health Sciences Center, the Health Sciences Center at El Paso, ASU and MSU, 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 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, subject to the provisions of the resolutions authorizing Prior Encumbered Obligations and to other provisions of the Master Resolution and any Supplement, 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 Tuition, and, if necessary, 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 or manner of charging for any rentals, rates, fees, tuition, or other charges included in Pledged Revenues, including the Pledged General Tuition and 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 Revenues 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 Outstanding 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 remains 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 Obligation, 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 Outstanding 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) in establishing the annual budget for each Participant in the Revenue Financing System, 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 Outstanding Parity Obligations may be modified or amended at any time without notice to or the consent of any owner of the Outstanding 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 TTU 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;

(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 Outstanding 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 Amount 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 Outstanding Principal Amounts 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 Outstanding Parity Obligations a priority over the owners of any other Outstanding 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 Outstanding Bonds;

(2) Reduce the rate of interest borne by the Outstanding 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 Outstanding 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 Twentieth 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 Twentieth 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, 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.

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 Twentieth Supplement to the contrary, it has been provided that any determination not to redeem Bonds defeased under the terms of the Twentieth 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 D**

**FORMS OF BOND COUNSEL OPINIONS**

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August 8, 2023

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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 2023A, dated August 8, 2023 (the “Bonds”), in the aggregate principal amount of \$193,625,000.

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 Twentieth Supplemental Resolution, adopted by the Issuer, supplementing the Board’s Master Resolution Establishing a Revenue Financing System (the “Bond Resolution”) and the pricing certificate executed pursuant to the Bond Resolution (the “Pricing Certificate” and, jointly with the Bond Resolution, the “Resolution”), 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 Resolution 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 Resolution, and subject to the prior lien of any Prior Encumbered Obligations, as provided in the Resolution.
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 Resolution 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,

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Re: "Board of Regents of Texas Tech University System Revenue Financing System  
Refunding and Improvement Bonds, Series 2023A

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.

WE EXPRESS NO 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, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, 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 changes 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; 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.

August 8, 2023

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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 Improvement Bonds, Taxable Series 2023B, dated August 8, 2023 (the "Bonds"), in the aggregate principal amount of \$56,400,000.

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 Twentieth Supplemental Resolution, adopted by the Issuer, supplementing the Board's Master Resolution Establishing a Revenue Financing System (the "Bond Resolution") and the pricing certificate executed pursuant to the Bond Resolution (the "Pricing Certificate" and, jointly with the Bond Resolution, the "Resolution"), 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 Resolution 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 Resolution, and subject to the prior lien of any Prior Encumbered Obligations, as provided in the Resolution.

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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