

CONTINUING DISCLOSURE ANNUAL REPORT

Filed by

BOARD OF REGENTS OF THE TEXAS TECH UNIVERSITY SYSTEM



FISCAL YEAR 2017

Pursuant to Undertaking Provided to
Permit Compliance with SEC Rule 15c2-12
Relating to
Each Issue of the Board's Outstanding Parity Obligations Issued since 1996

Texas Tech University System
Lubbock, Texas

Board of Regents

<u>Name</u>	<u>Term Expiration</u> ⁽¹⁾	<u>Residence</u>
Mr. John D. Esparza.....	January 31, 2019.....	Austin, TX
Mr. L. Frederick Francis	January 31, 2019.....	El Paso, TX
Mr. Tim Lancaster	January 31, 2019.....	Abilene, TX
Mr. Mickey L. Long.....	January 31, 2021.....	Midland, TX
Mr. Ronnie Hammonds.....	January 31, 2021.....	Houston, TX
Mr. Christopher M. Huckabee	January 31, 2021.....	Fort Worth, TX
Mr. J. Michael Lewis	January 31, 2023.....	Dallas, TX
Mr. John D. Steinmetz	January 31, 2023.....	Dallas, TX
Mr. John Walker	January 31, 2023.....	Houston, TX

Student Regent⁽²⁾

Mr. Jarett Lujan..... May 31, 2018 San Angelo, TX

Officers of the Board

Mr. L. Frederick Francis Chairman
Mr. Tim Lancaster Vice Chairman
Mr. Ben W. Lock Secretary

Principal Administrators

<u>Name</u>	<u>Title</u>
Mr. Robert L. Duncan.....	Chancellor
Mr. Gary Barnes.....	Vice Chancellor and Chief Financial Officer
Dr. Lawrence Schovanec	TTU President
Dr. Tedd L. Mitchell	TTUHSC President
Dr. Brian J. May.....	ASU President
Dr. Richard A. Lange.....	TTUHSC at El Paso President

⁽¹⁾ The actual expiration date of the term depends on the date the successor is appointed, qualified and takes the oath of office.
⁽²⁾ Student Regent. Current state law does not allow a Student Regent to vote on any matter before the Board.

This information is being provided by the Board of Regents (“Board”) of the Texas Tech University System (“University System”) in compliance with the contractual undertaking (“Undertaking”) to provide annual reports of financial information and operating data, as required by Rule 15c2-12 (“Rule”) of the Securities and Exchange Commission, regarding each issue of the Board’s outstanding Parity Obligations issued since 1996 (“Issues”).

This Annual Report contains financial information and operating data with respect to the University System. Information in this Annual Report has been compiled from the University System’s records and other sources which are believed by the Board to be reliable. This report is provided in satisfaction of the Board’s Undertaking, and contains information prescribed by the Rule. The Board does not make any warranty concerning the usefulness of such information to a decision to invest in, hold, or sell bonds, notes, or other obligations payable, in whole or in part, from the sources pledged for the payment of the Issues. Information agreed to be provided by the Board may be reported in full text herein, or may be incorporated by reference to certain other publicly available documents. The Board is required by the Undertaking to provide information annually by a date not more than 180 days following the close of its fiscal year, for as long as any of the Issues are outstanding.

General Overview

The Texas Tech University System is composed of a central administrative agency, the Texas Tech University System Administration, and four component institutions – Texas Tech University, Texas Tech University Health Sciences Center, and Angelo State University, and Texas Tech University Health Sciences Center at El Paso. These four separate academic institutions are governed by the ten-member Board of Regents. The Regents are appointed by the Governor of the State of Texas to six-year terms with the exception of a student Regent who is appointed to a one-year term. The Chancellor is the chief executive officer of the System and is appointed by, and reports directly to, the Board of Regents. The Chancellor is supported by the Texas Tech University System Administration.

The Texas Tech University System employs more than 17,000 faculty and staff. The annual combined budget of the System is approximately \$2 billion. Approximately \$486 million of these funds are appropriated by the Texas Legislature and about \$236 million in research expenditures annually. The total enrollment across all components is more than 52,000 students.

The Texas Tech University System is committed to providing the highest quality and most efficient resources and services to its components. Throughout all institutions and centers, the University System strives to increase accessibility, enhance instruction and infrastructure formula funding, provide necessary financial aid, produce and commercialize new technologies, strengthen academic quality and reputation, advance research, improve productivity and efficiency, and further the quality and availability of health care for all Texans.

Texas Tech University, based in Lubbock, Texas, was established in 1923 as Texas Technological College. The University is one of the state’s largest major comprehensive universities in terms of square miles. Over 36,000 students enroll annually, coming from 49 states and more than 113 foreign countries. These students choose from over 150 undergraduate, 100 masters, and 50 doctoral programs through twelve different colleges, School of Law and the Graduate School. The University also hosts over 60 research centers and institutions. The University has limited educational facilities located in the Texas cities of El Paso, Junction, Fredericksburg, Marble Falls, Highland Lakes, and Waco, Collin County, TX and in Seville, Spain. Since 1996, Texas Tech University is a charter member of the Big 12 Conference with sixteen NCAA Division I competing varsity sports.

Texas Tech University Health Sciences Center (“TTUHSC”) has an enrollment of over 4,700 students in its five schools of Medicine, Nursing, Health Professions, Pharmacy and Graduate School of Biomedical Sciences. The Lubbock campus serves as the administrative hub for the Health Sciences Center, with regional

campuses located in Abilene, Amarillo, the Permian Basin (Odessa/Midland), and the Dallas/Fort Worth metroplex.

The Texas Tech Physicians (“TTP”), an academic non-profit medical practice comprised of faculty and staff from the Texas Tech University Health Sciences Center, serves more than 250,000 patients annually in 108-county area stretching from Texas Panhandle south to the Permian Basin and west into New Mexico. TTP provides a direct teaching platform for the students and residents enrolled at TTUHSC and, through its clinics, offers medical services for all individuals who seek medical care.

Since 1989, TTUHSC provided medical services to the Texas State Prisons. In 1993, TTUHSC formally partnered with the Texas Department of Criminal Justice (“TDCJ”) and the University of Texas Medical Branch (“UTMB”) at Galveston in providing comprehensive correctional managed health care services to more than 30,000 adult offenders in Texas state prisons. TTUHSC serves the prisons located in West Texas where as UTMB serves East Texas. Full funding for these services is appropriated bi-annually through the State Legislature Budget process. These services from TTUHSC are accredited by the American Correctional Association (ACA).

Angelo State University, based in San Angelo, was established in 1928 as San Angelo College; in 1965 new legislation was passed to create Angelo State College. ASU’s campus covers more than 268 acres and enrolls more than 10,000 students from 224 of Texas’ 254 counties, 44 other states, and 34 countries. The Texas Legislature (80th Regular Session) passed House Bill 3564 and pursuant to the statute, the governance, control, management and property of Angelo State University were transferred from the Texas State University System to the Texas Tech University System, effective September 1, 2007.

Texas Tech University Health Sciences Center at El Paso, historically structured as a regional campus under the Texas Tech University Health Sciences Center, received authorization May 18th 2013 when Gov. Rick Perry signed Senate Bill 120 making TTUHSC at El Paso the fourth component institution effective immediately. Existing since 1973, the 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, Gayle Greve Hunt School of Nursing and Graduate School of Biomedicine where students receive a comprehensive, practical education preparing them for the health care field. El Paso, the fourth most populous city in the state of Texas and nineteenth in the US, is a medical hub of West Texas and Southern New Mexico. The region has been federally designated as a medically underserved area.

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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Pledged Revenues

As outlined in the Master Resolution, Parity Obligations are secured by Pledged Revenues of the University System’s Revenue Financing System. The Pledged Revenues consist of Revenue Funds and lawfully available (unappropriated) reserve and fund balances with certain exceptions. Revenue Funds are defined in Section 55.01 of the Texas Education Code as 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.

Set forth below is the information relating to the University System’s Pledged Revenues for the last four fiscal years.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Available Pledged Revenues Not Including Fund Balances ⁽¹⁾	\$ 723,525	\$ 731,255	\$ 757,477	\$ 743,933
Available Pledged Revenues Fund Balances ⁽²⁾	<u>574,224</u>	<u>651,190</u>	<u>713,879</u>	<u>851,969</u>
Total Pledged Revenues and Pledged Fund Balances	<u>\$ 1,297,749</u>	<u>\$ 1,382,446</u>	<u>\$ 1,471,356</u>	<u>\$ 1,595,902</u>

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

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Available HEF Appropriations ⁽¹⁾	\$ 44,653	\$ 44,653	\$ 56,102	\$ 84,152	\$ 84,152	\$ 84,152
TRB Appropriations	<u>25,525</u>	<u>24,135</u>	<u>22,263</u>	<u>41,390</u>	<u>43,532</u>	<u>41,877</u>
Total Additional Sources of Payment	<u>\$ 70,178</u>	<u>\$ 68,788</u>	<u>\$ 78,365</u>	<u>\$ 125,542</u>	<u>\$ 127,684</u>	<u>\$ 126,029</u>

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Outstanding Obligations

As of August 31, 2017, the University System had the following Parity Obligations:

Revenue Financing System

Revenue Financing System Commercial Paper Notes	43,253,000
Revenue Financing System Bonds, 12 th Series 2009	10,375,000
Revenue Financing System Bonds, 14 th Series 2012A	121,570,000
Revenue Financing System Taxable Bonds, 15 th Series 2012B	22,910,000
Revenue Financing System Taxable Bonds, 16 th Series 2015A	70,995,000
Revenue Financing System Taxable Bonds, 17 th Series 2015B	216,610,000
Revenue Financing System Tax-Exempt Bonds, 2017A Series	78,915,000
Revenue Financing System Taxable Bonds, 2017B Series	294,505,000
TOTAL	<u>\$ 859,133,000</u>

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Set forth below is a summary of the debt service requirements of all Parity Obligations outstanding as of August 31, 2017:

Texas Tech University System RFS Bonds



DEBT SERVICE

ALL SERIES

As of Aug 31, 2017 to Maturity

Date	Principal	Coupon	Interest	Debt Service	Bond Balance
8/31/2017					815,880,000
8/31/2018	61,505,000	**	27,798,396	89,303,396	754,375,000
8/31/2019	60,875,000	**	26,199,178	87,074,178	693,500,000
8/31/2020	63,215,000	**	24,480,467	87,695,467	630,285,000
8/31/2021	62,200,000	**	22,672,412	84,872,412	568,085,000
8/31/2022	53,295,000	**	20,918,759	74,213,759	514,790,000
8/31/2023	49,925,000	**	19,207,993	69,132,993	464,865,000
8/31/2024	49,785,000	**	17,553,120	67,338,120	415,080,000
8/31/2025	51,100,000	**	15,838,815	66,938,815	363,980,000
8/31/2026	46,725,000	**	14,095,475	60,820,475	317,255,000
8/31/2027	40,045,000	**	12,494,794	52,539,794	277,210,000
8/31/2028	39,820,000	**	11,003,543	50,823,543	237,390,000
8/31/2029	40,190,000	**	9,454,602	49,644,602	197,200,000
8/31/2030	39,100,000	**	7,883,676	46,983,676	158,100,000
8/31/2031	35,245,000	**	6,377,504	41,622,504	122,855,000
8/31/2032	28,365,000	**	4,973,330	33,338,330	94,490,000
8/31/2033	18,775,000	**	3,914,217	22,689,217	75,715,000
8/31/2034	18,100,000	**	3,048,614	21,148,614	57,615,000
8/31/2035	15,740,000	**	2,252,979	17,992,979	41,875,000
8/31/2036	13,165,000	**	1,598,797	14,760,914	28,710,000
8/31/2037	5,365,000	**	1,104,661	6,467,382	23,345,000
8/31/2038	5,600,000	**	869,997	6,468,389	17,745,000
8/31/2039	4,045,000	**	679,563	4,723,708	13,700,000
8/31/2040	4,210,000	**	517,052	4,727,052	9,490,000
8/31/2041	3,485,000	**	364,090	3,849,090	6,005,000
8/31/2042	1,410,000	4.172%	221,116	1,631,116	4,595,000
8/31/2043	1,470,000	4.172%	161,039	1,631,039	3,125,000
8/31/2044	1,530,000	4.172%	98,459	1,628,459	1,595,000
8/31/2045	1,595,000	4.172%	33,272	1,628,272	
	815,880,000		255,815,919	1,071,688,294	

Set forth below reflects a portion of all Parity Obligations identified as Tuition Revenue Bonds (TRB). For more information, see “Tuition Revenue Bonds” in the “Selected Financial Information” section as listed below.

Texas Tech University System RFS Bonds

DEBT SERVICE



ALL SERIES SUB TOTAL

TRB (Tuition Revenue Bonds)

As of Aug 31, 2017 to Maturity

Period Ending	Principal	Interest	Annual Debt Service	Obligations Balance
8/31/2017				355,836,771
8/31/2018	31,260,921	11,149,312	42,410,233	324,575,850
8/31/2019	30,438,973	10,315,081	40,754,054	294,136,877
8/31/2020	31,746,211	9,444,439	41,190,650	262,390,666
8/31/2021	32,632,435	8,516,052	41,148,487	229,758,231
8/31/2022	29,852,761	7,555,291	37,408,052	199,905,470
8/31/2023	25,717,842	6,622,334	32,340,176	174,187,628
8/31/2024	26,527,995	5,829,889	32,357,884	147,659,633
8/31/2025	27,352,908	4,972,473	32,325,381	120,306,725
8/31/2026	23,316,725	4,125,311	27,442,036	96,990,000
8/31/2027	16,920,000	3,418,976	20,338,976	80,070,000
8/31/2028	17,555,000	2,784,814	20,339,814	62,515,000
8/31/2029	18,235,000	2,107,119	20,342,119	44,280,000
8/31/2030	18,950,000	1,386,860	20,336,860	25,330,000
8/31/2031	14,890,000	713,159	15,603,159	10,440,000
8/31/2032	10,440,000	205,262	10,645,262	
	355,836,771	79,146,371	434,983,142	

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The two aforementioned tables include all Angelo State University debt that has been issued as part of the University System Revenue Financing System. Prior to September 1, 2007, Angelo State was under the Texas State University System (“TSUS”) umbrella. The University System is in agreement with TSUS on which portion of Angelo State’s debt outstanding is considered Texas State System’s obligation and Angelo State is to continue to make payments.

Set forth below is the remaining debt service schedule for Angelo State’s portion of TSUS Revenue Financing System.

TEXAS STATE UNIVERSITY SYSTEM RFS BONDS				
DEBT SERVICE - ANGELO STATE UNIVERSITY				
ALL SERIES				
as of August 31, 2017 to Maturity				
Ending Period	Principal	Interest	Annual Debt Service	Obligations Balance
8/31/2017			1,136,750	4,885,000
8/31/2018	890,000	244,250	1,134,250	3,995,000
8/31/2019	935,000	199,750	1,134,750	3,060,000
8/31/2020	985,000	153,000	1,138,000	2,075,000
8/31/2021	1,015,000	103,750	1,118,750	1,060,000
8/31/2022	1,060,000	53,000	1,113,000	0
	4,885,000	753,750	6,775,500	

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Set forth below is the remaining debt service schedule for Angelo State’s portion of TSUS Revenue Financing System identified as Tuition Revenue Bonds (TRB). For more information, see “Tuition Revenue Bonds” in the “Selected Financial Information” section as listed below.

TEXAS STATE UNIVERSITY SYSTEM RFS BONDS				
DEBT SERVICE - ANGELO STATE UNIVERSITY				
ALL SERIES SUB TOTAL				
TRB (Tuition Revenue Bonds)				
as of August 31, 2017 to Maturity				
Ending Period	Principal	Interest	Annual Debt Service	Obligations Balance
8/31/2017			1,123,750	4,835,000
8/31/2018	880,000	241,750	1,121,750	3,955,000
8/31/2019	925,000	197,750	1,122,750	3,030,000
8/31/2020	975,000	151,500	1,126,500	2,055,000
8/31/2021	1,005,000	102,750	1,107,750	1,050,000
8/31/2022	1,050,000	52,500	1,102,500	0
	4,835,000	746,250	6,705,000	

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Enrollment

Set forth below is the fall semester headcount and full-time equivalent enrollment at Texas Tech University System for each of the last five fall semesters:

Headcount Enrollment Information

<u>Undergraduate</u>	<u>Fall 2013</u>	<u>Fall 2014</u>	<u>Fall 2015</u>	<u>Fall 2016</u>	<u>Fall 2017</u>
Texas Tech University	27,044	28,632	29,237	29,963	30,737
Health Sciences Center	1,243	1,362	1,355	1,407	1,437
Health Sciences Center at El Paso	103	105	137	174	203
Angelo State University	5,546	5,425	7,273	8,094	8,798
Undergraduate Total	33,936	35,524	38,002	39,638	41,175
<u>Graduate & Professional</u>					
Texas Tech University	6,067	6,526	6,622	6,588	6,259
Health Sciences Center	2,871	3,101	3,119	3,218	3,351
Health Sciences Center at El Paso	302	363	387	433	462
Angelo State University	990	1,069	1,235	1,487	1,619
Graduate Total	10,230	11,059	11,363	11,726	11,691
Total	44,166	46,583	49,365	51,364	52,866

Full-Time Equivalent Enrollment Information

<u>Undergraduate</u>	<u>Fall 2013</u>	<u>Fall 2014</u>	<u>Fall 2015</u>	<u>Fall 2016</u>	<u>Fall 2017</u>
Texas Tech University	25,959	27,418	28,002	28,212	28,458
Health Sciences Center	1,182	1,277	1,277	1,328	1,345
Health Sciences Center at El Paso	103	105	128	152	178
Angelo State University	5,205	5,100	5,866	6,529	6,923
Undergraduate Total	32,449	33,900	35,272	36,221	36,904
<u>Graduate & Professional</u>					
Texas Tech University	4,972	5,339	5,399	5,215	4,700
Health Sciences Center	2,530	2,731	2,731	2,788	2,902
Health Sciences Center at El Paso	302	363	387	433	462
Angelo State University	766	828	975	1,190	1,274
Graduate Total	8,570	9,261	9,492	9,626	9,338
Total	41,019	43,161	44,765	45,847	46,242

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Admissions and Matriculation

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

Admissions and Matriculation Information										
	2013	%	2014	%	2015	%	2016	%	2017	%
Freshman:										
Applications Submitted	21,922	--	25,519	--	26,979	--	27,861	--	29,655	--
Applications Accepted	14,925	68.1	17,427	68.3	17,555	65.1	17,889	64.2	20,655	69.7
Matriculation	6,005	40.2	6,902	39.6	6,485	36.9	6,327	35.4	7,432	35.9
Matriculation from outside state	325	5.4	509	7.4	476	7.3	417	6.6	425	5.7
Transfers:										
Applications Submitted	5,625	--	6,139	--	5,984	--	6,323	--	5,673	--
Applications Accepted	4,523	80.4	4,975	81	5,048	84.4	5,016	79.3	4,615	81.4
Matriculation	3,119	69	3,264	65.6	3,343	66.2	3,473	69.2	3,033	65.7
Matriculation from outside state	274	8.8	298	9.1	342	10.2	292	8.4	256	8.4
Graduates:										
Applications Submitted	5,303	--	8,094	--	8,583	--	8,471	--	7,257	--
Applications Accepted	2,804	52.9	3,864	47.7	3,809	44.4	4,115	48.6	3,629	50
Matriculation	2,028	72.3	2,053	53.1	3,337	87.6	2,238	54.4	1,946	53.6
Matriculation from outside state	583	28.7	841	41	763	22.9	735	32.8	578	29.7

Degrees Conferred

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

Total Degrees Conferred					
<u>Institutions:</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
The University	7,115	7,066	7,303	7,398	7,797
Angelo State	1,399	1,371	1,382	1,308	1,605
The Health Sciences Center	1,846	1,871	1,887	1,998	2,178
Health Sciences Center at El Paso	-	-	136	157	210
Total	10,360	10,308	10,708	10,860	11,790

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Financial Statements

The University System is an agency of the State and its financial records reflect compliance with applicable State statutes and regulations. The fiscal year of the State and the University System begins on September 1 of each year. Annually, an unaudited financial report dated as of August 31, is prepared for the University System no later than November 20 and then delivered to the Governor and the State Comptroller of Public Accounts. The State in turn issues an audited Combined Annual Financial Report (CAFR), prepared in accordance with generally accepted accounting principles, encompassing all activities generally considered part of the State. The State Auditor's Office annually audits the general-purpose activities of the State and contracts with an outside firm to audit certain portions in compliance with federal audit procedures. Both the State Auditor and contracted auditing firm each express an opinion of the CAFR. However, neither the State Auditor nor the contracted auditing firm express opinions on the financial reports of individual agencies and/or member units, including the University System. Therefore, no independent audit of the University System is required.

Set forth below reflects the condensed statement of net position of the University System as of August 31, 2013 through 2017.

Condensed Statement of Net Position (unaudited)

As of August 31

(In Thousands)

	Restated 2013	Restated 2014	Restated 2015	Restated 2016	2017
Assets:					
Current Assets	\$770,743	\$686,050	\$634,847	\$753,214	\$778,216
Capital Assets, Net	1,402,227	1,456,811	1,467,174	1,502,645	1,592,734
Other Assets	1,377,298	1,732,347	1,853,500	1,927,334	2,336,392
Total Assets	\$3,550,268	\$3,875,208	\$3,955,521	\$4,183,193	\$4,707,342
Deferred Outflows of Resources:					
Total Deferred Outflows of Resources	\$0	\$15,376	\$27,390	\$38,050	\$62,996
Liabilities:					
Current Liabilities	\$409,312	\$499,902	\$416,247	\$492,122	\$510,588
Non-Current Liabilities	537,257	704,872	790,961	\$773,105	\$1,047,164
Total Liabilities	\$946,569	\$1,204,774	\$1,217,708	\$1,265,227	\$1,557,752
Deferred Inflows of Resources:					
Total Deferred Inflows of Resources	\$0	\$0	\$49,527	\$31,961	\$27,671
Net Position:					
Invested in Capital Assets, Net of Related Debt	\$853,461	\$876,825	\$850,610	\$882,988	\$930,240
Restricted					
Expendable	410,257	493,314	458,107	540,431	654,473
Non-Expendable	581,048	627,514	648,049	657,815	682,931
Unrestricted	758,933	688,156	769,409	842,821	917,270
Total Net Position	\$2,603,699	\$2,685,809	\$2,726,175	\$2,924,055	\$3,184,914

Set forth below reflects the statement of revenues, expenses, and changes in net position of the University System as of August 31, 2013 through 2017.

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

	<u>Restated 2013</u>	<u>Restated 2014</u>	<u>Restated 2015</u>	<u>Restated 2016</u>	<u>2017</u>
Operating Revenues	\$ 1,024,058	\$ 1,083,896	\$ 1,145,409	\$1,239,284	\$1,240,226
Operating Expenses	<u>1,498,664</u>	<u>1,586,075</u>	<u>1,668,496</u>	<u>1,785,076</u>	<u>1,854,565</u>
Operating Income (Loss)	(474,607)	(502,179)	(523,088)	(545,792)	(614,339)
Non-Operating Revenues (Expenses)	<u>528,592</u>	<u>672,474</u>	<u>521,802</u>	<u>652,235</u>	<u>746,572</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	53,985	170,295	(1,286)	106,443	132,233
Other Revenues, Expenses, Gains, Losses and Transfers	<u>95,149</u>	<u>79,199</u>	<u>41,705</u>	<u>84,451</u>	<u>128,626</u>
Changes in Net Position	<u>149,135</u>	<u>249,494</u>	<u>40,419</u>	<u>190,894</u>	<u>260,859</u>
Beginning Net Position (September 1)	2,454,563	2,603,698	2,685,609	2,732,250	2,924,055
Restatement of Beginning Net Position		(167,383)	(53)	911	0
Ending Net Position (August 31)	<u>\$ 2,603,698</u>	<u>\$ 2,685,809</u>	<u>\$ 2,726,175</u>	<u>\$ 2,924,055</u>	<u>\$ 3,184,914</u>

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Set forth below reflects the condensed statement of cash flows of the University System as of August 31, 2013 through 2017.

	Restated 2013	Restated 2014	Restated 2015	Restated 2016	2017
Cash Flow From					
Operating Activities	(363,295)	(363,069)	(398,666)	(393,247)	(479,445)
Non-capital Financing Activities	499,481	559,872	573,017	585,728	634,342
Capital and Related Financing Activities	(88,409)	(115,691)	(104,273)	(143,909)	87,490
Investing Activities	(57,584)	(178,692)	(141,149)	(3,674)	(12,985)
Total Net Cash Flows	(9,807)	(97,580)	(71,071)	44,898	229,402
Cash & Cash Equivalents, Beginning of Year Sept 1	520,070	509,696	412,384	341,314	386,712
Restatement to Beginning Cash & Cash Equivalents	(567)	268		499	
Ending Cash & Cash Equivalents - August 31	\$509,696	\$412,384	\$341,313	\$386,711	\$616,114

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Selected Financial Information

State General Revenue Appropriations The operations of the member institutions are heavily dependent upon the continued support of the State through appropriations of general revenue pursuant to the biennial appropriations process initiated by the Texas Legislature. In the 84th legislative session ending on May 31, 2015, the State Legislature adopted a budget for the 2016-17 biennium beginning September 1, 2015. The System received funding for 2016-17 biennium as 30% General Revenue, 67% Formula Funding and 3% Research Revenue.

The table below represents the State Formula Funding Appropriations (less Board Authorized Tuition) available to all public institutions of higher education for Fiscal Years 2014 through 2017:

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

Note: The State budget for 2018-2019 was set in the last regular session on May 31, 2017 but the data has not been updated on the State's Legislative Budget Board website www.lbb.state.tx.us as of the date of this disclosure.

Results indicate State Formula Funding (less Board Authorized Tuition) for each member institution in the following amounts for Fiscal Years 2014 through 2018:

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Texas Tech University	\$144,475,235	\$144,475,235	\$155,536,461	\$155,536,461	\$156,671,931
Health Sciences Center	112,773,179	112,773,179	103,164,267	103,164,267	104,799,502
Angelo State University	21,500,322	21,500,322	20,308,604	20,308,604	23,859,418
Health Sciences Center at El Paso	-	-	24,582,950	24,582,950	26,851,928
Total	\$278,748,736	\$278,748,736	\$303,592,282	\$303,592,282	\$312,182,779

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 2014 through 2018 is set forth below:

	Higher Education Fund Appropriations				
	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Texas Tech University	\$23,936,088	\$23,936,088	\$32,817,206	\$49,225,809	\$49,225,809
Health Sciences Center	16,973,569	16,973,569	15,581,597	23,372,396	23,372,396
Angelo State University	3,743,027	3,743,027	3,546,735	5,320,102	5,320,102
Health Sciences Center at El Paso	-	-	4,156,050	6,234,075	6,234,075
Total	\$44,652,684	\$44,652,684	\$56,101,588	\$84,152,382	\$84,152,382

Tuition Revenue Bonds. A portion of the Parity Obligations of the University System constitute Tuition Revenue Bonds (defined in Chapter 55 of the Texas Education Code). Tuition Revenue Bonds issued by the University System carry no additional pledge or security and constitute Parity Obligations of the University System which are equally and ratably secured by and payable from a pledge of and lien on Pledged Revenues on parity with all other Parity Obligations of the University System. 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 Tuition Revenue Bonds.

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

Set forth below reflects the Tuition Revenue Bond Appropriations in the past 2016-17 and the current 2018-19 biennium of the State Budget.

2016-2019 State Tuition Revenue Bond (TRB) Appropriations

(In Thousands)

	2019	2018	2017	2016
Texas Tech University	\$14,485	\$14,513	\$12,580	\$7,162
TTU Health Sciences Center	13,583	13,630	11,910	5,695
Angelo State University	2,877	4,382	4,390	2,738
TTUHSC at El Paso	10,932	11,007	12,510	6,667
System Administration	-	-	-	-
Total TRBs	\$41,877	\$43,532	\$41,390	\$22,261

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 beginning in fall 2014. Both Texas Tech University and Angelo State University have chosen to offer fixed price tuition plans. This option “freezes” only the designated tuition portion of a student’s cost of attendance for a period of twelve continuous semesters equating to four academic years. Incoming undergraduates, either via transfer from another institution or no prior college attendance, beginning with the fall 2014 semester are eligible to choose the fixed rate tuition plan. Dual high school credit is not considered prior college attendance. Students who have previously enrolled at Texas Tech University or Angelo State University 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 component institution, reviewed by the Chancellor and approved by the Board. Any changes in tuition will be implemented only after thorough consultation and review.

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Set forth below is a table showing the State Mandated Tuition, Board Designated Tuition, Board Authorized Tuition, mandatory fees, and the amount set aside for financial assistance to resident and non-resident students by each institution, excluding the Health Sciences Centers, for the 2017-18 academic year based on 15 semester credit hours (SCH) per semester for undergraduate students, 12 semester credit hours (SCH) per semester for graduate students.

**Texas Tech University
Tuition and Fees
Academic Year 2017-2018**

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition & Fees	Financial Assistance Set Aside
Resident Undergrad (15 SCH)	\$750.00	\$3,270.00	\$0.00	\$1,365.50	\$5,385.50	\$499.50
Non-Resident Undergrad (15 SCH)	6,975.00	3,270.00	0.00	1,365.50	11,430.50	209.25
Resident Graduate (12 SCH)	600.00	2,616.00	600.00	1,214.00	5,030.00	399.60
Non-Resident Graduate (12 SCH)	5,580.00	2,616.00	600.00	1,214.00	9,866.00	167.40
Resident Law (15 SCH)	1,200.00	5,820.00	2,400.00	2,138.00	11,558.00	949.50
Non-Resident Law (15 SCH)	6,975.00	5,820.00	2,400.00	2,138.00	17,333.00	209.25
Fixed Rate Plan Tuition and Fees						
<u>Fall 2015 Cohort</u>						
Resident Undergrad (15 SCH)	\$750.00	\$2,928.15	\$0.00	\$2,040.50	\$5,718.65	\$448.22
Non-Resident Undergrad (15 SCH)	\$6,870.00	\$2,928.15	\$0.00	\$2,040.50	\$11,838.65	\$206.10
<u>Fall 2016 Cohort</u>						
Resident Undergrad (15 SCH)	\$750.00	\$3,495.00	\$0.00	\$1,365.50	\$5,610.50	\$533.25
Non-Resident Undergrad (15 SCH)	\$6,870.00	\$3,495.00	\$0.00	\$1,365.50	\$11,730.50	\$206.10
<u>Fall 2017 Cohort</u>						
Resident Undergrad (15 SCH)	\$750.00	\$3,570.00	\$0.00	\$1,365.50	\$6,458.00	\$544.50
Non-Resident Undergrad (15 SCH)	\$6,870.00	\$3,570.00	\$0.00	\$1,365.50	\$11,805.50	\$206.10

NOTE: A fixed international student fee of \$75 for TTU students & \$50 for ASU students is charged to all non-immigrant visa students for each term in which they enroll in the University System. Total tuition and fees includes amounts required to be set aside for financial assistance in accordance with applicable provisions of the Texas Education Code. The set-aside amounts are calculated as follows: from State Mandated Tuition not less than 15% nor more than 20% of each resident student's tuition charge and 3% of each non-resident student's tuition charge is set aside for Texas Public Education Grants (Section 56.033); \$2 for each semester hour for which a doctoral student is enrolled is set aside for the Doctoral Loan Incentive Program (Section 56.095); from Board Designated Tuition no less than 20% charged to resident undergraduate students in excess of \$46 per semester hour (Section 56.011) and no less than 15% charged to resident graduate students in excess of \$46 per semester hour is set aside for financial assistance (Section 56.012). In addition, 15% of Board Designated Tuition charged to non-resident students in excess of \$46 per semester hour is set aside to provide financial assistance for non-resident students.

**Angelo State University
Tuition and Fees
Academic Year 2017-2018**

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition & Fees	Financial Assistance Set Aside
Resident Undergraduate (15 SCH)	\$750.00	\$1,788.00	\$0.00	\$1,569.90	\$4,107.90	\$277.20
Non-Resident Undergrad (15 SCH)	6,975.00	1,788.00	0.00	1,569.90	10,332.90	209.25
Resident Graduate (12 SCH)	600.00	1,430.40	540.00	1,527.40	4,097.80	221.76
Non-Resident Graduate (12 SCH)	5,580.00	1,430.40	540.00	1,527.40	9,077.80	167.40

Fixed Rate Plan Tuition and Fees

Fall 2015 Cohort

Resident Undergraduate (15 SCH)	\$750.00	\$1,877.40	\$0.00	\$1,569.90	\$4,100.70	\$290.61
Non-Resident Undergrad (15 SCH)	6,975.00	1,877.40	0.00	1,569.90	10,422.30	209.25

Fall 2016 Cohort

Resident Undergraduate (15 SCH)	750.00	1,814.40	0.00	1,569.90	4,134.30	281.16
Non-Resident Undergrad (15 SCH)	6,975.00	1,814.40	0.00	1,569.90	10,359.30	209.25

Fall 2017 Cohort

Resident Undergraduate (15 SCH)	750.00	1,780.80	0.00	1,569.90	4,197.30	276.12
Non-Resident Undergrad (15 SCH)	6,975.00	1,780.80	0.00	1,569.90	10,325.70	209.25

NOTE: A fixed international student fee of \$75 for TTU students & \$50 for ASU students is charged to all non-immigrant visa students for each term in which they enroll in the University System. Total tuition and fees includes amounts required to be set aside for financial assistance in accordance with applicable provisions of the Texas Education Code. The set-aside amounts are calculated as follows: from State Mandated Tuition not less than 15% nor more than 20% of each resident student's tuition charge and 3% of each non-resident student's tuition charge is set aside for Texas Public Education Grants (Section 56.033); \$2 for each semester hour for which a doctoral student is enrolled is set aside for the Doctoral Loan Incentive Program (Section 56.095); from Board Designated Tuition no less than 20% charged to resident undergraduate students in excess of \$46 per semester hour (Section 56.011) and no less than 15% charged to resident graduate students in excess of \$46 per semester hour is set aside for financial assistance (Section 56.012). In addition, 15% of Board Designated Tuition charged to non-resident students in excess of \$46 per semester hour is set aside to provide financial assistance for non-resident students.

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Set forth below is a table showing the State Mandated Tuition, Board Designated Tuition, Board Authorized Tuition, mandatory fees, and the amount set aside for financial assistance for full-time resident and non-resident students at the Health Sciences Center.

**Health Sciences Center
Tuition and Fees
Academic Year 2017-2018**

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition & Fees	Financial Assistance Set-Aside
M.D. Resident						
Year 1 - 2	\$6,550.00	\$8,635.00	\$0.00	\$2,353.70	\$17,538.70	\$1,917.23
Year 3	6,550.00	8,635.00	0.00	2,293.70	17,478.70	1,917.23
Year 4	6,550.00	8,635.00	0.00	1,493.70	16,678.70	1,917.23
M.D. Non-Resident						
Year 1 - 2	19,650.00	8,635.00	0.00	2,353.70	30,638.70	1,524.23
Year 3	19,650.00	8,635.00	0.00	2,293.70	30,578.70	1,524.23
Year 4	19,650.00	8,635.00	0.00	1,493.70	29,778.70	1,524.23
Graduate Students						
Resident (24 SCH)	1,200.00	2,256.00	0.00	1,520.40	4,976.40	352.80
Non-Resident (24 SCH)	11,160.00	2,256.00	0.00	1,520.40	14,936.40	507.60
Health Professions						
Undergrad – Resident Year 1-2 (37 SCH)	1,850.00	5,291.00	0.00	1,844.90	8,985.90	815.85
Undergrad - Non-Resident Year 1-2 (37 SCH)	17,205.00	5,291.00	0.00	1,844.90	24,340.90	1,054.50
Grad - Resident Year 1 - 3 (37 SCH)	1,850.00	5,291.00	1,850.00	1,844.90	10,835.90	815.85
Grad - Non-Resident Year 1 - 3 (37 SCH)	17,205.00	5,291.00	1,850.00	1,844.90	26,190.90	1,054.50
Nursing						
Undergrad						
Resident - Year 1 (34 SCH)	1,700.00	4,862.00	0.00	2,131.40	8,693.40	749.70
Resident - Year 2 (33 SCH)	1,650.00	4,719.00	0.00	2,121.40	8,490.40	727.65
Non-Resident - Year 1 (34 SCH)	15,810.00	4,862.00	0.00	2,131.40	22,803.40	969.00
Non-Resident - Year 2 (33 SCH)	15,345.00	4,719.00	0.00	2,121.40	22,185.40	940.50
Graduate						
Resident - Year 1 (24 SCH)	1,200.00	3,432.00	1,200.00	1,601.40	7,433.40	529.20
Resident - Year 2 (18 SCH)	900.00	2,574.00	900.00	1,175.40	5,549.40	396.90
Non-Resident - Year 1 (24 SCH)	11,160.00	3,432.00	1,200.00	1,601.40	17,393.40	684.00
Non-Resident - Year 2 (18 SCH)	8,370.00	2,574.00	900.00	1,175.40	13,019.40	513.00
Pharmacy - Resident						
Year 1 (41 SCH)	2,050.00	8,323.00	4,100.00	2,390.40	16,863.40	1,273.45
Year 2 - 3 (38 SCH)	1,900.00	7,714.00	3,800.00	2,360.40	15,774.40	1,179.90
Year 4 (52 SCH)	2,600.00	10,556.00	5,200.00	3,140.40	21,496.40	1,614.60
Pharmacy - Non-Resident						
Year 1 (41 SCH)	19,065.00	8,323.00	4,100.00	2,390.40	33,878.40	1,537.50
Year 2 – 3 (38 SCH)	17,670.00	7,714.00	3,800.00	2,360.40	31,544.40	1,425.00
Year 4 (52 SCH)	24,180.00	10,556.00	5,200.00	3,140.40	43,076.40	1,950.00

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

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

**Health Sciences Center at El Paso
Tuition and Fees
Academic Year 2017-2018**

	State Mandated Tuition	Board Designated Tuition	Board Authoriz ed Tuition	Mandatory Fees	Total Tuition & Fees	Financial Assistance Set Aside
M.D. Resident Year 1 – 3	\$6,550.00	\$8,635.00	\$0.00	\$2,491.80	\$17,676.80	\$1,917.23
M.D. Resident Year 4	6,550.00	8,635.00	0.00	2,141.80	17,326.80	1,917.23
M.D. Non-Resident Year 1 – 3	19,650.00	8,635.00	0.00	2,491.80	30,776.80	1,524.23
M.D. Non-Resident Year 4	19,650.00	8,635.00	0.00	2,141.80	30,426.80	1,524.23
Nursing						
Undergrad -Resident						
Year 1 (33 SCH)	1,650.00	4,719.00	0.00	907.00	7,276.00	727.65
Year 2 (32 SCH)	1,600.00	4,576.00	0.00	897.00	7,073.00	705.50
Undergrad - Non-Resident						
Year 1 (33 SCH)	15,345.00	4,719.00	0.00	907.00	20,971.00	940.50
Year 2 (32 SCH)	14,880.00	4,576.00	0.00	897.00	20,353.00	912.00
Graduate School of Biomedical Sciences						
Resident Year 1-2 (18 SCH)	900.00	1,692.00	0.00	794.00	3,386.00	264.60
Non-Resident Year 1-2(18 SCH)	8,370.00	1,692.00	0.00	794.00	10,856.00	380.70

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

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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 two separate investment pools designated as the Short/Intermediate Term Investment Fund (the “SITIF”) and the Long-Term Investment Fund (the “LTIF”), which are governed overall by Regents’ Rules Chapter 09 “Investments and Endowments”, and individually by the Investment Policy Statement of each pool, codified as Board Policy Statements. The SITIF is centrally managed within the University System Office of Treasury under the direction of the Treasurer. The LTIF is centrally managed within the University System Office of Investments under the direction of the Chief Investment Officer.

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

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

August 31	Short Intermediate Term Fund⁽¹⁾	Long Term Fund	Angelo State & Carr Foundation – Other⁽²⁾	Unspent Bond Proceeds	Total Market Value
2013	824,934	881,750	33,474	11,814	1,751,972
2014	864,880	1,039,391	34,085	6,184	1,944,540
2015	1,067,550	1,045,577	42,555	28,695	2,184,377
2016	1,186,906	1,028,641	42,128	11,527	2,269,202
2017	1,223,008	1,138,722	22,994	222,456	2,607,180

Notes: (1) SITIF balance excludes demand depository accounts which are referenced in the SITIF allocation and MV chart below. (2) The “ASU & Carr Foundation” column includes assets held outside of the SITIF and LTIF for ASU and the Carr Foundation.

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The Short/Intermediate Term Investment Fund. The SITIF is a short/intermediate term pooled investment fund created by the Board for the collective investment of institutional funds of the University System. Except for endowment funds (and certain eligible institutional funds treated as endowments), all institutional funds of the University System are invested in the SITIF.

Set forth below is the asset allocation of the SITIF as of August 31, 2017. Currently, Angelo State University does not fully participate in the SITIF.

**Asset Allocation for the Short/Intermediate Term Fund
(in Thousands)**

Description	Allocation Percentage	Market Value
<u>Cash Composite</u>		
Depository Accounts	6.20%	\$80,849
Money Market Funds	0.78%	10,196
Local Gov't Investment Pool	14.19%	184,963
Total Composite	21.17%	\$276,008
<u>Short Term Composite</u>		
Money Market Fund	0.01%	\$103
U.S. Agency Notes	21.92%	285,863
Treasury Notes	11.91%	155,292
Total Composite	33.84%	\$441,258
<u>Intermediate Composite</u>		
Local Gov't Investment Pool	4.33%	\$56,448
External Investment Managers	40.66%	530,143
Total Composite	44.99%	\$586,591
Total Fund	100.00%	\$1,303,857

The Long-Term Investment Fund. 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 Board upon the recommendation of the Investment Advisory Committee. To qualify for investment in the LTIF, endowment funds must be under the sole control of the Board and must not have donor imposed restrictions that prevent investment in equity securities or corporate debt, or prevent the expenditure of net realized appreciation. Endowment funds not meeting these requirements are invested in the SITIF or, if instructed by the donor, managed and safeguarded in their original form. The LTIF 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.

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Set forth below is the asset allocation of the Long Term Investment Fund (LTIF) managed by the Board and Assets held outside of the SITIF and LTIF for the ASU and Carr Foundation Investments as of August 31, 2017.

**Asset Allocation for the Long Term Investment Fund
(in Thousands)**

Description	Allocation Percentage	Market Value
Equities	5.15%	\$58,680
Fixed Income	7.99%	90,980
Alternative Investments	86.86%	989,062
Cash and Cash Equivalents	0.00%	0.00
Total	100.00%	\$1,138,722

**Allocation of Assets held outside of SITIF, LTIF for ASU & Carr
Foundation
(in Thousands)**

Description	Allocation Percentage	Market Value
Mineral Rights	29.74%	\$6,838
Corporate Bonds	0.00%	\$0.00
Cash and Cash Equivalents	70.26%	\$16,156
Total	100.00%	\$22,994

Note: Angelo State University was added to Texas Tech University System on September 1, 2007. Its assets and those of its related Carr Foundation outside of the Long Term Investment Fund are included here as managed investments.

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

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

2013	2014	2015	2016	2017
\$973,083	\$1,179,507	\$1,155,651	\$1,150,267	\$1,256,303

[End]