OFFICIAL STATEMENT

<u>NEW ISSUE - BOOK-ENTRY ONLY</u>

Ratings:
Fitch: "AA"
S&P: "AA"
See "RATINGS" herein

In the opinion of Fulbright & Jaworski L.L.P., Bond Counsel, interest on the Series 2012A Bonds is excludable from gross income for federal income tax purposes under existing statutes, court decisions, regulations and published rulings. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel, including a description of the alternative minimum tax consequences for corporations and other tax consequences.

$163,240,000
BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM
REVENUE FINANCING SYSTEM
REFUNDING AND IMPROVEMENT BONDS
FOURTEENTH SERIES (2012A)

Dated: February 1, 2012 **Due: As shown on page ii**
Interest Accrual: Date of Delivery

The Board of Regents of Texas Tech University System Revenue Financing System Refunding and Improvement Bonds, Fourteenth Series (2012A) (the "Series 2012A 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 2012A 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 Fourteenth Supplemental Resolution adopted by the Board on December 16, 2011 and a resolution approved by the Pricing Committee on January 5, 2012. The Series 2012A Bonds are payable from and secured solely by the Pledged Revenues (as defined herein) of the University System Revenue Financing System. The Series 2012A Bonds are Parity Obligations (as defined herein). See "SECURITY FOR THE BONDS."

The proceeds from the sale of the Series 2012A Bonds will be used for the purposes of: (i) acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure for the University System, (ii) refunding certain of the Outstanding Commercial Paper Notes (as defined herein), (iii) refunding certain of the Board's Outstanding Parity Obligations as more particularly described in Schedule I attached hereto (the "Series 2012A Refunded Bonds"), (iv) refunding a portion of the Board's obligation with respect to the Angelo State Parity Debt (as defined herein), as more particularly described in Schedule II attached hereto (the "Refunded Angelo State Parity Debt"), and (v) paying the costs of issuance of the Series 2012A Bonds. See "PLAN OF FINANCE—Series 2012A Bonds," "Schedule I – SERIES 2012A REFUNDED BONDS" and "Schedule II – REFUNDED ANGELO STATE PARITY DEBT."

Interest on the Series 2012A Bonds will accrue from their date of delivery and is calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Series 2012A Bonds is payable on August 15, 2012, and each February 15 and August 15 thereafter until maturity or prior redemption. Principal of the Series 2012A Bonds will be payable on the dates and in the amounts shown on page ii. The Series 2012A 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 2012A Bonds may be acquired in denominations of $5,000 or multiples thereof within a maturity. No physical delivery of the Series 2012A Bonds will be made to the purchasers thereof. Interest on and principal of the Series 2012A Bonds will be payable by Bank of Texas, Austin, 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 2012A Bonds. See "DESCRIPTION OF THE BONDS—Book-Entry Only System."

The Series 2012A 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 2012A Bonds are subject to redemption as provided herein. See "DESCRIPTION OF THE BONDS—Redemption."

Concurrently with the issuance of the Series 2012A Bonds, the Board is issuing its Revenue Financing System Refunding Bonds, Fifteenth Series (Taxable 2012B) (the "Taxable Series 2012B Bonds") pursuant to the Master Resolution, a Fifteenth Supplemental Resolution adopted by the Board on December 16, 2011 and a resolution approved by the Pricing Committee on January 5, 2012. A separate cover page for the Taxable Series 2012B Bonds follows this cover page. The Series 2012A Bonds and the Taxable Series 2012B Bonds are referred to herein collectively as the "Bonds."

THE SERIES 2012A BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE BOARD, THE UNIVERSITY SYSTEM, TEXAS TECH UNIVERSITY, TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER, ANGELO 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 2012A BONDS. SEE "SECURITY FOR THE BONDS."

The Series 2012A 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 Fulbright & Jaworski L.L.P., Dallas, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Bracewell & Giuliani LLP, Austin, Texas. The Series 2012A Bonds are expected to be available for delivery through DTC on or about February 14, 2012.

RBC Capital Markets **Wells Fargo Securities**

ESTRADA HINOJOSA & COMPANY, INC. **MORGAN KEEGAN**
J.P. MORGAN **STEPHENS INC.**

Dated: January 5, 2012

$163,240,000 SERIES 2012A BONDS
MATURITY SCHEDULE

Maturity Date	Maturing Amount	Interest Rate	Yield	CUSIP Numbers[1]
8/15/2012	$4,040,000	2.000%	0.180%	882806BA9
8/15/2013	7,195,000	2.000%	0.340%	882806BB7
8/15/2014	3,900,000	3.000%	0.590%	882806BC5
8/15/2015	8,575,000	3.000%	0.770%	882806BD3
8/15/2016	8,845,000	3.000%	0.950%	882806BE1
8/15/2017	9,115,000	5.000%	1.120%	882806BF8
8/15/2018	9,565,000	5.000%	1.320%	882806BG6
8/15/2019	10,040,000	5.000%	1.590%	882806BH4
8/15/2020	10,535,000	5.000%	1.800%	882806BJ0
8/15/2021	10,765,000	4.250%	2.070%	882806BK7
8/15/2022	8,865,000	4.250%	2.260%[2]	882806BL5
8/15/2023	4,195,000	5.000%	2.440%[2]	882806BM3
8/15/2024	3,735,000	5.000%	2.630%[2]	882806BN1
8/15/2025	3,895,000	5.000%	2.840%[2]	882806BP6
8/15/2026	4,085,000	5.000%	2.970%[2]	882806BQ4
8/15/2027	3,920,000	5.000%	3.100%[2]	882806BR2
8/15/2028	4,120,000	5.000%	3.200%[2]	882806BS0
8/15/2029	4,320,000	5.000%	3.300%[2]	882806BT8
8/15/2030	4,545,000	5.000%	3.400%[2]	882806BU5
8/15/2031	4,765,000	5.000%	3.490%[2]	882806BV3
8/15/2032	4,410,000	5.000%	3.570%[2]	882806BX9

$21,745,000 5.000% Term Bond, due August 15, 2037, Yield 3.810%,[2] CUSIP No 882806BY7[1]

$8,065,000 4.000% Term Bond, due August 15, 2041, Yield 4.080%, CUSIP No. 882806BW1[1]

(interest to accrue from date of delivery)

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[1] CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the purchasers of the Series 2012A Bonds. None of the Board, the University System or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

[2] Yield calculated based upon assumption that Series 2012A Bonds maturing in the years 2022 through 2032, inclusive, and 2037, will be called on first optional call date at a price of par plus accrued interest to the date of redemption (August 15, 2021).

OFFICIAL STATEMENT

TAXABLE NEW ISSUE - BOOK-ENTRY ONLY

Ratings:
Fitch: “AA”
S&P: “AA”
See “RATINGS” herein

Interest on the Taxable Series 2012B Bonds is includable in the gross income of the owners thereof for federal income tax purposes. See “TAX MATTERS – The Taxable Series 2012B Bonds” herein.

$27,585,000
BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM
REVENUE FINANCING SYSTEM
REFUNDING BONDS
FIFTEENTH SERIES (TAXABLE 2012B)

Dated: February 1, 2012 **Due: As shown on page iv**

Interest Accrual: Date of Delivery

The Board of Regents of Texas Tech University System Revenue Financing System Refunding Bonds, Fifteenth Series (Taxable 2012B) (the “Taxable Series 2012B 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 Taxable Series 2012B 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 Fifteenth Supplemental Resolution adopted by the Board on December 16, 2011 and a resolution approved by the Pricing Committee on January 5, 2012. The Taxable Series 2012B Bonds are payable from and secured solely by the Pledged Revenues (as defined herein) of the University System Revenue Financing System. The Taxable Series 2012B Bonds are Parity Obligations (as defined herein). See “SECURITY FOR THE BONDS.”

The proceeds from the sale of the Taxable Series 2012B Bonds will be used for the purposes of: (i) refunding certain of the Board’s Outstanding Parity Obligations as more particularly described in Schedule III attached hereto (the “Taxable Series 2012B Refunded Bonds”), and (ii) paying the costs of issuance of the Taxable Series 2012B Bonds. See “PLAN OF FINANCE— Taxable Series 2012B Bonds” and “Schedule III – TAXABLE SERIES 2012B REFUNDED BONDS”.

Interest on the Taxable Series 2012B Bonds will accrue from their date of delivery and is calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Taxable Series 2012B Bonds is payable on August 15, 2012, and each February 15 and August 15 thereafter until maturity or prior redemption. Principal of the Taxable Series 2012B Bonds will be payable on the dates and in the amounts shown on page iv. The Taxable Series 2012B 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 Taxable Series 2012B Bonds may be acquired in denominations of $5,000 or multiples thereof within a maturity. No physical delivery of the Taxable Series 2012B Bonds will be made to the purchasers thereof. Interest on and principal of the Taxable Series 2012B Bonds will be payable by Bank of Texas, Austin, Texas, the initial Paying Agent/Registrar, to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Taxable Series 2012B Bonds. See “DESCRIPTION OF THE BONDS—Book-Entry Only System.”

The Taxable Series 2012B Bonds will mature, bear interest, and have initial prices or yields and CUSIP numbers as shown on page iv of this Official Statement.

The Taxable Series 2012B Bonds are subject to redemption as provided herein. See “DESCRIPTION OF THE BONDS—Redemption.”

Concurrently with the issuance of the Taxable Series 2012B Bonds, the Board is issuing its Revenue Financing System Refunding and Improvement Bonds, Fourteenth Series (2012A) (the “Series 2012A Bonds”) pursuant to the Master Resolution, a Fourteenth Supplemental Resolution adopted by the Board on December 16, 2011 and a resolution approved by the Pricing Committee on January 5, 2012. A separate cover page for the Series 2012A Bonds precedes this cover page. The Series 2012A Bonds and the Taxable Series 2012B Bonds are referred to herein collectively as the “Bonds.”

THE TAXABLE SERIES 2012B BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE BOARD, THE UNIVERSITY SYSTEM, TEXAS TECH UNIVERSITY, TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER, ANGELO 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 TAXABLE SERIES 2012B BONDS. SEE “SECURITY FOR THE BONDS.”

The Taxable Series 2012B 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 Fulbright & Jaworski L.L.P., Dallas, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Bracewell & Giuliani LLP, Austin, Texas. The Taxable Series 2012B Bonds are expected to be available for delivery through DTC on or about February 14, 2012.

MORGAN KEEGAN **ESTRADA HINOJOSA & COMPANY, INC.**

Dated: January 5, 2012

$27,585,000 TAXABLE SERIES 2012B BONDS
MATURITY SCHEDULE

Maturity Date	Maturing Amount	Interest Rate	Yield	CUSIP Numbers[(1)]
8/15/2012	$400,000	0.400%	0.400%	882806BZ4
8/15/2013	820,000	0.950%	0.950%	882806CA8
8/15/2014	825,000	1.120%	1.120%	882806CB6
8/15/2015	870,000	1.320%	1.320%	882806CC4
8/15/2016	870,000	1.520%	1.520%	882806CD2
8/15/2017	890,000	1.920%	1.920%	882806CE0
8/15/2018	1,315,000	2.420%	2.420%	882806CF7
8/15/2019	1,345,000	2.770%	2.770%	882806CG5
8/15/2020	1,385,000	2.940%	2.940%	882806CH3
8/15/2021	1,425,000	3.070%	3.070%	882806CJ9
8/15/2022	1,465,000	3.270%	3.270%	882806CK6
8/15/2023	1,515,000	3.470%	3.470%	882806CL4
8/15/2024	1,570,000	3.670%	3.670%	882806CM2
8/15/2025	1,630,000	3.820%	3.820%	882806CN0
8/15/2026	1,690,000	3.920%	3.920%	882806CP5
8/15/2027	1,760,000	4.040%	4.040%	882806CR1

$7,810,000 4.440% Term Bond, due August 15, 2031, Yield 4.440%, CUSIP No 882806CQ3[(1)]

(interest to accrue from date of delivery)

(1) CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the purchasers of the Taxable Series 2012B Bonds. None of the Board, the University System or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

BOARD OF REGENTS

OF THE TEXAS TECH UNIVERSITY SYSTEM

Name	Residence	Term Expiration[1]
Mr. Jerry E. Turner, Chairman	Blanco	January 31, 2013
Mr. Mickey L. Long, Vice Chairman	Midland	January 31, 2015
Mr. L. Frederick "Rick" Francis	El Paso	January 31, 2013
Mr. John Field Scovell	Dallas	January 31, 2013
Mr. John T. Huffaker	Amarillo	January 31, 2015
Ms. Nancy Neal	Lubbock	January 31, 2015
Mr. Larry K. Anders	Dallas	January 31, 2017
Ms. Debbie Montford	San Antonio	January 31, 2017
Mr. John D. Steinmetz	Lubbock	January 31, 2017
Ms. Jill Fadal	Lubbock	May 31, 2012[2]

(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.

PRINCIPAL ADMINISTRATORS

Name	Title
Mr. Kent Hance	Chancellor
Mr. Jim Brunjes	Vice Chancellor and Chief Financial Officer
Dr. Guy Bailey	President (Texas Tech University)
Dr. Tedd L. Mitchell	President (Texas Tech University Health Sciences Center)
Dr. Joseph C. Rallo	President (Angelo State University)

CONSULTANTS

Financial Advisor	Bond Counsel
First Southwest Company	Fulbright & Jaworski L.L.P.
Dallas, Texas	Dallas, Texas

For additional information regarding the University System, please contact:

Mr. Jim Brunjes
Vice Chancellor and Chief Financial Officer
Texas Tech University System
2500 Broadway
Administration Building, Room 213
Lubbock, Texas 79409-1098
(806) 742-3243

Ms. Mary M. Williams
Senior Vice President
First Southwest Company
325 N. St. Paul St. Suite 800
Dallas, Texas 75201
(214) 953-4021

SALE AND DISTRIBUTION OF THE BONDS

Use of Official Statement

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

Certain information set forth in this Official Statement has been furnished by the Board and other sources which are believed to be reliable, but such information is not to be construed as a representation by the respective 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 respective 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 RESPECTIVE UNDERWRITERS MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY ONLY SYSTEM, AS SUCH INFORMATION WAS FURNISHED BY DTC.

The respective Underwriters have provided the following sentence for inclusion in this Official Statement. The respective Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, 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 RESPECTIVE UNDERWRITERS THEREOF MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF SUCH BONDS AT A LEVEL ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

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

TABLE OF CONTENTS

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OFFICIAL STATEMENT
relating to

$163,240,000
BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM
REVENUE FINANCING SYSTEM
REFUNDING AND IMPROVEMENT BONDS
FOURTEENTH SERIES (2012A)

and

$27,585,000
BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM
REVENUE FINANCING SYSTEM
REFUNDING BONDS
FIFTEENTH SERIES (TAXABLE 2012B)

INTRODUCTION

This Official Statement, which includes the cover pages and the Schedules 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, Fourteenth Series (2012A)" (the "Series 2012A Bonds"), and "Board of Regents of Texas Tech University System Revenue Financing System Refunding Bonds, Fifteenth Series (Taxable 2012B)" (the "Taxable Series 2012B Bonds" and, together with the Series 2012A Bonds, the "Bonds"). Capitalized terms used in this Official Statement and not otherwise defined have the same meanings assigned to such terms in "Appendix D - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

The University System currently consists of Texas Tech University (the "University"), Texas Tech University Health Sciences Center (the "Health Sciences Center") and Angelo State University ("Angelo State"). The University, the Health Sciences Center and Angelo 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 and amended on November 8, 1996 and August 22, 1997 (as amended, the "Master Resolution"), the Board created the University System 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 and Angelo 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 D — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

This Official Statement contains summaries and descriptions of the plan of finance, the Resolution, the Bonds, the Board, the University System, the University, the Health Sciences Center, Angelo 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. Jim Brunjes, Vice Chancellor and Chief Financial Officer, Texas Tech University System, 2500 Broadway, Administration Building, Room 213, Lubbock, Texas 79409-1098.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of this final Official Statement and any Escrow Agreement (as defined herein) will be submitted to the Municipal Securities Rulemaking Board and will be available through its Electronic Municipal Market Access system. See "CONTINUING DISCLOSURE OF INFORMATION" for information regarding the Electronic

Municipal Market Access system and for a description of the Board's undertaking to provide certain information on a continuing basis.

PLAN OF FINANCE

Authority for Issuance

The Bonds are being issued in accordance with the general laws of the State, including particularly Chapter 55, Texas Education Code, as amended; Chapter 1371, Texas Government Code, as amended; and Chapter 1207, Texas Government Code, as amended. The Series 2012A Bonds are being issued pursuant to the Master Resolution, a Fourteenth Supplemental Resolution adopted by the Board on December 16, 2011 and a resolution approved by the Pricing Committee on January 5, 2012 (the Fourteenth Supplemental Resolution and the Pricing Committee resolution are jointly referred to herein as the "Fourteenth Supplemental Resolution"). The Taxable Series 2012B Bonds are being issued pursuant to the Master Resolution, a Fifteenth Supplemental Resolution adopted by the Board on December 16, 2011 and a resolution approved by the Pricing Committee on January 5, 2012 (the Fifteenth Supplemental Resolution and the Pricing Committee resolution are jointly referred to herein as the "Fifteenth Supplemental Resolution"). The Master Resolution, the Fourteenth Supplemental Resolution and the Fifteenth Supplemental Resolution are referred to herein collectively as the "Resolution." The Series 2012A Bonds and the Taxable Series 2012B Bonds will be the fourteenth series and fifteenth series, respectively, of debt obligations issued as Parity Obligations and payable from the Pledged Revenues. Certain of the Parity Obligations previously issued pursuant to the Master Resolution are no longer outstanding. For a description of the Outstanding Parity Obligations and the ability of the Board to issue Additional Parity Obligations, see "SECURITY FOR THE BONDS—Outstanding Parity Obligations" and "—Additional Obligations."

Purpose

Series 2012A Bonds. The Series 2012A Bonds are being issued for the purposes of: (i) acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure for the University System, (ii) currently refunding certain of the Board's Outstanding Parity Obligations, as more particularly described in Schedule I attached hereto (the "Series 2012A Refunded Bonds"), (iii) refunding $96,469,500 of the "Board of Regents of Texas Tech University System Revenue Financing System Commercial Paper Notes, Series A" (the "Commercial Paper Notes"), (iv) refunding a portion of the Board's obligation with respect to the Angelo State Parity Debt (as defined herein), as more particularly described in Schedule II attached hereto (the "Refunded Angelo State Parity Debt"), and (v) paying the costs of issuance of the Series 2012A Bonds. As described under "PLAN OF FINANCE – Refunded Angelo State Parity Debt," upon the effective date of the refunding of the Refunded Angelo State Parity Debt, an amount of the ASU Note (as defined herein) equal to the principal amount of the Refunded Angelo State Parity Debt will be immediately cancelled and discharged on the same date. The Commercial Paper Notes and the ASU Note constitute Parity Obligations under the terms of the Master Resolution. See "SECURITY FOR THE BONDS—The Revenue Financing System."

Taxable Series 2012B Bonds. The Taxable Series 2012B Bonds are being issued for the purpose of: (i) currently refunding certain of the Board's Outstanding Parity Obligations, as more particularly described in Schedule III attached hereto (the "Taxable Series 2012B Refunded Bonds"), and (ii) paying the costs of issuance of the Taxable Series 2012B Bonds.

The Series 2012A Refunded Bonds, the Refunded Angelo State Parity Debt and the Taxable Series 2012B Refunded Bonds shall be referred to herein collectively as, the "Refunded Obligations."

Series 2012A Refunded Bonds

A portion of the proceeds from the issuance and sale of the Series 2012A Bonds, together with other available funds of the Board, will be applied to refund the Series 2012A Refunded Bonds. The refunding will result in the defeasance of the Series 2012A Refunded Bonds in accordance with the terms thereof and the laws of the State of Texas.

The principal and interest due on the Series 2012A Refunded Bonds are to be paid on the scheduled interest payment dates and the respective redemption dates of such Series 2012A Refunded Bonds from funds to be deposited pursuant to a certain Escrow Agreement (the "Series 2012A Refunded Bonds Escrow Agreement") between the Board and Bank of Texas, Austin, Texas (the "Series 2012A Refunded Bonds Escrow Agent"). The

Fourteenth Supplemental Resolution provides that from the proceeds of the sale of the Series 2012A Bonds received from the Underwriters thereof, the Board will deposit with the Series 2012A Refunded Bonds Escrow Agent the amount necessary, together with additional funds of the Board and investment earnings thereon, to accomplish the discharge and final payment of the Series 2012A Refunded Bonds on their respective redemption dates. Such funds will be held by the Series 2012A Refunded Bonds Escrow Agent in a special escrow account (the "Series 2012A Refunded Bonds Escrow Fund") and used to purchase direct obligations of the United States of America (the "Federal Securities"), which will come due on or before their respective redemption dates. Under the Series 2012A Refunded Bonds Escrow Agreement, the Series 2012A Refunded Bonds Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Series 2012A Refunded Bonds.

Grant Thornton LLP, a firm of independent public accountants, will verify at the time of delivery of the Series 2012A Bonds to the Underwriters thereof the mathematical accuracy of the schedules that demonstrate that the Federal Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Series 2012A Refunded Bonds Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Series 2012A Refunded Bonds. Such maturing principal of and interest on the Federal Securities will not be available to pay the Bonds. Such verification report will be based on information and assumptions supplied by First Southwest Company on behalf of the Board, and such verifications, information and assumptions will be relied upon by Bond Counsel in rendering its opinion relating to the Series 2012A Bonds described herein. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

By the deposit of the Federal Securities and cash, if necessary, with the Series 2012A Refunded Bonds Escrow Agent pursuant to the Series 2012A Refunded Bonds Escrow Agreement, the Board will have effected the defeasance of all of the Series 2012A Refunded Bonds in accordance with Chapter 1207, Texas Government Code, as amended ("Chapter 1207"). As a result of such defeasance, the Series 2012A Refunded Bonds will be outstanding only for the purpose of receiving payments from the Federal Securities and any cash held for such purpose by the Series 2012A Refunded Bonds Escrow Agent and such Series 2012A Refunded Bonds will not be deemed as being outstanding obligations of the Board payable from Pledged Revenues nor for the purpose of applying any limitation on the issuance of debt.

In the Series 2012A Refunded Bonds Escrow Agreement, the Board covenants to make timely deposits to the Series 2012A Refunded Bonds Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Series 2012A Refunded Bonds, if for any reason, the cash balances on deposit or scheduled to be on deposit in the Series 2012A Refunded Bonds Escrow Fund are insufficient to make such payment.

Refunded Angelo State Parity Debt

A portion of the proceeds from the issuance and sale of the Series 2012A Bonds, together with other available funds of the Board and the Board of Regents of Texas State University System (the "TSUS Board"), will be applied to refund the Refunded Angelo State Parity Debt. The refunding will result in the defeasance of the Refunded Angelo State Parity Debt in accordance with the terms thereof and the laws of the State of Texas.

The principal and interest due on the Refunded Angelo State Parity Debt are to be paid on the redemption date of such Refunded Angelo State Parity Debt from funds to be deposited pursuant to a certain Escrow Agreement (the "Refunded ASU Debt Escrow Agreement") among the Board, the TSUS Board and The Bank of New York Mellon Trust Company, N.A. (the "Refunded ASU Debt Escrow Agent"). The Refunded ASU Debt Escrow Agreement provides that certain proceeds of the sale of the Series 2012A Bonds received from the Underwriters thereof, together with other available funds of the TSUS Board, will be irrevocably deposited with the Refunded ASU Debt Escrow Agent in an amount sufficient to accomplish the discharge and final payment of the Refunded Angelo State Parity Debt on their redemption date. Such funds will be held by the Refunded ASU Debt Escrow Agent in a special escrow account (the "Refunded ASU Debt Escrow Fund"). Under the Refunded ASU Debt Escrow Agreement, the Refunded ASU Debt Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Angelo State Parity Debt.

By the deposit of cash with the Refunded ASU Debt Escrow Agent pursuant to the Refunded ASU Debt Escrow Agreement and the action of the TSUS Board, the Refunded Angelo State Parity Debt will have been defeased in accordance with Chapter 1207. As a result of such defeasance, the Refunded Angelo State Parity Debt will be outstanding only for the purpose of receiving payments from the cash held for such purpose by the Refunded ASU Debt Escrow Agent.

The Board has covenanted in the Refunded ASU Debt Escrow Agreement to make timely deposits to the Refunded ASU Debt Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Angelo State Parity Debt, if for any reason, the cash balances on deposit in the Refunded ASU Debt Escrow Fund are insufficient to make such payment. As described under "SECURITY FOR THE BONDS – The Revenue Financing System," upon the effective date of the refunding of the Refunded Angelo State Parity Debt, an amount of the ASU Note equal to the principal amount of the Refunded Angelo State Parity Debt, less the amount contributed by the TSUS Board (which amount is approximately equal to $1,859), will be immediately cancelled and discharged on the same date.

Taxable Series 2012B Refunded Bonds

A portion of the proceeds from the issuance and sale of the Taxable Series 2012B Bonds, together with other available funds of the Board, will be applied to refund the Taxable Series 2012B Refunded Bonds. The refunding will result in the defeasance of the Taxable Series 2012B Refunded Bonds in accordance with the terms thereof and the laws of the State of Texas.

The principal and interest due on the Taxable Series 2012B Refunded Bonds are to be paid on the redemption date of such Taxable Series 2012B Refunded Bonds from funds to be deposited with the paying agent/registrar for the Taxable Series 2012B Refunded Bonds (the "Taxable Series 2012B Refunded Bonds Paying Agent"). The Fifteenth Supplemental Resolution provides that proceeds from the sale of the Taxable Series 2012B Bonds received from the Underwriters thereof, together with other available funds of the Board, will be irrevocably deposited with the Taxable Series 2012B Refunded Bonds Paying Agent in an amount sufficient to accomplish the discharge and final payment of the Taxable Series 2012B Refunded Bonds on their redemption date. Thereafter, the Taxable Series 2012B Refunded Bonds, together with interest thereon, will be paid on their redemption date, from the amounts deposited with the Taxable Series 2012B Refunded Bonds Paying Agent.

By the deposit of cash with the Taxable Series 2012B Refunded Bonds Paying Agent, the Board will have effected the defeasance of all of the Taxable Series 2012B Refunded Bonds in accordance with Chapter 1207 and pursuant to the terms of the supplemental resolution authorizing their issuance. As a result of such defeasance, the Taxable Series 2012B Refunded Bonds will be outstanding only for the purpose of receiving payments from the cash held for such purpose by the Taxable Series 2012B Refunded Bonds Paying Agent and such Taxable Series 2012B Refunded Bonds 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.

Refunded Notes

The Fourteenth Supplemental Resolution provides that from the proceeds of the same of the Series 2012A Bonds received from the Underwriters thereof, together with other available funds of the Board, the Board will deposit with Deutsche Bank Trust Company Americas, in its capacity as the issuing and paying agent for the Refunded Notes (the "CP Issuing and Paying Agent"), the amount necessary to accomplish the discharge, defeasance and final payment of $96,469,500 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 therefore, 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 or for the purpose of applying any limitation on the issuance of debt.

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SOURCES AND USES OF FUNDS

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

Sources of Funds	Series 2012A Bonds	Taxable Series 2012B Bonds
Principal Amount	$163,240,000.00	$27,585,000.00
Net Original Issue Premium	22,986,617.31	-
Board Contribution	203,253.29	1,241,439.25
Total Sources of Funds	$186,429,870.60	$28,826,439.25
Uses of Funds		
Deposit to Project Construction Fund	$ 26,467,000.00	$ -
Deposit to Escrow for Series 2012A Refunded Bonds	62,020,456.83	-
Deposit with Taxable Series 2012B Refunded Bonds Paying Agent	-	28,631,607.50
Deposit to Refund the Refunded Notes	96,469,500.00	-
Deposit to Escrow for Refunded Angelo State Parity Debt[(1)]	362,161.89	-
Costs of Issuance[(2)]	1,110,751.88	194,831.75
Total Uses of Funds	$186,429,870.60	$28,826,439.25

(1) The TSUS Board will contribute other available funds to accomplish the refunding of the Refunded Angelo State Parity Debt. See "PLAN OF FINANCE."

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

DESCRIPTION OF THE BONDS

General

The Series 2012A Bonds will be dated February 1, 2012 and will accrue interest from their date of delivery. Further, the Series 2012A Bonds will bear interest at the per annum rates and will mature on the dates and in the amounts shown on page ii of this Official Statement. Interest on the Series 2012A Bonds will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Series 2012A Bonds is payable on August 15, 2012 and each February 15 and August 15 thereafter until maturity or prior redemption. The Series 2012A Bonds are initially issuable in book-entry only form.

The Taxable Series 2012B Bonds will be dated February 1, 2012 and will accrue interest from their date of delivery. Further, the Taxable Series 2012B Bonds will bear interest at the per annum rates and will mature on the dates and in the amounts shown on page iv of this Official Statement. Interest on the Taxable Series 2012B Bonds will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Taxable Series 2012B Bonds is payable on August 15, 2012 and each February 15 and August 15 thereafter until maturity or prior redemption. The Taxable Series 2012B Bonds are initially issuable in book-entry only form.

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

Transfer, Exchange, and Registration

In the event the use of DTC's book-entry-only system should be discontinued, the Bonds will be printed and delivered to the registered owners thereof, and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar at its designated trust office, initially its office in Austin, Texas (the "Designated Trust Office"), and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond or Bonds being transferred or exchanged, at the Designated Trust Office of the Paying Agent/Registrar, or sent by United States mail, first-class, postage prepaid, to the new registered owner or the designee thereof. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any multiple of $5,000 for any one maturity and for a like aggregate principal amount and like series as the Bond or Bonds surrendered for exchange or transfer.

Limitation on Transfer of Bonds Called for Redemption

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

Record Date for Interest Payment

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

Redemption

<u>Series 2012A Bonds</u>.

<u>Optional Redemption</u>. The Series 2012A Bonds scheduled to mature on and after August 15, 2022 are subject to redemption prior to maturity at the option of the Board on August 15, 2021, 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 2012A 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 Series 2012A Bonds is determined by a book entry at a securities depository for the Series 2012A Bonds, if fewer than all of the Series 2012A Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Series 2012A Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Board and the securities depository. See "DESCRIPTION OF THE BONDS—Book-Entry Only System" below.

<u>Mandatory Sinking Fund Redemption</u>. The Series 2012A Bonds scheduled to mature on August 15, 2037 and August 15, 2041 (the "Series 2012A Term Bonds") are subject to mandatory sinking fund redemption prior to their scheduled maturity and shall be redeemed by the Board, in part, prior to their scheduled

maturity, with the particular Series 2012A Term Bonds or portions thereof to be redeemed to be selected and designated by the Board (provided that a portion of a Series 2012A Term Bond may be redeemed only in an integral multiple of $5,000), at a redemption price equal to the par or principal amount thereof and accrued interest to the date of redemption, on the date, and in the principal amount set forth in the following schedule:

Series 2012A Bonds Maturing August 15, 2037

Redemption Date	Principal Amount
August 15, 2033	$4,625,000
August 15, 2034	4,855,000
August 15, 2035	5,100,000
August 15, 2036	5,355,000
August 15, 2037 (maturity)	1,810,000

Series 2012A Bonds Maturing August 15, 2041

Redemption Date	Principal Amount
August 15, 2038	$1,900,000
August 15, 2039	1,975,000
August 15, 2040	2,055,000
August 15, 2041 (maturity)	2,135,000

The principal amount of the Series 2012A Term Bonds required to be redeemed on each such redemption date pursuant to the foregoing operation of the mandatory sinking fund shall be reduced, at the option of the Board, by the principal amount of any Series 2012A Term Bonds, which, at least 45 days prior to the mandatory sinking fund redemption date, (1) shall have been acquired by the Board and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been acquired and canceled by the Paying Agent/Registrar at the direction of the Board, in either case of (1) or (2) at a price not exceeding the par or principal amount of such Series 2012A Term Bonds, or (3) have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against mandatory sinking fund redemption. During any period in which ownership of the Series 2012A Term Bonds is determined by a book entry at a securities depository for the Series 2012A Term Bonds, if fewer than all of the Series 2012A Term Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Series 2012A Term Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Board and the securities depository.

Taxable Series 2012B Bonds.

Optional Redemption. The Taxable Series 2012B Bonds scheduled to mature on and after August 15, 2022 are subject to redemption prior to maturity at the option of the Board on August 15, 2021, 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 Taxable Series 2012B 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 Taxable Series 2012B Bonds is determined by a book entry at a securities depository for the Taxable Series 2012B Bonds, if fewer than all of the Taxable Series 2012B Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Taxable Series 2012B Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Board and the securities depository. See "DESCRIPTION OF THE BONDS—Book-Entry Only System" below.

Mandatory Sinking Fund Redemption. The Taxable Series 2012B Bonds scheduled to mature on August 15, 2031 (the "Taxable Series 2012B Term Bonds") are subject to mandatory sinking fund redemption prior to their scheduled maturity and shall be redeemed by the Board, in part, prior to their scheduled maturity, with the particular Taxable Series 2012B Term Bonds or portions thereof to be redeemed to be selected and designated by the Board (provided that a portion of a Taxable Series 2012B Term Bond may be redeemed only in an integral multiple of $5,000), at a redemption price equal to the par or principal amount thereof and accrued interest to the date of redemption, on the date, and in the principal amount set forth in the following schedule:

<u>Taxable Series 2012B Bonds Maturing August 15, 2031</u>

Redemption Date	Principal Amount
August 15, 2028	$1,825,000
August 15, 2029	1,910,000
August 15, 2030	1,995,000
August 15, 2031 (maturity)	2,080,000

The principal amount of the Taxable Series 2012B Term Bonds required to be redeemed on each such redemption date pursuant to the foregoing operation of the mandatory sinking fund shall be reduced, at the option of the Board, by the principal amount of any Taxable Series 2012B Term Bonds, which, at least 45 days prior to the mandatory sinking fund redemption date, (1) shall have been acquired by the Board and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been acquired and canceled by the Paying Agent/Registrar at the direction of the Board, in either case of (1) or (2) at a price not exceeding the par or principal amount of such Taxable Series 2012B Term Bonds, or (3) have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against mandatory sinking fund redemption. During any period in which ownership of the Taxable Series 2012B Term Bonds is determined by a book entry at a securities depository for the Taxable Series 2012B Term Bonds, if fewer than all of the Taxable Series 2012B Term Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Taxable Series Term 2012B Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Board and the securities depository.

<u>Notice of Redemption</u>.

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 D — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION—Defeasance.”

Bondholder Remedies

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

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

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

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

Book-Entry Only System

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating: of "AA+." The DTC Rules applicable to its Direct Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

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

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

SECURITY FOR THE BONDS

The Revenue Financing System

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

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

The Agreement also provides that the Board may refund or defease all or a portion of the Angelo State Parity Debt directly through its Revenue Financing System if the Board determines that such refunding or defeasance is beneficial for both the Board and Angelo State. A portion of the proceeds of the Series 2012A Bonds will be used for such refunding purpose. See "PLAN OF FINANCE – Refunded Angelo State Parity Debt" and "Schedule II – REFUNDED ANGELO STATE PARITY DEBT" for a description of the Angelo State Parity Debt to be refunded with a portion of the proceeds of the Series 2012A Bonds. In the event that the Board refunds or defeases all or a portion of the Angelo State Parity Debt, an amount of the ASU Note equal to the principal amount of Angelo State Parity Debt so refunded or defeased shall be immediately cancelled and discharged upon the effective date of such refunding or defeasance. In the Agreement, TSUS has agreed to use its best efforts to cooperate in, and take all actions reasonably requested of it by the Board in connection with, any such refunding or defeasance.

Pledge Under Master Resolution

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

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

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

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The following table sets forth the Pledged Revenues under the Revenue Financing System for the five most recent Fiscal Years:

	2007	2008	2009	2010	2011
Available Pledged Revenues Not Including Fund Balances[1]	$ 415,240,935	$ 494,884,615	$ 523,830,973	$ 576,009,311	$ 606,785,300
Pledgeable Unappropriated Funds and Reserve Balances [2]	169,417,039	220,780,807	234,036,451	221,182,551	255,912,878
Total Pledged Revenues	$ 584,657,974	$ 715,665,422	$ 757,867,424	$ 797,191,862	$ 862,698,178

(1) Excludes State appropriations for the reimbursement of debt service on certain Tuition Revenue Bonds of the University System. See "Appendix A — TEXAS TECH UNIVERSITY SYSTEM – Selected Financial Information – Funding for the University System and its Component Institutions – Tuition Revenue Bonds."

(2) In addition to current year Pledged Revenues, any unappropriated or reserve fund balances remaining at 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 ("quasi-endowment balances"). Although such quasi-endowment balances may be available for debt service on Parity Obligations if the need arose, the University System has not included such balances in the calculation of Pledged Revenues. As of August 31, 2011, the quasi-endowment balances have a fair market value of $114.3 million.

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 PARTCIPANTS OF THE REVENUE FINANCING SYSTEM ARE HEAVILY DEPENDENT ON STATE APPROPRIATIONS. THE BOARD AND THE PARTCIPANTS 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 Component Institutions."

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

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Outstanding Parity Obligations

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

	Outstanding Principal[1]
Revenue Financing System Commercial Paper Notes, Series A	$ 25,526,500
Revenue Financing System Bonds, Seventh Series (2001)	3,995,000
Revenue Financing System Refunding and Improvement Bonds, Ninth Series (2003)[2]	13,975,000
Revenue Financing System Refunding and Improvement Bonds, Tenth Series (2006)[2]	199,950,000
Revenue Financing System Refunding and Improvement Bonds, Twelfth Series (2009)[2]	140,415,000
ASU Note[2] [3]	36,172,702
Series 2012A Bonds[2]	163,240,000
Taxable Series 2012B Bonds	27,585,000
Total	$610,859,202

(1) Excludes the Series 2012A Refunded Bonds, the Taxable Series 2012B Refunded Bonds and the Refunded Notes.

(2) All or a portion of such issue constitutes Tuition Revenue Bonds that qualify the University System to be reimbursed from State appropriations for debt service payments in the amount of $26,149,470 during fiscal year 2012 and $26,118,913 during fiscal year 2013. 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 Component Institutions – Tuition Revenue Bonds."

(3) Excludes that portion of the ASU Note that will be immediately canceled and discharged upon the refunding of the Refunded Angelo State Parity Debt. See "PLAN OF FINANCE — Refunded Angelo State Parity Debt."

Commercial Paper Notes

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

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

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

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

Additional Obligations

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

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

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

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DEBT SERVICE REQUIREMENTS

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

Fiscal Year Ending 8/31	Annual Debt Service on Outstanding Parity Obligations[(1) (2) *]	Less Debt Service on Refunded Obligations	Series 2012A Bonds[*] Principal	Series 2012A Bonds[*] Interest	Taxable Series 2012B Bonds Principal	Taxable Series 2012B Bonds Interest	Total Annual Debt Service on Parity Obligations[*]
2012	$48,649,869.33	$5,032,263.17	$4,040,000	$3,605,256.02	$ 400,000	$461,775.75	$52,124,637.93
2013	49,188,009.18	9,316,480.42	7,195,000	7,089,875.00	820,000	916,849.00	55,893,252.76
2014	48,624,547.98	4,868,844.65	3,900,000	6,945,975.00	825,000	909,059.00	56,335,737.33
2015	48,392,631.08	10,478,344.78	8,575,000	6,828,975.00	870,000	899,819.00	55,088,080.30
2016	45,279,799.93	9,441,245.47	8,845,000	6,571,725.00	870,000	888,335.00	53,013,614.46
2017	44,995,815.22	9,443,851.71	9,115,000	6,306,375.00	890,000	875,111.00	52,738,449.51
2018	44,588,538.77	10,040,878.02	9,565,000	5,850,625.00	1,315,000	858,023.00	52,136,308.75
2019	42,380,544.02	10,039,609.01	10,040,000	5,372,375.00	1,345,000	826,200.00	49,924,510.01
2020	42,371,094.20	10,044,936.67	10,535,000	4,870,375.00	1,385,000	788,943.50	49,905,476.03
2021	42,364,977.33	10,032,331.09	10,765,000	4,343,625.00	1,425,000	748,224.50	49,614,495.74
2022	36,071,146.97	10,037,540.71	8,865,000	3,886,112.50	1,465,000	704,477.00	40,954,195.76
2023	34,898,721.26	9,999,365.00	4,195,000	3,509,350.00	1,515,000	656,571.50	34,775,277.76
2024	27,614,206.26	2,735,600.00	3,735,000	3,299,600.00	1,570,000	604,001.00	34,087,207.26
2025	27,617,841.26	2,737,360.00	3,895,000	3,112,850.00	1,630,000	546,382.00	34,064,713.26
2026	27,603,841.26	2,736,860.00	4,085,000	2,918,100.00	1,690,000	484,116.00	34,044,197.26
2027	20,555,626.26	2,738,770.00	3,920,000	2,713,850.00	1,760,000	417,868.00	26,628,574.26
2028	18,847,411.26	2,737,430.00	4,120,000	2,517,850.00	1,825,000	346,764.00	24,919,595.26
2029	12,162,513.13	2,737,510.00	4,320,000	2,311,850.00	1,910,000	265,734.00	18,232,587.13
2030	8,759,440.63	2,738,350.00	4,545,000	2,095,850.00	1,995,000	180,930.00	14,837,870.63
2031	8,749,002.51	2,734,290.00	4,765,000	1,868,600.00	2,080,000	92,352.00	14,820,664.51
2032	3,412,150.01	-	4,410,000	1,630,350.00	-	-	9,452,500.01
2033	3,414,984.38	-	4,625,000	1,409,850.00	-	-	9,449,834.38
2034	2,234,481.25	-	4,855,000	1,178,600.00	-	-	8,268,081.25
2035	2,234,325.00	-	5,100,000	935,850.00	-	-	8,270,175.00
2036	2,234,050.00	-	5,355,000	680,850.00	-	-	8,269,900.00
2037	2,233,393.75	-	1,810,000	413,100.00	-	-	4,456,493.75
2038	2,232,093.75	-	1,900,000	322,600.00	-	-	4,454,693.75
2039	-	-	1,975,000	246,600.00	-	-	2,221,600.00
2040	-	-	2,055,000	167,600.00	-	-	2,222,600.00
2041	-	-	2,135,000	85,400.00	-	-	2,220,400.00
	$697,711,055.98	$130,671,860.70	$163,240,000.00	$93,089,993.52	$27,585,000.00	$12,471,535.25	$863,425,724.05

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* A portion of such Outstanding Parity Obligations and a portion of the Series 2012A Bonds constitute Tuition Revenue Bonds that qualify the University System to be reimbursed from State appropriations for debt service payments in the amount of $26,149,470 during fiscal year 2012 and $26,118,913 during fiscal year 2013. Future reimbursements by the State for debt service payments is entirely subject to future appropriations by the State Legislature in each subsequent State biennium. See “Appendix A — TEXAS TECH UNIVERSITY SYSTEM – Selected Financial Information – Funding for the University System and its Component Institutions – Tuition Revenue Bonds.”

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

(2) Includes debt service on the Series 2012A Refunded Bonds, the Taxable Series 2012B Refunded Bonds and the Angelo State Parity Debt. See "PLAN OF FINANCE" herein.

FUTURE CAPITAL IMPROVEMENT PLANS

In addition to the projects to be financed with the proceeds of the Series 2012A Bonds, the University System has various other projects under consideration as part of its 5-year capital plan, which have not yet been financed. Projects with aggregate estimated costs of $330 million may require financing or partial financing in the next five years. The University System may consider other construction projects as well. This estimate does not include Tuition Revenue Bonds, which may be authorized in the future by the State Legislature. There are no outstanding Tuition Revenue Bond authorizations at this time.

ABSENCE OF LITIGATION

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

CONTINUING DISCLOSURE OF INFORMATION

Continuing Disclosure Undertaking of the Board

In each of the Fourteenth Supplemental Resolution and the Fifteenth Supplemental Resolution, the Board has made the following agreement for the benefit of the holders and beneficial owners of the Series 2012A Bonds and the Taxable Series 2012B Bonds, respectively. The Board has agreed that, so long as the Board is an "obligated person" under Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), it will provide certain updated financial information and operating data about the University System annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). Such information will be available to the public at no charge using the MSRB's Electronic Municipal Market Access system via the MSRB's internet website, www.emma.msrb.org.

Annual Reports

The Board has agreed to provide certain updated financial information and operating data to the MSRB annually. The information to be updated 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 CONSOLIDATED ANNUAL FINANCIAL REPORT". The Board has agreed to update and provide this information within six months after the end of each of its fiscal years ending in or after 2012.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), 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 such statements when and if they become available. Any such financial statements are to be prepared in accordance with generally accepted accounting principles for state governments, as such principles may be changed from time to time to comply with state law or regulation. No outside audit of the University System's financial statements is currently required or obtained by the Board.

The Board's current fiscal year end is August 31. Pursuant to Section 2101.11 of the Texas Government Code, 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 CONSOLIDATED ANNUAL FINANCIAL REPORT." If the Board changes its fiscal year, the Board will notify the MSRB of the change. If audited financial statements of the University System are not prepared for any fiscal year and audited financial statements are prepared with respect to the State for such fiscal year, the Board shall provide, or cause to be provided, the audited financial statements of the State for the applicable fiscal year to the MSRB within six months after the end of said fiscal year or as soon thereafter as such audited financial statements become available from the State Auditor. Any such audited financial statements of the State so provided shall be prepared in accordance with generally accepted accounting principles for state governments, as such principles may be changed from time to time to comply with state law.

Event Notices

As used in this "Event Notices" caption, the term "obligated person" shall mean any person, including the Board, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities). The Board will notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, 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 the 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 obligated person;

Note to paragraph 12.: For the purposes of the event identified in paragraph 12 of this caption, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person 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 obligated person, 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 obligated person.

13. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. appointment of successor or additional Paying Agent/Registrar or the change of name of a Paying Agent/Registrar, if material.

Neither the Bonds nor the Resolution make any provision for a debt service reserve or credit enhancement. In addition, the Board will provide timely notice to the MSRB of any failure by the Board to provide information, data, or financial statements in accordance with its agreement described above under “Annual Reports”.

Limitations and Amendments

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

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

Compliance with Prior Undertakings

The Board became obligated to make annual disclosure of certain financial information in accordance with the Rule in an offering that took place in 1996. The Board has been in compliance with its continuing disclosure obligations each year in accordance with the Rule except for the filing of certain financial information due February 28, 2010 (the “2010 Filing”) and the filing of certain financial information due February 28, 2011 (the “2011 Filing”). The 2010 Filing was not timely filed with the MSRB, and all of the appropriate identifying information was not provided to the MSRB in connection therewith. The 2010 Filing was filed on April 20, 2010, the appropriate identifying information relating thereto was provided on December 7, 2011, and a notice relating thereto was filed on December 9, 2011. Regarding the 2011 Filing, although it was timely filed with the MSRB, the Board did not provide all of the appropriate identifying information in connection therewith at the time of filing. The appropriate identifying information relating to the 2011 Filing was provided on December 7, 2011, and a notice relating thereto was filed on December 9, 2011. The Board has implemented procedures to ensure timely filing of, and inclusion of required identifying information in connection with, all future financial information filings.

LEGAL MATTERS

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

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

TAX MATTERS

Series 2012A Bonds

Tax Exemption. The delivery of the Series 2012A Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Series 2012A Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. A form of Bond Counsel's opinion is reproduced as Appendix E. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

Interest on the Series 2012A Bonds owned by a corporation will be included in such corporation's adjusted current earnings for tax years beginning after 1989, for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust ("FASIT"). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by Section 55 of the Code will be computed.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the Board made in a certificate dated the date of delivery of the Series 2012A Bonds pertaining to the use, expenditure, and investment of the proceeds of the Series 2012A Bonds and will assume continuing compliance by the Board with the provisions of the Fourteenth Supplemental Resolution subsequent to the issuance of the Series 2012A Bonds. The Fourteenth Supplemental Resolution contains covenants by the Board with respect to, among other matters, the use of the proceeds of the Series 2012A Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Series 2012A 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 2012A Bonds to be includable in the gross income of the owners thereof for Federal income taxes from date of the issuance of the Series 2012A 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 "Service") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service. The Service has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Series 2012A Bonds is commenced, under current procedures the Service is likely to treat the University System as the "taxpayer," and the Owners of the Series 2012A 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 2012A Bonds, the University System may have different or conflicting interests from the Owners. Public awareness of any future audit of the Series 2012A Bonds could adversely affect the value and liquidity of the Series 2012A 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 2012A Bonds. Prospective purchasers of the Series 2012A Bonds should be aware that the ownership of tax-exempt obligations such as the Series 2012A Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Tax Accounting Treatment of Discount and Premium on Certain Series 2012A Bonds. The initial public offering price of certain Series 2012A Bonds (the "Discount Bonds") may be less than the amount payable on such Series 2012A 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 2012A 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 original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year.

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

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

The initial public offering price of certain Series 2012A Bonds (the "Premium Bonds") may be greater than the amount payable on such Series 2012A Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

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

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Series 2012A 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 2012A Bonds. Prospective purchasers of the Series 2012A Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Taxable Series 2012B Bonds

The following is a general summary of the United States federal income tax consequences of the purchase and ownership of the Taxable Series 2012B 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 Taxable Series 2012B 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 Taxable Series 2012B Bonds). The summary is therefore limited to certain issues relating to initial investors who will hold the Taxable Series 2012B Bonds as "capital assets" within the meaning of section 1221 of the Code, and acquire such Taxable Series 2012B 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 Service with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the Service 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 TAXABLE SERIES 2012B BONDS.

Internal Revenue Service Circular 230 Notice. You should be aware that:

(i) the discussion with respect to United States federal tax matters in this Official Statement was not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer;

(ii) such discussion was written to support the promotion or marketing (within the meaning of IRS Circular 230) of the transactions or matters addressed by such discussion; and

(iii) each taxpayer should seek advice based on his or her particular circumstances from an independent tax advisor.

This notice is given solely for purposes of ensuring compliance with IRS Circular 230.

Payments of Stated Interest on the Taxable Series 2012B Bonds. The stated interest paid on the Taxable Series 2012B 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 Taxable Series 2012B Bonds of any stated maturity is purchased at original issuance for a purchase price (the "Issue Price") that is less than their face amount by more than one quarter of one percent times the number of complete years to maturity, the Taxable Series 2012B Bonds of such maturity will be treated as being issued with "original issue discount." The amount of the original issue discount will equal the excess of the principal amount payable on such Taxable Series 2012B Bonds at maturity over its Issue Price, and the amount of the original issue discount on the Taxable Series 2012B Bonds will be amortized over the life of the Taxable Series 2012B 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 Taxable Series 2012B 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 Taxable Series 2012B 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 Taxable Series 2012B 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 Taxable Series 2012B Bonds will increase the adjusted tax basis of the Taxable Series 2012B Bonds in the hands of such beneficial owner.

Disposition of Taxable Series 2012B Bonds and Market Discount. A beneficial owner of Taxable Series 2012B Bonds will generally recognize gain or loss on the redemption, sale or exchange of a Taxable Series 2012B 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 Taxable Series 2012B Bonds. Generally, the beneficial owner's adjusted tax basis in the Taxable Series 2012B 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 Taxable Series 2012B Bonds.

Under current law, a purchaser of a Taxable Series 2012B Bond who did not purchase the Taxable Series 2012B Bonds in the initial public offering (a "subsequent purchaser") generally will be required, on the disposition of the Taxable Series 2012B 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 Taxable Series 2012B Bonds by a subsequent purchaser is less than the sum of Issue Price and the amount of original issue discount previously accrued on the Taxable Series 2012B Bonds. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire Taxable Series 2012B 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 Taxable Series 2012B Bonds could have a material effect on the market value of the Taxable Series 2012B Bonds.

Backup Withholding. Under section 3406 of the Code, a beneficial owner of the Taxable Series 2012B 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 Taxable Series 2012B Bonds. This withholding applies if such beneficial owner of Taxable Series 2012B 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 Taxable Series 2012B Bonds. Beneficial owners of the Taxable Series 2012B 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 Taxable Series 2012B 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 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 Taxable Series 2012B Bonds pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business.

Assuming payments on the Taxable Series 2012B Bonds are treated as portfolio interest within the meaning of sections 871 and 881 of the Code, then no backup withholding under section 1441 and 1442 of the Code and no backup withholding under section 3406 of the Code is required with respect to beneficial owners or intermediaries who have furnished Form W-8 BEN, Form W-8 EXP or Form W-8 IMY, as applicable, provided the payor does not have actual knowledge that such person is a United States person.

Reporting of Interest Payments. Subject to certain exceptions, interest payments made to beneficial owners with respect to the Taxable Series 2012B 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 Taxable Series 2012B 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. 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.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Grant Thornton LLP, a firm of independent public accountants, will deliver to the Board, on or before the initial delivery date of the Series 2012A Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of (i) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Federal Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Series 2012A Refunded Bonds and (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Series 2012A Bonds will be excluded from gross income for federal income tax purposes.

The verification performed by Grant Thornton LLP will be solely based upon data, information and documents provided to Grant Thornton LLP by First Southwest Company on behalf of the Board. Grant Thornton

LLP has restricted its procedures to recalculating the computations provided by First Southwest Company on behalf of the Board and has not evaluated or examined the assumptions or information used in the computations.

RATINGS

Fitch Ratings ("Fitch") and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") have assigned ratings of "AA" and "AA", respectively, to the Bonds.

An explanation of the significance of each such rating may be obtained from the company furnishing the rating (from Fitch at One State Street Plaza, New York, New York 10004, and from S&P at 55 Water Street, New York, New York 10041). 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

First Southwest Company 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

RBC Capital Markets, LLC, as representative of the Underwriters of the Series 2012A Bonds, has agreed, subject to certain customary conditions to delivery, to purchase the Series 2012A Bonds from the Board at a price equal to $185,500,315.73, which is equal to the principal amount of the Series 2012A Bonds, plus a net original issue premium of $22,986,617.31 and less an underwriting discount of $726,301.58. The Underwriters of the Series 2012A Bonds will be obligated to purchase all of the Series 2012A Bonds if any Series 2012A Bonds are purchased. The Series 2012A Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters of the Series 2012A Bonds.

Morgan Keegan & Company, Inc., as representative of the Underwriters of the Taxable Series 2012B Bonds, has agreed, subject to certain customary conditions to delivery, to purchase the Taxable Series 2012B Bonds from the Board at a price equal to $27,460,242.36, which is equal to the principal amount of the Taxable Series 2012B Bonds, less an underwriting discount of $124,757.64. The Underwriters of the Taxable Series 2012B Bonds will be obligated to purchase all of the Taxable Series 2012B Bonds if any Taxable Series 2012B Bonds are purchased. The Taxable Series 2012B Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters of the Taxable Series 2012B Bonds.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association. Wells Fargo Bank, National Association ("WFBNA"), one of the Underwriters of the Series 2012A Bonds, has entered into an agreement (the "Distribution Agreement") with Wells Fargo Advisors, LLC ("WFA") for the retail distribution of certain municipal securities offerings, including the Series 2012A Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2012A Bonds with WFA. WFBNA and WFA are both subsidiaries of Wells Fargo & Company.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2012A Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") 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 UBSFS and CS&Co. will purchase Series 2012A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2012A Bonds that such firm sells.

FORWARD LOOKING STATEMENTS

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

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

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

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

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

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

/s/ Mr. Jim Brunjes
Vice Chancellor and Chief Financial Officer
Texas Tech University System

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Schedule I

SERIES 2012A REFUNDED BONDS

Board of Regents of Texas Tech University System Revenue Financing System
Bonds, Seventh Series (2001)

Original Dated Date	Original Maturity Date	Interest Rate	Original Principal Amount	Principal Amount Refunded
1/1/2002	8/15/2013	5.50%	$4,215,000	$4,215,000

Redemption Date: February 15, 2012, at a price of par plus accrued interest to the redemption date.

Board of Regents of Texas Tech University System Revenue Financing System
Refunding and Improvement Bonds, Ninth Series (2003)

Original Dated Date	Original Maturity Date	Interest Rates	Original Principal Amount	Principal Amount Refunded
9/1/2003	2/15/2015	5.25%	$4,720,000	$4,695,000
	2/15/2016	5.25%	4,970,000	4,945,000
	2/15/2017	5.25%	5,240,000	5,215,000
	2/15/2018	5.25%	5,525,000	5,495,000
	2/15/2019	5.25%	5,820,000	5,790,000
	2/15/2020	5.00%	6,130,000	6,100,000
	2/15/2021	5.00%	6,435,000	6,400,000
	2/15/2022	5.00%	6,770,000	6,735,000
	2/15/2023	5.00%	7,120,000	7,085,000
			$52,730,000	$52,460,000

Redemption Date: August 15, 2013, at a price of par plus accrued interest to the redemption date.

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Schedule II

REFUNDED ANGELO STATE PARITY DEBT

Board of Regents of Texas State University System Revenue Financing System
Revenue and Refunding Bonds, Series 2002

Original Dated Date	Original Maturity Date	Interest Rates	Original Principal Amount	Principal Amount Refunded[1]
9/15/2002	3/15/2013	5.25%	$7,215,000	$30,000
	3/15/2014	5.25%	7,590,000	30,000
	3/15/2015	5.25%	7,995,000	30,000
	3/15/2016	5.25%	8,185,000	30,000
	3/15/2017	5.00%	8,260,000	35,000
	3/15/2018	5.00%	8,675,000	35,000
	3/15/2019	5.00%	9,110,000	40,000
	3/15/2020	5.00%	9,565,000	40,000
	3/15/2021	4.75%	10,040,000	40,000
	3/15/2022	4.75%	10,520,000	45,000
			$87,155,000	$355,000

Redemption Date: March 18, 2012, at a price of par plus accrued interest to the redemption date.

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(1) Approximately $1,859 in principal amount will be contributed by the TSUS Board in order to call bonds in authorized denominations on the redemption date specified above. See "PLAN OF FINANCE—Refunded Angelo State Parity Debt."

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Schedule III

TAXABLE SERIES 2012B REFUNDED BONDS

Board of Regents of Texas Tech University System Revenue Financing System Bonds, Eighth Series (Taxable 2001)

Original Dated Date	Original Maturity Date	Interest Rates	Original Principal Amount	Principal Amount Refunded
1/1/2002	8/15/2022	6.75%	$9,570,000	$9,570,000
	8/15/2031	6.60%	18,140,000	18,140,000
			$27,710,000	$27,710,000

Redemption Date: February 15, 2012, at a price of par plus accrued interest to the redemption date.

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Appendix A

TEXAS TECH UNIVERSITY SYSTEM

GENERAL DESCRIPTION

Background. In 1999, the 76th Texas Legislature created the Texas Tech University System (the "University System") and provided that the University System would include all of those institutions and entities then under the governance, control, jurisdiction and management of the Board of Regents of Texas Tech University System (the "Board") and such other institutions and entities as from time to time assigned by specific legislation to the governance, control, jurisdiction and management of the University System. The legislation creating the University System vested the governance, control, jurisdiction and management of the University System in the Board and designated such Board as the Board of Regents of the Texas Tech University System. Currently, Texas Tech University (the "University"), the Texas Tech University Health Sciences Center (the "Health Sciences Center"), and Angelo State University ("Angelo State") are the only component institutions of the University System, and the only participants under the Revenue Financing System (the "Participants").

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

The Board is legally responsible for the establishment and control of policy for the University System. The Board appoints a Chancellor who directs the operations of the University System 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 Facilities Planning and Construction, Vice Chancellor for Research, Commercialization and Federal Relations, Vice Chancellor for Policy and Planning, Vice Chancellor, the President of the University, the President of the Health Sciences Center, and the President of Angelo State.

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

The President of the Health Sciences Center directs the operations of the Health Sciences Center and is assisted by the Executive Vice President for Finance and Administration, Vice President for Information Technology, Vice President for Medical Affairs, Executive Vice President for Research, 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 Allied Health Sciences, Dean of the School of Nursing, and Founding Dean of the Paul L. Foster School of Medicine.

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

A list of the current members of the Board and certain principal administrative officers of the University, the Health Sciences Center, and Angelo State appears on page v of this Official Statement. Set forth below is biographical information for the principal administrative officers of the University System, the University, the Health Sciences Center, and Angelo State appearing on page v of this Official Statement:

Mr. Kent Hance became Chancellor of the University System in December 2006. Mr. Hance received his B.B.A. from the University in 1965. In 1968, he received his law degree from the University of Texas where he served as President of the Student Bar Association, Class President, and was a recipient of the Counsel Award. He served on the Board of Regents of West Texas State University in 1972. In 1973, he was named Outstanding Professor at The University. Mr. Hance's political career began in 1974, when he was elected to the Texas Senate. He later also served in the U.S. House of Representatives for six years. He was appointed to the Texas Railroad Commission in 1987 and served until 1990. In 1987, Mr. Hance was appointed to the Texas Higher Education Coordinating Board. He also has served on the Governor's Energy Council, Governor's Oil Spill Advisory Committee, Texas High Speed Rail Commission, Interstate Oil Compact Commission, and the Texas Mining Council. Mr. Hance is currently on a leave of absence from practicing law in Austin as a partner with Hance Scarborough, LLP.

Mr. Jim Brunjes became the Vice Chancellor and Chief Financial Officer of the University System in 1999. He had served as the Vice President for Fiscal Affairs at the University since September 1996. He earned his B.A. in mathematics in 1969 and a Master of Statistics Degree in 1972, both from Texas A&M University. Mr. Brunjes joined the University as Vice President for Administration in 1991, responsible for administrative oversight, strategic planning, and budget coordination for the University and the Health Sciences Center. After teaching secondary school mathematics, Mr. Brunjes led a major computer system project with Lockheed for NASA-Houston and was a research mathematician at Calspan (formerly Cornell Aeronautical Laboratory) from 1972 to 1976. From 1976 to 1984, he was Associate Vice Chancellor, Budgets and Computing at the University of Houston main campus, where he served as Interim Vice Chancellor, Finance and Administration in 1982. From 1984 to 1986, Mr. Brunjes was employed by Midwestern State University in Wichita Falls, Texas, as Vice President for Business Affairs. From 1986 to 1987, he was Vice President of Systems at Dallas-based Southwest Airlines. From 1987 to 1991, Mr. Brunjes served as Associate Deputy Chancellor for Budgets and Information Systems at Texas A&M University.

Dr. Guy Bailey became President of the University on August 1, 2008. Dr. Bailey holds a bachelor's and master's degrees in English from the University of Alabama and a doctorate in English linguistics from the University of Tennessee. He is the author of approximately 100 books and articles. Dr. Bailey came to the University from the University of Missouri-Kansas City, where he served as Chancellor from January 2006 until July 2008. He previously served as Provost and Executive Vice President for Academic Affairs at the University of Texas-San Antonio from 1999 through 2005. Dr. Bailey was active in economic development partnerships in Kansas City, serving on the boards of the Greater Kansas City Chamber of Commerce and the Economic Development Corporation of Kansas City.

Dr. Tedd L. Mitchell became President of the Health Sciences Center on May 17, 2010. He graduated from Stephen F. Austin State University in 1983. Mitchell attended medical school at The University of Texas Medical Branch from 1983-1987. After graduation he pursued training in internal medicine, and upon completion of his residency 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 has subspecialty certification in sports medicine. He also holds fellowship status with the American College of Physicians and the American College of Sports Medicine. From 1988 to 1996, he served as a captain in the U.S. Army Reserves (Medical Corps). Dr. Mitchell served as the Medical Director for The Cooper Wellness Program from 1991 until 2005. He is the contributing health editor and a weekly columnist for USA Weekend and has published health and fitness books. He also has enjoyed a role in developing public policy regarding health and fitness by serving on the President's Council for Physical Fitness and Sports (appointed in 2002 by President George W. Bush) as well as a member of the Board of Trustees for the American College of Sports Medicine in 2007.

Dr. Joseph C. Rallo became the President of Angelo State in June 2007. Dr. Rallo received his B.A. in Russian history from Lafayette College, his J.D. from Western New England College, as well as his M.A. and Ph.D. in international relations from the Maxwell School of Citizenship and Public Affairs at Syracuse University. Dr. Rallo was the provost and academic vice president at Western Illinois University, following his position as dean of the College of Business and Administration and the Graduate School of Business Administration at the University of Colorado-Colorado Springs. He also served as the Director of the Colorado Institute for Technology Transfer and Implementation and was responsible for the creation of its journal *Comparative Technology Transfer and Society*, published by the John Hopkins University Press.

Component Institutions.

Texas Tech University, a coeducational, State-supported institution of higher learning, was originally created by the State Legislature in 1923. From its beginning as a regional technological and liberal arts college, the University's purpose has changed to that of a comprehensive public university with a total student enrollment of more than 32,000 students. The University is organized into eleven colleges: Agricultural Sciences and Natural Resources; Architecture; Arts and Sciences; Business Administration; Education; Engineering; Honors; Human Sciences; Mass Communication; Visual and Performing Arts; and University College. These colleges, together with the School of Law and the Graduate School have approximately 65 academic departments offering 105 bachelor's degrees in 90 majors or fields of study. The University also offers 41 graduate certificates and 11 undergraduate certificates. The University is accredited by its regional accrediting body, the Southern Association of Colleges and Schools, and colleges and departments of the University are accredited with their respective professional associations.

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

The main library was completed in 1962 and contains over three million bibliographic items (which include more than 40,000 periodical subscriptions and nearly 2,000,000 units of microfilm); it is one of the two Regional Depositories for U.S. Government Documents in the State. The library is a member of the Association of Research Libraries, Greater Western Libraries Association, Texas Digital Library, among others, and ranks 55th in statistics published by that group. The library is also a depository of the Atomic Energy Commission. Other notable buildings include a museum, a planetarium, a computer center, a seismological observatory and the Fiber and Biopolymer Research Institutes. The Fiber and Biopolymer Research Institutes, the second of its kind in the United States, is supported by the Plains Cotton Growers, the U.S. Department of Agriculture, and others.

The University also has limited educational facilities located in the Texas cities of Junction, Fredericksburg, Marble Falls, Abilene, and Amarillo, and in Seville, Spain.

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

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

The College of Arts and Sciences provides courses and curricula that impart knowledge, enhance skills and stimulate creativity. The largest college at the University, the College of Arts and Sciences, offers over 90 undergraduate majors ranging from anthropology to zoology, including a dual B.A./M.B.A. degree in foreign language and business and a biology degree focusing on ecology and the environment.

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

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

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

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

The College of Human Sciences offers diverse programs that focus on addressing economic, technical, social and environmental issues.

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

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

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

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

Health Sciences Center. In 1969, the 61^{st} Texas Legislature authorized the creation of the Texas Tech University School of Medicine as a separate educational multi-campus institution with Lubbock as the administrative center and regional campuses at Amarillo, El Paso and Odessa. The School of Medicine formally opened in 1972. In 1979, the state legislature expanded the charter to become Texas Tech University Health Sciences Center, leading the way for establishment of the School of Nursing which formally opened in 1981, the School of Allied Health Sciences which formally opened in 1983, and the Graduate School of Biomedical Sciences, originally part of the School of Medicine, awarding its first degree in 1975. In 1985, the School of Nursing established graduate education programs and expanded to the Permian Basin. In 1993, the Texas Legislature authorized the establishment of a School of Pharmacy in Amarillo. During fall 1995, academic and clinical programs in the School of Allied Health Sciences were expanded to Amarillo and Odessa. In 1999, a physician assistant program was added in Midland. The 78th Texas Legislature authorized the Health Sciences Center to initiate curriculum design and faculty recruitment in to convert the El Paso campus into a four-year medical school to be operated under the Health Sciences Center. In February 2008, the Paul L. Foster School of Medicine at El Paso received accreditation as a four-year medical school by the Liaison Committee on Medical Education. It is the first four-year accredited medical school on the Texas/Mexico border.

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. The Health Sciences Center has a vast service area encompassing 108 of the state's 254 counties and covering 130,451 square miles or 48 percent of the State's land mass. Approximately 2.6 million people live in the Health Sciences Center's service area.

In addition to the Health Sciences Center administrative hub in Lubbock and the regional campuses in Amarillo, Odessa and El Paso, the Health Sciences Center has expanded to Abilene and Dallas/Fort Worth, to distribute health care education and services throughout the region. The Health Sciences Center facilities in Lubbock include academic buildings, clinical facilities and a library/teleconference center. A new, multi-story clinic also opened in 2007. The Health Sciences Center facilities in Amarillo include the School of Medicine and Allied Health Sciences Building, housing both academic and clinical space, the School of Pharmacy Building and the Women's Health and Research Building. The Coulter Research Building opened in 2008. The Health Sciences Center facilities in El Paso include a Health Sciences Center Building, clinics, and a Medical Sciences Research Building and Medical Education Building. The Health Sciences Center's facilities in Odessa consist of a Health Sciences Center Building and an ambulatory clinic. In Midland, the Physician Assistant Program operates in the Aaron Medical Science Building. The OB-GYN and internal medicine departments operate clinics out of the former Allison Cancer Center adjacent to Midland Memorial Hospital.

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

The School of Medicine has educational programs leading to an M.D. and to Master's and doctoral degrees in basic sciences. First- and second-year medical students take basic science classes in Lubbock and third- and fourth-year students complete clinical rotations in Lubbock, Amarillo and El Paso. The Paul L. Foster School of Medicine in El Paso began accepting students in fall 2009. The Health Organization Management M.B.A. and M.D./MBA programs are offered in conjunction with the University's College of Business Administration. A joint M.D./J.D. program in conjunction with the University's School of Law accepted its first students in Fall 2009. A total of 38 graduate medical residency and fellowship programs are offered at Lubbock, and the regional campuses treat a large number of patients, including a significant number of uninsured and indigent patients. Among the Health Sciences Center's facilities, more than 40 general and specialty clinics, many of them the only one of their type in West Texas, serve the health care needs of area residents. In addition to services in the primary care fields of family medicine, internal medicine, pediatrics and OB-GYN, the Health Sciences Center operates specialty and sub-specialty clinics in cardiology, dermatology, emergency medicine, gastroenterology, hematology and oncology, neonatology and perinatology, nephrology, neurology, ophthalmology, orthopedics, pain management, pediatrics, preventive medicine and community health, psychiatry, surgery, trauma and burn. In addition, ancillary services in pathology, anesthesiology and radiology are provided.

The School of Nursing offers courses leading to a Bachelor's in Nursing with campuses and teaching sites in Lubbock, Abilene, the Permian Basin and El Paso. 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 who wish to pursue nursing careers is the web-enhanced, accelerated bachelor's degree program. This is offered in Lubbock, the Permian Basin, El Paso and Abilene. The School of Nursing also offers a Master of Science in Nursing degree and a joint Master of Science in Nursing-MBA program in cooperation with the University's College of Business Administration. The Ph.D. in nursing program is a partnership between the School of Nursing and Texas Woman's University. Courses are offered in Denton and Lubbock; Texas Woman's University grants the degree. The School of Nursing also offers its program preparing nurse practitioners at the masters and post-masters levels, including family practice, pediatric, geriatric, acute care and clinical trials management. The school launched the Doctorate in Nursing Practice program in summer 2008.

The School of Allied Health Sciences offers programs in Lubbock leading to baccalaureate degrees in clinical laboratory science, speech, language and hearing sciences and clinical services management. Physical therapy programs are offered in Lubbock, Odessa and Amarillo. Occupational therapy programs are offered only in Lubbock. The School of Allied Health Sciences provides graduate programs in audiology, physical therapy, occupational therapy, athletic training, rehabilitation counseling, physician assistant studies, clinical practice management, molecular pathology and speech-language pathology. The Physician Assistant Program is located at Midland College.

The School of Pharmacy was established in 1993 to offer the Doctor of Pharmacy. The founding class of 63 students enrolled in August 1996 and graduated in May 2000. In June 2000, the American Council of Pharmaceutical Education granted the school full accreditation. School of Pharmacy expanded in 1996, and now includes regional campuses in Lubbock, Dallas/Fort Worth and Abilene. Amarillo and Abilene campuses offer all four years of the Pharm.D. program. Students who spend their first two years at the Amarillo campus may remain in Amarillo to complete their degree, or they may transfer to Lubbock or Dallas/Fort Worth for their third and fourth years. Students who enroll in Abilene for their first and second years remain in Abilene for years three and four. In 1997, the School of Pharmacy implemented a Graduate Pharmacy Education Program. A M.S. degree program and a Ph.D. in pharmaceutical sciences program were added in 1999.

The Graduate School of Biomedical Sciences awarded its first M.S. degree in 1975 and its first doctoral degree in 1978. Since then, the school has grown to include seven graduate programs: Biochemistry and Molecular

Genetics; Biotechnology; Cell and Molecular Biology; Medical Microbiology; Pharmaceutical Sciences; Pharmacology and Neuroscience; and Physiology. Degree options such as M.S., Ph.D. and M.D./Ph.D. are available. There are also research opportunities in Lubbock, Amarillo, El Paso and Abilene.

In addition to serving students and patients, the Health Sciences Center also meets the needs of practicing health care professionals in West Texas. The Health Sciences Center's continuing medical and nursing education programs provide year-round training opportunities for the region's health professionals. Additionally, the Health Sciences Center has been an innovator in using communications technology to take continuing education and consultative services to rural health care professionals where they practice. The Health Sciences Center's HealthNet has utilized varied communications technologies to provide face-to-face video contact between rural West Texas practitioners and the Health Sciences Center specialists.

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

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

Angelo State offers 42 bachelor's, 25 master's, and 1 doctoral degree. The campus is divided into five colleges: Arts and Sciences; Business; Education; Health and Human Services; and Graduate Studies. Angelo State has been recognized by *Princeton Review* as one of the top four public universities in Texas and among the best 376 nationally for 2012. The 268-acre residential campus accommodates an enrollment of 7,084 and is one of the safest and most technologically sophisticated in Texas. The university offers nationally recognized programs in agriculture, educator preparation, nursing, computer science, field biology and physics. In addition to strong academic programs, Angelo State is known for its Carr Academic Scholarship Program, which is funded by an approximate $100 million endowment, one of the largest such scholarship endowments at a regional university in the nation. Carr Scholarships benefit one of every five current ASU students. Since the Carr program was first initiated in 1981, Angelo State has awarded more than $61,773,000 in scholarships to students.

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

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

Total Headcount Enrollment Information					
Institutions:	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011
The University	28,260	28,422	30,049	31,637	32,327
The Health Sciences Center	2,616	2,904	3,250	3,710	4,094
Angelo State	6,185	6,113	6,387	6,856	7,084
Total	37,061	37,439	39,686	42,203	43,505

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

Undergraduate Headcount Enrollment Information					
Institutions:	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011
The University	23,021	23,107	24,236	25,462	26,063
The Health Sciences Center	646	768	821	972	1,154
Angelo State	5,763	5,648	5,859	6,155	6,267
Total	29,430	29,523	30,916	32,589	33,484

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

Graduate Headcount Enrollment Information					
Institutions:	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011
The University	5,239	5,315	5,813	6,175	6,264
The Health Sciences Center	1,970	2,136	2,429	2,738	2,940
Angelo State	422	465	528	701	817
Total	7,631	7,916	8,770	9,614	10,021

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

Total Full-Time Equivalent Enrollment Information					
Institutions:	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011
The University	24,792	24,791	25,909	27,173	28,356
The Health Sciences Center	2,363	2,636	2,723	3,234	3,694
Angelo State	5,201	5,099	5,246	5,613	5,816
Total	32,356	32,526	33,878	36,020	37,866

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Admissions and Matriculation

Texas Tech University. Set forth below is the information relating to the Fall semester first-time undergraduate admissions and matriculation for the University for each of the last five years:

Admissions and Matriculation Information					
	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011
Applications Submitted	13,976	16,143	16,541	16,356	17,624
Applications Accepted	10,759	11,643	11,242	11,721	11,683
Matriculation	4,515	4,407	4,586	4,860	4,466
% Accepted	76.98%	72.12%	67.96%	71.66%	66.29%
% Matriculated	41.96%	37.85%	40.79%	41.46%	38.23%

The Health Sciences Center. Set forth below is the information relating to the Fall semester first-time admissions and matriculation for the Health Sciences Center for each of the last five years.

Admissions and Matriculation Information					
	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011
Applications Submitted	6,790	6,584	10,037	11,110	12,484
Applications Accepted	1,339	1,333	1,502	1,781	1,988
Matriculation	1,271	1,253	1,414	1,633	1,831
% Accepted	19.72%	20.25%	14.96%	16.03%	15.92%
% Matriculated	94.92%	94.00%	94.14%	91.69%	92.10%

Angelo State. Set forth below is the information relating to the Fall semester first-time undergraduate admissions and matriculation for Angelo State for each of the last five years:

Admissions and Matriculation Information					
	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011
Applications Submitted	3,267	3,712	2,925	3,130	3,032
Applications Accepted	3,235	3,315	2,809	2,979	2,815
Matriculation	1,378	1,467	1,474	1,475	1,455
% Accepted	99.02%	89.30%	96.03%	95.10%	92.8%
% Matriculated	42.60%	44.25%	52.47%	49.51%	51.7%

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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 for each respective institution is responsible for budgets, accounting and financial statements.

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

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

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

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

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

Attached to this Official Statement in "Appendix B - TEXAS TECH UNIVERSITY SYSTEM CONSOLIDATED ANNUAL FINANCIAL REPORT" are the most recent unaudited primary financial statements of the University System for the University System's Fiscal Year ended August 31, 2011. The University System's unaudited primary financial statements consist of the Statement of Net Assets as of August 31, 2011; the Statement of Revenues, Expenses and Changes in Net Assets for the Year Ended August 31, 2011; and the Statement of Cash Flows for the Year Ended August 31, 2011. See "Appendix B - TEXAS TECH UNIVERSITY SYSTEM CONSOLIDATED ANNUAL FINANCIAL REPORT."

The following table reflects the condensed statement of net assets of the University System as of August 31, 2007 through 2011.

Condensed Statement of Net Assets
As of August 31
(In Thousands)

Assets:	**2007**	**2008**	**2009**	**2010**	**2011**
Current Assets	$537,982	$795,422	$768,321	$723,306	$727,951
Capital Assets, Net	925,861	1,074,389	1,130,108	1,236,086	1,357,096
Other Assets	1,011,601	1,012,742	1,007,533	1,161,920	1,247,514
Total Assets	$2,475,444	$2,882,553	$2,905,962	$3,121,312	$3,332,561
Liabilities:					
Current Liabilities	$304,010	$384,051	$341,403	$406,583	$432,643
Non Current Liabilities	437,227	418,010	524,777	504,587	479,301
Total Liabilities	$741,237	$802,061	$866,180	$911,170	$911,944
Net Assets:					
Invested in Capital Assets, Net of Related Debt	$499,576	$612,776	$643,065	$745,619	$842,500
Restricted					
Expendable	200,849	258,551	279,615	281,744	329,459
Non-Expendable	539,695	609,107	565,408	611,227	607,566
Unrestricted	494,087	600,058	551,694	571,552	641,092
Total Net Assets	$1,734,207	$2,080,492	$2,039,782	$2,210,142	$2,420,617
Liabilities and Net Assets	$2,475,444	$2,882,553	$2,905,262	$3,121,312	$3,332,561

For more detailed information, see "Appendix B - TEXAS TECH UNIVERSITY SYSTEM CONSOLIDATED ANNUAL FINANCIAL REPORT—Statement of Net Assets as of August 31, 2011."

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The table below presents the Statement of Revenues, Expenses and Changes in Net Assets of the University System for Fiscal Year 2008 through 2011.

Texas Tech University System
Statement of Revenues, Expenses, and Changes in Net Assets (Unaudited)
For the Year Ended August 31

Operating Revenues	2008	2009	2010	2011
Tuition and Fees	$ 58,138,488	$ 10,532,113	$ 7,245,429	$ 7,293,899
Tuition and Fees: Pledged	210,039,645	268,761,882	320,787,494	376,249,331
Less Discounts and Allowances	(33,293,206)	(36,661,544)	(52,522,239)	(72,865,988)
Professional Fees	213,465,149	216,063,188	220,755,559	238,309,852
Sales and Services of Auxiliary Enterprises	89,439,837	99,104,611	103,094,186	112,351,702
Other Sales and Services	5,074,173	3,095,731	2,055,889	3,225,220
Other Sales and Services: Pledged	14,380,954	10,297,714	14,076,928	10,528,165
Federal Grants and Contracts	58,558,054	42,608,760	57,133,686	60,287,379
Federal Grants and Contracts: Pledged	2,483,120	3,246,345	3,732,446	4,386,604
Federal Pass-Through (net of administrative costs)	6,222,125	7,664,057	9,071,120	8,079,929
State Grants and Contracts	9,539,471	5,636,341	4,691,834	9,238,369
State Grants and Contracts: Pledged	159,320	149,637	377,175	265,357
State Pass-Through	20,556,481	26,246,584	36,036,487	39,430,267
Local Government Grants and Contracts	84,198,457	98,915,880	66,146,365	50,640,055
Local Government Grants and Contracts: Pledged	693,668	816,795	1,271,112	1,178,333
Nongovernmental Grants and Contracts	36,550,004	36,917,350	70,679,069	90,995,772
Nongovernmental Grants and Contracts: Pledged	3,380,844	2,557,430	2,490,679	2,222,586
Total Operating Revenues	**$ 779,586,584**	**$ 795,952,873**	**$ 867,123,220**	**$ 941,816,834**
Operating Expenses				
Instruction	439,666,390	432,647,449	413,677,109	410,223,225
Research	62,128,328	101,275,082	144,787,511	156,778,908
Public Service	126,922,318	135,532,447	137,221,227	136,694,840
Hospital and Clinic	-	-	50,558,402	54,886,447
Academic Support	155,443,394	173,541,461	162,147,825	176,280,674
Student Services	39,420,979	41,128,969	45,643,963	44,330,072
Institutional Support	90,229,139	91,374,837	101,417,652	86,309,457
Operations and Maintenance of Plant	67,508,423	81,091,074	73,741,131	71,926,791
Scholarships and Fellowships	31,949,650	32,651,208	39,097,283	46,396,485
Auxiliary Enterprises	101,432,976	108,038,008	113,191,737	111,690,114
Depreciation and Amortization	61,086,408	68,123,936	78,849,084	100,321,916
Total Operating Expenses	**$ 1,175,788,003**	**$ 1,265,404,471**	**$ 1,360,332,922**	**$ 1,395,838,930**
Operating Income (Loss)	**$ (396,201,419)**	**$ (469,451,597)**	**$ (493,209,702)**	**$ (454,022,096)**
Non-operating Revenues (Expenses)				
Legislative Revenue	385,181,462	359,514,138	379,596,417	384,304,719
Federal Grants and Contracts	376,543	22,496,065	42,826,533	47,660,940
Federal Grants Pass Throughs	-	-	18,485,112	8,341,045
Private Gifts Pledged	94,668,099	63,736,275	6,108,482	47,441,977
Private Gifts	3,726,664	11,124,672	49,828,677	4,640,760
Investment Income	26,489,850	(23,961,013)	47,793,565	40,699,316
Investment Income: Pledged	21,622,338	10,858,888	7,869,023	8,605,686
Interest Expense on Capital Asset Financing	(18,635,293)	(21,606,486)	(23,282,356)	(21,467,597)
Loss on Sale and Disposal of Capital Assets	(3,115,031)	(1,061,496)	(6,717,390)	(2,170,890)
Net Increase (Decrease) in Fair Value of Investments	(44,858,196)	(46,521,132)	31,594,889	36,884,949
Other Non-operating Revenues (Expenses)	5,968,761	3,661,084	4,805,295	19,201,966
Other Non-operating Revenues (Expenses): Pledged	7,628,515	7,477,328	5,266,787	2,631,591
Total Non-operating Revenues (Expenses)	**$ 479,053,711**	**$ 385,718,324**	**$ 564,175,035**	**$ 576,774,461**
Income (Loss) before Other Revenues, Expenses, Gains, Losses	**$ 82,852,292**	**$ (83,733,274)**	**$ 70,965,332**	**$ 122,752,365**

	2008	2009	2010	2011
Other Revenues, Expenses, Gains, Losses and Transfers				
Capital Appropriations (HEAF)	48,264,720	45,968,915	45,968,915	44,652,684
Capital Contributions	9,616,129	2,113,826	61,118,840	55,449,100
Lapsed Appropriations	(18,825)	(151)	(3,040)	(786)
Additions to Permanent Endowments	2,719,031	492,195	3,328,639	428,424
Increase Net Assets- Interagency Transfer Capital Assets	41,344	-	28,966	(2,880,859)
Decrease Net Assets- Interagency Transfer Capital Assets	-	-	(2,330)	304
Legislative Transfer Out	(4,125,475)	(3,119,951)	(2,947,222)	(9,920,579)
Transfers in from Other State Agencies	215,582,334	40,502	-	-
Transfer Out to Other State Agencies	(8,646,861)	(15,175,723)	(8,098,463)	-
Net Other Revenues, Expenses, Gains, Losses and Transfers	**$ 263,432,396**	**$ 30,319,612**	**$ 99,394,305**	**$ 87,728,286**
Total Changes in Net Assets	**$ 346,284,688**	**$ (53,413,661)**	**$ 170,359,637**	**$ 210,480,652**
Beginning Net Assets (September 1)	**$ 1,734,207,662**	**$ 2,080,492,349**	**$ 2,039,782,353**	**$ 2,210,141,990**
Restatements of Beginning Net Assets		12,703,665	-	(5,949)
Ending Net Assets (August 31)	**$ 2,080,492,349**	**$ 2,039,782,353**	**$ 2,210,141,990**	**$ 2,420,616,692**

For more detailed information, see "Appendix B - TEXAS TECH UNIVERSITY SYSTEM CONSOLIDATED ANNUAL FINANCIAL REPORT—Statement of Revenues, Expenses and Changes in Net Assets for the Year Ended August 31, 2011."

SELECTED FINANCIAL INFORMATION

Funding for the University System and its Component 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 Appropriations. The operations of the Participants are heavily dependent upon the continued support of the State through appropriations of general revenue pursuant to the biennial appropriations process initiated by the Texas Legislature. In the last regular session ending on May 31, 2011, the State Legislature adopted a budget for the 2012-13 biennium beginning September 1, 2011 that appropriated $357,056,343 for the University, $333,314,809 for the Health Sciences Center, $64,053,866 for Angelo State, and $2,900,000 to the University System. Future levels of State support are dependent upon the ability and willingness of the State Legislature to make appropriations to the Participants taking into consideration the availability of financial resources and other potential uses of such resources. State appropriations for fiscal year 2012, including funds to be received from the Higher Education Fund (HEF), are expected to comprise approximately 29.8% of the revenues of the University, 27.1% of the revenues of the Health Sciences Center, and 38.3% of the revenues of Angelo State.

In the 2012-13 biennium the University and Angelo State will also receive a Research Development Fund appropriation in the amount of $4,163,801 and $61,588 respectively each year. These appropriated funds may be used for the support and maintenance of educational and general activities, including research and student services, that promote increased research capacity at the institution and, if not used in the fiscal year received, the funds may be used in subsequent fiscal years (Texas Education Code §62.097).

National Research University Fund. The University is in the process of reaching a series of goals initiated in 2009 to become a nationally recognized research university. Currently, there are three research universities in the State of Texas: University of Texas at Austin, Texas A&M University, and Rice University. The Texas State leadership recognizes an opportunity from the correlation of quality state economic growth to come and growth of research opportunities in the higher educational areas. The State's focus has been to make and sustain an increase in institutional research expenditures by way of the establishment for a state higher education Tier One research institution status program. In 2009, the University and six other state institutions were designated by the Texas Higher Education Coordinating Board (THECB) as emerging research universities and placed under review for Tier One status. As described by the THECB and even further by Texas Education Code, Tier One status will place the University into an elite category of universities, providing students with unmatched educational opportunities by expanding the scope of research to meet the world's needs and will make a significant impact on the local and state economies.

The Texas Legislature put in place framework and identifying two funding sources to assist the emerging research universities to reach and maintain Tier One status. The Legislature set criteria for the emerging research universities to meet the Tier One program standards. Tier One legislation's most instantaneous impact was the formation of the Texas Research Incentive Program (TRIP), making $50 million available in matching grants for private gifts restricted to research initiatives. The University took full advantage of this opportunity by raising $23.5 million in the form of current funds as well as additions to the university's permanent endowment. These gifts were in turn matched by $21.1 million in TRIP funding in fiscal years 2009 and 2010. The tremendous level of support from alumni and friends provided the University with the opportunity to demonstrate the level of commitment that has been placed on reaching Tier One status. A second piece of legislation, co-sponsored by State Sen. Robert Duncan, created the National Research University Fund (NRUF), a Constitutional endowment established by Texas voters in November 2010 and valued at more than $600 million as of September 2011. In the State Legislature budget for the 2012-13 biennium, the inaugural NRUF endowment earnings of $6,200,000 were appropriated for each year to eligible emerging research universities. As of November 2011, only the University and University of Houston are in the forefront to obtain Tier One status. In future years, the University could receive up to $10 million if the University is one of the first to fulfill the required criteria as set by the State Legislature.

Higher Education Fund. 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. In 1995, the State Legislature approved a ten year annual allocation (beginning in 1996). The allocation formula was revised effective September 1, 2000. An increase in HEF appropriations for the five fiscal years, beginning with the State fiscal year ending August 31, 2008, was approved during the regular session of the 79th legislature. For the 2012-13 biennium, the University will receive an annual allocation of $23,936,088, the Health Sciences Center will receive an annual allocation of $16,973,569, and Angelo State will receive an annual allocation of $3,743,027. The Participants may use the appropriation for capital improvements and renovations to the campus facilities, other than auxiliary enterprises. In addition, Participants may issue bonds against such appropriation and pledge up to 50% of the appropriation to secure the debt service payments due on such bonds.

In its 1999 regular session, the State Legislature passed, and the Governor signed into law, House Bill 1945, which establishes and funds certain endowment funds that will benefit the Health Sciences Center. See "-Investment and Endowment Income" below.

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

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

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

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

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, including appropriations made during the 2011 legislative session totaling $26,149,470 for Fiscal Year 2012 and $26,118,913 for Fiscal Year 2013.

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

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

State Mandated Tuition. Section 54.051, Texas Education Code, currently requires (i) undergraduate tuition applicable to state residents to be charged at $50 per semester credit hour; and (ii) tuition of a nonresident student at a general academic teaching institution or medical and dental unit to be an amount per semester hour equal to the average of the nonresident undergraduate tuition charged to a resident of the State at a public state university in each of the five most populous states other than the State (the amount of which would be computed by the THECB for each academic year). For the 2011-2012 academic year the THECB has computed $363, per semester credit hour for nonresident undergraduate tuition. The tuition rates described above are referred to in this Official Statement as "State Mandated Tuition."

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

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

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

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

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

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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 Center, for the 2011-12 academic year based on 15 semester credit hours per semester for undergraduate students, 12 semester credit hours per semester for graduate students and 9 semester credit hours for doctoral students.

Tuition and Fees
Academic Year 2011-2012
Texas Tech University

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition & Fees	Financial Assistance Set Aside
Resident Undergrad	$750.00	$2,187.00	$0.00	$1,441.30	$4,378.30	$299.40
15 hours						
Non-Resident Undergrad	$5,445.00	$2,187.00	$0.00	$1,441.30	$9,073.30	$224.55
15 hours						
Resident Graduate	$600.00	$1,749.60	$600.00	$1,336.30	$4,285.90	$179.64
12 hours						
Non-Resident Graduate	$4,356.00	$1,749.60	$600.00	$1,336.30	$8,041.90	$179.64
12 hours						
Resident Law						
Year 1	$1,200.00	$5,262.00	$2,400.00	$2,153.80	$11,015.80	$685.80
Year 2 and Year 3	$1,200.00	$3,762.00	$2,400.00	$2,153.80	$9,515.80	$460.80
15 hours						
Non-Resident Law						
Year 1	$5,445.00	$5,262.00	$2,400.00	$2,153.80	$15,260.80	$685.80
Year 2 and Year 3	$5,445.00	$3,762.00	$2,400.00	$2,153.80	$13,760.80	$460.80
15 hours						

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.

Tuition and Fees
Academic Year 2011-2012
Angelo State

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition & Fees	Financial Assistance Set Aside
Resident Undergrad 15 hours	$750.00	$1,675.05	$0.00	$1,249.50	$3,674.55	$197.01
Non-Resident Undergrad 15 hours	5,445.00	1,675.05	0.00	1,249.50	8,369.55	0.00
Resident Masters 12 hours	600.00	1,340.04	540.00	1,128.50	3,608.54	118.21
Non-Resident Masters 12 hours	4,356.00	1,340.04	540.00	1,128.50	7,364.54	0.00

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.

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

Tuition and Fees
Academic Year 2011-2012
Health Sciences Center

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition and Fees	Financial Assistance Set-Aside
M.D. Resident						
Year 1	$6,550.00	$7,000.00	$ -	$1,951.50	$15,501.50	$1,802.98
Year 2	6,550.00	7,000.00	-	1,951.50	15,501.50	1,802.98
Year 3	6,550.00	7,000.00	-	1,801.50	15,351.50	1,802.98
Year 4	6,550.00	7,000.00	-	1,711.50	15,261.50	1,802.98
M.D. Non-Resident						
Year 1	19,650.00	7,000.00	-	1,951.50	28,601.50	1,671.98
Year 2	19,650.00	7,000.00	-	1,951.50	28,601.50	1,671.98
Year 3	19,650.00	7,000.00	-	1,801.50	28,451.50	1,671.98
Year 4	19,650.00	7,000.00	-	1,711.50	28,361.50	1,671.98
Graduate Students						
Resident (24 SCH)	1,200.00	1,800.00	-	1,467.00	4,467.00	284.40
Non-Resident (24 SCH)	8,712.00	1,800.00	-	1,467.00	11,979.00	365.76
Allied Health Sciences						
Graduate Level - Resident						
Year 1 (37 SCH)	1,850.00	4,440.00	1,850.00	1,766.50	9,906.50	688.20
Year 2 (37 SCH)	1,850.00	4,440.00	1,850.00	1,766.50	9,906.50	688.20
Year 3 (37 SCH)	1,850.00	4,440.00	1,850.00	1,766.50	9,906.50	688.20
Allied Health Sciences						
Graduate Level - Non-Resident						
Year 1 (37 SCH)	13,431.00	4,440.00	1,850.00	1,766.50	21,487.50	813.63
Year 2 (37 SCH)	13,431.00	4,440.00	1,850.00	1,766.50	21,487.50	813.63
Year 3 (37 SCH)	13,431.00	4,440.00	1,850.00	1,766.50	21,487.50	813.63
Allied Health Sciences						
Undergraduate Level - Resident						
Year 1 (37 SCH)	1,850.00	4,440.00	-	1,766.50	8,056.50	825.10
Year 2 (37 SCH)	1,850.00	4,440.00	-	1,766.50	8,056.50	825.10
Allied Health Sciences						
Undergraduate Level - Non-Resident						
Year 1 (37 SCH)	13,431.00	4,440.00	-	1,766.50	19,637.50	813.63
Year 2 (37 SCH)	13,431.00	4,440.00	-	1,766.50	19,637.50	813.63

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Cont'd	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition and Fees	Financial Assistance Set-Aside
Nursing						
Graduate Level - Resident						
Year 1 (24 SCH)	$1,200.00	$2,880.00	$1,200.00	$1,573.00	$6,853.00	$446.40
Year 2 (18 SCH)	900.00	2,160.00	900.00	1,153.00	5,113.00	334.80
Nursing						
Graduate Level - Non-Resident						
Year 1 (24 SCH)	8,712.00	2,880.00	1,200.00	1,573.00	14,365.00	527.76
Year 2 (18 SCH)	6,534.00	2,160.00	900.00	1,153.00	10,747.00	395.82
Nursing						
Undergraduate Level - Resident						
Year 1 (34 SCH)	1,700.00	4,080.00	-	1,948.00	7,728.00	758.20
Year 2 (33 SCH)	1,650.00	3,960.00	-	1,918.00	7,528.00	735.90
Nursing						
Undergraduate Level - Non-Resident						
Year 1 (34 SCH)	12,342.00	4,080.00	-	1,948.00	18,370.00	747.66
Year 2 (33 SCH)	11,979.00	3,960.00	-	1,918.00	17,857.00	725.67
Pharmacy - Resident						
Year 1 (41 SCH)	2,050.00	6,560.00	4,100.00	2,368.00	15,078.00	1,008.60
Year 2 (38 SCH)	1,900.00	6,080.00	3,800.00	2,338.00	14,118.00	934.80
Year 3 (38 SCH)	1,900.00	6,080.00	3,800.00	2,338.00	14,118.00	934.80
Year 4 (52 SCH)	2,600.00	8,320.00	5,200.00	2,632.00	18,752.00	1,279.20
Pharmacy - Non-Resident						
Year 1 (41 SCH)	14,883.00	6,560.00	4,100.00	2,368.00	27,911.00	1,147.59
Year 2 (38 SCH)	13,794.00	6,080.00	3,800.00	2,338.00	26,012.00	1,063.62
Year 3 (38 SCH)	13,794.00	6,080.00	3,800.00	2,338.00	26,012.00	1,063.62
Year 4 (52 SCH)	18,876.00	8,320.00	5,200.00	2,632.00	35,028.00	1,455.48

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.

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

Investment and Endowment Income. Investment and endowment income is received on both a restricted and unrestricted basis. In the legislative session that ended May 31, 1999, the State Legislature passed, and the Governor signed into law, House Bill 1945 ("HB 1945") (codified as Chapter 63 of the Texas Education Code), which creates two separate endowment funds that benefit the Health Sciences Center: a permanent health fund for higher education (the "Permanent Health Fund") that benefits 10 state health related institutions of higher education and a separate permanent endowment fund specifically for the Health Sciences Center (the "Permanent Endowment Fund"). The Permanent Health Fund is established for the benefit of 10 institutions of higher education, including the Health Sciences Center. On August 30, 1999, the effective date of HB 1945, the Comptroller transferred $350,000,000 to the Permanent Health Fund. Distributions from the Permanent Health Fund may only be appropriated for programs that benefit medical research, health education, or treatment programs. The Board of Regents of The University of Texas System will administer the Permanent Health Fund and is required to determine the amounts available for distribution from the Permanent Health Fund. Distributions will be made by the Comptroller on a quarterly basis to each of the institutions based on a formula set out in HB 1945. The Permanent Endowment Fund is established for the exclusive benefit of the Health Sciences Center. On August 30, 1999, the effective date of HB 1945, the Comptroller transferred $25,000,000 to the Permanent Endowment Fund. The Permanent Endowment Fund will be managed by the Board unless they elect to have the Comptroller administer the fund. The Permanent Endowment Fund is to be invested in a manner that preserves the purchasing power of the fund's assets and the fund's annual distributions. Annual distributions from the Permanent Endowment Fund may only be appropriated for research and other programs that are conducted by the Health Sciences Center and that benefit the public health.

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

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

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

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

Investment Policies and Procedures and Endowments.

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

The Board has a standing Finance and Administration Committee (the "Finance Committee") that, among other responsibilities, oversees various investment functions of the University System. The Board additionally provides for the appointment of an advisory committee (the "Investment Advisory Committee") which currently consists of three members appointed by the Board, a member appointed by the Board of the Texas Tech Foundation, Inc. (the "Foundation Board"), and five persons appointed, after consultation with the Board and the Foundation Board, by the Chancellor, who have no financial interest in any organization providing investment services to the University System and serve four-year staggered terms.

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

Investment Programs and Policies. To facilitate the investment of the University System funds, the Board has created two separate investment pools designated as the Short/Intermediate Term Investment Fund (the "S/ITIF") and the Long-Term Investment Fund (the "LTIF"), which are governed overall by Regents' Rules Chapter 09 "Investments, Endowments, and Income Producing Lands" (the "Board Policy"), and individually by the

Investment Policy Statement of each pool, codified as Board Policy Statements. Additionally, the University System also has certain funds that are held in the State Treasury and invested by the Comptroller.

The Short/Intermediate Term Investment Fund. The S/ITIF is a short/intermediate term pooled investment fund created by the Board for the collective investment of institutional funds of the University System. Except for certain eligible endowment funds (and certain eligible institutional funds treated as endowments), all institutional funds of the University System are invested in the S/ITIF. The S/ITIF is operated as an internal investment pool with no use of unaffiliated investment managers.

The Investment Policy Statement is under review, with changes being considered to allow external investment managers to invest a portion of the fund. The amended policy is tentatively scheduled to be approved at the March 2012 Board meeting.

The Long-Term Investment Fund. The LTIF is a unitized pooled investment fund created by the Board for the collective investment of certain eligible endowment funds (and certain institutional funds treated as endowments) of the University System. To qualify for investment in the LTIF, endowment funds must be under the sole control of the Board and must not have donor imposed restrictions that prevent investment in equity securities or corporate debt, or prevent the expenditure of net realized appreciation. Endowment funds not meeting these requirements are invested in the S/ITIF or, if instructed by the donor, managed and safeguarded in their original form. The LTIF is managed by unaffiliated investment managers selected by the Board upon the recommendation of the Investment Advisory Committee.

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

Market Value of Investment Funds
(In Thousands)

August 31	Short Intermediate Term Fund	Long Term Fund	Angelo State & Carr Foundation – Other (1)	Total Market Value
2011	$634,697	$779,611	$31,862	$1,446,170
2010	653,357	727,335	34,462	1,415,154
2009	653,435	651,165	34,996	1,339,596
2008	622,227	684,772	78,554	1,385,553
2007	549,190	599,560	N/A	1,148,750

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

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

Management of Funds Held in the State Treasury. The Texas Education Code requires that the University System and its component institutions deposit into the State Treasury all funds except those derived from auxiliary enterprises and non-instructional services, agency funds, designated and restricted funds, endowment and other gift funds, and student loan funds retained under Chapter 145 of the Texas Education Code for paying research overhead expenses, and Constitutional College Building Amendment Funds. All such funds held in the State Treasury are administered by the Comptroller. The Comptroller invests money in the State Treasury in authorized investments consistent with applicable law and the Texas State Treasury Investment Policy, dated 1993. The Comptroller pools funds within the State Treasury for investment purposes and allocates investment earnings on pooled funds proportionately among the various State agencies whose funds are so pooled. The Board utilizes the State Treasury primarily as a depository and anticipates that all funds deposited in the State Treasury will be available upon request and will earn interest equal to an allocated share of investment earnings on pooled funds in the State Treasury. As of August 31, 2011, the amount of University System funds held by the State Treasury was $66,884,779.

Insurance. The University System is exposed to various risks of loss related to property, general and employer liability, net income, and personnel. As an agency of the State, the University System and its employees are covered by various immunities and defenses which limit some of these risks of loss. Remaining exposures are managed by self-insurance arrangements, contractual risk transfers, the purchase of commercial insurance, or a combination of these risk financing techniques. For details, see "Appendix B - TEXAS TECH UNIVERSITY SYSTEM CONSOLIDATED ANNUAL FINANCIAL REPORT."

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

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Appendix B

TEXAS TECH UNIVERSITY SYSTEM
CONSOLIDATED ANNUAL FINANCIAL REPORT

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TEXAS TECH UNIVERSITY SYSTEM

CONSOLIDATED
ANNUAL FINANCIAL REPORT

FISCAL YEAR 2011

ANNUAL FINANCIAL REPORT

OF

TEXAS TECH UNIVERSITY SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2011

LUBBOCK, TEXAS

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TEXAS TECH UNIVERSITY SYSTEM™

Kent Hance, *Chancellor*

November 14, 2011

Honorable Rick Perry
Governor of Texas

Honorable Susan Combs
Texas Comptroller

Mr. John O'Brien
Director, Legislative Budget Board

Mr. John Keel, CPA
State Auditor

To Agency Heads Addressed:

The Financial Report of Texas Tech University System, with which this letter is bound, is transmitted for inclusion in the State of Texas Annual Financial Report for the fiscal year ended August 31, 2011. 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, 2011.

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,

Kent Hance

Kent Hance
Chancellor

Office of the Chancellor | Box 42013 | Lubbock, Texas 79409-2013 | T 806.742.0012 | F 806.742.8050

TEXAS TECH UNIVERSITY SYSTEM™

Jim Brunjes
Vice Chancellor and Chief Financial Officer

November 14, 2011

Chancellor Kent Hance
Texas Tech University System
Lubbock, Texas 79409

Dear Chancellor Hance:

Submitted herein is the Annual Financial Report of Texas Tech University System for the fiscal year ended August 31, 2011, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the 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 Comprehensive Annual Financial Report (CAFR); 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 742-3255.

Sincerely,

Sharon Williamson

Sharon Williamson, CPA
Interim AVP for Financial Affairs/Controller
and Director Managerial Reporting

Approved:

JB

Jim Brunjes
Texas Tech University System
Vice Chancellor & Chief Financial Officer

Box 42016 | Lubbock, Texas 79409-2016 | P 806.742.9000 | F 806.742.2195

Texas Tech University System

Board of Regents

Larry K. Anders .... Term Expires January 31, 2017 ....Dallas, TX

L. Frederick Francis .... Term Expires January 31, 2013 ....El Paso, TX

John T. Huffaker .... Term Expires January 31, 2015 ....Amarillo, TX

Mickey L. Long......................... Term Expires January 31, 2015 .... Midland, TX

Debbie Montford....................... Term Expires January 31, 2017 ....San Antonio, TX

Nancy Neal................................ Term Expires January 31, 2015 ....Lubbock, TX

John F. Scovell.......................... Term Expires January 31, 2013 ....Dallas, TX

John D. Steinmetz .... Term Expires January 31, 2017 ....Lubbock, TX

Jerry E. Turner .... Term Expires January 31, 2013 ....Blanco, TX

Student Regent

Jill Fadal.................................... Term Expires May 31, 2012 .... Austin, TX

Officers of the Board

Jerry E. Turner .... Chairman

Mickey L. Long... Vice Chairman

Ben W. Lock .... Secretary

Fiscal Officers

Kent Hance...Chancellor

Jim Brunjes………………………………..Vice Chancellor and Chief Financial Officer

Guy Bailey………………………………………..……………………TTU President

Tedd Mitchell........................... ....TTUHSC President

Joseph C. Rallo... ASU President

FINANCIAL STATEMENTS

UNAUDITED

Texas Tech University System
Combined Statement of Net Assets
As of August 31, 2011

ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 1)	$	362,161,079.54
Restricted:		
Cash and Cash Equivalents (Note 1)		52,284,638.10
Legislative Appropriations		78,595,815.35
Accounts Receivable, net:		
Federal Receivables		112,791,454.33
Interest and Dividends		574,747.44
Patient Receivables		16,953,043.08
Student Receivables		9,172,054.29
Contract Receivables		13,565,142.35
Gift Receivables		22,872,967.20
Accounts Receivable		7,988,775.21
Other Receivables		2,509,075.29
Due From Other State Agencies (Note 12)		9,570,509.04
Prepaid Expenses		33,696,438.42
Consumable Inventories		719,206.28
Merchandise Inventories		2,773,566.34
Loans and Notes Receivable, net		1,272,783.07
Other Current Assets		450,000.00
Total Current Assets		727,951,295.33
Non-Current Assets:		
Restricted:		
Cash and Cash Equivalents (Note 1)		50,247,348.86
Investments (Note 3)		434,741,306.75
Gift Receivables		38,451,485.94
Loans and Notes Receivable, net		4,231,044.23
Investments (Note 3)		719,842,287.31
Capital Assets (Note 2)		
Non-Depreciable or Non-Amortizable		236,087,727.13
Depreciable or Amortizable		2,161,255,061.00
Accumulated Depreciation and Amortization		(1,040,246,828.15)
Total Non-Current Assets		2,604,609,433.07
Total Assets	$	3,332,560,728.40

UNAUDITED

Texas Tech University System
Combined Statement of Net Assets
As of August 31, 2011

LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 43,114,583.76
Payroll Payable	59,274,431.86
Deferred Revenues	178,285,453.55
Due to Other State Agencies (Note 12)	2,160,565.25
Employees' Compensable Leave (Note 5)	5,030,619.82
Capital Lease Payable (Note 5)	137,485.28
Claims Payable (Note 5)	1,593,715.16
Notes and Loans Payable (Note 5)	85,357,000.00
Bonds Payable (Note 5)	23,648,408.06
Funds Held for Others	29,726,506.07
Other Current Liabilities	4,314,714.17
Total Current Liabilities	432,643,482.98
Non-Current Liabilities:	
Employees' Compensable Leave (Note 5)	35,976,404.24
Capital Lease Payable (Note 5)	136,859.43
Claims Payable (Note 5)	16,114,231.07
Bonds Payable (Note 5)	426,516,732.30
Other Non-Current Liabilities	556,325.90
Total Non-Current Liabilities	479,300,552.94
Total Liabilities	$ 911,944,035.92
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	842,500,077.76
Restricted:	
Nonexpendable:	
Endowments	607,566,460.84
Expendable:	
Capital Projects	30,052,849.88
Higher Education Assistance Fund	35,034,161.73
Debt Service	22,263,553.12
Other	242,108,074.27
Unrestricted	641,091,514.88
Total Net Assets	2,420,616,692.48
Total Liabilities and Net Assets	$ 3,332,560,728.40

See Accompanying Notes to the Combined Financial Statements

UNAUDITED

Texas Tech University System
Combined Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended August 31, 2011

Operating Revenues	
Tuition and Fees	$ 7,293,899.48
Tuition and Fees - Pledged	376,249,330.72
Less Discounts and Allowances	(72,865,987.90)
Professional Fees	238,309,852.41
Sales and Services of Auxiliary Enterprises - Pledged	112,351,702.31
Other Sales and Services	3,225,220.40
Other Sales and Services - Pledged	10,528,165.03
Federal Grants and Contracts (Schedule 1A)	60,287,379.09
Federal Grants and Contracts - Pledged (Schedule 1A)	4,386,603.96
Federal Grant Pass-Throughs from Other State Agencies (Schedule 1A)	8,079,928.53
State Grants and Contracts	9,238,368.96
State Grants and Contracts - Pledged	265,357.02
State Grant Pass-Throughs from Other State Agencies (Schedule 1B)	39,430,266.95
Local Governmental Grants and Contracts	50,640,055.17
Local Governmental Grants and Contracts - Pledged	1,178,333.44
Nongovernmental Grants and Contracts	90,995,772.17
Nongovernmental Grants and Contracts - Pledged	2,222,585.77
Total Operating Revenues	941,816,833.51
Operating Expenses	
Instruction	410,223,224.83
Research	156,778,907.74
Public Service	136,694,840.44
Hospital and Clinic	54,886,446.85
Academic Support	176,280,674.48
Student Services	44,330,072.18
Institutional Support	86,309,457.29
Operations and Maintenance of Plant	71,926,790.63
Scholarships and Fellowships	46,396,485.09
Auxiliary Enterprises	111,690,114.47
Depreciation and Amortization	100,321,915.86
Total Operating Expenses	1,395,838,929.86
Operating Income (Loss)	(454,022,096.35)

UNAUDITED

Texas Tech University System
Combined Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended August 31, 2011

Nonoperating Revenues (Expenses)	
Legislative Revenue	384,304,719.12
Federal Grants and Contracts (Schedule 1A)	47,660,939.68
Federal Grants Pass-Throughs to Other State Agencies (Schedule 1A)	8,341,044.70
Private Gifts	47,441,976.87
Private Gifts - Pledged	4,640,760.28
Investment Income (Expense)	40,699,316.42
Investment Income (Expense) - Pledged	8,605,685.62
Interest Expense on Capital Asset Financing	(21,467,597.22)
Gain (Loss) on Sale and Disposal of Capital Assets	(2,170,889.94)
Net Increase (Decrease) in Fair Value of Investments	36,884,949.07
Other Nonoperating Revenues (Expenses)	19,201,965.53
Other Nonoperating Revenues (Expenses) - Pledged	2,631,591.29
Total Nonoperating Revenues (Expenses)	576,774,461.42
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	122,752,365.07
Other Revenues, Expenses, Gains, Losses, and Transfers	
Capital Appropriations (HEAF)	44,652,684.00
Capital Contributions	55,449,099.69
Lapsed Appropriations	(786.40)
Additions to Permanent Endowments	428,424.17
Legislative Transfer Out (Note 12)	(2,880,859.38)
Increase Net Assets - Interagency Transfer Capital Assets (Note 12)	303.50
Transfers Out to Other State Agencies (Note 12)	(9,920,579.14)
Net Other Revenues, Expenses, Gains, Losses, and Transfers	87,728,286.44
TOTAL CHANGES IN NET ASSETS	$ 210,480,651.51
Beginning Net Assets (September 1, 2010)	2,210,141,990.31
Restatement of Beginning Net Assets (Note 14)	(5,949.34)
Ending Net Assets (August 31, 2011)	$ 2,420,616,692.48

See Accompanying Notes to the Combined Financial Statements

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Texas Tech University System
Combined Matrix of Operating Expenses by Natural Classification
For the Year Ended August 31, 2011

Function	Salaries and Wages	Payroll Related Costs	Cost of Goods Sold	Professional Fees and Services	Travel
Instruction	$ 299,284,388.16	$ 62,281,011.33	$ 149,809.12	$ 7,011,522.14	$ 4,712,158.02
Research	91,878,792.25	19,446,573.39	-	2,627,351.58	4,728,552.23
Public Service	52,119,245.88	13,135,859.83	72,372.81	46,869,726.66	843,804.36
Hospitals and Clinics	35,919,740.82	10,502,536.34		1,714,808.52	61,587.08
Academic Support	88,723,643.66	24,191,082.83	161,005.31	5,628,849.65	4,130,790.18
Student Services	22,639,449.12	5,924,767.06	20,843.16	727,287.36	1,369,154.18
Institutional Support	55,214,837.43	14,450,099.47	-	2,450,554.94	1,157,541.34
Operation and Maintenance of Plant	15,518,641.07	4,815,161.44		1,759,519.09	90,322.12
Scholarships and Fellowships	51,640.00	3,731.13			
Auxiliary Enterprises	43,231,608.82	10,132,376.47	10,627,178.91	1,853,083.69	4,415,149.71
Depreciation and Amortization					
Total Operating Expenses	$ 704,581,987.21	$ 164,883,199.29	$ 11,031,209.31	$ 70,642,703.63	$ 21,509,059.22

Function	Materials and Supplies	Communications and Utilities	Repairs and Maintenance	Rentals and Leases	Printing and Reproduction
Instruction	$ 7,882,223.79	$ 2,469,754.74	$ 972,047.07	$ 1,350,530.74	$ 773,883.95
Research	12,486,877.09	2,135,099.58	2,502,263.22	710,210.83	391,978.96
Public Service	13,324,708.55	732,753.95	534,846.50	1,191,979.22	566,370.79
Hospitals and Clinics	4,758,128.05	181,330.93	198,943.60	269,094.95	81,754.28
Academic Support	10,100,630.30	6,166,671.40	5,229,831.43	4,619,219.03	1,432,523.68
Student Services	2,430,224.49	1,316,943.75	727,014.49	782,799.31	960,188.61
Institutional Support	2,045,817.98	1,336,374.86	1,517,554.32	1,145,233.33	660,965.63
Operation and Maintenance of Plant	3,436,610.65	24,107,464.91	16,774,822.14	301,964.55	27,642.69
Scholarships and Fellowships					
Auxiliary Enterprises	11,182,457.06	9,218,326.67	5,933,889.61	2,858,306.05	510,894.77
Depreciation and Amortization					
Total Operating Expenses	$ 67,647,677.96	$ 47,664,720.79	$ 34,391,212.38	$ 13,229,338.01	$ 5,406,203.36

Function	Depreciation and Amortization	Scholarships	Bad Debt	Interest	Claims and Losses
Instruction	$	$ 2,937,888.16	$ (37,374.15)	$ 634.36	$ 110,214.46
Research		4,745,333.57	(108,158.82)	1,374.61	
Public Service		210,438.38	34.74	674.68	250.00
Hospitals and Clinics			300.00	260.44	
Academic Support		6,121,020.20	89,123.83	6,381.94	1,136,905.85
Student Services		342,368.89	364,464.76	1,038.04	
Institutional Support		90,108.65	404,080.23	2,142.89	730,000.00
Operation and Maintenance of Plant				403.94	
Scholarships and Fellowships		46,321,613.96			
Auxiliary Enterprises		127,086.90	(26,398.44)	2,961.34	50,000.00
Depreciation and Amortization	100,321,915.86				
Total Operating Expenses	$ 100,321,915.86	$ 60,895,858.71	$ 686,072.15	$ 15,872.24	$ 2,027,370.31

Function	Federal Pass-Through	State Pass-Through	Other Operating	Grand Total
Instruction	$ 386,759.60	$	$ 19,937,773.34	$ 410,223,224.83
Research	1,632,274.88	117,313.63	13,483,070.74	156,778,907.74
Public Service	2,040,587.52		5,051,186.57	136,694,840.44
Hospitals and Clinics			1,197,961.84	54,886,446.85
Academic Support			18,542,995.19	176,280,674.48
Student Services			6,723,528.96	44,330,072.18
Institutional Support			5,104,146.22	86,309,457.29
Operation and Maintenance of Plant			5,094,238.03	71,926,790.63
Scholarships and Fellowships			19,500.00	46,396,485.09
Auxiliary Enterprises			11,573,192.91	111,690,114.47
Depreciation and Amortization				100,321,915.86
Total Operating Expenses	$ 4,059,622.00	$ 117,313.63	$ 86,727,593.80	$ 1,395,838,929.86

See Accompanying Notes to the Combined Financial Statements

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Texas Tech University System
Combined Statement of Cash Flows
For the Year Ended August 31, 2011

Cash Flows from Operating Activities	
Proceeds from Customers	$ 256,143,524.45
Proceeds from Tuition and Fees	323,910,197.35
Proceeds from Grants and Contracts	251,321,731.50
Proceeds from Sales and Services of Auxiliary Enterprises	111,866,213.37
Proceeds from Collections of Loans to Students	3,702,589.51
Payments to Suppliers for Goods and Services	(187,607,518.97)
Payments to Employees for Salaries	(706,618,700.39)
Payments to Employees for Benefits	(166,263,805.42)
Payments for Loans Issued to Students	(540,497.31)
Payments for Other Expenses	(213,642,066.48)
Net Cash Used By Operating Activities	(327,728,332.39)
Cash Flows from Noncapital Financing Activities	
Proceeds from State Appropriations	385,235,461.87
Proceeds from Gifts	53,040,421.13
Proceeds from Nonoperating Grants and Contracts	56,002,984.38
Proceeds from Other Financing Activities	18,873,950.68
Payments for Transfers to Other State Agencies	(8,103,412.00)
Payments for Agency Transactions	(88,666,151.62)
Payments for Other Uses	(4,059,845.87)
Net Cash Provided by Noncapital Financing Activities	412,323,408.57
Cash Flows from Capital and Related Financing Activities	
Proceeds from Sale of Capital Assets	45,417.47
Proceeds from Capital Debt Issuances	40,658,101.16
Proceeds from Capital Appropriations	55,357,899.64
Payments for Additions to Capital Assets	(161,659,075.72)
Payments for Principal Paid on Capital Debt	(48,586,023.70)
Payments for Interest Paid on Capital Debt	(22,638,477.44)
Payments for Other Capital Related Activities	(104,794.19)
Net Cash Used by Capital and Related Financing Activities	(136,926,952.78)
Cash Flows from Investing Activities	
Proceeds from Investment Sales and Maturities	138,084,359.99
Proceeds from Interest and Investment Income	54,320,871.67
Payments to Acquire Investments	(206,228,226.64)
Net Cash Used by Investing Activities	(13,822,994.98)
TOTAL NET CASH FLOWS	$ (66,154,871.58)
Beginning Cash & Cash Equivalents - September 1, 2010	530,847,938.08
Ending Cash & Cash Equivalents - August 31, 2011	$ 464,693,066.50

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Texas Tech University System
Combined Statement of Cash Flows
For the Year Ended August 31, 2011

Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss		(454,022,096.35)
Adjustments:		
Depreciation Expense		100,321,915.86
Bad Debt Expense		686,072.15
(Increase) Decrease in Accounts Receivables		(10,601,856.83)
(Increase) Decrease in Loans and Notes Receivable		1,923,972.28
(Increase) Decrease in Inventory		(24,375.36)
(Increase) Decrease in Due From Other Agencies		1,302,994.95
(Increase) Decrease in Prepaid Expenses		30,968,141.97
Increase (Decrease) in Accounts Payables		2,091,520.75
Increase (Decrease) in Payroll Payables		(3,131,017.41)
Increase (Decrease) in Deferred Revenue		7,372,622.55
Increase (Decrease) in Compensable Leave		(3,669,294.71)
Increase (Decrease) in Claims Payable		(625,255.17)
Increase (Decrease) in Due To Other Agencies		(593,250.29)
Increase (Decrease) in Other Liabilities		271,573.22
Net Cash Used for Operating Activities		(327,728,332.39)
Noncash Transactions		
Donations of Capital Assets	$	55,449,099.69
Net Increase (Decrease) in Fair Value of Investments		36,884,949.07
Borrowing Under Capital Lease Purchase		97,880.12
Other		(2,879,179.00)
Total Noncash Transactions	$	89,552,749.88

See Accompanying Notes to the Combined Financial Statements

POLICIES AND NOTES

UNAUDITED

TEXAS TECH UNIVERSITY SYSTEM

Notes to the Combined Financial Statements

Note 1: Summary of Significant Accounting Policies

Reporting Entity

Texas Tech University 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.

Components of the Texas Tech University System include Texas Tech University, Texas Tech University Health Sciences Center, Angelo State University and Texas Tech University System Administration. The Texas Tech University System includes within this report all components as determined by an analysis of their relationship to the Texas Tech University System as described below for blended component units.

Blended Component Units

The Texas Tech University Foundation is a not-for-profit 501(c)(3) organization, exempt from income taxes. The Texas Tech University Foundation was founded to financially support Texas Tech University, Texas Tech University Health Sciences Center and Texas Tech University System Administration. Based on the application of the GASB Standard No. 14 criteria, the Texas Tech Foundation has been blended into these financial statements because of the significance of its financial relationship with the System.

Texas Tech Physician Associates (TTPA) 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 create for the purpose of entering into prepaid capitation agreements for physician and other medical services. TTPA is exempt from tax under Internal Revenue Service code section 501(c)(3). The TTPA board consists of nine directors appointed by TTUHSC.

The Robert G. Carr and Nona K. Carr Scholarship Foundation was established for the benefit of Angelo State University. The Foundation is included in the Texas Tech University System financial statements as a blended component unit.

Due to the significant changes related to Governmental Accounting Standards Board 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 statements to be in compliance with generally accepted accounting principles (GAAP). The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

Basis of Accounting

The accounting records of the Texas Tech University System are maintained using a modified accrual basis of accounting. Accounting data for most external reports, including this Annual Financial Report, are converted to full accrual basis of accounting in compliance with GASB Statements 34 and 35. For financial reporting purposes, the Texas Tech University System is considered a special-purpose government engaged only in business-type activities. Accordingly, the System's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Cash and Cash Equivalents

For the purpose of financial statement reporting, cash equivalents are short-term highly liquid investments with an original maturity of three months or less. Included in this category are demand deposits in banks, local funds held by the state, state reimbursements in transit, Blackrock temp fund, TexPool and TexStar investments.

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. Investment pool cash equivalents are recorded at fair value.

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

Cash and Cash Equivalents as reported on the Combined Statement of Net Assets

	Current Unrestricted	Current Restricted	Non-Current Restricted	Total
Cash on Hand	$244,216.80	$11,910.00	$0.00	$256,126.80
Cash in Bank	45,536,973.46	8,996,197.61	(1,037,451.40)	53,495,719.67
Reimburse from Treasury	2,605,751.95			2,605,751.95
Cash in State Treasury	66,884,779.32			66,884,779.32
Blackrock Temp Fund	23,611,784.04	4,027,677.21	2,410,159.87	30,049,621.12
TexPool & TexStar Investments	223,277,573.97	39,248,853.28	48,874,640.39	311,401,067.64
Total Cash and Cash Equivalents	$362,161,079.54	$52,284,638.10	$50,247,348.86	$464,693,066.50

Investments

Texas Tech University System accounts for its investments at fair market value, as determined by quoted market prices, in accordance with GASB Statement No. 31 – *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* Changes in unrealized gain (loss) on the carrying value of the investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Assets.

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

Inventories include both merchandise inventories on hand for sale and consumable inventories such as maintenance supplies, housing supplies, janitorial supplies, office supplies, and telecommunications supplies. Inventories are valued at cost, generally utilizing the last-in, first-out method.

Receivables

Accounts receivable consist of tuition and fees charged to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable are recorded net of estimated uncollectible amounts.

Federal receivable includes amounts due from the federal, state, and local governments or private sources, in connection with reimbursement of allowable expenditures disbursed by the System's grants and contracts department.

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

Other receivables include year-end revenue accruals not included in any other receivable category.

Prepaid Expenses

Disbursements for insurances, subscriptions, prepaid postage, prepaid travel costs and similar services paid in the current or prior fiscal years and benefiting more than one accounting period are allocated among accounting periods.

Loans and Notes Receivable

These receivables are student loans receivable that consist of amounts due from the Federal Perkins Loan Program, and from other loans administered by the System.

Capital Assets

Furniture, equipment, and vehicles with a cost of more than $5,000 and an estimated useful life in excess of one year are capitalized. Capitalization thresholds for buildings, building improvements, facilities and other improvements are $100,000. The capitalization threshold for infrastructure is $500,000. These assets are capitalized at cost. Donated assets are reported at fair market value as of the acquisition date. Routine repairs and maintenance and capital assets acquired for less than the threshold amounts are charges to operating expenses in the year in which the expense was incurred. Depreciation is based on allocation methods and estimated lives prescribed by the Statewide Property Accounting System (SPA). Assets are depreciated over the estimated useful life of the asset using the straight-line method.

Intangible capital assets are defined as assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. These assets are required to be reported if they are identifiable. Land use rights are capitalized if the cost meets or exceeds $100,000. Purchased computer software is capitalized if the aggregate cost of the purchase meets or exceeds $100,000. Internally generated 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. Intangible assets are amortized based on the estimated useful life of the asset using the straight-line method.

Accounts Payable

Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Deferred Revenues

Deferred Revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Employees' Compensable Leave Balances

Employees' Compensable Leave payable balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the Combined Statement of Net Assets.

Notes and Loans Payable

Notes payable represents amounts owed for commercial paper that was issued during the current accounting period. Notes and loans payable are further explained in Note 5.

Bonds Payable

Texas Tech University System has a number of bond issues outstanding, most of which are supported either directly or indirectly by tuition revenue. Bonds payable are addressed in more detail in Note 6.

Funds Held for Others

Current balances in funds held for others result from the System acting as an agent or fiduciary for students and student organizations.

Net Assets

Net Assets are the difference between fund assets and liabilities. They are presented in three separate classes: Invested in Capital Assets - Net of Related Debt, Restricted and Unrestricted.

Invested in Capital Assets, Net of Related Debt

Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets

Restricted net assets result when constraints placed on net asset use are either externally imposed by a party external to the System such as creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets

Unrestricted net assets consist of net assets, which do not meet the definition of restricted net assets. Unrestricted net assets often have constraints on resources, which are imposed by management, but can be moved or modified.

Interfund Activity and Transactions

Texas Tech University System is regularly involved in both interfund activity and interfund transactions. Interfund activity is defined as financial interaction between internal funds, including blended component units. Interfund transactions are defined as financial transactions between legally separate entities. Interfund activity and interfund transactions are both clearly identifiable and are eliminated where appropriate.

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

Note 2: Capital Assets

Depreciation of capital assets is recorded as a periodic expense and accumulated as an offset to the asset book values. Depreciation of capital assets is based on allocation methods and estimated lives prescribed by the Statewide Property Accounting (SPA) system. Accumulated depreciation is classified by capital asset category, providing for an estimation of the net book value of each asset category.

Capital assets are categorized as either (1) Land and Land Improvements, (2) Buildings and Building Improvements, (3) Infrastructure, (4) Furniture and Equipment, (5) Vehicles, Boats and Aircraft, (6) Construction in Progress, (7) Other Capital Assets, (8) Facilities and Other Improvements, (9) Land Use Rights, (10) Computer Software, (11) Other Intangible Capital Assets. The changes to fixed asset balances are summarized below.

	Balance 09/01/10	Adjustments	Reclassifications Completed CIP	Reclassifications Inc-Int'agy Trans	Reclassifications Dec-Int'agy Trans	Additions	Deletions	Balance 08/31/11
BUSINESS-TYPE ACTIVITIES								
Non-depreciable or Non-amortizable Assets								
Land and Land Improvements	$13,927,666.83							$13,927,666.83
Construction in Progress	135,178,708.23		(52,802,986.27)			72,140,794.21		154,516,516.17
Other Tangible Capital Assets	65,314,344.68					2,762,615.98	(433,416.53)	67,643,544.13
Total Non-depreciable or Non-amortizable Assets	214,420,719.74		(52,802,986.27)			74,903,410.19	(433,416.53)	236,087,727.13
Depreciable Assets								
Buildings and Building Improvements	1,332,705,868.60		52,802,986.27			42,582,993.77	(8,441,070.23)	1,419,650,778.41
Infrastructure	41,719,273.29							41,719,273.29
Facilities and Other Improvements	162,532,169.30					2,198,657.50		164,730,826.80
Furniture and Equipment	216,073,233.71	252,819.19		6,070.00	(195,509.00)	37,635,562.19	(8,276,155.24)	245,496,020.85
Vehicle, Boats and Aircraft	16,485,874.11			0.00	0.00	473,453.42	(766,781.94)	16,192,545.59
Other Capital Assets	143,492,224.52	(30,450.16)				11,001,656.66	(812,414.11)	153,651,016.91
Total Depreciable Assets	1,913,008,643.53	222,369.03	52,802,986.27	6,070.00	(195,509.00)	93,892,323.54	(18,296,421.52)	2,041,440,461.85
Less Accumulated Depreciation for:								
Buildings and Building Improvements	(665,905,635.45)					(41,783,331.06)	8,002,610.22	(699,686,356.29)
Infrastructure	(11,514,883.17)					(1,490,207.16)		(13,005,090.33)
Facilities and Other Improvements	(55,308,973.35)					(7,143,751.90)		(62,452,725.25)
Furniture and Equipment	(129,844,637.40)	6,644.77		(5,766.50)	195,509.00	(20,850,625.17)	7,893,044.70	(142,605,830.60)
Vehicles, Boats and Aircraft	(10,954,280.13)					(1,226,082.02)	636,214.51	(11,544,147.64)
Other Capital Assets	(61,243,599.62)					(7,945,256.72)		(69,188,856.34)
Total Accumulated Depreciation	(934,772,009.12)	6,644.77		(5,766.50)	195,509.00	(80,439,254.03)	16,531,869.43	(998,483,006.45)
Depreciable Assets, Net	978,236,634.41	229,013.80	52,802,986.27	303.50	0.00	13,453,069.51	(1,764,552.09)	1,042,957,455.40
Amortizable Assets - Intangible								
Computer Software	65,921,156.65					54,529,018.78	(635,576.28)	119,814,599.15
Total Amortizable Assets - Intangible	65,921,156.65			0	0	54,529,018.78	(635,576.28)	119,814,599.15
Less Accumulated Amortization for:								
Computer Software	(22,498,397.36)					(19,882,661.83)	617,237.49	(41,763,821.70)
Total Accumulated Amortization	(22,498,397.36)			0	0	(19,882,661.83)	617,237.49	(41,763,821.70)
Amortizable Assets - Intangible, Net	43,422,759.29			0	0	34,646,356.95	(18,338.79)	78,050,777.45
Business-Type Activities Capital Assets, Net	$1,236,080,113.44	$229,013.80	$0.00	$303.50	$0.00	$123,002,836.65	($2,216,307.41)	$1,357,095,959.98

Note 3: Deposits, Investments, and Repurchase Agreements

Texas Tech University System’s investment portfolio is invested pursuant to the parameters of applicable Texas law and the governing board’s Investment Policies. Under Texas law, Texas Tech University 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, Texas Tech University System is required to invest its institutional funds according to written investment policies adopted by the Board of Regents. No person may invest Texas Tech University System funds without express written authority from the governing board.

The governing investment policy is Regents' Rules Chapter 09, "Investment, Endowments, and Income Producing Lands." The majority of Texas Tech University System assets are invested in two investment pools; the Long Term Investment Fund (LTIF) and the Short/Intermediate Term Investment Fund (STIF). Endowment funds and certain eligible long-term institutional funds are invested in the LTIF, which invests in equity and fixed income securities and is operated using total return philosophy. Other institutional funds not in the LTIF are invested in the STIF, a fixed income fund. Other assets include securities gifted to Texas Tech University System with written donor instructions to maintain in their original form, and bond proceeds invested in external investment pools.

Deposits of Cash in Bank

As of August 31, 2011, the carrying amount of deposits was $53,495,719.67 as presented below.

Business-Type Activities	
Cash in Bank -- Carrying Amount	$53,495,719.67
Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalent	0
Less: Uninvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral	0
Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral	0
Total Cash in Bank per AFR	$53,495,719.67

Proprietary Funds Current Assets Cash in Bank	$45,536,973.46
Proprietary Funds Current Assets Restricted Cash in Bank	8,996,197.61
Proprietary Funds Non-Current Assets Restricted Cash in Bank	(1,037,451.40)
Cash in Bank per AFR	$53,495,719.67

These amounts consist of all cash in local banks and are included on the Statement of Net Assets as part of current unrestricted and restricted "Cash and Cash Equivalents" and non-current restricted "Cash and Cash Equivalents".

As of August 31, 2011, the total **bank balance** for Business-Type Activities was $58,611,904.20.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the agency 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's policy is to require collateralization of bank balances in excess of FDIC protection. The balance below was transferred to the University's primary depository, which has sufficient collateral, after fiscal year-end.

Fund Type	GAAP Fund	Uninsured and uncollateralized	Uninsured and collateralized with securities held by the pledging financial institution	Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the state's name
05	9999	$0		

Investments

As of August 31, 2011, the fair value of investments is as presented below.

Type of Security	Fair Value
Business-Type Activities	
U.S. Government	
U.S. Treasury Securities	$ 130,583,839.45
U.S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, Sallie Mae, etc.)	42,007,261.31
Corporate Asset and Mortgage Backed Securities	1,420.19
Equity	23,454,711.46
International Obligations	1,885,957.12
Fixed Income Money Market and Bond Mutual Fund	283,686,846.12
Mutual Funds	8,106,001.53
Other Commingled Funds	111,700,518.79
Other Commingled Funds (Texpool)	282,379,436.43
International Other Commingled Funds	82,157,198.87
Real Estate	34,686,395.54
Externally Managed Investments – Domestic	475,076,240.46
Externally Managed Investments – International	8,545,346.24
Misc (limited partnerships, guaranteed investment contract, political subdivision, bankers' acceptance, negotiable CD)	11,763,109.31
Total Investments	$1,496,034,282.82

Reconciliation of Investments – Business-Type Activities	
Non-Current Investments per Statement of Net Assets	$1,154,583,594.06
Items in Cash and Cash Equivalents per Note 1:	
Blackrock Temp Fund	30,049,621.12
TexPool & TexStar Investments	311,401,067.64
Total	$1,496,034,282.82

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System’s investment policy is to require third party custody for the two investment pools, the LTIF and the STIF. The balances listed below relate to securities outside of those pools.

Fund Type	GAAP Fund	Type	Uninsured and unregistered with securities held by the counterparty	Uninsured and unregistered with securities held by the counterparty's trust department or agent but not in the state's name
05	9999	Equity	$1,843,576.03	

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

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. The System's policy is limit international equity investments to between 10-30% of the LTIF portfolio. The exposure to foreign currency risk as of August 31, 2011, is as follows.

Fund Type	GAAP Fund	Foreign Currency	International Obligations	International Other Commingled Funds	Externally Managed Investments – International
05	9999	Argentine peso		$625,184.46	
05	9999	Australian dollar		924,178.84	$185,314.57
05	9999	Brazilian real		5,460,538.15	
05	9999	Canadian dollar		1,545,432.39	45,436.14
05	9999	Chilean peso	$251,460.94	467,465.62	
05	9999	Chinese yuan	209,550.79	5,878,404.13	252,062.42
05	9999	Colombian peso	209,550.79		
05	9999	Czech koruna		638,854.38	
05	9999	Danish krone		129,171.33	
05	9999	Egyptian pound		346,806.67	
05	9999	Euro	377,191.44	9,694,059.46	7,463,533.23
05	9999	Hong Kong dollar		2,639,880.60	150,804.72
05	9999	Indian rupee		1,928,414.75	86,545.03
05	9999	Indonesian rupiah		917,059.25	
05	9999	New Israeli shekel	20,955.08		
05	9999	Japanese yen		9,833,073.77	123,651.24
05	9999	Malaysian ringgit		435,441.91	
05	9999	Mexican peso	20,955.08	3,163,360.48	
05	9999	New Zealand dollar		37,651.74	
05	9999	Norwegian krone		340,577.03	54,198.83
05	9999	Peruvian Nuevo sol	146,685.55	419,107.13	
05	9999	Phillippino peso		419,107.13	
05	9999	Pound sterling		8,822,547.93	17,200.83
05	9999	Russian ruble		865,437.57	
05	9999	Singapore dollar		1,786,684.06	42,731.62
05	9999	South African rand	523,876.98	4,141,055.73	
05	9999	South Korean won		5,841,366.86	89,357.76
05	9999	Swedish krona		785,327.44	
05	9999	Swiss franc		6,314,363.23	5,841.80
05	9999	New Taiwan dollar		4,747,958.94	28,668.05
05	9999	Thai baht		2,038,672.66	
05	9999	New Turkish lira		970,015.23	
05	9999	Uruguay peso	125,730.47		
		Total	**$1,885,957.12**	**$82,157,198.87**	**$8,545,346.24**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's investment policy limits fixed income securities held by the STIF to those issued by the U.S. or its agencies and instrumentalities. Fixed income mutual funds in the STIF must hold securities that are at least rated investment grade. As of August 31, 2011, the System's credit quality distribution for securities with credit risk exposure was as follows.

Standard & Poor's

Fund Type	GAAP Fund	Investment Type	AAA	AA	A	BBB	BB	Unrated
05	9999	U.S. Government Agency Obligations	$42,007,261.31					
05	9999	Corporate Obligations						
05	9999	Corporate Asset and Mortgage Back Securities	$1,420.19					
05	9999	International Obligations		$111,271.47	$152,762.53	$643,111.38	$420,568.44	$558,243.30
			AAAf	**AAf**			**Af**	**Unrated**
05	9999	Fixed Income Money Market and Bond Mutual Fund	$30,049,621.12					$253,637,225.00

Note 4: Short-Term Debt

Texas Tech University System has no outstanding short-term debt as of August 31, 2011.

Note 5: Long-Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2011, the following changes occurred in liabilities.

Business-Type Activity	Balance 09/01/10	Additions	Reductions	Balance 08/31/11	Amounts Due Within One Year	Amounts Due Thereafter
Claims Payable	$18,333,201.40	$0.00	$625,255.17	$17,707,946.23	$1,593,715.16	$16,114,231.07
Capital Lease Payable	281,258.78	97,880.12	104,794.19	274,344.71	137,485.28	136,859.43
Notes and Loans	63,637,000.00	40,692,000.00	18,972,000.00	85,357,000.00	85,357,000.00	0.00
Revenue Bonds	475,388,548.40		25,223,408.04	450,165,140.36	23,648,408.06	426,516,732.30
Compensable Leave	44,676,318.77	355,160.44	4,024,455.15	41,007,024.06	5,030,619.82	35,976,404.24
Total	$602,316,327.35	$41,145,040.56	$48,949,912.55	$594,511,455.36	$115,767,228.32	$478,744,227.04

Claims Payable

Claims payable includes 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. 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.

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 Statement of Net Assets. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. 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.

Bonds Payable

See Note 6 for detailed information on bond liability balances and transactions.

Pollution Remediation Obligations

Texas Tech University is waiting further review by the Texas Commission on Environmental Quality to determine the responsible party and the cost for pollution remediation activities on land that the University owns in Carson County, Texas.

Capital Lease Obligations

See Note 8 for detailed information on capital lease obligations**.**

Notes and Loans Payable

Commercial paper was issued during the fiscal year to finance various construction projects. Debt service for the obligation is provided in general appropriation for tuition revenue bonds and revenue from various projects. All commercial paper outstanding at 8/31/11 will mature in fiscal year 2012.

Commercial paper has short maturities up to 270 days with interest rates ranging from .10% to .32%.

Summary of Debt Service Requirements for Notes Payable

Fiscal Year	Principal	Interest	Total
2012	$85,357,000.00	$256,071.00	$85,613,071.00
2013			
2014			
2015			
2016			
All Other Years			
Total Requirements	$85,357,000.00	$256,071.00	$85,613,071.00

Note 6: Bonded Indebtedness

Bonds Payable

Several bond issues were outstanding as of August 31, 2011 which are summarized in the paragraphs that follow.

Revenue Financing System Bonds, Seventh Series 2001

Purpose:	Financing of renovation of Jones Stadium, Student Union and Student Recreational Center, and other projects, current refunding of a portion of Series A Notes, and costs of issuance. Also, financing for projects in El Paso and Lubbock.
Original Issue Amount:	$126,865,000
Issue Date:	January 23, 2002
Interest Rates:	3.00% to 5.50%
Maturity Date Range:	2002 through 2031
Type of Bond:	Revenue
Changes in Debt:	$0 issued; $3,960,000.00 retired

Revenue Financing System Bonds, Eighth Series 2001 (Taxable)

Purpose:	Financing of renovation of Jones Stadium and costs of issuance
Original Issue Amount:	$42,810,000
Issue Date:	January 23, 2002
Interest Rates:	3.46% to 6.75%
Maturity Date Range:	2003 through 2031
Type of Bond:	Revenue
Changes in Debt:	$0 issued; $245,000.00 retired

Revenue Financing System Refunding and Improvement Bonds, Ninth Series 2003

Purpose:	Refunding of Series A Notes and Series 1993 bonds, construction of the Experimental Sciences Building and renovation of Horn/Knapp dormitory and other System construction of capital improvement projects and costs of issuance
Original Issue Amount:	$97,265,000
Issue Date:	September 23, 2003
Interest Rates:	2.00% to 5.25%
Maturity Date Range:	2003 through 2023
Type of Bond:	Revenue
Changes in Debt:	$0 issued; $4,700,000.00 retired

Revenue Financing System Refunding and Improvement Bonds, Tenth Series 2006

Purpose:	For advanced refunding of Series A Notes and Series 1999 and 2001 bonds, for construction of Murray Hall, renovation of the Student Union Building, Medical Education Building project in El Paso and various dormitories and other University construction of capital improvement projects
Original Issue Amount:	$220,915,000.01
Issue Date:	February 2, 2006
Interest Rates:	4.00% to 5.00%
Maturity Date Range:	2006 through 2031
Type of Bond:	Revenue
Changes in Debt:	$0 issued; $4,924,999.98 retired

<u>Revenue Financing System Refunding and Improvement Bonds, 12th Series 2009</u>

Purpose:	For current refunding of Series A Notes and Series 1999 bonds, to pay for construction of the new College of Business Administration Building, renovation of the existing College of Business Administration Building, construction of the Lanier Professional Development Center, construction of the Student Leisure Pool, and other System construction of capital improvement projects. Financing for the El Paso Medical Facility, Amarillo Pharmacy and Amarillo Research Building projects. For current refunding of ASU portion of Texas State University System bonds and construction of Centennial Village.
Original Issue Amount	$170,825,000.00
Issue Date	March 3, 2009
Interest Rates	3.00% to 5.25%
Maturity Date Range	2009 through 2038
Type of Bond	Revenue
Changes in Debt	$0 issued; $11,085,000.00 retired

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, on the one hand, and the pledging of receivables or future revenues to repay a borrowing (a collateralized borrowing), on the other. The following table provides the pledged future revenue information for Texas Tech University System's revenue bonds:

	Business-Type Activities
Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds	$646,359,458.33
Term of Commitment Year Ending 08/31	2038
Percentage of Revenue Pledged	Unable to estimate
Current Year Pledged Revenue	$606,785,300.18
Current Year Principal and Interest Paid	$47,476,766.24
Pledged Revenue Sources: Business-Type Activities – Operating income from current unrestricted funds	

Sources of Debt-Service Revenue

On October 21, 1993, the governing board of the Texas Tech University System established a Revenue Financing System for the purpose of providing a financing structure for all revenue supported indebtedness of Texas Tech University System components. The source of revenues for debt service issued under the Revenue Financing System 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 Texas Tech University components. 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.

Prior to September 1, 2007, all bonded indebtedness for Angelo State University was issued through the Texas State University System (TSUS) Revenue Financing System, of which the Texas State University System Administration and each of their components were members. The TSUS Board of Regents cross-pledged all lawfully available funds (revenues) and balances attributable to any TSUS RFS member against the bonded indebtedness of all other TSUS RFS members for payment on the Parity Debt. Effective September 1, 2007, House Bill 3564 (80th Legislature, Regular Session) transferred governance of Angelo State University to the Texas Tech University System. For the debt issued by the TSUS, the bonds payable are reported by TSUS. ASU will repay the debt that was issued on its behalf; consequently, the following debt amortization schedule is presented below for informational purposes only.

Description	Year	Principal	Interest	Total
All Issues	2012	$2,925,628.09	$1,825,499.94	$4,751,128.03
	2013	2,889,092.88	1,680,100.06	4,569,192.94
	2014	3,089,074.81	1,535,575.64	4,624,650.45
	2015-2019	12,707,444.82	5,524,705.42	18,232,150.24
	2020-2024	6,509,602.59	2,937,873.38	9,447,475.97
	2025-2029	4,220,000.00	1,699,000.00	5,919,000.00
	2030-2033	4,185,000.00	535,750.00	4,720,750.00
	Totals	$36,525,843.19	$15,738,504.44	$52,264,347.63

A portion of the ASU debt above represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. ASU was appropriated $4,129,564.00 during the current fiscal year for Tuition Revenue Bond debt service. ASU expects future Legislative appropriations to meet debt service requirements for Tuition Revenue bonds.

Note 7: Derivative Instruments

As of August 31, 2011, Texas Tech University System held no material direct derivative investments. Investment managers in invested vehicles like hedge funds do employ derivatives, and the values associated with those managers reflect those securities.

Note 8: Leases

The System has entered into long-term capital leases for financing the purchase of certain capital assets. Such leases are classified as capital leases for accounting purposes; therefore, such leases are recorded at the present value of the future minimum lease payments at the inception of the lease. The following is a summary of the original capitalized costs of all such property under lease in addition to the accumulated depreciation as of 8/31/11:

Assets Under Capital Leases	Business-Type Activities
Equipment	$562,132.42
Less: Accumulated Depreciation	(76,122.42)
Total	$486,010.00

Future minimum lease payments under these capital leases, together with the present value of the net minimum lease payments at fiscal year end, are as follows:

Future Minimum Lease Payments	Business-Type Activities		
Year	Principal	Interest	Total
2012	$137,485.28	$18,151.85	$155,637.13
2013	94,751.78	9,165.70	103,917.48
2014	31,382.38	3,352.86	34,735.24
2015	10,725.27	432.31	11,157.58
Total	$274,344.71	$31,102.72	$305,447.43

Included in the expenditures reported in the financial statements is the following amount of rent paid or due under operating lease obligations:

Fund Type	
Enterprise Fund – Fund Type 05	$4,904,536.58

Texas Tech University System has entered into various operating leases for buildings and equipment. Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year are as follows:

Fiscal Year	
2012	$5,015,902.30
2013	4,811,743.89
2014	4,808,885.78
2015	4,674,525.10
2016	4,740,758.45
Total Minimum Future Lease Rental Payments	$24,051,815.52

Texas Tech University System has operating lease income. Future minimum lease rentals under non-cancelable operating leases having an initial term in excess of one year are as follows:

Fiscal Year	
2012	$692,038.40
2013	686,308.37
2014	698,510.82
2015	711,580.91
2016	725,634.02
Total Minimum Future Lease Rentals	$3,514,072.52

Note 9: Pension Plans

The State has established an Optional Retirement Program (ORP) for institutions of higher education. Participation in ORP is in lieu of participation in the Teacher's Retirement System and is available to certain eligible employees. The contributions made by plan members and the employer for the fiscal year ended August 31, 2011 are:

	Year Ended August 31, 2011
Member Contributions	$17,963,988.80
Employer Contributions	19,012,200.24
Total	$36,976,189.04

Note 10: Deferred Compensation (administering agencies only)

Not applicable.

Note 11: Postemployment Health Care and Life Insurance Benefits (administering agencies only)

Not applicable.

Note 12: Interfund Activity and Transactions

As explained in Note 1 on interfund activities and transactions, there are numerous transactions between funds and agencies. At year-end, amounts to be received or paid are reported as:

Interfund Receivables or Interfund Payables
Due from Other Agencies or Due to Other 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 will occur within one year from the date of the financial statement.

Individual balances and activity at August 31, 2011, follows:

Due from Other State Agencies	Amount
Office of the Governor (Agency 300)	$41,123.68
Department of State Health Services (Agency 537)	599,506.62
Texas Department of Agriculture (Agency 551)	384,396.49
Texas Education Agency (Agency 701)	190,730.69
Texas School for the Blind (Agency 771)	106,287.26
Texas Water Development Board (Agency 580)	434,090.00
Texas Commission on Environmental Quality (Agency 582)	40,517.92
Texas Parks Wildlife (Agency 802)	181,703.66
Texas Workforce Commission (Agency 320)	98,280.91
Texas Department of Motor Vehicles (Agency 608)	140,889.16
University of Texas Health Science-Houston (Agency 744)	1,039.75
Texas State University – San Marcus (Agency 754)	11,354.91
Texas Higher Education Coordinating Board (Agency 781)	1,242,062.16
University of Texas System (Agency 720)	5,344,252.98
Cancer Prevention and Research Institute of Texas (Agency 542)	161,753.22
The University of Texas at Arlington (Agency 714)	165,871.10
University of Texas SW Medical Center – Dallas (Agency 729)	1,207.51
Stephen F. Austin University (Agency 755)	415,441.02
TAMU Corpus Christi (Agency 760)	10,000.00
Total Due from Other State Agencies	$9,570,509.04

Due to Other State Agencies	Amount
Office of the Governor (Agency 300)	$1,778,603.60
West Texas A&M University (Agency 757)	12,020.93
Texas Higher Education Coordinating Board (Agency 781)	2,000.00
Texas Agrilife Research (Agency 556)	171,417.52
Tarleton State University (Agency 713)	98,166.94
University of Texas at Austin (Agency 721)	5,547.25
Texas A&M University – Kingsville (Agency 732)	16,587.10
Midwestern State University (Agency 735)	56,361.83
Texas A&M University – Corpus Christi (Agency 760)	19,860.08
Total Due to Other State Agencies	$2,160,565.25

Transfers Out to Other State Agencies	Amount
Texas Higher Education Coordinating Board (Agency 781)	$3,570,340.20
Texas State University System (Agency 758)	1,817,167.14
Texas Public Finance Authority (Agency 347)	778,489.80
Texas Department of State Health Services (Agency 529)	3,754,582.00
Total Transfers Out to Other State Agencies	$9,920,579.14

Increase Net Assets - Interagency Capital Asset Transfers	Amount
Texas Department of Transportation (Agency 601)	$303.50
Total Interagency Capital Asset Transfers	$303.50

Legislative Transfers Out	Amount
Texas State University System (Agency 758)	$2,880,859.38
Total Legislative Transfers Out	$2,880,859.38

The detailed state grant pass-through information is listed on the Combined Schedule 1B – Schedule of State Grant Pass-Throughs from/to State Agencies.

Note 13: Continuance Subject to Review

Texas Tech University System is not subject to the Texas Sunset Act.

Note 14: Adjustments to Fund Balances and Net Assets

Texas Tech University System had the following restatement to beginning net assets as follows:

Net assets reported as of 8/31/10	$2,210,141,990.31
Capital asset transfer adjusted in FY10 State CAFR	(5,949.34)
Net assets restated as of 9/1/10	$2,210,136,040.97

Note 15: Contingencies and Commitments

Contingencies

At August 31, 2011, lawsuits and claims involving Texas Tech University 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.

Investment Funds

At August 31, 2011, Texas Tech University 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. At August 31, 2011, the remaining commitment is domestic $85,875,464.

Note 16: Subsequent Events

Texas Tech University System intends to issue the following revenue bonds in February 2012 of which $59 million of this amount has already been issued as commercial paper as of August 31, 2011:

Bond Issuance	Series	Amount	Date of Issuance	Purpose
Revenue Financing System	2012	Approximately $137,168,000	Anticipated February, 2012	To pay for construction of the new College of Business Administration Building, the new TTU Boston & 18th Street Residence Hall and Dining Facility, the new ASU Plaza Verde Phase I Residence Hall & Dining Facilities, Jones Stadium East Side Expansion and other System construction of capital improvement projects.
Revenue Financing System	2012	Potential Refunding $84,390,000	Anticipated February, 2012	Possible current refunding of Series 2001 and Taxable Series 2001, & advance refunding of Series 2003 bonds.

Note 17: Risk Management

Texas Tech University 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 University is assessed fees by SORM based upon claims experience, claim incidences, payroll size and FTE. SORM also determines the methodology for allocation to the major fund groups. The State Office of Risk Management pays all WCI claims. The Worker's Compensation pool 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.

Note 18: Management Discussion and Analysis

The Texas Tech University System is composed of a central administrative unit, the Texas Tech University System Administration and three component institutions – Texas Tech University, Texas Tech University Health Sciences Center, and Angelo State University. These three 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 and his staff are supported by the administrative agency, the Texas Tech University System Administration.

Texas Tech University, based in Lubbock, is one of the state's largest major comprehensive universities and the only such institution within an area of some 350,000 square miles. Over 32,000 students enroll annually, coming from 50 states and more than 80 foreign countries. These students choose from among 152 undergraduate, 107 masters, and 64 doctoral programs.

Texas Tech University Health Sciences Center has an enrollment of approximately 4,000 students in its schools of medicine, nursing, allied health, pharmacy, and the graduate school of biomedical sciences. The Lubbock campus serves as the administrative hub for the Health Sciences Center, with regional campuses located in Amarillo, El Paso and the Permian Basin (Odessa/Midland), and with academic centers in Dallas and Abilene.

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 7,000 students from 210 of Texas 254 counties and 41 other states and 22 countries. The Texas Legislature (80th Regular Session) passed H.B. 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.

The Texas Tech University System employs more than 18,000 faculty and staff. The annual combined budget of the System totals approximately $1.5 billion; approximately $377 million of these funds are provided by the State's General Revenue and ARRA funds. The total enrollment across all components is more than 43,000 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 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.

Note 19: The Financial Reporting Entity

The Financial Reporting Entity

The Texas Tech University System is an agency of the State of Texas. As required by generally accepted accounting principles, these financial statements present the Texas Tech University System. The component units discussed below this note are included in the System's reporting entity because of the significance of their operational or financial relationships with the System.

Individual Component Unit Disclosures

The Texas Tech University Foundation is a not-for-profit 501(c)(3) organizations, exempt from income taxes. The Texas Tech University Foundation was founded to financially support Texas Tech University, Texas Tech University Health Sciences Center and Texas Tech University System Administration. Based on the application of the GASB Standard No. 14 criteria, the Texas Tech Foundation has been blended into these financial statements because of the significance of its financial relationship with the System.

Texas Tech Physician Associates (TTPA) 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 created for the purpose of entering into prepaid capitation agreements for physician and other medical services. TTPA is exempt from tax under Internal Revenue Service code section 501(c)(3). The TTPA board consists of nine directors appointed by TTUHSC.

The Robert G. Carr and Nona K. Carr Scholarship Foundation was established for the benefit of Angelo State University. The Foundation is included in the Texas Tech University System financial statements as a blended component unit.

Note 20: Stewardship, Compliance and Accountability

The System has no material stewardship, compliance, and accountability issues.

Note 21: N/A

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

Note 22: Donor Restricted Endowments

Expenditure of endowed funds is not allowed without the express consent of the donor. Most of Texas Tech University System 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.

Endowment assets are invested predominantly in the Long Term Investment Fund (LTIF). The LTIF has experienced varying performance since its inception. The cumulative effect of valuation changes assignable to endowment fund assets are summarized in the following table:

Donor-Restricted Endowment	Amount of Net Appreciation *	Reported in Net Assets
True Endowments	$44,223,054.29	Restricted Expendable
Term Endowments	67,830.83	Restricted Expendable
Total	$44,290,885.12	

*****There was a positive fair value adjustment totaling $24,826,219.60 for fiscal year 2011**.**

Note 23: Extraordinary and Special Items

Texas Tech University System has no special or extraordinary items to report as of August 31, 2011.

Note 24: Disaggregation of Receivable and Payable Balances

Texas Tech University System has no reportable disaggregation of receivable and payable balances as of August 31, 2011.

Note 25: Termination Benefits

Texas Tech University System has no reportable voluntary or involuntary termination benefits as of August 31, 2011.

Note 26: Segment Information

Texas Tech University System has no reportable segments as of August 31, 2011.

SCHEDULES

Texas Tech University System
Combined Schedule 1A - Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2011

Note 1: Non-Monetary Assistance:
Under the Federal Surplus Property (FSP) Program, Texas Tech University was donated property from the Texas Facilities Commission with a fair market value of $8,302.72.

Note 2: Reconciliation:

Federal Grants and Contracts (SRECNA)	$ 60,287,379.09
Federal Grants and Contracts - Pledged (SRECNA)	4,386,603.96
Federal Grants and Contracts Pass Throughs (SRECNA)	8,079,928.53
Non-Operating Federal Grant and Contracts (SRECNA)	47,660,939.68
Non-Operating Federal Grants and Contracts Pass Throughs (SRECNA)	8,341,044.70
Total Federal Revenues	128,755,895.96
Reconciling Items:	
Non-Monetary Assistance:	
Donation of Federal Surplus Property	8,302.72
New Loans Processed	237,332,703.00
Federal Fixed Fee Basis Contract Revenues	(534,167.69)
Federal Revenues Received Under Vendor Relationship	(2,634,515.56)
Total Pass-Through and Expenditures Per Federal Schedule	$ 362,928,218.43

Note 3: Student Loans Processed and Administrative Costs Recovered:

Federal Grantor/CFDA Number/ Program Name	New Loans Processed	Administrative Costs Recovered	Total Loans Processed and Admin Costs Recovered	Ending Balance Previous Years' Loans
U.S. Department of Health and Human Services				
93.342 Health Professions Student Loans	$	$	$	$ 159,323.37
93.264 Nurse Faculty Loan Program	1,000.00		1,000.00	259,472.68
93.364 Nursing Student Loans				31,911.06
93.408 ARRA - Nurse Faculty Loan Program	122,500.00		122,500.00	122,500.00
Total U.S. Department of Health and Human Services	$ 123,500.00	$	$ 123,500.00	$ 573,207.11
U.S. Department of Education				
84.268 Federal Direct Student Loans	$ 236,791,861.00	$	$ 236,791,861.00	$
84.038 Federal Perkins Loan Program	417,342.00	15,120.00	432,462.00	2,276,729.40
Total Department of Education	$ 237,209,203.00	$ 15,120.00	$ 237,224,323.00	$ 2,276,729.40
Total Student Loans	$ 237,332,703.00	$ 15,120.00	$ 237,347,823.00	$ 2,849,936.51

Note 4: Depository Libraries for Governmental Publications
The University participates as a depository library in the government printing office's depository libraries for government publications program, CFDA 40.001. The University is the legal custodian of government publications which remain the property of the federal government. The publications are not assigned a value by the government printing office.

Note 5: Unemployment Insurance Funds -Does not apply to Texas Tech University System

Note 6: Rebates for the Special Supplemental Food Program for Women, Infants, and Children (WIC) -Does not apply to TTU System

Texas Tech University System
Combined Schedule 1A - Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2011

Note 7: Federal Deferred Revenue
The deferred revenue of $948,799.77 is federal grant prepayments that have not yet been earned.

	Balance 9/1/10	Net Change	Balance 8/31/11
10.000	$ 4,716.46	$ (4,716.46)	$ 0.00
10.001	65,943.41	(65,943.41)	0.00
10.200	17,917.63	(17,917.63)	0.00
10.206	73,336.44	(73,336.44)	0.00
10.290	16,963.14	(9,442.61)	7,520.53
10.303	3,366.81	(3,366.81)	0.00
10.309	-	7,204.20	7,204.20
10.600	1,950.00	(1,950.00)	0.00
10.903	1,216.09	(1,216.09)	0.00
10.961	-	2,275.50	2,275.50
11.000	2,500.00	(2,500.00)	0.00
12.000	53,111.81	(19,303.56)	33,808.25
12.300	22,218.19	(22,218.19)	0.00
12.351	0.00	94,135.02	94,135.02
12.401	18,638.56	(18,638.56)	0.00
12.420	0.00	92,158.58	92,158.58
12.431	284,080.25	(283,402.66)	677.59
12.800	16,366.63	61,522.09	77,888.72
12.910	0.00	501,936.74	501,936.74
14.850	4,812.16	(4,812.16)	0.00
15.000	14.60	(14.60)	0.00
15.506	263.76	(263.76)	0.00
15.640	0.00	13,963.40	13,963.40
15.660	0.00	9,755.01	9,755.01
15.812	653.55	(653.55)	0.00
16.560	449.35	(449.35)	0.00
17.259	7,919.97	(7,919.97)	0.00
17.260	10,119.65	(10,119.65)	0.00
43.000	7,647.75	(6,830.75)	817.00
43.001	8,818.57	(2,911.69)	5,906.88
43.002	4.93	(4.93)	0.00
45.149	6,000.00	(4,361.16)	1,638.84
47.041	13,517.59	(6,384.06)	7,133.53
47.049	33,025.36	(33,025.36)	0.00
47.075	36.21	(36.21)	0.00
47.076	719.94	(719.94)	0.00
47.078	10,247.38	(10,247.38)	0.00
47.082	2,394.50	(2,394.50)	0.00
66.509	2,593.76	(2,593.76)	0.00
66.513	1.32	(1.32)	0.00
66.514	0.00	17,226.57	17,226.57
81.000	1,043.73	2,891.39	3,935.12
81.087	3,219.60	(3,037.97)	181.63
84.007	41,186.65	(41,186.65)	0.00
84.027	42,708.27	(42,708.27)	0.00
84.048	0.00	649.60	649.60
84.069	33,358.00	(33,358.00)	0.00
84.325	1,209.34	614.52	1,823.86
84.378	34,438.25	(34,438.25)	0.00
84.928	23,644.56	(10,120.20)	13,524.36
93.000	42,921.58	(42,921.58)	0.00
93.104	354.65	(354.65)	0.00
93.121	45,060.87	(31,600.63)	13,460.24
93.173	12,510.00	17,357.81	29,867.81
93.217	11,446.21	(11,446.21)	0.00
93.283	61,920.31	(61,920.31)	0.00
93.600	711.26	(711.26)	0.00
93.701	1,209.43	(1,209.43)	0.00
93.856	1,867.85	(1,867.85)	0.00
93.917	0.00	11,310.79	11,310.79
93.940	50,387.05	(50,387.05)	0.00
93.969	13,121.78	(13,121.78)	0.00
93.994	2,404.45	(2,404.45)	0.00
94.006	2,189.50	(2,189.50)	0.00
	$ 1,118,479.11	$ (169,679.34)	$ 948,799.77

Note 8: Supplemental Nutrition Assistance Program (SNAP) -Does not apply to Texas Tech University System

UNAUDITED

Texas Tech University System
Combined Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies
For the Year Ended August 31, 2011

Pass-Throughs From:

Office of the Governor (Agency 300)		
Texas Emerging Technology Grant	$	1,274,491.32
Commission on State Emergency Communications (Agency 477)		
Poison Control Centers		767,215.52
Cancer Prevention and Research Institute of Texas (Agency 542)		
Microfluidic Technology for Screening of Tumor Cells		85,584.30
Partnership for Cancer Prevention in Rural Communities		70,319.43
Guidelines for Treating Tobacco Use and Dependence in Oncology and Primary Care Settings		30,701.81
Cancer Nutrition Network for Texans		91,496.87
Validation of a MCL1 Promoter Deletion as a Molecular Maker		221,089.08
Molecular Mechanisms of Novel Inhibitors of the Multidrug		293,416.13
Access to Breast Care for West Texas - ABC 4 WT		105,713.47
West Texas Cancer Survivors Network (WTCSN)		101,084.63
Enhancing the Anti-Neurblastoma Activity of Fenretinide		215,813.28
		1,215,219.00
Texas Department of Agriculture (Agency 551)		
Determination of Individual Fibers		23,907.32
Enology and Viticulture Education and Research Grant		238,423.71
Enology Grant		143,796.29
Evaluation of Fiber Properties		82,074.35
Fabric Care and Finishing Issues		4,968.68
Food and Fibers Research Grant		(30,168.72)
Further Development of Naked Tufted		25,283.11
Molecular Breeding for Improvement		14,600.78
Multidisciplinary Approach to Study		34,342.37
New Approach to Impart Super Oleoph		35,283.15
Optimizing the Use of the Advances		35,688.41
T09 44 Cotton Specific Decontaminant		33,069.49
T09 50 Self Cleaning Cotton Nanofiber		25,475.86
Tb 8053 08 Enhancing Cotton Fiber E		38,623.01
Texas Agricultural Research Database		42,882.77
		748,250.58
Texas Commission on Environmental Quality (Agency 582)		
Effectiveness and Utility of Surface Application and Soil Percolation for Removal of Pharmaceutical and Personal Care Product Microcontaminants		95,010.98
Refining the Application Rates for On-Site Surface Application		80,483.01
TEHI Texarkana Wood Air Quality Assessment		(752.45)
High Strength Waste Water Training		9,737.32
		184,478.86
Texas Water Development Board (Agency 580)		
WSC - Agriculture Water Conservation		814,100.70
WSC - Research		106,790.19
		920,890.89
Texas Agrilife Research (Agency 556)		
Feedyard		77,400.00

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Texas Tech University System
Combined Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies
For the Year Ended August 31, 2011

Department of State Health Services (Agency 537)		
BCCS Grant Odessa FY 2010		80,493.66
Epilepsy Project		225,328.33
Poison Control Network		52,936.09
Obesity		38,707.19
Radiopharmaceutical Mfg		400,000.00
Family Health Services		26,433.80
EMS/Trauma Care System		14,558.12
		838,457.19
University of Texas System (Agency 720)		
Joint Admission Medical Program (JAMP)		231,715.30
Texas A&M University - Corpus Christi (Agency 760)		
TX CCRS - Chemistry		10,000.00
Texas Higher Education Coordinating Board (Agency 781)		
General Academic Enrollment Growth		184,427.30
College Readiness Initiative		76,215.60
Top 10% Scholarships		585,721.00
Texas Research Incentive Program - HB51		9,738,287.89
Texas Grant Program		18,762,040.50
Advanced Research Program		(105,630.65)
College Work Study Program		227,055.10
5th Year Accounting Scholarship		74,672.00
Engineering Recruitment Progran		74,172.08
Nursing Shortage Reduction		1,327,808.00
Nursing Innovation Grant Hospital Partnerships		(107,181.48)
Professional Nursing Aid		38,516.00
Family Practice Residency		1,186,798.17
Primary Care Residency Program		390,000.00
Nursing and Allied Health		149,310.00
Higher Education Performance Incentive Intiative		(571.47)
Combat Exemption Program SB297		13,849.47
TANF Program HB1479		3,961.64
Early High School Program HB1479		181,002.95
Certified Education Aide Program		380,217.43
P-16 Special Advisors		(18,523.24)
		33,162,148.29
Total Pass-Throughs from Other Agencies	$	39,430,266.95
Pass-Through To:		
Texas Agrilife Extension Service (Agency 555)		
Texas Enology-Joint Appointment for Brent Trela 2009-2010	$	27,935.85
An Integrated Approach to Water Conservation		89,377.78
Total Pass-Through To Other Agencies	$	117,313.63

UNAUDITED

Texas Tech University System
Combined Schedule 2A - Miscellaneous Bond Information
For the Year Ended August 31, 2011

Description of Issue	Bonds Issued to Date	Range of Interest Rates		Scheduled Maturities First Year	Scheduled Maturities Last Year	First Call Date
Revenue Bonds						
Rev Fin Sys Bds 7th Ser '01	126,865,000.00	3.00%	5.50%	2002	2031	2/15/2012
Rev Fin Sys Bds Tax 8th Ser '01	42,810,000.00	3.46%	6.75%	2003	2031	8/15/2012
Rev Fin Sys Ref & Imp Bds 9th Ser '03	97,265,000.00	2.00%	5.25%	2004	2023	8/15/2013
Rev Fin Sys Ref & Imp Bds 10th Ser '06	220,915,000.01	4.00%	5.00%	2006	2031	2/15/2016
Rev Fin Sys Ref & Imp Bds 12th Ser '09	170,825,000.00	3.00%	5.25%	2009	2038	2/15/2019
Total	$ 658,680,000.01					

Texas Tech University System
Combined Schedule 2B - Changes in Bonded Indebtedness
For the Year Ended August 31, 2011

Description of Issue	Bonds Outstanding 9/1/10	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/11
Revenue Bonds					
Rev Fin Sys Bds Ser '01	$ 12,170,000.00	$	$ 3,960,000.00	$	$ 8,210,000.00
Rev Fin Sys Bds Tax Ser '01	27,955,000.00		245,000.00		27,710,000.00
Rev Fin Sys Ref & Imp Bds Ser '03	71,135,000.00		4,700,000.00		66,435,000.00
Rev Fin Sys Ref & Imp Bds Ser '06	204,874,999.98		4,924,999.98		199,950,000.00
Rev Fin Sys Ref & Imp Bds Ser '09	151,500,000.00		11,085,000.00		140,415,000.00
Total	$ 467,634,999.98	$	$ 24,914,999.98	$	$ 442,720,000.00

Description of Issue	Unamortized Premium	Net Bonds Outstanding 8/31/11	Amounts Due Within One Year
Revenue Bonds			
Rev Fin Sys Bds Ser '01	$	$ 8,210,000.00	$ 3,995,000.00
Rev Fin Sys Bds Tax Ser '01		27,710,000.00	260,000.00
Rev Fin Sys Ref & Imp Bds Ser '03		66,435,000.00	4,495,000.00
Rev Fin Sys Ref & Imp Bds Ser '06		199,950,000.00	5,160,000.00
Rev Fin Sys Ref & Imp Bds Ser '09	7,445,140.36	147,860,140.36	9,738,408.06
Total	$ 7,445,140.36	$ 450,165,140.36	$ 23,648,408.06

Note: 2009 Series bond amounts due within one year includes bond premium amortization of $308,408.06.

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Texas Tech University System
Combined Schedule 2C - Debt Service Requirements
For the Year Ended August 31, 2011

Description of Issue	Fiscal Year	Principal	Interest	Total
Revenue Bonds				
Rev Fin Sys Bds 7th Ser '01				
	2012	$ 3,995,000.00	$ 451,550.00	$ 4,446,550.00
	2013	4,215,000.00	231,825.00	4,446,825.00
		8,210,000.00	683,375.00	8,893,375.00
Rev Fin Sys Bds Tax 8th Ser '01				
	2012	260,000.00	1,843,215.00	2,103,215.00
	2013	310,000.00	1,825,665.00	2,135,665.00
	2014	330,000.00	1,804,740.00	2,134,740.00
	2015	1,390,000.00	1,782,465.00	3,172,465.00
	2016	450,000.00	1,688,640.00	2,138,640.00
	2017-2021	5,390,000.00	7,691,587.50	13,081,587.50
	2022-2026	8,235,000.00	5,446,500.00	13,681,500.00
	2027-2031	11,345,000.00	2,341,350.00	13,686,350.00
		27,710,000.00	24,424,162.50	52,134,162.50
Rev Fin Sys Ref & Imp Bds 9th Ser '03				
	2012	4,495,000.00	3,286,250.00	7,781,250.00
	2013	4,735,000.00	3,055,500.00	7,790,500.00
	2014	4,475,000.00	2,819,656.25	7,294,656.25
	2015	4,720,000.00	2,578,287.50	7,298,287.50
	2016	4,970,000.00	2,323,925.00	7,293,925.00
	2017-2021	29,150,000.00	7,329,643.75	36,479,643.75
	2022-2023	13,890,000.00	703,250.00	14,593,250.00
		66,435,000.00	22,096,512.50	88,531,512.50
Rev Fin Sys Ref & Imp Bds 10th Ser '06				
	2012	5,160,000.00	9,410,695.00	14,570,695.00
	2013	5,410,000.00	9,146,445.00	14,556,445.00
	2014	10,245,000.00	8,755,070.00	19,000,070.00
	2015	10,780,000.00	8,229,445.00	19,009,445.00
	2016	11,320,000.00	7,676,945.00	18,996,945.00
	2017-2021	73,800,000.00	29,200,967.50	103,000,967.50
	2022-2026	60,445,000.00	13,431,250.00	73,876,250.00
	2027-2031	22,790,000.00	2,178,262.50	24,968,262.50
		199,950,000.00	88,029,080.00	287,979,080.00
Rev Fin Sys Ref & Imp Bds 12th Ser '09				
	2012	9,430,000.00	6,479,781.26	15,909,781.26
	2013	9,590,000.00	6,099,381.26	15,689,381.26
	2014	9,810,000.00	5,760,431.26	15,570,431.26
	2015	9,375,000.00	5,378,906.26	14,753,906.26
	2016	8,005,000.00	4,944,406.26	12,949,406.26
	2017-2021	29,505,000.00	19,735,031.30	49,240,031.30
	2022-2026	32,065,000.00	12,496,281.30	44,561,281.30
	2027-2031	19,545,000.00	4,967,631.29	24,512,631.29
	2032-2036	8,850,000.00	2,318,990.64	11,168,990.64
	2037-2038	4,240,000.00	225,487.50	4,465,487.50
		140,415,000.00	68,406,328.33	208,821,328.33
Total Principal and Interest		$ 442,720,000.00	$ 203,639,458.33	$ 646,359,458.33

UNAUDITED

Texas Tech University System
Combined Schedule 2D - Analysis of Funds Available for Debt Service
For the Year Ended August 31, 2011

	Net Available for Debt Service		Debt Service	
Description of Issue	**Total Pledged and Other Sources**	**Operating Expenses/Expenditures and Capital Outlay**	**Principal**	**Interest**
Revenue Bonds:				
RFS Bds 7th Series 2001			$ 3,960,000.00	$ 659,450.00
RFS Bds Tax 8th Series 2001			245,000.00	1,857,915.00
RFS Ref & Imp Bds 9th Series 2003			4,700,000.00	3,516,125.00
RFS Ref & Imp Bds 10th Series 2006			4,924,999.98	9,638,195.00
RFS Ref & Imp Bds 12th Series 2009			11,085,000.00	6,890,081.26
Total	$ 606,785,300.18	$ 460,969,416.34	$ 24,914,999.98	$ 22,561,766.26

UNAUDITED

Texas Tech University System
Combined Schedule 2E - Defeased Bonds Outstanding
For the Year Ended August 31, 2011

Description of Issue	Year Refunded	Par Value Outstanding
Revenue Bonds		
Revenue Financing System Bonds, 7th Series 2001	2006	$ 81,985,000.00
		$ 81,985,000.00

UNAUDITED

Texas Tech University System
Combined Schedule 2F - Early Extinguishment and Refunding
For the Year Ended August 31, 2011

Description of Issue	Category	Amount Extinguished or Refunded	Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
Revenue Bonds					
		$ 0.00	$ 0.00	$ 0.00	$ 0.00
		$ 0.00	$ 0.00	$ 0.00	$ 0.00

UNAUDITED

Texas Tech University System
Combined Schedule 3 - Reconciliation of Cash in State Treasury
For the Year Ended August 31, 2011

Cash in State Treasury	**Current Unrestricted**
Local Revenue (Fund 0227)	$ 893,479.11
Local Revenue (Fund 0239)	12,774,179.59
Local Revenue (Fund 0255)	41,489,372.43
Permanent Health Fund - El Paso Campus (Fund 0820)	7,937,141.43
Permanent Health Fund - Other Campuses (Fund 0821)	3,790,606.76
Total Cash in State Treasury (Note 1)	$ 66,884,779.32

Appendix C

MANAGEMENT'S DISCUSSION AND ANALYSIS

Texas Tech University System

Unaudited

Introduction

The Texas Tech University System is composed of a central administrative unit, the Texas tech university System administration, and three component institutions – Texas Tech University, Texas Tech University Health Sciences Center, and Angelo State University. These three 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 and his staff are supported by the administrative agency, the Texas Tech University System Administration.

Texas Tech University, based in Lubbock, is one of the state's largest major comprehensive universities square miles. Over 32,000 students enroll annually, coming from 50 states and more than 80 foreign countries. These students choose from among 152 undergraduate, 107 masters, and 64 doctoral programs.

Texas Tech University Health Sciences Center has an enrollment of approximately 4,000 students in its schools of medicine, nursing, allied health, pharmacy, and the graduate school of biomedical sciences. The Lubbock campus serves as the administrative hub for the Health Sciences Center, with regional campuses located in Amarillo, El Paso and the Permian Basin (Odessa/Midland), and with academic centers in Dallas and Abilene.

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 7,000 students from 210 of Texas' 254 counties and 41 other states and 22 countries. The Texas Legislature (80th Regular Session) passed H.B. 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.

The Texas Tech University System employs more than 18,000 faculty and staff. The annual combined budget of the System totals is approximately $1.5 billion; approximately $377 million of these funds are provided by the State's General Revenue and ARRA funds. The total enrollment across all components is more than 43,000 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 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.

Using the Financial Statements and Financial Analysis

Texas Tech University System presents its financial statements for the fiscal year ended August 31, 2011 in accordance with Governmental Accounting Standards Board (GASB) pronouncements, the requirements of the Texas Comptroller of Public Accounts, and the National Association of College and University Business Officers guidelines.

The discussion and analysis of the Texas Tech University System financial statements provide an overview of the financial activities for the fiscal year ended August 31, 2011.

The following discussions will focus on the changes and trends in data. Three primary financial statements are presented: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

Statement of Net Assets

Net Assets are the difference between assets and liabilities as of the end of the fiscal year and represent the equity component of the system. This is a point in time financial presentation and is a snapshot of the financial status as of August 31. Assets and Liabilities are presented in current and non-current format allowing the reader of the financial statements to determine the assets available for use in the continuing operations of the institution, the availability for expenditures by the institution, as well as amounts owed to vendors, investors and lending institutions. Over time, increases or decreases in net assets are one indicator of the improvement or decline of the organization's financial health when considered with non-financial factors such as enrollment, student and patient levels, and the condition of facilities.

Assets and liabilities are generally measured using current values with the one notable exception of capital assets, which are stated at historical cost less accumulated depreciation. Net Assets are presented in three major categories: invested in capital assets, net of debt; restricted net assets; and unrestricted net assets. The invested in capital assets category identifies the equity in property, plant and equipment owned by the Texas Tech University System. Restricted net assets are presented in two subcategories: non-expendable and expendable. Non-expendable restricted net assets are available only for investment purposes. Expendable restricted net assets are available for expenditure but must be expended for the purposes designated by the external donor/provider of the assets. Unrestricted net assets are available for any lawful purpose of the institution.

The following table (Exhibit 1) summarizes the System's net assets as of August 31, 2011 and comparative information as of August 31, 2010.

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Exhibit 1
Statement of Net Assets
(In Thousands)

	2011	2010
Assets		
Current Assets	$ 727,951	$ 723,306
Capital Assets, Net	1,357,096	1,236,087
Other Non-Current Assets	1,247,514	1,161,919
Total Assets	$ 3,332,561	$ 3,121,312
Liabilities		
Current Liabilities	432,643	406,583
Non-Current Liabilities	479,301	504,587
Total Liabilities	911,944	911,170
Net Assets		
Invested in Capital Assets, Net of Related Debt	842,500	745,619
Restricted		
Non-Expendable	607,566	611,227
Expendable	329,459	281,744
Unrestricted	641,092	571,552
Total Net Assets	2,420,617	2,210,142
Total Liabilities and Net Assets	$ 3,332,561	$ 3,121,312

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Current Assets and Current Liabilities

Current Assets consist primarily of cash and cash equivalents, balances in the state treasury, and various student, patient, and contract receivables. Current Liabilities consist primarily of trade accounts payable, payroll payable, deferred revenues, commercial paper notes payable, the current portion of compensable leave payable, claims payable, and the current portion of bonds payable.

Capital Assets

Capital assets consist of non-depreciable assets such as land and improvements and construction in progress as well as depreciable assets, net of accumulated depreciation, such as buildings and improvements, infrastructure, furniture and equipment, vehicles and other miscellaneous categories. Capital assets are $1.357 billion (net of $1.041 billion accumulated depreciation), as of August 31, 2011.

Other Non-Current Assets and Non-Current Liabilities

Non-current assets include long-term holdings. Non-current liabilities consist primarily of bonds and notes payable and any other liability that has a maturity exceeding one year.

Total assets increased by $211 million during the fiscal year. This increase was primarily due to increased tuition and fees revenues and increased other non-operating revenues.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets presents significant operating activities and the results of operations for a period. The statement presents both operating and non-operating revenues, expenses, and other revenues, expenses, gains and losses for the System.

Operating Revenues and Expenses

Operating revenues are received for providing goods and services to the various customers and constituencies of the System. Operating expenses are those expenses paid to acquire goods and services provided in return for operating revenues and to carry out the mission of the System.

Student tuition and fees, a primary source of funding for academic programs, are reflected net of associated discounts and allowances. Student-related revenues increased by 8.6% for 2011, primarily resulting from overall increases in enrollment and tuition rates. Professional fee revenues are principally generated within the practice plans from patients or through contractual arrangements with governmental payers and private insurers. As such, professional fees revenues are subject to fluctuation due to changes in standard reimbursement rates for medical services. Sponsored program revenues are primarily from governmental and private sources and related to research programs that generally provide for the recovery of direct and indirect costs.

The functional presentation of operating expenses shown below reflects the continued commitment to promoting instruction, research, public service, and student support. Reporting of capital asset expenditures has been replaced by the recognition of depreciation expense. Total expenses generally increased in 2011, in response to growing student enrollment, research, and patient care activities. Expenditures for expansion of facilities have also been on the rise, resulting in increasing depreciation expenses by 27%.

Non-Operating Revenues and Expenses

Non-operating revenues are revenues received for which no goods or services have been provided. Numerous significant recurring revenues are considered non-operating, as required by generally accepted accounting principles. The largest element of recurring non-operating revenue is legislative appropriations from the state. Gift contributions were received from private sources and used for public service initiatives and to support education. Realized gains and losses from the sale of investments are factored into the reported amount for investment income, whereas unrealized gains and losses are reported as the net change in the fair value of investments. The institution's endowment investment policies are designed to maximize long-term total return while income distribution policies are designed to preserve the value of the endowments and to generate a predictable stream of distributable income.

Other Revenues, Expenses, Gains, and Losses
Other Revenues, Expenses, Gains, Losses and Transfers are made up of special-purpose gifts for facilities expansion and renovation, distributions from the Higher Education Fund (HEF), and net transfers to other agencies.

The following table (Exhibit 2) summarizes the Systems' revenues, expenses, and changes in net assets for the year ending August 31, 2011 and comparative information as of August 31, 2010.

Exhibit 2
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended August 31
(In Thousands)

	2011	2010
Operating Revenues	$ 941,817	$ 867,123
Operating Expenses	(1,395,839)	(1,360,333)
Operating Income(Loss)	(454,022)	(493,210)
Non-Operating Revenues and Expenses	576,774	564,175
Income(Loss) before Other Revenues, Expenses Gains, Losses and Transfers	122,752	70,965
Other Revenues, Expenses, Gains, Losses and Transfers	87,728	99,394
Total Changes in Net Assets	210,480	170,360
Beginning Net Assets (September 1)	2,210,142	2,039,781
Restatements of Beginning Net Assets	(6)	
Beginning Net Assets as Restated	2,210,136	2,039,781
Ending Net Assets (August 31, 2011)	$ 2,420,616	$ 2,210,142

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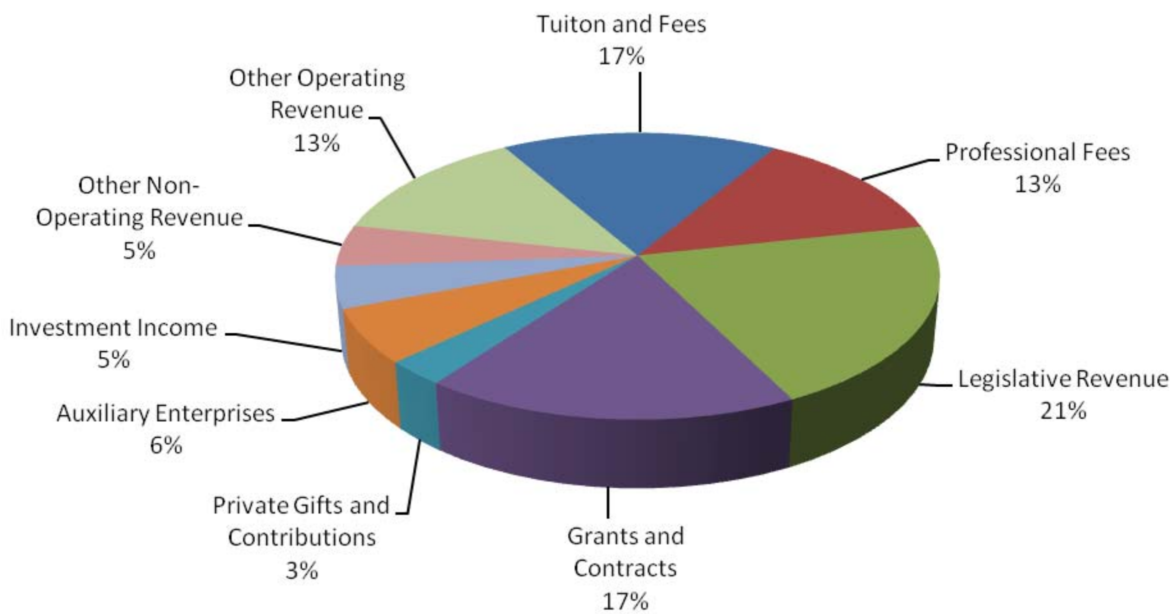
The following (Exhibit 3) is a graphic presentation of net revenues by source (both operating and non-operating) that are used to fund the System's activities.

Exhibit 3
Operating and Non-Operating Revenues



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The following tables and graphic presentations give a comparison of operating expenses in the National Association of College and University Business Officers Association (NACUBO) functional categories (Exhibit 4 and Exhibit 5) and the natural category classification of expense (Exhibit 6 and Exhibit 7).

Exhibit 4
Summary of Operating Expenses
By Functional (NACUBO) Classification
(In Thousands)

	2011	2010
Instruction	$ 410,223	$ 413,667
Research	156,779	144,788
Public Service	136,695	137,221
Hospitals and Clinics	54,886	50,558
Academic Support	176,281	162,148
Student Services	44,330	45,644
Institutional Support	86,309	101,418
Operations and Maintenance of Plant	71,927	73,741
Scholarships and Fellowships	46,397	39,097
Auxiliary Enterprises	111,690	113,192
Depreciation and Amortization	100,322	78,849
Total Operating Expenses	$ 1,395,839	$ 1,360,323

Exhibit 5
Operating Expenses by NACUBO Function
FY 2011

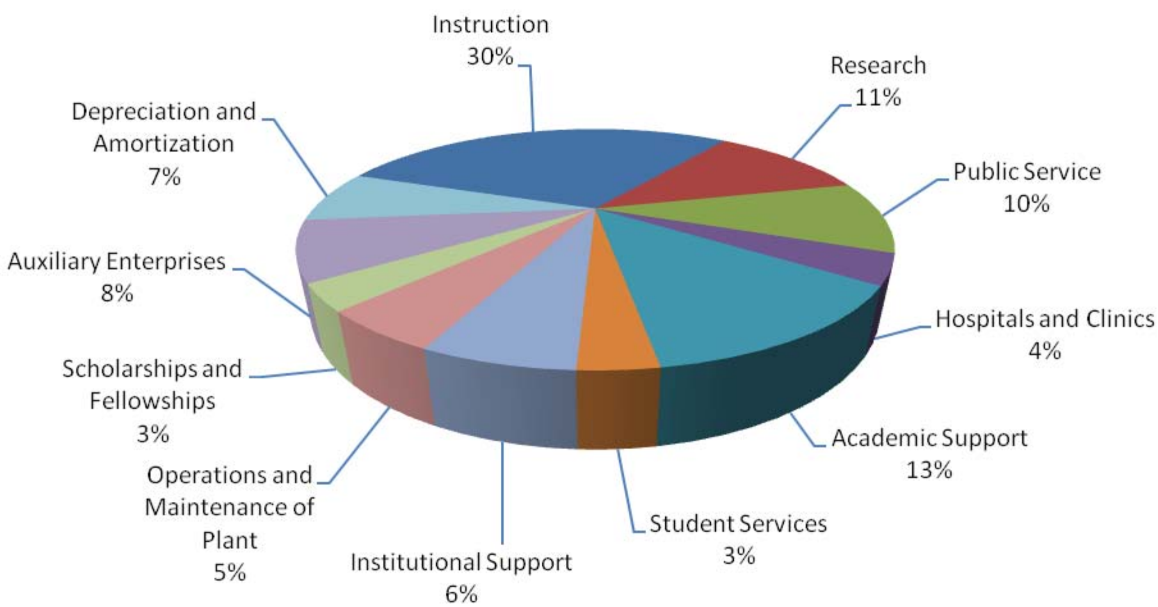

Exhibit 6
Summary of Operating Expenses
By Natural Category Classification
(In Thousands)

	2011	2010
Salaries and Wages	$ 704,582	$ 690,968
Payroll Related Costs	164,883	159,247
Cost of Goods Sold	11,031	10,717
Professional Fees and Services	70,643	72,679
Travel	21,509	22,824
Material and Supplies	67,648	70,348
Communications and Utilities	47,665	44,065
Repairs and Maintenance	34,391	36,327
Rentals and Leases	13,229	11,528
Printing and Reproduction	5,406	6,423
Depreciation and Amortization	100,322	78,849
Bad Debt	686	195
Scholarships	60,896	53,596
Interest	16	27
Claims and Losses	2,027	0
Federal Pass-Through	4,060	0
State Pass-Through	117	0
Other Operating	86,728	102,540
Total Operating Expenses	$ 1,395,839	$ 1,360,333

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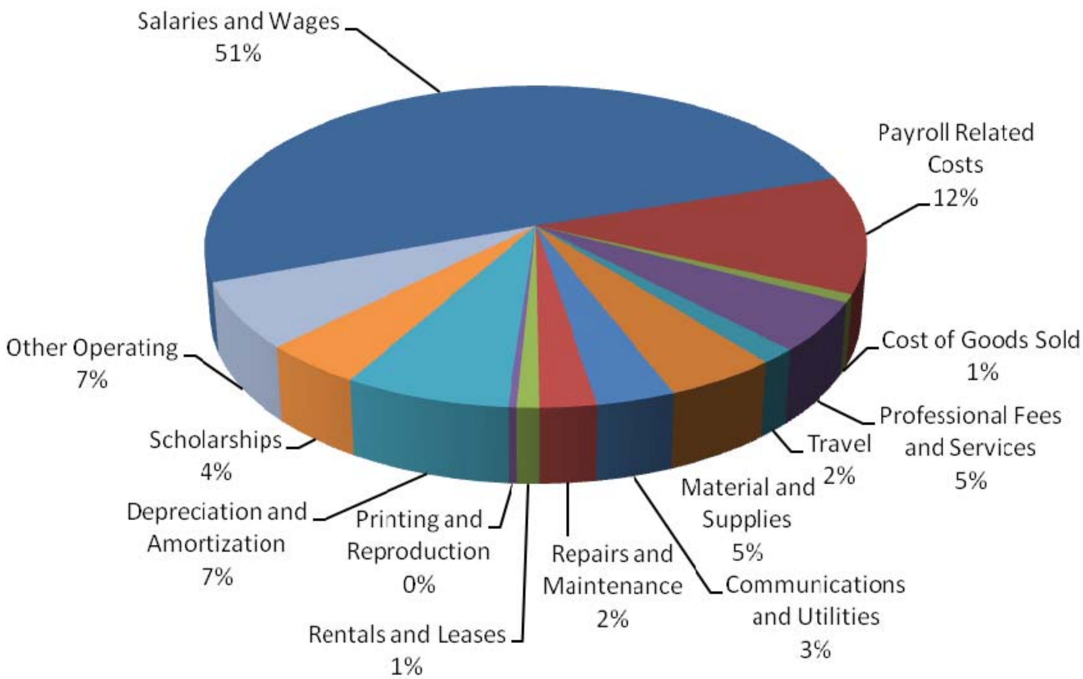
Exhibit 7
Operating Expenses by Natural Classification



STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides additional information about financial results by reporting the major sources and uses of cash. The statement provides an assessment of the institution's financial flexibility and liquidity to meet obligations as they come due and the need for external financing.

There are five sections to the statement. The first section reflects the cash flows from operating activities and net cash used by operating activities. The second section represents the cash flows from non-capital financing activities. This reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section reflects the cash flows from capital and related financing activities. This represents the cash used for the acquisition and construction of capital and related items. Section four details cash flows from investing activities. The fifth section reconciles net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets.

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

Net cash used in capital and related financing activities reflects a continuing commitment to expand and renovate facilities and to invest in equipment. Net cash provided by investing activities reflects receipts from sales and maturities of investments compared to purchases of investments. The unrealized losses from the decrease in the fair value of investments is a non-cash transaction for valuation purposes only and does not affect cash flows from investing activities.

The following table (Exhibit 8) summarizes the Systems' cash flows for the year ending August 31, 2011 and comparative information as of August 31, 2010:

Exhibit 8
Statement of Cash Flows
For the Year Ended August 31,
(In Thousands)

	2011	2010
Cash Provided/(Used) by:		
Operating Activities	$ (327,728)	$ (386,780)
Noncapital Financing Activities	412,323	501,076
Capital and Related Financing Activities	(136,927)	(111,509)
Investing Activities	(13,823)	(82,238)
Net Cash Flows	(66,155)	(79,451)
Beginning Cash and Cash Equivalents – Sept 1	530,848	610,299
Ending Cash and Cash Equivalents – Aug 31	$ 464,693	$ 530,848
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	$ (454,022)	$ (493,209)
Adjustments:		
Depreciation Expense	100,322	78,849
Bad Debt Expense	686	195
(Increase) Decrease in Accounts Receivables	(10,602)	(7,929)
(Increase) Decrease in Loans and Notes Receivable	1,924	(1,703)
(Increase) Decrease in Inventory	(24)	249
Increase (Decrease) in Due From Other Agencies	1,303	(3,697)
(Increase) Decrease in Prepaid Expenses	30,968	(11,183)
(Increase) Decrease in Other Assets	0	837
Increase (Decrease) in Accounts Payables	2,091	(2,269)
Increase (Decrease) in Payroll Payables	(3,131)	7,800
Increase (Decrease) in Deferred Revenue	7,373	36,652
Increase (Decrease) in Compensable Leave	(3,669)	4,076
Increase (Decrease) in Claims Payable	(625)	2,079
Increase (Decrease) in Due To Other Agencies	(593)	2,625
Increase (Decrease) in Other Liabilities	271	(152)

Net Cash Provided/(Used) by Operating Activities	$ (327,728)	$ (386,780)
Noncash Transactions		
Donations of Capital Assets	$ 55,449	
Net Increase (Decrease) in Fair Value of Investments	36,885	
Borrowing Under Capital Lease Purchase	98	
Other	(2,879)	
Total Noncash Transactions	$ 89,553	N/A

Capital Asset and Debt Administration

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

Capital additions totaled $123 million in 2011. The amount of fiscal year 2011 additions is based on capitalization thresholds of $5,000 for furniture and equipment, $100,000 for buildings, and $500,000 for infrastructure.

Pledged Revenues

The University System has pooled all of the revenues, with certain exceptions, to secure revenue-supported indebtedness into a system-wide pledge of Parity Obligations under the Master Resolution. The following table (Exhibit 9) summarizes the Systems' pledged revenues for the year ending August 31, 2011 and comparative information as of August 31, 2010:

Exhibit 9
Pledged Revenues

	FY 2011	FY 2010
Pledgeable Current Year Revenues	$606,785,300	$ 576,009,311
Pledgeable Fund and Reserve Balances (1)	$255,912,878	$ 221,182,551
System Pledged Revenues Total	**$ $ 862,698,178**	**$ 797,191,862**

(1) Historically, the Board has set aside certain reserve fund balances for specified University System purposes ("quasi-endowment balances"). Although such quasi-endowment balances may be available for debt service on Parity Obligations if the need arose, the University System has not included such balances in the calculation of Pledged Revenues. As of August 31, 2011, the quasi-endowment balances have a fair market value of $114.3 million.

Economic Outlook

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

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Appendix D

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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

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

"*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.

"*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.

"*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.

"*Board*" and "*Issuer*" mean the Board of Regents of Texas Tech University System, acting separately and independently for and on behalf of TTU and separately and independently for and on behalf of the Health Sciences

Center, or any successor thereto, and pursuant to authority granted in Section 55.02, Texas Education Code, to act as a board of a university system.

"*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 or 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.

"*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.

"*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.

"*Designated Financial Officer*" shall mean the Vice Chancellor and Chief Financial Officer of the University System, the Vice President for Fiscal Affairs of TTU, the Executive 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.

"*Direct Obligation*" means the proportionate share of Outstanding Parity Obligations attributable to and the responsibility of each respective participant in the Financing System.

"*Fiscal Year*" means the fiscal year of the Board which currently ends on August 31 of each year.

"*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.

"*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.

"*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.

"*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.

"*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 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.

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

"*Opinion of Counsel*" means a written opinion of counsel, which counsel shall be acceptable to the Board.

"*Outstanding*" when used with respect to Parity Obligations means, as of the date of determination, all Parity Obligations theretofore delivered under this 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 Section 12 of the Resolution or any comparable section 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 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.

"*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.

"*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.

"*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 Financing System.

"*Paying Agent*" shall mean each entity designated in a Supplement as the place of payment of a series or issue of Parity Obligations.

"*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 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 this Resolution, and including, subject to the provisions of the Prior Encumbered Obligations, the Prior Encumbered General Fee.

"*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 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.

"*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.

"*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 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.

"*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.

"*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 Resolution and such institution's faculty.

"*Practice Plan Funds*" means the Practice Plan receipts, income and fund balances of the Health Sciences Center.

"*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 Resolution and which are pledged to the payment of bonds or other obligations outstanding on the date such institution becomes a participant.

"*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 Financing System after the date of adoption of the Resolution and which are pledged to the payment of bonds or other obligations outstanding on the date such institution becomes a participant of the Financing System.

"*Prior Encumbered Obligations*" means those bonds or other obligations of an institution which becomes a participant of the Financing System after the date of adoption of the 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.

"*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 hereafter becomes a participant of the 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 Financing System.

"*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 Resolution and which are pledged to the payment of bonds or other obligations outstanding on the date such institution becomes a participant.

"*Registrar*" shall mean the entity designated in a Supplement as the Registrar of a series or issue of Parity Obligations.

"*Resolution*" or "*Master Resolution*" means the Master Resolution establishing the Financing System.

"*Revenue Financing System*" or "*Financing System*" means the "Texas Tech University System 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.

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

"*S.B. 1907*" means Senate Bill 1907 passed by the State Legislature in the Seventy-Fifth Regular Legislative Session.

"*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.

"*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.

"*Supplement*" or "*Supplemental Resolution*" means a resolution supplemental to, and authorized and executed pursuant to the terms of, the Resolution.

"*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.

"*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.

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

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

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

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

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

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

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

The Resolution allows the Board to supplement the security for Parity Obligations. This could take the form of establishing one or more reserve funds or accounts to further secure any Parity Obligations. Currently, the Board has not established a reserve fund to secure the payment of the Parity Obligations. Additionally, the Board may secure Parity Obligations with one or more Credit Agreements that are secured by Pledged Revenues.

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

Subordinate Obligations. The Board has reserved the right to issue without limit debt secured by a lien other than a lien on Pledged Revenues and debt which expressly provides that all payments thereon will be subordinated to the timely payment of all Parity Obligations.

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

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

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

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

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

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

Certain Covenants. *Rate Covenant.* The Resolution requires the Board to establish, charge, and use its reasonable efforts to collect at each Participant the Pledged Revenues which, if collected, would be sufficient to meet all financial obligations of the Board relating to the Revenue Financing System, including all deposits or payments due on or with respect to Parity Obligations. The Board has covenanted in the Resolution 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 Parity Obligations when due. See "SECURITY FOR THE BONDS-Pledge Under Master Resolution."

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; and (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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

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Appendix E

FORMS OF BOND COUNSEL OPINIONS

[Bond Counsel opinion relating to Series 2012A Bonds]

An opinion in substantially the following form will be delivered by Fulbright & Jaworski L.L.P., Bond Counsel, upon the delivery of the Series 2012A Bonds, assuming no material changes in facts or law.

FULBRIGHT
& Jaworski L.L.P.
Attorneys at Law

2200 Ross Avenue, Suite 2800 • Dallas, Texas 75201-2784
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[Closing Date]

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, Fourteenth Series (2012A), dated February 1, 2012 (the "Bonds"), in the aggregate principal amount of $163,240,000.

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 Fourteenth Supplemental Resolution, adopted by the Issuer, supplementing the Board's Master Resolution Establishing a Revenue Financing System and the resolution of the Pricing Committee adopted pursuant thereto (jointly, the "Resolutions"), authorizing the Issuer to issue, sell, and deliver the Bonds; certificates of officers of the Issuer related to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the Issuer, which are within its sole knowledge and control; and such other material and such matters of law as we deem relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such certificates.

Based upon such examination, we are of the opinion that under applicable law of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds are valid and legally binding special obligations of the Issuer payable from the sources, and enforceable in accordance with the terms and conditions, described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity.

2. The Bonds constitute "Parity Obligations" under the Resolutions and, together with Outstanding Parity Obligations and any Parity Obligations hereafter issued, assumed or incurred, are payable from and secured by a lien on and pledge of the "Pledged Revenues", as defined and provided in the Resolutions, and subject to the prior lien of any Prior Encumbered Obligations, as provided in the Resolutions.

3. Pursuant to the Internal Revenue Code of 1986, as amended and in force on the date hereof (the "Code"), and existing regulations, published rulings and court decisions thereunder, assuming continuing compliance with the provisions of the Resolutions relating to sections 141 through 150 of the Code, interest on the Bonds is excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes pursuant to section 103 of the Code, and such interest will not be included for federal income tax purposes in computing the alternative minimum taxable income of the owners thereof who are individuals.

We call to your attention that interest on the Bonds owned by a corporation (other than an "S" corporation or a qualified mutual fund, real estate mortgage investment conduit, financial asset securitization investment trust ("FASIT") or real estate investment trust) is includable in its adjusted current earnings for purposes of calculating its alternative minimum taxable income. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code is computed.

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

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

[Bond Counsel opinion relating to Taxable Series 2012B Bonds]

An opinion in substantially the following form will be delivered by Fulbright & Jaworski L.L.P., Bond Counsel, upon the delivery of the Taxable Series 2012B Bonds, assuming no material changes in facts or law.

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[Closing Date]

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 Bonds, Fifteenth Series (Taxable 2012B), dated February 1, 2012 (the "Bonds"), in the aggregate principal amount of $27,585,000.

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 Fifteenth Supplemental Resolution, adopted by the Issuer, supplementing the Board's Master Resolution Establishing a Revenue Financing System and the resolution of the Pricing Committee adopted pursuant thereto (jointly, the "Resolutions"), authorizing the Issuer to issue, sell, and deliver the Bonds; certifications and opinions of officers of the Issuer relating to certain facts within the knowledge and control of the Issuer; and such other material and such matters of law as we deem relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such certificates.

Based upon such examination, we are of the opinion that under applicable laws of the State of Texas in force and effect on the date hereof:

1. The Bonds are valid and legally binding special obligations of the Issuer payable from the sources, and enforceable in accordance with the terms and conditions, described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity.

2. The Bonds constitute "Parity Obligations" under the Resolutions and, together with Outstanding Parity Obligations and any Parity Obligations hereafter issued, assumed or incurred, are payable from and secured by a lien on and pledge of the "Pledged Revenues", as defined and provided in the Resolutions, and subject to the prior lien of any Prior Encumbered Obligations, as provided in the Resolutions.

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

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