OFFICIAL STATEMENT

NEW ISSUE - BOOK ENTRY ONLY

Ratings:
Fitch: “AA+” (stable outlook)
Moody’s: “Aa1” (stable outlook)
S&P: “AA” (positive outlook)
See “RATINGS” herein

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

$73,255,000
BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM
REVENUE FINANCING SYSTEM
REFUNDING AND IMPROVEMENT BONDS
SIXTEENTH SERIES (2015A)

Dated: Date of Delivery **Due: As shown on page ii**

The Board of Regents of Texas Tech University System Revenue Financing System Refunding and Improvement Bonds, Sixteenth Series (2015A) (the “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 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 Sixteenth Supplemental Resolution adopted by the Board on December 12, 2014, as amended on March 6, 2015, and a resolution approved by the Pricing Committee on March 17, 2015. The Bonds are payable from and secured solely by the Pledged Revenues (as defined herein) of the University System Revenue Financing System. The Bonds are Parity Obligations (as defined herein). See “SECURITY FOR THE BONDS.”

The proceeds from the sale of the 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 “Refunded Bonds”), and (iv) paying the costs of issuance of the Bonds. See “PLAN OF FINANCE” and “Schedule I –REFUNDED BONDS.”

Interest on the 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 Bonds is payable on August 15, 2015, and each February 15 and August 15 thereafter until maturity or prior redemption. Principal of the Bonds will be payable on the dates and in the amounts shown on page ii. The 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 Bonds may be acquired in denominations of $5,000 or multiples thereof within a maturity. No physical delivery of the Bonds will be made to the purchasers thereof. Interest on and principal of the Bonds will be payable by BOKF, NA dba 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 Bonds. See “DESCRIPTION OF THE BONDS—Book-Entry Only System.”

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

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

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

The Bonds are offered when, as, and if issued, subject to approval of legality by the Attorney General of the State of Texas and the opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Andrews Kurth LLP, Austin, Texas. The Bonds are expected to be available for delivery through DTC on or about April 9, 2015.

CITIGROUP **RBC CAPITAL MARKETS**
J.P. MORGAN **SIEBERT BRANDFORD SHANK & CO., LLC**

Dated: March 17, 2015

MATURITY SCHEDULE

$69,250,000 Serial Bonds

Maturity Date	Maturing Amount	Interest Rate	Initial Yield	CUSIP Numbers[1]
2/15/2016	$815,000	2.000%	0.200%	882806 DL3
2/15/2017	1,445,000	2.000%	0.660%	882806 DM1
2/15/2018	2,495,000	3.000%	1.070%	882806 DN9
2/15/2019	2,450,000	4.000%	1.370%	882806 DP4
2/15/2020	2,600,000	4.000%	1.560%	882806 DQ2
2/15/2021	2,690,000	3.000%	1.780%	882806 DR0
2/15/2022	1,855,000	3.000%	2.030%	882806 DS8
2/15/2023	1,935,000	5.000%	2.170%	882806 DT6
2/15/2024	2,035,000	5.000%	2.320%	882806 DU3
2/15/2025	2,135,000	5.000%	2.430%	882806 DV1
2/15/2026	2,245,000	5.000%	2.560%[2]	882806 DW9
2/15/2027	4,825,000	2.900%	2.900%	882806 DX7
2/15/2028	4,990,000	3.100%	3.100%	882806 DY5
2/15/2029	5,885,000	3.250%	3.250%	882806 DZ2
2/15/2030	6,335,000	3.350%	3.350%	882806 EA6
2/15/2031	5,930,000	3.250%	3.430%	882806 EB4
2/15/2032	5,600,000	5.000%	2.980%[2]	882806 EC2
2/15/2033	5,885,000	5.000%	3.020%[2]	882806 ED0
2/15/2034	6,190,000	5.000%	3.060%[2]	882806 EE8
2/15/2035	910,000	5.000%	3.100%[2]	882806 EF5

$4,005,000 3.625% Term Bonds, due February 15, 2040, Yield 3.730%, CUSIP No. 882806 EG3[1]

(interest to accrue from date of delivery)

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

(2) Yield calculated to first optional redemption date of February 15, 2025. See "DESCRIPTION OF THE BONDS - Redemption - Optional Redemption"

BOARD OF REGENTS OF THE TEXAS TECH UNIVERSITY SYSTEM

Name	Residence	Term Expiration[(1)]
Mr. Mickey L. Long, Chairman	Midland	January 31, 2015[(2)]
Mr. Larry K. Anders, Vice Chairman	Dallas	January 31, 2017
Ms. Nancy Neal	Lubbock	January 31, 2015[(2)]
Mr. John B. Walker	Houston	January 31, 2015[(2)]
Ms. Debbie Montford	San Antonio	January 31, 2017
Mr. John D. Steinmetz	Lubbock	January 31, 2017
Mr. John D. Esparza	Austin	January 31, 2019
Mr. L. Frederick "Rick" Francis	El Paso	January 31, 2019
Mr. Tim Lancaster	Abilene	January 31, 2019
Mr. Coby Ray	San Angelo	May 31, 2015[(3)]

(1) The actual expiration date of the term depends on the date the successor is appointed, qualified and takes the oath of office.

(2) Christopher M. Huckabee and Ron Hammonds have been appointed as members of the Board to succeed Nancy Neal and John Walker, and Mickey L. Long has been reappointed as a member of the Board, all with terms expiring February 1, 2021. Such appointments are subject to the approval of the Texas Senate and taking the oath of office. The actual expiration date of the term depends on the date the successor is appointed, qualified, and takes the oath of office.

(3) Student Regent. Current state law does not allow a Student Regent to vote on any matter before the Board.

PRINCIPAL ADMINISTRATORS

Name	Title
Mr. Robert L. Duncan	Chancellor
Mr. Jim Brunjes	Vice Chancellor and Chief Financial Officer
Dr. M. Duane Nellis	President (Texas Tech University)
Dr. Tedd L. Mitchell	President (Texas Tech University Health Sciences Center)
Dr. Brian J. May	President (Angelo State University)
Dr. Richard A. Lange	President (Texas Tech University Health Sciences Center at El Paso)

CONSULTANTS

Financial Advisor	Bond Counsel
First Southwest Company, LLC	Norton Rose Fulbright US LLP
Dallas, Texas	Dallas, Texas

For additional information regarding the University System, please contact:

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(806) 742-9000

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

SALE AND DISTRIBUTION OF THE BONDS

Use of Official Statement

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

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

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

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

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

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

Marketability

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

Securities Laws

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

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

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OFFICIAL STATEMENT
relating to
$73,255,000
BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM
REVENUE FINANCING SYSTEM
REFUNDING AND IMPROVEMENT BONDS
SIXTEENTH SERIES (2015A)

INTRODUCTION

This Official Statement, which includes the cover page 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, Sixteenth Series (2015A)" (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"), Angelo State University ("Angelo State") and Texas Tech University Health Sciences Center at El Paso (the "Health Sciences Center at El Paso"). The University, the Health Sciences Center, Angelo State and the Health Sciences Center at El Paso were established pursuant to the provisions of the Constitution and the laws of the State of Texas (the "State") as institutions of higher education. Pursuant to a Master Resolution adopted by the Board on October 21, 1993 and amended on November 8, 1996 and August 22, 1997 (as amended, the "Master Resolution"), the Board created the University System Revenue Financing System (the "Revenue Financing System") for the purpose of providing a system-wide financing structure for revenue-supported indebtedness to reduce costs, increase borrowing capacity, provide additional security to the credit markets and provide the Board with increased financial flexibility. Currently, the University, the Health Sciences Center, Angelo State and the Health Sciences Center at El Paso are the only Participants in the Revenue Financing System. Pursuant to the Master Resolution, the Board has, with certain exceptions, combined all of the revenues, funds and balances attributable to any Participant in the Revenue Financing System that may lawfully be pledged to secure the payment of revenue supported debt obligations and has pledged those sources as Pledged Revenues to secure the payment of revenue supported debt obligations of the Board incurred as Parity Obligations under the Master Resolution. See "SECURITY FOR THE BONDS — The Revenue Financing System" and "Appendix D — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

This Official Statement contains summaries and descriptions of the plan of finance, the Resolution (defined herein), the Bonds, the Board, the University System, the University, the Health Sciences Center, Angelo State, the Health Sciences Center at El Paso and other related matters. All references to and descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Mr. 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 Bonds are being issued pursuant to the Master Resolution, a Sixteenth Supplemental Resolution adopted by the Board on December 12, 2014, as amended on March 6, 2015, and a resolution approved by the Pricing Committee on March 17, 2015 (the Sixteenth Supplemental Resolution and the Pricing Committee resolution are jointly referred to herein as the "Sixteenth Supplemental Resolution").

In addition to the Bonds, pursuant to a Purchase Agreement executed on March 17, 2015, the Board authorized the issuance of its Revenue Financing System Refunding and Improvement Bonds, Seventeenth Series (Taxable 2015B) (the "Series 2015B Bonds"), in the aggregate principal amount of $245,315,000 to construct improvements for the University System and to refund certain long-term and short-term Parity Obligations. The Board expects to deliver the Series 2015B Bonds on or about April 9, 2015. The Bonds and the Series 2015B Bonds will be the sixteenth series and seventeenth 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

The Bonds are being issued for the purposes of: (i) acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure for the University System, (ii) refunding $62,790,000 of the "Board of Regents of Texas Tech University System Revenue Financing System Commercial Paper Notes, Series A" (the "Commercial Paper Notes"), (iii) currently refunding certain of the Board's Outstanding Parity Obligations, as more particularly described in Schedule I attached hereto (the "Refunded Bonds"), and (iv) paying the costs of issuance of the Bonds. The Commercial Paper Notes constitute Parity Obligations under the terms of the Master Resolution. See "SECURITY FOR THE BONDS - The Revenue Financing System."

Refunded Bonds

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

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

By the deposit of cash with the Refunded Bonds Paying Agent, the Board will have effected the defeasance of all of the 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 Refunded Bonds will be outstanding only for the purpose of receiving payments from the cash held for such purpose by the Refunded Bonds Paying Agent and such 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 Sixteenth Supplemental Resolution provides that from the proceeds of the sale of the Bonds received from the Underwriters thereof, together with other available funds of the Board, the Board will deposit with Deutsche Bank Trust Company Americas, in its capacity as the issuing and paying agent for the Refunded Notes (the "CP Issuing and Paying Agent"), the amount necessary to accomplish the discharge, defeasance and final payment of $62,790,000 of Outstanding Commercial Paper Notes (the "Refunded Notes") in accordance with the terms of the supplemental resolution authorizing the issuance thereof. Thereafter, the Refunded Notes, together with interest due thereon, will be paid on the scheduled maturity dates therefor, from the amounts deposited with the CP Issuing and Paying Agent. The amounts so deposited with the CP Issuing and Paying Agent will be in the form of cash and will be sufficient to provide for the payment of the principal of and interest on the Refunded Notes when due.

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

SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount	$73,255,000.00
Net Original Issue Premium	5,701,809.85
Total Sources of Funds	$78,956,809.85
Uses of Funds	
Deposit to Project Construction Fund	$15,427,000.00
Deposit with Refunded Bonds Paying Agent	247,992.08
Deposit to Refund the Refunded Notes	62,790,000.00
Costs of Issuance[(1)]	491,817.77
Total Uses of Funds	$78,956,809.85

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

DESCRIPTION OF THE BONDS

General

The Bonds will be dated and will accrue interest from their date of delivery. Further, the 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 Bonds will be calculated on the basis of a 360 day year composed of twelve 30 day months. Interest on the Bonds is payable on August 15, 2015 and each February 15 and August 15 thereafter until maturity or prior redemption. The 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 BOKF, NA dba 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

Optional Redemption. The Bonds scheduled to mature on and after February 15, 2026 are subject to redemption prior to maturity at the option of the Board on February 15, 2025, or on any date thereafter, in whole or in part, in principal amounts of $5,000 or any multiple thereof (and, if in part, the particular Bonds or portion thereof to be redeemed shall be selected by the Board) at a price of 100% of the principal amount plus accrued interest to the redemption date.

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

Mandatory Sinking Fund Redemption. The Bonds scheduled to mature on February 15, 2040 (the "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 Term Bonds or portions thereof to be redeemed to be selected and designated by the Board (provided that a portion of a 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:

Bonds Maturing February 15, 2040

Redemption Date	Principal Amount
February 15, 2036	$745,000
February 15, 2037	770,000
February 15, 2038	800,000
February 15, 2039	830,000
February 15, 2040 (maturity)	860,000

The principal amount of the 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 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 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 Term Bonds is determined by a book entry at a securities depository for the Term Bonds, if fewer than all of the Term Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Term Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Board and the securities depository.

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

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

Paying Agent/Registrar

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

Defeasance

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

As described in "Appendix A — TEXAS TECH UNIVERSITY SYSTEM – General Description – 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 2015B Bonds will be used for such refunding purpose. 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.

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

	2014	2013	2012	2011	2010
Available Pledged Revenues Not Including Fund Balances[(1)]	$ 723,525	$ 681,302	$ 690,725	$ 606,785	$ 576,009
Pledgeable Unappropriated Funds and Reserve Balances [(2)]	574,224	522,776	443,256	375,363	330,153
Total Pledged Revenues	$ 1,297,749	$ 1,204,079	$1,133,982	$982,148	$906,162

(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.

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

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

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

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

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Outstanding Parity Obligations

Upon delivery of the Bonds on the expected delivery date shown on the 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	$ -
Revenue Financing System Refunding and Improvement Bonds, Tenth Series (2006) (2)	11,320,000
Revenue Financing System Refunding and Improvement Bonds, Twelfth Series (2009)(2)	102,210,000
Revenue Financing System Refunding and Improvement Bonds, Fourteenth Series (2012A)(2)	148,105,000
Revenue Financing System Refunding and Improvement Bonds, Fifteenth Series (2012B)(2)	25,540,000
ASU Note(2)(3)	7,030,000
The Bonds(2)	73,255,000
Series 2015B Bonds(2)	245,315,000
Total	$612,775,000

(1) Excludes the Refunded Bonds in the principal amount of $245,000, the Refunded Notes in the principal amount of $62,790,000, and the long-term and short-term Parity Obligations and the Angelo State Parity Debt to be refunded by the Series 2015B Bonds.

(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 $24,135,306 during fiscal year 2015. 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 cancelled and discharged upon that portion of the Angelo State Parity Debt to be refunded by the Series 2015B Bonds. 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(3)*	The Bonds*		Series 2015B Bonds*		Total Annual Debt Service on Parity Obligations
			Principal	Interest(4)	Principal	Interest(4)	
2015	$55,056,496	$3,703,235	-	$994,405	$15,000.00	$1,946,408	$54,309,074
2016	53,013,614	9,638,314	$815,000	2,833,006	8,305,000	6,206,762	61,535,069
2017	52,738,450	21,479,876	1,445,000	2,810,406	20,385,000	5,922,320	61,821,300
2018	52,136,309	23,826,903	2,495,000	2,758,531	23,820,000	5,661,009	63,043,946
2019	49,924,510	22,301,279	2,450,000	2,672,106	22,810,000	5,287,212	60,842,550
2020	49,905,476	22,288,251	2,600,000	2,571,106	22,860,000	4,840,979	60,489,310
2021	49,614,496	22,302,240	2,690,000	2,478,756	20,870,000	4,346,031	57,697,043
2022	40,954,196	16,001,450	1,855,000	2,410,581	15,665,000	3,885,105	48,768,432
2023	34,775,278	15,992,075	1,935,000	2,334,381	16,095,000	3,455,694	42,603,278
2024	34,087,207	15,963,325	2,035,000	2,235,131	16,570,000	2,995,323	41,959,337
2025	34,064,713	15,968,325	2,135,000	2,130,881	17,050,000	2,505,474	41,917,744
2026	34,044,197	15,959,575	2,245,000	2,021,381	10,965,000	2,079,143	35,395,147
2027	26,628,574	8,911,700	4,825,000	1,895,294	7,780,000	1,775,542	33,992,710
2028	24,919,595	7,200,700	4,990,000	1,747,986	6,310,000	1,534,589	32,301,471
2029	18,232,587	7,190,950	5,885,000	1,575,010	5,630,000	1,320,244	25,451,891
2030	14,837,871	3,788,788	6,335,000	1,373,268	2,890,000	1,160,483	22,807,833
2031	14,820,665	3,782,875	5,930,000	1,170,794	3,005,000	1,044,882	22,188,465
2032	9,452,500	1,179,750	5,600,000	934,431	3,125,000	924,673	18,856,854
2033	9,449,834	1,181,250	5,885,000	647,306	3,255,000	799,561	18,855,451
2034	8,268,081	-	6,190,000	345,431	2,250,000	691,608	17,745,120
2035	8,270,175	-	910,000	167,931	2,340,000	601,598	12,289,704
2036	8,269,900	-	745,000	131,678	1,095,000	532,869	10,774,447
2037	4,456,494	-	770,000	104,219	1,145,000	486,142	6,961,855
2038	4,454,694	-	800,000	75,763	1,190,000	437,434	6,957,890
2039	2,221,600	-	830,000	46,219	1,240,000	386,744	4,724,563
2040	2,222,600	-	860,000	15,588	1,295,000	333,864	4,727,052
2041	2,220,400	-	-	-	1,350,000	278,690	3,849,090
2042	-	-	-	-	1,410,000	221,116	1,631,116
2043	-	-	-	-	1,470,000	161,039	1,631,039
2044	-	-	-	-	1,530,000	98,459	1,628,459
2045	-	-	-	-	1,595,000	33,272	1,628,272
	$699,040,512	$238,660,860	$73,255,000	$38,481,591	$245,315,000	$61,954,269	$879,385,512

* A portion of such Outstanding Parity Obligations and a portion of the Bonds constitute Tuition Revenue Bonds that qualify the University System to be reimbursed from State appropriations for debt service payments in the amount of $24,135,306 during fiscal year 2015. 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 Refunded Bonds, the long-term Parity Obligations being refunded by the Series 2015B Bonds, and the Angelo State Parity Debt. See "PLAN OF FINANCE" and "SECURITY FOR THE BONDS - Outstanding Parity Obligations" herein.

(3) Comprised of debt service on the Refunded Bonds, $245,000 in principal amount of long-term Parity Obligations being refunded by the Series 2015A Bonds, and $17,550,000 in principal amount of the Refunded Angelo State Parity Debt.

(4) Totals of these columns do not calculate exactly due to rounding of pennies for purposes of this table.

FUTURE CAPITAL IMPROVEMENT PLANS

In addition to the projects to be financed with the proceeds of the Bonds and the Series 2015B 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 $400 million may require financing or partial financing in the next five years. The University System may consider other construction projects as well. This estimate does not include Tuition Revenue Bonds, which may be authorized in the future by the State Legislature. There are no outstanding Tuition Revenue Bond authorizations at this time.

ABSENCE OF LITIGATION

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

CONTINUING DISCLOSURE OF INFORMATION

Continuing Disclosure Undertaking of the Board

In the Sixteenth Supplemental Resolution, the Board has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The Board has agreed that, so long as the Board is an "obligated person" under Rule 15c2-12 of the 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 is 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 2015.

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

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

Notice of Certain Events

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

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

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

Availability of Information

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

Limitations and Amendments

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

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

Compliance with Prior Undertakings

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 failed to comply with respect to the filing of certain financial information due February 28, 2010. Such filing was not timely filed with the MSRB, and was filed on April 20, 2010. Additionally, on December 5, 2012, Fitch Ratings upgraded the University System's underlying rating from AA to AA+. Notice of this event was filed with EMMA on October 9, 2014, approximately 22 months after it occurred. The Board has implemented procedures to ensure timely filing of, and inclusion of required identifying information in connection with, all future financial information filings.

LEGAL MATTERS

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

Tax Exemption. The delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the 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 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 Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the Board with the provisions of the Sixteenth Supplemental Resolution subsequent to the issuance of the Bonds. The Sixteenth Supplemental Resolution contains covenants by the Board with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the 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 Bonds to be includable in the gross income of the owners thereof for Federal income taxes from date of the issuance of the Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Board described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the University System as the "taxpayer," and the Owners of the 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 Bonds, the University System may have different or conflicting interests from the Owners. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the 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 Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

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

Tax Accounting Treatment of Discount and Premium on Certain Bonds. The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such 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 Bonds described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount

Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

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

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

The initial public offering price of certain Bonds (the "Premium Bonds") may be greater than the amount payable on such 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 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 Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

LEGAL INVESTMENTS IN TEXAS

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

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

RATINGS

Fitch Ratings ("Fitch"), Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") have assigned ratings of "AA+" (stable outlook), "Aa1" (stable outlook) and "AA" (positive outlook), respectively, to the Bonds.

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

FINANCIAL ADVISOR

First Southwest Company, LLC 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

Citigroup Global Markets Inc., as representative of the Underwriters of the Bonds, has agreed, subject to certain customary conditions to delivery, to purchase the Bonds from the Board at a price equal to $78,669,623.10, which is equal to the principal amount of the Bonds, plus a net original issue premium of $5,701,809.85 and less an underwriting discount of $287,186.75. The Underwriters of the Bonds will be obligated to purchase all of the Bonds if any Bonds are purchased. The 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 Bonds.

Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Bonds.

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

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

Schedule I

REFUNDED BONDS

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	2/15/2016	5.25%	$4,970,000	$25,000
	2/15/2017	5.25%	5,240,000	25,000
	2/15/2018	5.25%	5,525,000	30,000
	2/15/2019	5.25%	5,820,000	30,000
	2/15/2020	5.00%	6,130,000	30,000
	2/15/2021	5.00%	6,435,000	35,000
	2/15/2022	5.00%	6,770,000	35,000
	2/15/2023	5.00%	7,120,000	35,000

Redemption Date: May 11, 2015, 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. The establishment of the Texas Tech University System (the "University System") in 1999 by the 76th Texas Legislature formally brought two then-existing state institutions, the Texas Tech University (the "University") and the Texas Tech University Health Sciences Center (the "Health Sciences Center"), under the governance, control, jurisdiction and management of the newly formed Board of Regents of Texas Tech University System (the "Board") and the Texas Tech University System Administration ("System Administration"). From time to time, such other institutions and entities may be assigned by specific legislation to the governance, control, jurisdiction and management of the University System. Accordingly, in the 2007 80th Legislature, Regular Session, passed H.B. 3564, transferring Angelo State University ("Angelo State) from the Texas State University System to the University System, and in the 2013 83rd Legislature, Regular Session, S.B. 120 created the Texas Tech University Health Sciences Center at El Paso (the "Health Sciences Center at El Paso") as a stand-alone fourth component institution. The Health Sciences Center at El Paso had been previously structured as an existing Health Sciences Center regional campus. Currently, the University, the Health Sciences Center, Angelo State, and the Health Sciences Center at El Paso are the only 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.

System Administration. The Texas Education Code requires the Board to establish a central administration office of the University System to provide oversight and coordination of the activities of all of the parts of the University System. The Board is required to appoint a chief executive officer (the "Chancellor") who directs the operations of the System Administration and is responsible for carrying out policies determined by the Board. The Chancellor is assisted by the Vice Chancellor 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 Policy and Planning, the President of the University, the President of the Health Sciences Center, the President of Angelo State, and the President of the Health Sciences Center at El Paso.

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

The President of the Health Sciences Center directs the operations of the Health Sciences Center and is assisted by the Executive Vice President for Finance and Administration, 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.

The President of the Health Sciences Center at El Paso directs the operations of the Health Sciences Center at El Paso and is assisted by Provost and Vice President for Academic Affairs, Chief Financial Officer, Interim Chief Information Officer and Assistant Vice President, Assistant Vice President for Research, Dean of the Paul L. Foster School of Medicine, Dean of the Gayle Greve Hunt School of Nursing, and the Associate Dean for Regional Graduate School of Biomedical Sciences.

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

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

Mr. 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. M. Duane Nellis was named President of the University on March 22, 2013, and began serving as president in June 2013. Dr. Nellis was previously President of the University of Idaho (2009-2013), Idaho's land grant and flagship university. He graduated from Montana State University in 1976 with a bachelor's degree in Geography, and obtained his Ph.D. in 1980 from Oregon State. Dr. Nellis served in various roles at Kansas State, lastly as Associate Dean for Arts & Sciences from 1994 to 1997. From 1997 to 2004, he served as Dean of Arts & Sciences at West Virginia University, then as Provost and Senior VP at Kansas State. Dr. Nellis has served or is serving in various national capacities. In September 2013, he was appointed to the executive committee of the Texas Council of Public University Presidents and Chancellors and in February 2014 was asked to serve on the national executive committee of the APLU Commission on Innovation, Competitiveness and Economic Prosperity. In October 2014, he was appointed to the APLU Task Force on Managing University Intellectual Property.

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

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

Component Institutions. Set forth below is a summary description of the University System's component institutions, comprised of two academic institutions and two health sciences centers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Health Sciences Center. In 1969, the 61st Texas Legislature authorized the creation of the Texas Tech University School of Medicine as a separate educational multi-campus institution 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 order 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 and Odessa, 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'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, the Permian Basin and Amarillo. 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, and the Permian Basin. In 1999, the School of Nursing initiated a web-based RN to BSN option for registered nurses pursuing a baccalaureate degree while working full-time. The program is offered nationally. Another option for individuals with a degree in another discipline 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 degree. 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. The 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. An 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, and Abilene. Pending the establishment of a Graduate School of Biomedical Sciences at the Health Sciences Center at El Paso, the Health Sciences Center will continue enrolling and educating students within its own Graduate School of Biomedical Sciences in the El Paso region.

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

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

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

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

Total Headcount Enrollment Information					
Institutions:	Fall 2014	Fall 2013	Fall 2012	Fall 2011	Fall 2010
The University	35,115	33,111	32,480	32,327	31,637
The Health Sciences Centers	4,931	4,519	4,370	4,094	3,754
Angelo State	6,594	6,536	6,888	7,084	6,856
Total	46,640	44,166	43,738	43,505	42,247

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

Undergraduate Headcount Enrollment Information					
Institutions:	Fall 2014	Fall 2013	Fall 2012	Fall 2011	Fall 2010
The University	28,589	27,044	26,494	26,063	25,462
The Health Sciences Centers	1,442	1,346	1,305	1,154	972
Angelo State	5,525	5,546	6,008	6,267	6,155
Total	35,556	33,936	33,807	33,484	32,589

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

Graduate & Professional Headcount Enrollment Information					
Institutions:	Fall 2014	Fall 2013	Fall 2012	Fall 2011	Fall 2010
The University	6,526	6,067	5,986	6,264	6,175
The Health Sciences Centers	3,489	3,173	3,065	2,940	2,782
Angelo State	1,069	990	880	817	701
Total	11,084	10,230	9,931	10,021	9,658

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

Total Full-Time Equivalent Enrollment Information					
Institutions:	Fall 2014	Fall 2013	Fall 2012	Fall 2011	Fall 2010
The University	31,619	29,895	28,385	28,356	27,173
The Health Sciences Centers	4,476	4,117	3,972	3,695	3,336
Angelo State	5,930	5,970	6,292	6,466	6,300
Total	42,025	39,982	38,649	38,517	36,809

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Admissions and Matriculation

Set forth below is the information relating to admissions and matriculation for Texas Tech University System for the general academic institutions (other than the Health Sciences Center and Health Sciences Center at El Paso) for each of the last five fall semesters:

Admissions and Matriculation Information

	2014	%	2013	%	2012	%	2011	%	2010	%
Freshman:										
Applications Submitted	25,519		21,922		20,639		20,656		19,486	
Applications Accepted	17,427	68.3	14,925	68.1	14,445	70.0	14,498	70.2	14,700	75.4
Matriculation	6,902	39.6	6,005	40.2	5,966	41.3	5,921	40.8	6,335	43.1
Matriculation from outside state	509	7.4	325	5.4	663	11.1	576	9.7	505	8.0
Transfers:										
Applications Submitted	6,139		5,625		5,264		5,493		5,399	
Applications Accepted	4,975	81.0	4,523	80.4	4,347	82.6	4,420	80.5	4,387	81.3
Matriculation	3,264	65.6	3,119	69.0	2,963	68.2	2,936	66.4	2,914	66.4
Matriculation from outside state	298	9.1	274	8.8	291	9.8	254	8.7	239	8.2
Graduates:										
Applications Submitted	8,094		5,303		6,083		6,112		6,807	
Applications Accepted	3,864	47.7	2,804	52.9	2,803	46.1	2,728	44.6	3,240	47.6
Matriculation	2,053	53.1	2,028	72.3	1,742	62.1	1,679	61.5	1,823	56.3
Matriculation from outside state	841	41.0	583	28.7	453	26.0	317	18.9	423	23.2

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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, 2014. The University System's unaudited primary financial statements consist of the Statement of Net Assets as of August 31, 2014; the Statement of Revenues, Expenses and Changes in Net Assets for the Year Ended August 31, 2014; and the Statement of Cash Flows for the Year Ended August 31, 2014. 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, 2010 through 2014.

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

Assets:	**2014**	**2013**	**2012**	**2011**	**2010**
Current Assets	$685,715	$770,743	$771,813	$727,951	$723,306
Capital Assets, Net	1,451,533	1,402,227	1,413,353	1,357,096	1,236,086
Other Assets	1,722,154	1,377,298	1,216,368	1,247,514	1,161,920
Total Assets	$3,859,402	$3,550,268	$3,400,730	$3,332,561	$3,121,312
Liabilities:					
Current Liabilities	$506,421	$409,312	$375,911	$432,643	$406,583
Non-Current Liabilities	505,953	537,257	570,256	479,301	504,587
Total Liabilities	$1,012,374	$946,569	$946,167	$911,944	$911,170
Net Assets:					
Invested in Capital Assets, Net of Related Debt	$885,550	$853,461	$862,710	$842,500	$745,619
Restricted					
Expendable	466,768	410,257	369,077	329,459	281,744
Non-Expendable	622,048	581,048	540,938	607,566	611,227
Unrestricted	872,662	758,933	681,838	641,092	571,552
Total Net Assets	$2,847,028	$2,603,699	$2,454,563	$2,420,617	$2,210,142
Liabilities and Net Assets	$3,859,402	$3,550,268	$3,400,730	$3,332,561	$3,121,312

For more detailed information, see "Appendix B - TEXAS TECH UNIVERSITY SYSTEM CONSOLIDATED ANNUAL FINANCIAL REPORT—Statement of Net Assets as of August 31, 2014."

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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 2010 through 2014.

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

	2014	Restated 2013	Restated 2012	2011	2010
Operating Revenues					
Tuition and Fees	$ 14,561	$ 14,843	$ 7,684	$ 7,294	$ 7,245
Tuition and Fees: Pledged	430,453	418,438	416,376	376,249	320,787
Less Discounts and Allowances	(94,900)	(85,340)	(87,314)	(72,865)	(52,522)
Professional Fees	243,532	229,673	221,496	238,310	220,756
Professional Fees: Pledged	1,023	1,084	1,384		
Sales and Services of Auxiliary Enterprises: Pledged	144,636	134,543	127,435	112,352	103,094
Other Sales and Services	5,621	5,548	3,413	3,225	2,056
Other Sales and Services: Pledged	12,028	12,126	10,385	10,528	14,077
Federal Grants and Contracts	61,333	55,731	55,227	60,287	57,134
Federal Grants and Contracts: Pledged	4,984	4,938	4,621	4,387	3,732
Federal Pass-Through (net of administrative costs)	4,989	5,171	5,409	8,080	9,071
State Grants and Contracts	4,310	2,406	6,971	9,238	4,692
State Grants and Contracts: Pledged	392	441	558	265	377
State Pass-Through	44,443	36,297	29,868	39,430	36,036
Local Government Grants and Contracts	33,731	45,150	51,599	50,640	66,146
Local Government Grants and Contracts: Pledged	1,244	1,233	1,168	1,178	1,271
Nongovernmental Grants and Contracts	143,927	121,527	102,736	90,996	70,679
Nongovernmental Grants and Contracts: Pledged	2,537	2,615	2,173	2,223	2,491
Other Revenue	26,822	17,634			
Total Operating Revenues	**$ 1,085,666**	**$ 1,024,058**	**$ 961,189**	**$ 941,817**	**$ 867,122**
Operating Expenses					
Cost of Goods Sold	$ 13,860	$ 13,368	$ 11,783	$ 11,031	$ 10,717
Salaries and Wages	802,350	752,005	714,429	704,582	690,968
Payroll Related Costs	194,159	176,780	164,254	164,883	159,247
Professional Fees and Services	64,091	63,000	58,923	70,643	72,679
Travel	31,104	27,902	23,953	21,509	22,824
Materials and Supplies	71,871	67,367	68,019	67,648	70,348
Communications and Utilities	49,670	48,548	46,806	47,665	44,065
Repairs and Maintenance	37,706	37,639	33,957	34,391	36,327
Rentals and Leases	13,076	13,718	14,315	13,229	11,528
Printing and Reproduction	4,949	5,097	5,054	5,406	6,423
Federal Grant Pass Through Expense	1,503	1,576	1,229	4,060	
State Grant Pass Through Expense	473	520	514	117	
Depreciation and Amortization	125,461	121,511	113,594	100,322	78,849
Bad Debt Expense	262	724	1,169	686	195
Interest	23	11	14	16	27
Scholarships	67,587	65,019	74,215	60,896	53,596
Claims and Judgements	2,155	754	1,113	2,027	
Other Operating Expenses	107,285	103,125	77,443	86,728	102,540
Total Operating Expenses	**$ 1,587,585**	**$ 1,498,665**	**$ 1,410,785**	**$ 1,395,839**	**$ 1,360,333**
Operating Income (Loss)	**$ (501,918)**	**$ (474,607)**	**$ (449,596)**	**$ (454,022)**	**$ (493,211)**

Statement of Revenues, Expenses and Changes in Net Position (Unaudited) Continued					
	2014	**Restated 2013**	**Restated 2012**	**2011**	**2010**
Non-operating Revenues (Expenses)					
Legislative Revenue	$ 422,207	$ 355,250	$ 373,528	$ 384,305	$ 379,596
Federal Grants and Contracts	45,225	41,132	45,246	47,661	42,827
Federal Grants Pass Throughs	-	-	-	8,341	18,485
State Grants Pass Throughs from Other State Agencies	38	45	2	-	-
Private Gifts	42,625	56,926	60,698	4,641	49,829
Private Gifts: Pledged	6,168	901	4,011	47,442	6,108
Investment Income	86,231	40,255	9,749	40,699	47,794
Investment Income: Pledged	27,065	20,277	10,191	8,606	7,869
Interest Expense on Capital Asset Financing	(21,249)	(24,707)	(24,016)	(21,468)	(23,282)
Loss on Sale and Disposal of Capital Assets	(1,172)	(2,067)	(1,118)	(2,171)	(6,717)
Net Increase (Decrease) in Fair Value of Investments	48,154	29,496	20,344	36,885	31,595
Other Non-operating Revenues (Expenses)	12,269	8,149	9,663	19,202	4,805
Other Non-operating Revenues (Expenses): Pledged	-1,512	2,936	1,322	2,631	5,266
Total Non-Operating Revenues (Expenses)	**$ 666,049**	**$ 528,592**	**$ 509,620**	**$ 576,774**	**$ 564,175**
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	**$ 164,130**	**$ 53,985**	**$ 60,024**	**$ 122,751**	**$ 70,964**
Other Revenues, Expenses, Gains, Losses and Transfers					
Capital Appropriations (HEF)	$44,653	$44,653	$44,653	$44,653	$45,969
Capital Contributions	3,871	3,182	11,676	55,449	61,119
Lapsed Appropriations	(3)	(1)	(1)	(1)	-
Additions to Permanent Endowments	31,583	48,889	21,137	428	3,329
Legislative Transfer Out	(2,765)	(2,707)	(2,920)	(9,921)	(2,947)
Increase Net Assets-Interagency Transfer of Capital Assets	52	9	-	(2,881)	29
Decrease Net Assets-Interagency Transfer of Capital Assets	(109)	(268)	-	-	(2)
Transfers In from Other State Agencies	8,816	8,454	7,878	-	-
Transfers Out from Other State Agencies	(6,900)	(7,061)	(10,375)	-	(8,098)
Net Other Revenues, Expenses, Gains, Losses and Transfers	**$ 79,199**	**$ 95,149**	**$ 72,048**	**$ 87,728**	**$ 99,394**
Total Changes in Net Position	**$ 243,329**	**$ 149,135**	**$ 132,072**	**$ 210,479**	**$ 170,358**
Beginning Net Position (September 1)	**$2,603,698**	**$2,454,563**	**$2,420,615**	**$2,210,141**	**$2,039,782**
Restatement of Beginning Net Position			(98,124)	(6)	-
Ending Net Position (August 31)	**$ 2,847,028**	**$2,603,698**	**$ 2,454,563**	**$ 2,420,615**	**$ 2,210,141**

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, 2014."

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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, 2013, the State Legislature adopted a budget for the 2014-15 biennium beginning September 1, 2013 that appropriated (for fiscal years 2014 & 2015, respectively) $195,127,744 & $195,658,687 for the University, $187,757,268 & $187,711,342 for the Health Sciences Center (which includes the Health Sciences Center at El Paso for this period), $35,952,141 & $34,824,772 for Angelo State, and $1,425,000 & $1,425,000 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 2015, including funds to be received from the Higher Education Fund (HEF), are expected to comprise approximately 29% of the revenues of the University, 26% of the revenues of the Health Sciences Center, and 38% of the revenues of Angelo State.

In the 2014-15 biennium the University and Angelo State will also receive a Research Development Fund appropriation in the amount of $10,196,792 and $77,942 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 continues to complete a series of milestones initiated in 2009 to become a nationally recognized research university. Currently, there are three research universities in the State of Texas: The University of Texas at Austin, Texas A&M University, and Rice University. The State of Texas' 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, with one other institution designated in 2012, bringing the total to eight. As described by the THECB and even further by Texas Education Code, Tier One status will place the University into an elite category of universities, providing students with unmatched educational opportunities by expanding the scope of research to meet the world's needs and will make a significant impact on the local and state economies.

The Texas Legislature put in place framework and identified 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 an initial $50 million available in matching grants for private gifts restricted to research initiatives. The University has taken full advantage of this opportunity since fiscal 2009 by raising over $89 million in qualifying gifts, which constitutes 41% of all gifts submitted by state institutions. The next closest institution was 23%. Gifts submitted by the University have been matched with $55.5 million to date from TRIP. The tremendous level of support from alumni and friends provided the University with the opportunity to demonstrate the level of commitment that has been placed on reaching Tier One status. A second 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 $630 million as of September 2014. On May 25, 2012, the University met the criteria develop by the State Legislature and qualified as eligible for NRUF distributions. It remains one of two universities currently eligible.. For the 2014-15 biennium, NRUF distributions to the University were $8,815,807 in 2014 & are estimated to be $8,926,260 for 2015.

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. For the 2014-15 biennium, the University received an annual allocation of $23,936,088, the Health Sciences Center received an annual allocation of $16,973,569, and Angelo State received an annual allocation of $3,743,027. The Health Sciences Center at El Paso will be entitled to participate in HEF funding pursuant to Article VII, Section 17 of the State Constitution, beginning with the annual appropriation for the State fiscal year beginning September 1, 2015. 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 and the Health Sciences Center at El Paso. 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 2013 legislative session totaling $25,524,000 for Fiscal Year 2014 and $24,135,000 for Fiscal Year 2015.

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 2014-2015 academic year the THECB has computed $412 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.

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

Set forth below is a table showing the State Mandated Tuition, Board Designated Tuition, Board Authorized Tuition, mandatory fees, and the amount set aside for financial assistance to resident and non-resident students by each institution with the fixed tuition rate option, excluding the Health Sciences Center, for the 2014-15 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 2014-2015
Texas Tech University

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition & Fees	Financial Assistance Set Aside
Resident Undergrad **15 hours**	$750.00	$2,443.00	$0.00	$1,485.00	$4,678.80	$463.26
Non-Resident Undergrad **15 hours**	$6,180.00	$2,443.80	$0.00	$1,485.00	$10,108.80	$448.47
Resident Graduate **12 hours**	$600.00	$1,955.04	$600.00	$1,375.50	$4,530.54	$324.46
Non-Resident Graduate **12 hours**	$4,944.00	$1,955.04	$600.00	$1,375.70	$8,874.54	$382.78
Resident Law **15 hours**	$1,200.00	$5,518.80	$2,400.00	$2,197.50	$11,316.30	$904.32
Non-Resident Law **15 hours**	$6,180.00	$5,518.80	$2,400.00	$2,197.50	$16,296.30	$909.72

Fixed Tuition and Fees

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition & Fees	Financial Assistance Set Aside
FALL 2014 COHORT						
Resident Undergrad **15 hours**	$750.00	$2,815.50	$0.00	$1,485.00	$5,050.50	$537.60
Non-Resident Undergrad **15 hours**	$6,180.00	$2,815.50	$0.00	$1,485.00	$10,480.50	$504.23

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

Tuition and Fees
Academic Year 2014-2015
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	$1,600.20	$0.00	$1,471.00	$3,821.20	$294.54
Non-Resident Undergrad 15 hours	6,180.00	1,600.20	0.00	1,471.00	9,251.20	185.40
Resident Masters 12 hours	600.00	1,397.76	540.00	1,431.00	3,851.16	199.22
Non-Resident Masters 12 hours	4,944.00	1,280.16	540.00	1,431.00	8,195.16	148.32

Fixed Plan Tuition and Fees

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition & Fees	Financial Assistance Set Aside
Resident Undergrad 15 hours	$750.00	$1,696.20	$0.00	$1,471.00	$3,917.20	$294.54
Non-Resident Undergrad 15 hours	$6,180.00	$1,696.20	$0.00	$1,471.00	$9,347.20	$185.40

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 2014-2015
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	$8,000.00	$ -	$2,134.40	$16,684.40	$1,952.98
Year 2	6,550.00	8,000.00	-	2,134.40	16,684.40	1,952.98
Year 3	6,550.00	8,000.00	-	2,074.40	16,624.40	1,952.98
Year 4	6,550.00	8,000.00	-	1,474.40	16,024.40	1,952.98
M.D. Non-Resident						
Year 1	19,650.00	8,000.00	-	2,134.40	29,784.40	1,821.98
Year 2	19,650.00	8,000.00	-	2,134.40	29,784.40	1,821.98
Year 3	19,650.00	8,000.00	-	2,074.40	29,724.40	1,821.98
Year 4	19,650.00	8,000.00	-	1,474.40	29,124.40	1,821.98
Graduate Students						
Resident (24 SCH)	1,200.00	2,040.00	-	1,505.40	4,745.40	320.40
Non-Resident (24 SCH)	9,888.00	2,040.00	-	1,505.40	13,433.40	437.04
Allied Health Sciences						
Graduate Level - Resident						
Year 1 (37 SCH)	1,850.00	4,810.00	1,850.00	1,829.90	10,339.90	743.70
Year 2 (37 SCH)	1,850.00	4,810.00	1,850.00	1,829.90	10,339.90	743.70
Year 3 (37 SCH)	1,850.00	4,810.00	1,850.00	1,829.90	10,339.90	743.70
Allied Health Sciences						
Graduate Level - Non-Resident						
Year 1 (37 SCH)	15,244.00	4,810.00	1,850.00	1,829.90	23,733.90	923.52
Year 2 (37 SCH)	15,244.00	4,810.00	1,850.00	1,829.90	23,733.90	923.52
Year 3 (37 SCH)	15,244.00	4,810.00	1,850.00	1,829.90	23,733.90	923.52
Allied Health Sciences						
Undergraduate Level - Resident						
Year 1 (37 SCH)	1,850.00	4,810.00	-	1,829.90	8,489.90	899.10
Year 2 (37 SCH)	1,850.00	4,810.00	-	1,829.90	8,489.90	899.10
Allied Health Sciences						
Undergraduate Level - Non-Resident						
Year 1 (37 SCH)	15,244.00	4,810.00	-	1,829.90	21,883.90	923.52
Year 2 (37 SCH)	15,244.00	4,810.00	-	1,829.90	21,883.90	923.52

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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	$3,120.00	$1,200.00	$1,586.40	$7,106.40	$482.40
Year 2 (18 SCH)	900.00	2,340.00	900.00	1,165.40	5,305.40	361.80
Nursing						
Graduate Level - Non-Resident						
Year 1 (24 SCH)	9,888.00	3,120.00	1,200.00	$1,586.40	15,794.40	599.04
Year 2 (18 SCH)	7,416.00	2,340.00	900.00	1,165.40	11,821.40	449.28
Nursing						
Undergraduate Level - Resident						
Year 1 (34 SCH)	1,700.00	4,420.00	-	2,116.40	8,236.40	826.20
Year 2 (33 SCH)	1,650.00	4,290.00	-	2,106.40	8,046.40	801.90
Nursing						
Undergraduate Level - Non-Resident						
Year 1 (34 SCH)	14,008.00	4,420.00	-	2,116.40	20,544.40	848.64
Year 2 (33 SCH)	13,596.00	4,290.00	-	2,106.40	19,992.40	823.68
Pharmacy - Resident						
Year 1 (41 SCH)	2,050.00	7,585.00	4,100.00	2,380.40	16,115.40	1,162.35
Year 2 (38 SCH)	1,900.00	7,030.00	3,800.00	2,350.40	15,080.40	1,077.30
Year 3 (38 SCH)	1,900.00	7,030.00	3,800.00	2,350.40	15,080.40	1,077.30
Year 4 (52 SCH)	2,600.00	9,620.00	5,200.00	3,110.40	20,530.40	1,279.20
Pharmacy - Non-Resident						
Year 1 (41 SCH)	16,892.00	7,585.00	4,100.00	2,380.40	30,957.40	1,361.61
Year 2 (38 SCH)	15,656.00	7,030.00	3,800.00	2,350.40	28,836.40	1,261.98
Year 3 (38 SCH)	15,656.00	7,030.00	3,800.00	2,350.40	28,836.40	1,261.98
Year 4 (52 SCH)	21,424.00	9,620.00	5,200.00	3,110.40	39,354.90	1,726.92

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 Health Sciences Center at El Paso.

Tuition and Fees
Academic Year 2014-2015
Health Sciences Center at El Paso

	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	$8,000.00	$ -	$2,279.30	$16,829.30	$1,952.98
Year 2	6,550.00	8,000.00	-	1,879.30	16,429.30	1,952.98
Year 3	6,550.00	8,000.00	-	2,029.30	16,579.30	1,952.98
Year 4	6,550.00	8,000.00	-	2,029.30	16,579.30	1,952.98
M.D. Non-Resident						
Year 1	19,650.00	8,000.00	-	2,279.30	29,929.30	1,821.98
Year 2	19,650.00	8,000.00	-	1,879.30	29,529.30	1,821.98
Year 3	19,650.00	8,000.00	-	2,029.30	29,679.30	1,821.98
Year 4	19,650.00	8,000.00	-	2,029.30	29,679.30	1,821.98
Nursing						
Undergraduate Level -Resident						
Year 1 (24 SCH)	1,550.00	4,030.00	-	2,227.00	7,807.00	803.70
Year 2 (18 SCH)	1,600.00	4,160.00	-	1,787.00	7,547.00	794.90
Nursing						
Undergraduate Level - Non-Resident						
Year 1 (34 SCH)	12,772.00	4,030.00	-	2,227.00	19,029.00	811.56
Year 2 (33 SCH)	13,184.00	4,160.00	-	1,787.00	19,313.00	811.32

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 health related institutions of higher education and separate permanent endowment funds specifically for the Health Sciences Center and the Health Sciences Center at El Paso (the "Permanent Endowment Funds"). The Permanent Health Fund is established for the benefit of health-related institutions of higher education, including the Health Sciences Center and the Health Sciences Center at El

Paso. On August 30, 1999, the effective date of HB 1945, the Comptroller transferred $350,000,000 to the Permanent Health Fund. Distributions from the Permanent Health Fund may only be appropriated for programs that benefit medical research, health education, or treatment programs. The Board of Regents of The University of Texas System 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. A Permanent Endowment Fund is established for the exclusive benefit of the health-related institutions of higher education identified in Subchapter B of Chapter 63, Education Code, including the Health Sciences Center and the Health Sciences Center at El Paso. On August 30, 1999, the Comptroller transferred $25,000,000 to the Permanent Endowment Fund established for the benefit of the Health Sciences Center and $25,000,000 to the Permanent Endowment Fund established for the benefit of the Health Sciences Center at El Paso. The Permanent Endowment Funds will be managed by the Board unless the Board elects to have the Comptroller administer the funds. The Permanent Endowment Funds are to be invested in a manner that preserves the purchasing power of the fund's assets and the fund's annual distributions. Annual distributions from the Permanent Endowment Funds may only be appropriated for research and other programs that are conducted by the institution for which the fund is established and that benefit the public health.

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

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

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

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

Investment Policies and Procedures and Endowments.

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

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

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

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

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

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

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

Market Value of Investment Funds
(In Thousands)

August 31	Short Intermediate Term Fund(1)	Long Term Fund	Angelo State & Carr Foundation – Other(2)	Total Market Value
2010	$653,357	$727,335	$34,462	$1,415,154
2011	634,697	779,611	31,862	1,446,170
2012	825,254	804,688	34,248	1,664,190
2013	824,934	881,750	33,474	1,740,157
2014	864,880	1,039,391	34,085	1,938,356

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

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

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, 2014, the amount of University System funds held by the State Treasury was $39,707,196.

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

COMBINED
ANNUAL FINANCIAL REPORT
FISCAL YEAR 2014

ANNUAL FINANCIAL REPORT

OF

TEXAS TECH UNIVERSITY SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2014

Texas Tech University
Texas Tech University Health Sciences Center
Angelo State University
Texas Tech University Health Sciences Center at El Paso
Texas Tech University System Administration

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TEXAS TECH UNIVERSITY SYSTEM™
Robert Duncan, *Chancellor*

November 15, 2014

Honorable Rick Perry
Governor of Texas

Honorable Susan Combs
Texas Comptroller

Ms. Ursula Parks
Acting 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, 2014. 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, 2014.

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,

Robert L. Duncan
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 15, 2014

Robert L. Duncan
Texas Tech University System
Lubbock, Texas 79409

Dear Chancellor Duncan:

Submitted herein is the Annual Financial Report of Texas Tech University System for the fiscal year ended August 31, 2014, 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 834-4849.

Sincerely,

Sharon Williamson

Sharon Williamson, CPA
Assistant Vice President for Financial & Managerial Reporting Services

Approved:

JB

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

Texas Tech University System

Board of Regents

Larry K. Anders	Term Expires January 31, 2017	Dallas, TX
John Esparza	Term Expires January 31, 2019	Austin, TX
L. Frederick "Rick" Francis	Term Expires January 31, 2019	El Paso, TX
Tim Lancaster	Term Expires January 31, 2019	Abilene, 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 D. Steinmetz	Term Expires January 31, 2017	Lubbock, TX
John Walker	Term Expires January 31, 2015	Houston, TX

Student Regent

Coby Ray	Term Expires May 31, 2015	Lubbock, TX

Officers of the Board

Mickey L. Long	Chairman
Larry K. Anders	Vice Chairman
Ben W. Lock	Secretary

Fiscal Officers

Robert L. Duncan	Chancellor
Jim Brunjes	Vice Chancellor and Chief Financial Officer
M. Duane Nellis	TTU President
Tedd Mitchell	TTUHSC President
Brian May	ASU President
Richard Lange	TTUHSC at El Paso President

FINANCIAL STATEMENTS

Texas Tech University System (793)
Combined Statement of Net Position
August 31, 2014 and 2013

	2014	Restated 2013
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 238,337,764.25	$ 318,339,775.06
Restricted Cash and Cash Equivalents	125,704,633.02	141,918,337.03
Legislative Appropriations	110,908,220.50	90,899,429.99
Receivables:		
Federal	30,090,219.69	31,547,188.25
Patient	22,134,571.79	20,463,738.98
Student	18,445,462.81	15,711,179.29
Contracts	26,243,184.48	20,533,135.69
Accounts	6,882,953.36	5,889,151.24
Interest and Dividends	681,401.90	302,156.21
Gifts	23,989,458.53	55,208,534.79
Other	3,345,726.51	3,008,912.73
Due From Other State Agencies (Note 12)	30,367,150.16	23,238,893.03
Inventories	4,144,108.32	3,713,086.73
Prepaid Items	42,303,684.41	37,774,881.77
Loans and Contracts	1,686,226.77	1,744,161.06
Other Current Assets	450,000.00	450,000.00
Total Current Assets	685,714,766.50	770,742,561.85
Non-Current Assets:		
Restricted Cash and Cash Equivalents	48,006,732.86	49,437,925.73
Restricted Investments (Note 3)	396,421,341.02	333,809,821.99
Gifts Receivable	55,010,740.37	47,174,516.42
Loans and Notes Receivable	4,625,623.41	3,472,639.34
Investments (Note 3)	1,218,089,115.87	943,402,760.01
Capital Assets (Note 2)		
Non-Depreciable or Non-Amortizable	152,611,741.17	148,142,882.37
Depreciable or Amortizable	2,665,407,067.47	2,508,304,929.02
Accumulated Depreciation and Amortization	(1,366,485,167.42)	(1,254,220,406.75)
Total Non-Current Assets	3,173,687,194.75	2,779,525,068.13
Total Assets	$ 3,859,401,961.25	$ 3,550,267,629.98

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

Texas Tech University System (793)
Combined Statement of Net Position
August 31, 2014 and 2013

	2014	Restated 2013
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 44,377,188.89	$ 40,137,476.50
Payroll Payable	69,457,053.01	63,103,879.37
Unearned Revenue	196,320,258.94	177,558,510.37
Due to Other State Agencies (Note 12)	1,663,410.97	1,525,382.09
Employees' Compensable Leave (Note 5)	5,045,810.98	4,752,564.50
Capital Lease Payable (Note 5, Note 8)	17,064.05	120,402.59
Claims Payable (Note 5)	1,051,550.26	1,060,964.04
Notes and Loans Payable (Note 4)	114,963,000.00	55,614,000.00
Revenue Bonds Payable (Note 5, Note 6)	31,968,233.73	31,647,073.24
Funds Held for Others	36,833,167.95	29,254,926.36
Other Current Liabilities	4,724,230.48	4,537,236.07
Total Current Liabilities	506,420,969.26	409,312,415.13
Non-Current Liabilities:		
Employees' Compensable Leave (Note 5)	36,609,130.11	34,907,052.49
Capital Lease Payable (Note 5, Note 8)	0.00	17,064.05
Claims Payable (Note 5)	12,092,828.02	13,085,223.14
Revenue Bonds Payable (Note 5, Note 6)	456,773,794.72	488,742,028.45
Other Non-Current Liabilities	477,480.89	505,358.18
Total Non-Current Liabilities	505,953,233.74	537,256,726.31
Total Liabilities	1,012,374,203.00	946,569,141.44
NET POSITION		
Invested in Capital Assets, Net of Related Debt	885,549,400.41	853,460,673.05
Restricted:		
Nonexpendable:		
Endowments	622,047,922.23	581,048,233.18
Expendable:		
Capital Projects	15,776,698.06	16,707,537.50
Higher Education Assistance Fund	41,561,548.32	44,387,373.83
Debt Service	31,210,191.59	27,226,002.81
Other	378,220,044.16	321,935,963.63
Unrestricted	872,661,953.48	758,932,704.54
Total Net Position	$ 2,847,027,758.25	$ 2,603,698,488.54

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

UNAUDITED

Texas Tech University System (793)
Combined Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2014 and 2013

	2014	Restated 2013
Operating Revenues		
Tuition and Fees	$ 14,560,959.72	$ 14,842,466.24
Tuition and Fees - Pledged	430,453,330.14	418,438,231.44
Less Discounts and Allowances	(94,899,606.03)	(85,340,483.19)
Professional Fees	243,532,221.85	229,673,197.83
Professional Fees - Pledged	1,022,720.11	1,084,113.08
Sales and Services of Auxiliary Enterprises - Pledged	144,635,980.27	134,543,166.48
Other Sales and Services	5,621,193.67	5,548,228.15
Other Sales and Services - Pledged	12,028,415.16	12,125,816.61
Federal Grants and Contracts (Schedule 1A)	61,332,584.32	55,730,482.49
Federal Grants and Contracts - Pledged (Schedule 1A)	4,983,831.67	4,938,273.97
Federal Grant Pass-Throughs from Other State Agencies (Schedule 1A)	4,988,558.69	5,171,291.57
State Grants and Contracts	4,310,284.68	2,405,701.52
State Grants and Contracts - Pledged	392,237.93	441,110.16
State Grant Pass-Throughs from Other State Agencies (Schedule 1B)	44,442,727.91	36,297,633.46
Local Governmental Grants and Contracts	33,731,309.54	45,149,849.37
Local Governmental Grants and Contracts - Pledged	1,243,973.03	1,232,541.87
Nongovernmental Grants and Contracts	143,927,180.44	121,527,074.44
Nongovernmental Grants and Contracts - Pledged	2,536,589.16	2,615,384.42
Other Revenue	26,821,845.02	17,633,820.48
Total Operating Revenues	1,085,666,337.28	1,024,057,900.39
Operating Expenses		
Cost of Goods Sold	13,859,500.89	13,367,650.41
Salaries and Wages	802,349,897.05	752,005,131.03
Payroll Related Costs	194,159,305.18	176,780,400.19
Professional Fees and Services	64,091,231.35	63,000,467.62
Travel	31,103,738.93	27,901,989.01
Materials and Supplies	71,871,130.46	67,366,663.56
Communications and Utilities	49,670,422.22	48,548,006.88
Repairs and Maintenance	37,705,781.48	37,639,326.57
Rentals and Leases	13,076,170.89	13,718,353.76
Printing and Reproduction	4,948,769.07	5,096,966.04
Federal Grant Pass-Through Expense	1,502,659.13	1,576,385.55
State Grant Pass-Through Expense (Schedule 1B)	472,996.08	519,522.14
Depreciation and Amortization	125,460,626.10	121,510,514.81
Bad Debt Expense	261,761.55	723,617.62
Interest	22,932.54	11,385.04
Scholarships	67,587,498.39	65,018,662.15
Claims and Judgements	2,155,000.00	754,376.87
Other Operating Expenses	107,285,234.51	103,125,485.46
Total Operating Expenses	1,587,584,655.82	1,498,664,904.71
Operating Income (Loss)	$ (501,918,318.54)	$ (474,607,004.32)

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

Texas Tech University System (793)
Combined Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2014 and 2013

	2014	Restated 2013
Nonoperating Revenues (Expenses)		
Legislative Revenue	$ 422,206,905.94	$ 355,250,466.02
Federal Grants and Contracts (Schedule 1A)	45,224,794.96	41,131,806.40
State Grant Pass-Throughs from Other State Agencies (Schedule 1B)	37,500.00	45,000.00
Private Gifts	42,625,098.52	56,925,602.53
Private Gifts - Pledged	6,167,863.94	900,851.83
Investment Income (Expense)	86,230,888.59	40,255,340.60
Investment Income (Expense) - Pledged	27,064,655.99	20,276,506.15
Interest Expense on Capital Asset Financing	(21,248,721.24)	(24,706,601.38)
Gain (Loss) on Sale and Disposal of Capital Assets	(1,171,753.70)	(2,067,459.26)
Net Increase (Decrease) in Fair Value of Investments	48,153,718.86	29,496,227.98
Other Nonoperating Revenues (Expenses)	12,269,378.99	8,149,139.16
Other Nonoperating Revenues (Expenses) - Pledged	(1,511,670.86)	2,935,913.96
Total Nonoperating Revenues (Expenses)	666,048,659.99	528,592,793.99
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	164,130,341.45	53,985,789.67
Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEAF)	44,652,684.00	44,652,684.00
Capital Contributions	3,870,938.13	3,181,813.70
Lapsed Appropriations	(2,980.13)	(516.02)
Contributions to Permanent and Term Endowments	31,583,394.99	48,888,881.70
Legislative Transfer Out (Note 12)	(2,764,516.63)	(2,706,875.77)
Increase Net Assets - Interagency Transfer Capital Assets (Note 12)	52,386.53	8,903.19
Decrease Net Assets - Interagency Transfer Capital Assets (Note 12)	(108,509.89)	(268,379.76)
Transfers In from Other State Agencies (Note 12)	8,815,806.83	8,453,949.25
Transfers Out to Other State Agencies (Note 12)	(6,900,275.57)	(7,060,894.29)
Net Other Revenues, Expenses, Gains, Losses, and Transfers	79,198,928.26	95,149,566.00
TOTAL CHANGES IN NET POSITION	$ 243,329,269.71	$ 149,135,355.67
Beginning Net Position (September 1)	2,603,698,488.54	2,454,563,132.87
Ending Net Position (August 31)	$ 2,847,027,758.25	$ 2,603,698,488.54

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

Texas Tech University System (793)
Combined Statement of Cash Flows
For the Years Ended August 31, 2014 and 2013

	2014	Restated 2013
Cash Flows from Operating Activities		
Proceeds from Customers	$ 293,292,369.78	$ 267,705,957.28
Proceeds from Tuition and Fees	359,514,620.96	345,188,728.64
Proceeds from Grants and Contracts	296,051,830.41	269,200,650.27
Proceeds from Sales and Services of Auxiliary Enterprises	151,268,734.99	133,626,975.35
Proceeds from Collections of Loans to Students	5,563,454.11	4,988,257.32
Payments to Suppliers for Goods and Services	(206,712,108.03)	(195,889,148.75)
Payments to Employees for Salaries	(797,859,370.39)	(751,518,245.90)
Payments to Employees for Benefits	(190,321,469.75)	(170,330,078.28)
Payments for Loans Issued to Students	(6,512,766.09)	(5,445,349.47)
Payments for Other Expenses	(267,354,112.90)	(260,822,809.79)
Net Cash Used By Operating Activities	(363,068,816.91)	(363,295,063.33)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	397,547,117.24	367,416,429.63
Proceeds from Gifts	104,905,203.76	86,642,440.38
Proceeds from Nonoperating Grants and Contracts	45,262,294.96	48,523,276.40
Proceeds from Other Financing Activities	11,628,915.65	13,473,804.93
Proceeds from Agency Transactions	284,521,935.27	258,484,378.92
Proceeds from Transfers In from Other State Agencies	3,147,169.40	1,155,925.06
Payments for Transfers to Other State Agencies	(5,065,736.53)	(5,244,217.54)
Payments for Other Uses	(287,800,735.21)	(270,970,869.01)
Net Cash Provided by Noncapital Financing Activities	554,146,164.54	499,481,168.77
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	91,195.93	60,012.29
Proceeds from Capital Debt Issuances	78,700,000.00	41,220,200.00
Proceeds from Capital Appropriations	49,269,228.27	44,157,567.38
Payments for Additions to Capital Assets	(168,110,724.50)	(109,838,132.47)
Payments for Principal Paid on Capital Debt	(48,606,000.00)	(40,530,626.16)
Payments for Interest Paid on Capital Debt	(22,453,268.32)	(23,477,912.99)
Net Cash Used by Capital and Related Financing Activities	(111,109,568.62)	(88,408,891.95)
Cash Flows from Investing Activities		
Proceeds from Investment Sales and Maturities	152,146,846.54	263,979,264.08
Proceeds from Interest and Investment Income	60,404,742.61	64,553,624.43
Payments to Acquire Investments	(390,166,275.85)	(386,117,096.89)
Net Cash Used by Investing Activities	(177,614,686.70)	(57,584,208.38)
TOTAL NET CASH FLOWS	$ (97,646,907.69)	$ (9,806,994.89)
Beginning Cash & Cash Equivalents - September 1	509,696,037.82	519,503,032.71
Ending Cash & Cash Equivalents - August 31	$ 412,049,130.13	$ 509,696,037.82

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

Texas Tech University System (793)
Combined Statement of Cash Flows
For the Years Ended August 31, 2014 and 2013

	2014	Restated 2013
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	$ (501,918,318.54)	$ (474,607,004.32)
Adjustments:		
Depreciation and Amortization Expense	125,460,626.10	121,510,514.81
Bad Debt Expense	432,317.17	723,617.62
(Increase) Decrease in Accounts Receivables	(12,563,512.29)	(7,784,102.51)
(Increase) Decrease in Loans and Notes Receivable	(1,095,049.78)	(245,280.03)
(Increase) Decrease in Inventory	(431,021.59)	228,695.92
(Increase) Decrease in Due From Other State Agencies	(181,481.46)	(869,709.80)
(Increase) Decrease in Prepaid Items	(3,635,514.79)	(1,354,579.56)
Increase (Decrease) in Accounts Payable	3,797,342.72	1,271,632.83
Increase (Decrease) in Payroll Payable	1,001,484.45	410,674.35
Increase (Decrease) in Unearned Revenue	21,836,240.42	(2,360,879.89)
Increase (Decrease) in Due To Other State Agencies	261,014.25	(1,422,893.50)
Increase (Decrease) in Claims Payable	(1,001,808.90)	(1,235,055.08)
Increase (Decrease) in Employees' Compensable Leave	1,995,324.10	(239,830.84)
Increase (Decrease) in Benefits Payable	2,789,576.37	2,554,479.63
Increase (Decrease) in Other Liabilities	183,964.86	124,657.04
Net Cash Used for Operating Activities	(363,068,816.91)	(363,295,063.33)
Noncash Transactions		
Donations of Capital Assets	3,870,938.13	3,181,813.70
Net Increase (Decrease) in Fair Value of Investments	48,153,718.86	29,496,227.98
Other	(561,265.33)	(519,034.34)
Total Noncash Transactions	$ 51,463,391.66	$ 32,159,007.34

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

NOTES to the COMBINED FINANCIAL STATEMENTS

TEXAS TECH UNIVERSITY SYSTEM (793)

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.

Entities which comprise the Texas Tech University System include Texas Tech University, Texas Tech University Health Sciences Center, Angelo State University, Texas Tech University Health Sciences Center at El Paso and Texas Tech University System Administration. Texas Tech University System serves the state of Texas by providing undergraduate and post-graduate education and research in fields such as Law, Business, Medicine, Engineering and Nursing.

The Texas Tech University System also includes within this report all component units as determined by an analysis of their relationship to the Texas Tech University System. Blended component units are described in more detail in Note 19. Financial statements for a discretely presented component unit, the Angelo State University Robert G. Carr and Nona K. Carr Scholarship Foundation, are presented separately at the end of this combined report.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to be in compliance with all the requirements in this statement. The financial report is considered for audit by the State Auditor as part of the audit of the State of Texas 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

For financial reporting purposes, the Texas Tech University System is considered a special-purpose government engaged only in business-type activities. Business-type activities are defined as those that are financed in whole or part by fees charged to external parties for goods and services. 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. Operating items are distinguished from nonoperating items. Operating revenues and expenses result from providing services, or producing and delivering goods in connection with ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation and amortization on capital assets.

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. Noncurrent cash and cash equivalents include plant funds allocated for capital projects, debt service funds, and endowment funds.

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

Investments

The Texas Tech University System accounts for its investments at fair value on the Statement of Net Position, as determined by quoted market prices, or in the case of limited partnerships, as reported by the partnership managers and/or their third party administrators, in accordance with GASB Statement No. 31 – *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* Money market and TexPool investments are reported at amortized cost provided the investment has a remaining maturity of one year or less at date of purchase. Changes in unrealized gain (loss) on the carrying value of the investments are reported as a component of investment net increase (decrease) in fair value of investments in the Statement of Revenues, Expenses, and Changes in Net Position. Investments are addressed in more detail in Note 3.

Restricted Assets

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

Inventories and Prepaid Items

Inventories include both merchandise inventories on hand for sale and consumable inventories such as maintenance supplies, housing supplies, janitorial supplies, office supplies, and telecommunications supplies. Changes in inventories are recorded using the consumption method, with the inventories being reported as assets when they are purchased, and the expense recognized in the period in which the inventories are used or consumed. The consumption method of accounting is also used to account for prepaid items benefiting more than one accounting period. The cost of these items is expensed when the items are used or consumed. Prepaid items also include payments for capital assets that have not been received by the end of the fiscal year.

Receivables

Receivable balances are grouped into several receivable categories. Student receivables consist of tuition and fees charged to students, patient receivables are for medical fees charged for services, and accounts receivable are fees for auxiliary enterprise services provided to students, faculty, and staff, as well as state and local grant billings. Accounts receivable are recorded net of estimated uncollectible amounts based upon a review of outstanding receivables and historical collection information.

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

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

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

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

Loans and Notes Receivable

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

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

Capital Assets

Capital assets, defined as assets held for use in operations with a value equal to or greater than the capitalization threshold established for that asset type and an initial useful life of more than one year, are recorded at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Livestock held for educational purposes is recorded at estimated fair value.

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

Intangible assets, defined as assets lacking physical substance and of a nonfinancial nature, include computer software, land use rights and patents and trademarks. 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.

Texas Tech University System is required to depreciate and amortize capital assets. Depreciation for capital asset is computed using the straight-line method over the estimated useful lives of the assets; generally, 10 to 30 years for buildings and building improvements, 10 to 45 years for facilities and other improvements, 15 to 45 years for infrastructure, 15 years for leasehold improvements, 3 to 15 years for furniture and equipment, 5 to 10 years for vehicles, 5 to 7 years for software, and 15 years for library books. Amortization of intangible assets is based on the estimated useful life of the asset using the straight-line method. Land, works of art and historical treasures are not depreciated.

Capital asset activity for the current and prior fiscal years is shown in Note 2.

Payables

Payable balances are grouped into several payable categories. Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending. Payroll payable includes accrued salary, wages and benefits. Claims Payable includes estimates for both known medical malpractice claims and those that have not yet been made against the insured participants. Claims payable activity is shown in Note 5.

Unearned Revenues

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

Employees' Compensable Leave

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

Capital Lease Payable

Capital lease payable represents the liability for future lease payments under capital lease contracts contingent upon the appropriation of funding by the Legislature. Capital leases are explained in more detail in Note 8, with activity shown in Note 5.

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

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 4.

Revenue 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. Revenue bonds payable are addressed in more detail in Note 6, with changes in activity shown in Note 5. The bonds are reported at par, net of unamortized premiums.

Funds Held for Others

Current balances in funds held for others result from the System acting as an agent or fiduciary for faculty and student organizations. Also included is an Angelo State University Foundation gift held for investment return purposes only.

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

Net Position

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

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

Expendable – assets whose use by the System is subject to externally imposed stipulations that can be fulfilled by actions of the System pursuant to those stipulations or that expire by the passage of time.

Unrestricted:

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

Interfund Activity and Transactions

Texas Tech University System is regularly involved in both interfund activity and interfund transactions. Interfund activity refers to financial interaction between funds (including blended component units) and is related to internal events. Interfund transactions refer to interactions with legally separate entities (discretely presented component units, other governments, other legally separate entities and individuals) and are restricted to external events. Interfund activity and interfund transactions are both clearly identifiable and are eliminated where appropriate. Interfund activity and transactions by agency is presented in Note 12.

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

Note 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2014 is presented below.

	Balance 09/01/13	Adjustments	Completed CIP	Reclassifications Inc-Int'agy Trans	Reclassifications Dec-Int'agy Trans	Additions	Deletions	Balance 08/31/14
BUSINESS-TYPE ACTIVITIES								
Non-depreciable or Non-amortizable Assets								
Land and Land Improvements	$ 17,965,121.17					2,854,321.80		$ 20,819,442.97
Construction in Progress	56,378,362.00	(69,379.05)	(78,567,067.79)			74,339,010.85		52,080,926.01
Other Tangible Capital Assets	73,799,399.20	8,000.00				5,903,972.99		79,711,372.19
Total Non-depreciable or Non-amortizable Assets	148,142,882.37	(61,379.05)	(78,567,067.79)	0.00	0.00	83,097,305.64	0.00	152,611,741.17
Depreciable Assets								
Buildings and Building Improvements	1,684,324,699.50		78,567,067.79			45,352,891.44	(831,582.59)	1,807,413,076.14
Infrastructure	41,719,273.29					2,002,863.21		43,722,136.50
Facilities and Other Improvements	175,411,691.31					6,648,470.76		182,060,162.07
Furniture and Equipment	280,798,539.61	13,316.94		149,962.96	(199,370.63)	23,598,403.82	(10,331,576.10)	294,029,276.60
Vehicle, Boats and Aircraft	17,239,873.75					1,573,881.29	(521,907.11)	18,291,847.93
Other Capital Assets	175,734,118.84					10,996,499.45	(372,136.03)	186,358,482.26
Total Depreciable Assets	2,375,228,196.30	13,316.94	78,567,067.79	149,962.96	(199,370.63)	90,173,009.97	(12,057,201.83)	2,531,874,981.50
Less Accumulated Depreciation for:								
Buildings and Building Improvements	(802,705,777.87)	254,411.88				(56,643,462.62)	790,003.46	(858,304,825.15)
Infrastructure	(15,927,187.26)					(1,463,557.66)		(17,390,744.92)
Facilities and Other Improvements	(75,752,782.30)					(6,156,935.66)		(81,909,717.96)
Furniture and Equipment	(172,405,362.17)			(97,576.43)	90,860.74	(25,774,586.41)	9,526,419.46	(188,660,244.81)
Vehicles, Boats and Aircraft	(12,661,673.89)	(54,519.04)				(1,337,095.00)	493,197.76	(13,560,090.17)
Other Capital Assets	(88,341,441.92)					(10,579,607.80)	194,844.91	(98,726,204.81)
Total Accumulated Depreciation	(1,167,794,225.41)	199,892.84	0.00	(97,576.43)	90,860.74	(101,955,245.15)	11,004,465.59	(1,258,551,827.82)
Depreciable Assets, Net	1,207,433,970.89	213,209.78	78,567,067.79	52,386.53	(108,509.89)	(11,782,235.18)	(1,052,736.24)	1,273,323,153.68
Amortizable Assets - Intangible								
Computer Software	133,076,732.72					2,663,789.33	(2,208,436.08)	133,532,085.97
Total Amortizable Assets - Intangible	133,076,732.72	0.00	0.00	0.00	0.00	2,663,789.33	(2,208,436.08)	133,532,085.97
Less Accumulated Amortization for:								
Computer Software	(86,426,181.34)					(23,505,380.95)	1,998,222.69	(107,933,339.60)
Total Accumulated Amortization	(86,426,181.34)	0.00	0.00	0.00	0.00	(23,505,380.95)	1,998,222.69	(107,933,339.60)
Amortizable Assets - Intangible, Net	46,650,551.38	0.00	0.00	0.00	0.00	(20,841,591.62)	(210,213.39)	25,598,746.37
Business-Type Activities Capital Assets, Net	$ 1,402,227,404.64	$ 151,830.73	$ 0.00	$ 52,386.53	$ (108,509.89)	$ 50,473,478.84	$(1,262,949.63)	$ 1,451,533,641.22

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

A summary of changes in Capital Assets for the year ended August 31, 2013 is presented below.

	Balance 09/01/12	Adjustments	Completed CIP	Reclassifications Inc-Int'agy Trans	Reclassifications Dec-Int'agy Trans	Additions	Deletions	Balance 08/31/13
BUSINESS-TYPE ACTIVITIES								
Non-depreciable or Non-amortizable Assets								
Land and Land Improvements	$ 17,501,641.74					463,479.43		$ 17,965,121.17
Construction in Progress	43,634,839.94		(11,023,071.25)			23,766,593.31		56,378,362.00
Other Tangible Capital Assets	70,160,199.53	45,000.00				3,676,199.67	(82,000.00)	73,799,399.20
Total Non-depreciable or Non-amortizable Assets	131,296,681.21	45,000.00	(11,023,071.25)	0.00	0.00	27,906,272.41	(82,000.00)	148,142,882.37
Depreciable Assets								
Buildings and Building Improvements	1,636,782,077.62		11,023,071.25			$36,519,550.63		1,684,324,699.50
Infrastructure	41,719,273.29							41,719,273.29
Facilities and Other Improvements	166,329,150.52					9,082,540.79		175,411,691.31
Furniture and Equipment	271,820,722.76	1,070,000.00		361,210.87	(804,510.86)	23,429,088.66	(15,077,971.82)	280,798,539.61
Vehicle, Boats and Aircraft	16,808,063.24			20,245.00		1,335,895.72	(924,330.21)	17,239,873.75
Other Capital Assets	165,435,829.51					11,096,521.40	(798,232.07)	175,734,118.84
Total Depreciable Assets	2,298,895,116.94	1,070,000.00	11,023,071.25	381,455.87	(804,510.86)	81,463,597.20	(16,800,534.10)	2,375,228,196.30
Less Accumulated Depreciation for:								
Buildings and Building Improvements	(748,240,762.91)					(54,465,014.96)		(802,705,777.87)
Infrastructure	(14,471,974.88)					(1,455,212.38)		(15,927,187.26)
Facilities and Other Improvements	(69,081,822.77)					(6,670,959.53)		(75,752,782.30)
Furniture and Equipment	(161,234,680.01)	(1,078,631.46)		(352,307.68)	536,131.10	(24,389,050.67)	14,113,176.55	(172,405,362.17)
Vehicles, Boats and Aircraft	(12,209,041.20)	(26.79)		(20,245.00)		(1,302,791.33)	870,430.43	(12,661,673.89)
Other Capital Assets	(78,406,972.74)					(9,984,172.25)	49,703.07	(88,341,441.92)
Total Accumulated Depreciation	(1,083,645,254.51)	(1,078,658.25)	0.00	(372,552.68)	536,131.10	(98,267,201.12)	15,033,310.05	(1,167,794,225.41)
Depreciable Assets, Net	1,215,249,862.43	(8,658.25)	11,023,071.25	8,903.19	(268,379.76)	(16,803,603.92)	(1,767,224.05)	1,207,433,970.89
Amortizable Assets - Intangible								
Computer Software	131,465,343.98					3,362,819.29	(1,751,430.55)	133,076,732.72
Total Amortizable Assets - Intangible	131,465,343.98	0.00	0.00	0.00	0.00	3,362,819.29	(1,751,430.55)	133,076,732.72
Less Accumulated Amortization for:								
Computer Software	(64,658,499.38)	2,448.68				(23,243,313.69)	1,473,183.05	(86,426,181.34)
Total Accumulated Amortization	(64,658,499.38)	2,448.68	0.00	0.00	0.00	(23,243,313.69)	1,473,183.05	(86,426,181.34)
Amortizable Assets - Intangible, Net	66,806,844.60	2,448.68	0.00	0.00	0.00	(19,880,494.40)	(278,247.50)	46,650,551.38
Business-Type Activities Capital Assets, Net	$ 1,413,353,388.24	$ 38,790.43	$ 0.00	$ 8,903.19	$ (268,379.76)	$(8,777,825.91)	$(2,127,471.55)	$ 1,402,227,404.64

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

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 and Endowments." 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), both having their own stand-alone investment policies. Endowment funds and certain eligible long-term institutional funds are invested in the LTIF, which invests in equity and fixed income securities, as well as alternative investments such as hedge funds and private equity, and is operated using a total return philosophy. Other institutional funds not in the LTIF are invested in the STIF. Other assets include securities gifted to Texas Tech University System with donor instructions to maintain in their original form and bond proceeds invested in external investment pools.

Deposits of Cash in Bank

The carrying amount of deposits as of August 31, 2014 and August 31, 2013 was $157,221,052.71, and $80,882,868.53, respectively, as presented below:

Business-Type Activities

		FY14		FY13
CASH IN BANK – CARRYING VALUE	$	157,221,052.71	$	80,882,868.53
Less: Certificates of Deposit including in carrying value and reported as Cash Equivalent				
Less: Uninvested Securities Lending Cash Collateral including in carrying value and reported as Securities Lending Collateral				
Less: Securities Lending CD Collateral including in carrying value and reported as Securities Lending Collateral				
Cash in Bank per AFR	**$**	**157,221,052.71**	**$**	**80,882,868.53**
Proprietary Funds Current Assets Cash in Bank	$	24,125,167.34	$	(18,100,299.66)
Proprietary Funds Current Assets Restricted Cash in Bank		98,539,147.19		88,908,912.24
Proprietary Funds Non-Current Assets Restricted Cash in Bank		34,556,738.18		10,074,255.95
Cash in Bank per AFR	**$**	**157,221,052.71**	**$**	**80,882,868.53**

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

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

As of August 31, 2014, the total **bank balance** for Business-Type Activities was $148,443,887.33. At August 31, 2013, the balance was $91,815,805.30.

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

Discrete Component Unit

Business-Type Activities

	FY14	FY13
CASH IN BANK – CARRYING VALUE	$ 536,293.38	$ 762,566.11
Less: Certificates of Deposit including in carrying value and reported as Cash Equivalent		
Less: Uninvested Securities Lending Cash Collateral including in carrying value and reported as Securities Lending Collateral		
Less: Securities Lending CD Collateral including in carrying value and reported as Securities Lending Collateral		
Cash in Bank per AFR	**$ 536,293.38**	**$ 762,566.11**
Proprietary Funds Current Assets Cash in Bank	$ 343,867.03	$ 526,287.41
Proprietary Funds Current Assets Restricted Cash in Bank	192,426.35	236,278.70
Proprietary Funds Non-Current Assets Restricted Cash in Bank		
Cash in Bank per AFR	**$ 536,293.38**	**$ 762,566.11**

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

As of August 31, 2014, the total **bank balance** for Business-Type Activities for the Carr Foundation was $516,536.33. At August 31, 2013, this balance was $762,928.95.

Investments

The fair value of investments is presented below for August 31, 2014, and August 31, 2013, respectively:

Business-Type Activities

Type of Security	Fair Value FY14	Fair Value FY13
U. S. Government		
U.S. Treasury Securities	$ 125,547,814.44	$ 76,779,962.24
U.S. Treasury TIPs	18,198,258.93	16,538,631.15
U.S. Government Agency Obligations	196,223,299.60	143,562,398.00
Corporate Obligations	1,005,007.50	20,000.00
Corporate Asset and Mortgage Backed Securities	1,879,241.15	933,916.19
Equity	26,011,273.47	71,171,337.87
International Obligations (Gov't. and Corp.)	10,555,463.53	3,318,269.17
Fixed Income Money Market and Bond Mutual Fund	344,023,983.15	301,741,575.17
Mutual Funds - Domestic	29,665,893.14	57,198,044.28
Other Commingled Funds	141,497,838.48	175,759,609.78
Other Commingled Funds (TexPool)	93,133,974.35	202,512,899.63
International Other Commingled Funds	144,282,215.52	132,051,089.17
Real Estate	33,343,927.76	29,894,817.62
Domestic Derivatives	1,536,785.78	0.00
Externally Managed Investments:		
Domestic	648,226,323.15	428,431,172.35
International	2,310,882.96	10,645,624.73
Miscellaneous	11,931,359.15	11,273,761.68
Total Investments	**$ 1,829,373,542.06**	**$ 1,661,833,109.03**
Non-Current Investments	$ 1,614,510,456.89	$ 1,277,212,582.00
Items in Cash and Cash Equivalents:		
Money Market Funds	121,729,110.82	173,387,042.90
TexPool & TexSTAR Investments	93,133,974.35	211,233,484.13
Total Investments	**$ 1,829,373,542.06**	**$ 1,661,833,109.03**

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

Discrete Component Unit

Business-Type Activities

Type of Security	Fair Value FY14		Fair Value FY13	
Equity			$	6,821,037.25
International Obligations (Gov't. and Corp.)	$	1,092,315.31		320,168.24
Fixed Income Money Market and Bond Mutual Fund		15,199,751.96		6,932,723.70
Mutual Funds - Domestic				3,481,963.91
Other Commingled Funds		13,690,672.69		19,282,429.29
International Other Commingled Funds		13,626,234.30		14,009,977.68
Real Estate		10,776,928.83		10,397,580.89
Domestic Derivatives		209,524.35		
Externally Managed Investments:				
Domestic		76,634,664.88		50,819,582.35
International		315,064.24		1,465,266.55
Miscellaneous				
Total Investments	**$**	**131,545,156.56**	**$**	**113,530,729.86**
Non-Current Investments	$	131,545,156.56	$	113,530,729.86
Total Investments	**$**	**131,545,156.56**	**$**	**113,530,729.86**

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 the 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 the securities held outside of those pools at August 31, 2014 and August 31, 2013.

Fiscal Year	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
2014	5	9999	Equity	$	2,742,778.51	
2013	5	9999	Equity	$	2,668,221.50	

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. LTIF and STIF do not have policy limits specific to international equity or debt. All exposures are through funds managed by external investment managers. The exposure to foreign currency risk as of August 31, 2014, is presented below.

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

FY14

Fund Type	GAAP Fund	Foreign Currency	International Obligation	International Other Commingled Funds	International Externally Managed Investments
05	9999	Argentine peso	$ 17,316.65	$ 966,445.20	
05	9999	Australian dollar			$ 222.03
05	9999	Bermudan dollar	261,679.52		
05	9999	Brazilian real	1,248,786.33	10,337,802.50	
05	9999	British pound	293,570.60	12,855,095.45	313,784.75
05	9999	Bulgarian lev	52,203.87		
05	9999	Canadian dollar	41,742.79	1,255,048.90	
05	9999	Cayman Island dollar	410,216.80		
05	9999	Chilean Peso	171,090.46	240,111.67	
05	9999	Chinese yuan	36,512.25	13,418,670.15	
05	9999	Colombian peso	1,060,490.08	156.90	
05	9999	Czech koruna	56,164.86	722,457.40	
05	9999	Danish krone		383,951.76	
05	9999	Egyptian pound		1,001,300.61	
05	9999	Euro	686,822.46	19,791,534.14	1,455,097.09
05	9999	Hong Kong dollar	99,329.55	4,577,084.94	
05	9999	Hungarian forint		31,236.98	
05	9999	Indian rupee	848,825.30	7,185,174.03	403,386.86
05	9999	Indonesian rupiah	41,721.72	1,494,325.14	
05	9999	Japanese yen		15,057,356.85	
05	9999	Kazakhstani tenge	89,223.93	135,706.95	
05	9999	Malaysian ringgit	423,085.87	1,905,196.99	
05	9999	Mexican peso	2,024,181.07	5,161,636.77	27,678.45
05	9999	New Israel shekel	10,461.08		
05	9999	New Turkish lira	545,144.68	2,480,850.33	
05	9999	Nigerian naira	368,494.15	62.91	
05	9999	Norwegian krone		255,967.82	27,678.45
05	9999	Panamanian balboa	6,398.53		
05	9999	Peruvian nuevo sol	512,552.87	187,953.98	
05	9999	Phillippino peso	4,164.13	526,649.30	
05	9999	Polish zloty		745,554.09	
05	9999	Qatari riyal		708,171.69	
05	9999	Romanian leu	26,000.37		
05	9999	Russian ruble	289,261.69	1,429,720.92	
05	9999	Singapore dollar	44,078.76	1,365,161.76	
05	9999	South African rand	668,748.64	5,662,677.83	
05	9999	South Korean wan	16,808.84	12,906,008.48	
05	9999	Swedish krona	126,345.55	993,015.35	
05	9999	Swiss franc		6,678,107.74	83,035.33
05	9999	Taiwan dollar		10,915,842.01	
05	9999	Thai baht	710.95	1,415,399.43	
05	9999	United Arab Emirates dirham	73,329.18	1,490,778.55	
		Total	**$ 10,555,463.53**	**$ 144,282,215.52**	**$ 2,310,882.96**

At August 31, 2013, the exposure to foreign currency risk was: International Obligations - $3,318,269.17; International Other Commingled Funds - $132,051,089.17; and International Externally Managed Investments - $10,645,624.73.

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

Discrete Component Unit

FY14

Fund Type	GAAP Fund	Foreign Currency	International Obligation	International Other Commingled Funds	International Externally Managed Investments
15	9999	Argentine peso	$ 2,358.26	$ 82,523.41	
15	9999	Australian dollar			$ 30.27
15	9999	Bermudan dollar	35,636.74		
15	9999	Brazilian real	129,398.85	978,934.67	
15	9999	British pound	39,979.82	1,130,433.06	42,781.20
15	9999	Bulgarian lev	7,109.37		
15	9999	Canadian dollar	5,684.73	45,720.00	
15	9999	Cayman Island dollar	55,865.25		
15	9999	Chilean Peso	18,645.27		
15	9999	Chinese yuan	4,972.41	1,470,343.46	
15	9999	Colombian peso	94,936.50		
15	9999	Czech koruna	7,648.79	61,689.63	
15	9999	Danish krone		52,347.73	
15	9999	Egyptian pound		85,499.66	
15	9999	Euro	92,309.83	1,261,334.00	198,386.97
15	9999	Hong Kong dollar	13,527.16	522,377.03	
15	9999	Hungarian forint		4,258.83	
15	9999	Indian rupee	80,809.81	719,476.90	54,997.50
15	9999	Indonesian rupiah	5,436.88	145,382.11	
15	9999	Japanese yen		1,640,228.75	
15	9999	Kazakhstani tenge	12,150.93		
15	9999	Malaysian ringgit	34,834.65	167,232.47	
15	9999	Mexican peso	177,180.40	431,639.82	3,773.66
15	9999	New Israel shekel	1,424.64		
15	9999	New Turkish lira	51,212.21	234,729.06	
15	9999	Nigerian naira	30,339.86		
15	9999	Norwegian krone		34,898.48	3,773.66
15	9999	Panamanian balboa	871.38		
15	9999	Peruvian nuevo sol	53,388.17		
15	9999	Phillippino peso	567.09	27,682.39	
15	9999	Polish zloty		101,648.35	
15	9999	Qatari riyal		89,435.43	
15	9999	Romanian leu	3,540.85		
15	9999	Russian ruble	41,842.81	143,691.41	
15	9999	Singapore dollar	6,002.85	186,125.25	
15	9999	South African rand	55,061.23	538,890.40	
15	9999	South Korean won	2,289.11	1,385,672.34	
15	9999	Swedish krona	17,206.33	46,531.31	
15	9999	Swiss franc		674,704.03	11,320.98
15	9999	Taiwan dollar		1,074,045.01	
15	9999	Thai baht	96.82	151,700.49	
15	9999	United Arab Emirates dirham	9,986.31	137,058.82	
		Total	**$ 1,092,315.31**	**$ 13,626,234.30**	**$ 315,064.24**

At August 31, 2013, the exposure to foreign currency risk for the Carr Foundation was: International Obligations - $320,168.24; International Other Commingled Funds - $14,009,977.68; and International Externally Managed Investments - $1,465,266.55.

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

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. As of August 31, 2014, 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	$ 196,223,299.60					
05	9999	Corporate Obligations						$ 1,005,007.50
05	9999	Corporate Asset and Mortgage Backed Securities	$ 1,879,241.15					
05	9999	International Obligations (Gov't. and Corp.)		$ 174,165.15	$ 2,025,593.45	$ 5,427,619.35	$ 881,381.20	$ 2,046,704.38
			AAAf	**Aaf**	**Af**			**Unrated**
05	9999	Fixed Income Money Market and Bond Muual Fund	$ 121,729,110.82					$ 222,294,872.33

Discrete Component Unit

Standard & Poor's

Fund Type	GAAP Fund	Investment Type	AAA	AA	A	BBB	BB	Unrated
15	9999	International Obligations (Gov't and Corp.)		$ 18,023.20	$ 209,615.31	$ 561,668.53	$ 91,208.33	$ 211,799.94
			AAAf	**Aaf**	**Af**			**Unrated**
15	9999	Fixed Income Money Market and Bond Muual Fund						$ 15,199,751.96

The System's credit quality distribution for securities with credit risk exposure as of August 31, 2013 was as presented below.

Standard & Poor's

Fund Type	GAAP Fund	Investment Type	AAA	AA	A	BBB	BB	Unrated
05	9999	U.S. Government Agency Obligations	$ 143,562,398.00					
05	9999	Corporate Obligations						$ 20,000.00
05	9999	Corporate Asset and Mortgage Backed Securities	$ 933,916.19					
05	9999	International Obligations (Gov't. and Corp.)		$ 85,279.52	$ 281,721.06	$ 1,819,738.82	$ 396,864.99	$ 734,664.78
			AAAf	**Aaf**	**Af**			**Unrated**
05	9999	Fixed Income Money Market and Bond Mutual Fund	$ 173,387,042.90					$ 128,354,532.27

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

Discrete Component Unit

Standard & Poor's

Fund Type	GAAP Fund	Investment Type	AAA	AA	A	BBB	BB	Unrated
15	9999	International Obligations (Gov't and Corp.)		$ 8,228.32	$ 27,182.28	$ 175,580.26	$ 38,292.12	$ 70,885.26
			AAAf	**Aaf**	**Af**			**Unrated**
15	9999	Fixed Income Money Market and Bond Mutual Fund						$ 6,932,723.70

Derivative Investing

The Texas Tech University System's Investment Policy Statement for the LTIF allows investment in certain derivative securities. A derivative security is a financial instrument which derives its value from another security, currency, commodity or index.

The System entered into futures contracts, options, and swaps as efficient substitutes for traditional securities to reduce portfolio risks created by other securities, or in fully hedged positions to take advantage of market anomalies. The derivative contracts entered into during fiscal year 2014 all used market indices as underlying securities in order to gain and reduce market exposure in an efficient manner. The contracts are valued daily and the Texas Tech University System's net equity in the contracts, representing unrealized gain or loss, is reported on the Combined Statement of Net Position as Investments.

These instruments involve market and/or credit risk in excess of the amount recognized in the Combined Statement of Net Position. Risks arise from the possibility that counterparties will be unable to meet the terms of their contracts and from movement in index values. Futures contracts have reduced counterparty credit risk since they are exchange-traded and the exchange's clearinghouse, as counterparty to all exchange-traded futures, guarantees them against default. Counterparty risk for swaps and options is mitigated by master netting agreements between the System and its counterparties, and by the posting of collateral on a daily basis.

The Texas Tech University System's gross counterparty exposure as of August 31, 2014 is presented below.

	Assets	Liabilities	Assets	Liabilities	
Investment Derivatives	**Notional**	**Notional**	**Fair Value at August 31, 2014**	**Fair Value at August 31, 2014**	**Counterparty Rating**
Futures Contracts	$ 142,603,396.59	$ 8,839,288.21	$ 1,210,029.09	$ 247,924.20	A
Options	81,748,277.27	49,453,669.61	3,138,490.62	2,537,734.25	A
Total Return Swaps	13,284,722.57	0.00	0.00	26,075.48	A

Texas Tech University System had no derivative investments subject to reporting requirements as of August 31, 2013.

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

Discrete Component Unit

Investment Derivatives	Assets Notional	Liabilities Notional	Assets Fair Value at August 31, 2014	Liabilities Fair Value at August 31, 2014	Counterparty Rating
Futures Contracts	$ 19,442,452.37	$ 1,205,142.68	$ 164,974.56	$ 33,801.83	A
Options	11,145,505.82	6,742,480.47	427,899.73	345,993.00	A
Total Return Swaps	1,811,230.25	0.00	0.00	3,555.11	A

The Carr Foundation had no derivative investments subject to reporting requirements as of August 31, 2013.

Note 4: Short-Term Debt

Texas Tech University System had the following short-term debt outstanding as of August 31, 2014.

Business-Type Activities	Balance 9/1/2013	Additions	Reductions	Other Changes	Balance 8/31/2014
Notes and Loans Payable - Commercial Paper	$ 55,614,000.00	$ 78,700,000.00	$ 19,351,000.00		$ 114,963,000.00

Texas Tech University System had the following short-term debt outstanding as of August 31, 2013.

Business-Type Activities	Balance 9/1/2012	Additions	Reductions	Other Changes	Balance 8/31/2013
Notes and Loans Payable - Commercial Paper	$ 27,159,000.00	$ 41,220,200.00	$ 12,780,626.16	$ 15,426.16	$ 55,614,000.00

Notes and Loans Payable

Commercial paper, both taxable and non-taxable, was issued during the fiscal year to finance various construction projects in advance of the issuance of authorized bonds. The System intends to issue Revenue Financing System bonds in February of 2015, which will include refunding a portion of the System's outstanding commercial paper debt. Note 16 contains additional information regarding the fiscal year 2015 bond issue, and also the amounts of commercial paper expected to be issued by February 2015. Debt service for the obligation is provided in general appropriation for tuition revenue bonds and revenue from various projects.

All commercial paper outstanding at 8/31/14 will mature in fiscal year 2015. Commercial paper has short maturities up to 270 days with interest rates ranging from .04% to .14% for tax-exempt, and .10% to .15% for taxable paper.

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

Note 5: Long-Term Liabilities

During the year ended August 31, 2014, the following changes occurred in liabilities:

Business-Type Activities	Balance 9/1/2013	Additions	Reductions	Other Changes	Balance 8/31/2014	Amounts due within one year	Amounts due Thereafter
Claims Payable	$ 14,146,187.18	$ 0.00	$ 1,001,808.90	$ 0.00	$ 13,144,378.28	$ 1,051,550.26	$ 12,092,828.02
Capital Lease Payable	137,466.64	0.00	120,402.59	0.00	17,064.05	17,064.05	0.00
Employees' Compensable Leave	39,659,616.99	2,168,411.81	173,087.71	0.00	41,654,941.09	5,045,810.98	36,609,130.11
Revenue Bonds Payable	520,389,101.69	0.00	29,255,000.00	(2,392,073.24)	488,742,028.45	31,968,233.73	456,773,794.72
Total Business-Type Activities	**$ 574,332,372.50**	**$ 2,168,411.81**	**$ 30,550,299.20**	**$ (2,392,073.24)**	**$ 543,558,411.87**	**$ 38,082,659.02**	**$ 505,475,752.85**

During the year ended August 31, 2013, the following changes occurred in liabilities:

Business-Type Activities	Balance 9/1/2012	Additions	Reductions	Other Changes	Balance 8/31/2013	Amounts due within one year	Amounts due Thereafter
Claims Payable	$ 15,381,242.26	$ 0.00	$ 1,235,055.08	$ 0.00	$ 14,146,187.18	$ 1,060,964.04	$ 13,085,223.14
Capital Lease Payable	312,621.29	0.00	175,154.65	0.00	137,466.64	120,402.59	17,064.05
Employees' Compensable Leave	39,899,447.83	453,066.99	692,897.83	0.00	39,659,616.99	4,752,564.50	34,907,052.49
Revenue Bonds Payable	548,070,020.34	0.00	27,750,000.00	69,081.35	520,389,101.69	31,647,073.24	488,742,028.45
Total Business-Type Activities	**$ 603,663,331.72**	**$ 453,066.99**	**$ 29,853,107.56**	**$ 69,081.35**	**$ 574,332,372.50**	**$ 37,581,004.37**	**$ 536,751,368.13**

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.

Capital Lease Payable

See Note 8 for detailed information on capital lease payable.

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

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, while the liability for unpaid benefits is recorded in the Combined Statement of Net Position. This obligation is paid from a central vacation pool account which collects the funding from the same funding source(s) from which the employee's salary or wage compensation was paid. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Notes and Loans Payable

Current and prior fiscal year notes payable activity and balances which were previously reported in Note 5 as long-term liabilities have been moved to Note 4 and reported as short-term debt. This reclassification was necessary because the bond issue to be used to refund a portion of the outstanding commercial paper debt is not expected to occur until February 2015.

Revenue Bonds Payable

See Note 6 and accompanying Bond Schedules 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.

Note 6: Bonded Indebtedness

Revenue Bonds Payable

Detailed supplemental bond information is disclosed in the Combined:

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

Several bond issues were outstanding as of August 31, 2014 and are summarized in the paragraphs that follow.

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

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.
Issue Date:	September 23, 2003
Original Issue Amount:	$97,265,000.00, all bonds authorized have been issued
Source of revenue for debt service:	All pledged revenues of the participants of the Texas Tech University System Revenue Financing System

Revenue Financing System Refunding and Improvement Bonds, 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.
Issue Date:	February 2, 2006
Original Issue Amount:	$220,915,000.01, all bonds authorized have been issued
Source of revenue for debt service:	All pledged revenues of the participants of the Texas Tech University System Revenue Financing System

Revenue Financing System Refunding and Improvement Bonds, 12th Series 2009

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.
Issue Date	March 3, 2009
Original Issue Amount	$170,825,000.00, all authorized bonds have been issued
Source of revenue for debt service:	All pledged revenues of the participants of the Texas Tech University System Revenue Financing System

Revenue Financing System Refunding and Improvement Bonds, 14th Series 2012A

Purpose:	For refunding of $96,469,500 of Revenue Financing System Commercial Paper Notes Series A, a partial current refunding of $4,215,000 of Revenue Financing System Bonds Series 2001 and of $355,000 of Texas State University System Revenue Financing System Bonds Series 2002 representing ASU's portion. For partial advanced refunding of $52,460,000 of Revenue Financing System Bonds Series 2003. To provide new funding for 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 capital improvement projects.
Issue Date	February 1, 2012
Original Issue Amount	$163,240,000.00, all authorized bonds have been issued
Source of revenue for debt service:	All pledged revenues of the participants of the Texas Tech University System Revenue Financing System

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

Revenue Financing System Refunding Bonds, 15th Series 2012B (Taxable)

Purpose:	For current refunding of $27,710,000 of Revenue Financing System Bonds Taxable Series 2001.
Issue Date	February 1, 2012
Original Issue Amount	$27,585,000.00, all authorized bonds have been issued
Source of revenue for debt service:	All pledged revenues of the participants of the Texas Tech University System Revenue Financing System

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 (collateralized borrowing), on the other. The following table provides the pledged future revenue information for Texas Tech University System's revenue bonds:

Pledged Future Revenues	Business-Type Activities	
	FY14	FY13
Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds	$ 661,117,474.70	$ 712,874,316.21
Term of Commitment for Year Ending 8/31	2041	2041
Percentage of Revenue Pledged	100%	100%
Current Year Pledged Revenue	$ 723,525,171.28	$ 681,302,392.18
Current Year Principal and Interest Paid	$ 51,756,841.51	$ 51,369,700.24

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

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.

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

Description	Year	Principal	Interest	Total
All Issues	2015	$ 2,780,000.00	$ 1,301,169.85	$ 4,081,169.85
	2016	2,626,342.79	1,228,991.66	3,855,334.45
	2017	2,756,131.48	1,097,674.54	3,853,806.02
	2018-2022	9,367,359.03	3,752,367.94	13,119,726.97
	2023-2027	3,835,000.00	2,092,000.00	5,927,000.00
	2028-2032	4,870,000.00	1,034,750.00	5,904,750.00
	2033-2036	1,125,000.00	56,250.00	1,181,250.00
Totals		**$ 27,359,833.30**	**$ 10,563,203.99**	**$ 37,923,037.29**

A portion of the ASU debt above represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. ASU was appropriated $3,959,056.00 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

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

The following disclosures summarize the System's derivative activity as reported in the financial statements as of August 31, 2014.

	Changes in Fair Value		Fair Value at August 31, 2014		
Investment Derivatives	**Classification**	**Amount**	**Classification**	**Amount**	**Notional**
Futures	Investment Revenue	$ 962,104.89	Investments	$ 962,104.89	$ 133,764,108.38
Options	Investment Revenue	600,756.37	Investments	600,756.37	32,294,607.66
Total Return Swaps	Investment Revenue	(26,075.48)	Investments	(26,075.48)	13,284,722.57

Discrete Component Unit

	Changes in Fair Value		Fair Value at August 31, 2014		
Investment Derivatives	**Classification**	**Amount**	**Classification**	**Amount**	**Notional**
Futures	Investment Revenue	$ 131,172.73	Investments	$ 131,172.73	$ 18,237,309.69
Options	Investment Revenue	81,906.73	Investments	81,906.73	4,403,025.35
Total Return Swaps	Investment Revenue	(3,555.11)	Investments	(3,555.11)	1,811,230.25

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

Fair Value

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

Investment Derivatives

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

As of August 31, 2013, Texas Tech University System held no material direct derivative investments. The Carr Foundation also held no material direct derivative investments as of August 31, 2013.

Note 8: Leases

Capital 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 August 31, 2014 and 2013.

Assets Under Capital Leases	Business-Type Activities	
	FY14	FY13
Equipment	$ 352,140.42	$ 690,812.72
Less: Accumulated Depreciation	(111,361.80)	(213,824.29)
Total	**$ 240,778.62**	**$ 476,988.43**

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

Future minimum lease payments under these capital leases, together with the present value of the net minimum lease payments at August 31, 2014, are as follows:

	Business-Type Activities		
Fiscal Year Ended August 31	Principal	Interest	Total Future Minimum Lease Payments
2015	$ 17,064.05	$ 335.09	$ 17,399.14
2016	0.00	0.00	0.00
2017	0.00	0.00	0.00
2018	0.00	0.00	0.00
2019	0.00	0.00	0.00
Total	**$ 17,064.05**	**$ 335.09**	**$ 17,399.14**
Minimum Lease Payments			$ 17,399.14
Less: The amount representing interest at TTUHSC's borrowing rate of interest			$ (335.09)
Present Value of Minimum Lease Payments			**$ 17,064.05**

Operating Leases

Texas Tech University System has entered into various operating leases for buildings and equipment. Included in the expenditures reported in the financial statements is the following amount of rent paid or due under operating lease obligations as of August 31, 2014 and 2013:

Fund Type	Amount	
	FY14	FY13
Proprietary Fund	$ 5,678,630.17	$ 5,086,715.38

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

Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year are as follows:

Fiscal Year Ended August 31,	Minimum Future Lease Payments
2015	$ 3,700,395.34
2016	3,187,284.67
2017	2,406,357.65
2018	2,041,692.69
2019	1,825,526.82
2020 - 2024	4,227,834.00
2025 - 2029	2,589,118.80
2030 - 2034	2,172,458.80
2035 - 2038	65,383.12
Total Minimum Future Lease Rental Payments	**$ 22,216,051.89**

Texas Tech University System has operating lease income for leased building space to outside parties under various operating leases. Included in the revenues reported in the financial statements is the following for rent received under non-cancelable operating leases as of August 31, 2014 and 2013:

Fund Type	Amount	
	FY14	**FY13**
Proprietary Fund	$ 1,476,982.54	$ 843,953.43

The System had no reported contingent rental revenues. Future minimum lease rental income under non-cancelable operating leases having an initial term in excess of one year is as follows as of August 31, 2014:

Fiscal Year Ended August 31,	Minimum Future Rentals
2015	$ 1,457,309.08
2016	1,457,607.08
2017	1,462,088.72
2018	1,462,437.19
2019	1,219,385.12
Total Minimum Future Lease Rental Income	**$ 7,058,827.19**

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

The cost, accumulated depreciation and carrying value of these assets as of August 31, 2014 and 2013 were as follows:

Value of Leased Building Space	FY14	FY13
Historical Cost of Leased Building Space	$ 21,954,134.92	21,717,989.11
Less: Accumulated Depreciation	(11,799,580.11)	(11,247,016.44)
Total Carrying Value of Leased Building Space	**$ 10,154,554.81**	**$ 10,470,972.67**
Leased Percentage of Full Carrying Value	9.37%	8.71%

Note 9: Pension Plans and Optional Retirement Program

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 years ended August 31, 2014 and 2013 are:

	FY14	FY13
Member Contributions	$ 19,014,148.01	$ 18,321,568.04
Employer Contributions	20,639,873.67	19,191,765.31
Total	**$ 39,654,021.68**	**$ 37,513,333.35**

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 State Agencies or Due to Other State Agencies
Transfers In or Transfers Out
Interagency Capital Asset Transfers
Legislative Transfers In or Legislative Transfers Out

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

Individual balances and activity at August 31, 2014 and 2013 follow:

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

Due from / to Other State Agencies

			FY14		FY13	
Agency Name	Agency Number	D23 Fund	Due from Other State Agencies	Due to Other State Agencies	Due from Other State Agencies	Due to Other State Agencies
Office of the Governor	300	5124		$ 1,198,965.51		$ 870,053.35
Office of the Governor	300	7999	$ 44,829.33		$ 18,888.25	
Texas Workforce Commission	320	5026			34,842.31	
Commission on State Emergency Communications	477	7999	108,179.49		142,280.30	
Texas Department of State Health Services	537	0001			4,419.21	
Texas Department of State Health Services	537	0273	43,793.83		81,531.74	
Texas Department of State Health Services	537	7999	451,711.77		279,497.80	
Cancer Prevention and Research Institute of Texas	542	7639	258,606.41		187,841.59	
Cancer Prevention and Research Institute of Texas	542	7999	1,166,817.32		1,431,123.18	
Texas Department of Agriculture	551	5026	5,785.70		32,095.87	1,697.53
Texas Agrilife Extension Service	555	7999	90,400.09	99.39	41,643.02	39,634.48
Texas Agrilife Research	556	7999	20,872.33	532.60	22,302.74	8,424.74
Texas Water Development Board	580	1358	439,002.36		193,149.28	
Texas Commission on Environmental Quality	582	1515	5,667.08			
Texas Commission on Environmental Quality	582	1535	23,803.56		3,883.60	
Soil and Water Conservation Board	592	0001	55,740.37			
Texas Department of Motor Vehicles	608	5015	12,922.52		8,433.92	
Texas Education Agency	701	0148	181,102.11		293,361.58	
Texas A&M University System	710	7999				40,018.08
Texas A&M Engineering Experiment Station	712	7999	21,794.13	12,790.91	12,852.99	19,164.25
Tarleton State University	713	7999		43,056.74		91,977.98
The University of Texas at Arlington	714	7999	73,912.83		78,559.59	
The University of Texas System	720	0810	5,658,168.49		4,271,338.93	
The University of Texas System	720	7999		109,398.42		95,385.98
The University of Texas at Austin	721	7999	63,951.04	11,452.24	27,623.06	722.68
The University of Texas Medical Branch at Galveston	723	7999	12,954.34		20,996.84	
The University of Texas - El Paso	724	7999	19,828.77		7,191.93	
The University of Texas Southwest Medical Center - Dallas	729	7999	9,831.48			
Midwestern State University	735	7999		29,956.35		71,815.56
The University of Texas at San Antonio	743	7999			14,506.52	
The University of Texas HSC - Houston	744	7999	9,727.36	2,528.10		33,159.38
The University of Texas HSC - San Antonio	745	7999			1,649.86	
Texas State University - San Marcos	754	7999				26,800.27
Stephen F. Austin State University	755	7999	398,221.96		415,441.02	
Sul Ross State University	756	7999				9,124.09
West Texas A&M University	757	0001		48,442.06		32,901.19
West Texas A&M University	757	7999		132,168.08		110,391.30
Texas A&M University - Corpus Christi	760	7999			17,815.49	1,902.71
Texas School for the Blind and Visually Impaired	771	0001	75,223.32		74,756.75	
Texas Higher Education Coordinating Board	781	0001		74,020.57	84,934.74	72,208.52
Texas Parks and Wildlife Department	802	0921	113,932.21			
Texas Parks and Wildlife Department	802	0951	136,858.30		94,532.02	
Texas Parks and Wildlife Department	802	3043	39,077.87			
Texas Parks and Wildlife Department	802	5043	0.00		13,296.87	
Comptroller of Public Accounts	902	0214	20,824,433.79		15,175,956.23	
Comptroller State Energy Conservation Office	907	0224	0.00		152,145.80	
Total Due from / to Other State Agencies			**$ 30,367,150.16**	**$ 1,663,410.97**	**$ 23,238,893.03**	**$ 1,525,382.09**

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

Transfers from / to Other State Agencies

Agency Name	Agency Number	D23 Fund	FY14 Transfers In	FY14 Transfers Out	FY13 Transfers In	FY13 Transfers Out
Texas Public Financing Authority	347	0507				$ 114,788.74
Texas Public Financing Authority	347	0735				573.48
Texas Public Financing Authority	347	7999		545,852.85		531,379.86
Texas State University System	758	7999		1,814,379.17		1,816,676.75
Texas Higher Education Coordinating Board	781	0001		99,948.53		96,697.58
Texas Higher Education Coordinating Board	781	0542				54,041.96
Texas Higher Education Coordinating Board	781	5103		4,378,556.44		4,391,785.14
Texas Higher Education Coordinating Board	781	5144		61,538.58		54,950.78
Comptroller of Public Accounts	902	0214	$ 8,815,806.83		$ 8,453,949.25	
Total Transfers from / to Other State Agencies			**$ 8,815,806.83**	**$ 6,900,275.57**	**$ 8,453,949.25**	**$ 7,060,894.29**

Legislative Transfers In / Out

Agency Name	Agency Number	D23 Fund	FY14 Legislative Transfers In	FY14 Legislative Transfers Out	FY13 Legislative Transfers In	FY13 Legislative Transfers Out
Texas State University System	758	0001		$ 2,764,516.63		$ 2,706,875.77
Total Legislative Transfers In / Out				**$ 2,764,516.63**		**$ 2,706,875.77**

Interagency Capital Asset Transfers

Agency Name	Agency Number	FY14 Net Asset Increase	FY14 Net Asset Decrease	FY13 Net Asset Increase	FY13 Net Asset Decrease
Department of State Health Services	537	$ 2,367.86		$ 8,903.19	
Texas A&M University	711		$ 92,524.86		
Texas A&M Engineering Experiment Station	712				32,170.21
University of Texas at El Paso	724		15,985.03		
University of Texas Health Sciences Center at San Antonio	745	8,064.09			
Texas State University System	754	32,405.44			236,209.55
Texas Parks and Wildlife	802	9,549.14			
Total Capital Asset Transfers from / to Other State Agencies		**$ 52,386.53**	**$ 108,509.89**	**$ 8,903.19**	**$ 268,379.76**

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.

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

Note 14: Adjustments to Fund Balances and Net Position

Texas Tech University made an adjustment for FY13 that required the restatement of the ending Net Position for FY13, and the beginning Net Position for FY14 on the Texas Tech University System Combined Statement of Revenues, Expenses and Changes in Net Position as indicated below:

Combined Statement of Revenues, Expenses and Changes in Net Position	FY13
Beginning Net Position, September 1	$ 2,605,523,154.56
Restatements	(1,824,666.02)
Ending Net Position, August 31	$ 2,603,698,488.54

This restatement to Net Position was to correct a prior year error in recording allowances for other receivables, and affected the following financial statement elements:

Statement	Description	Restatement Amounts		
		FY13 as reported	Correction	FY13 restated
SNP	Other Receivables	$ 4,833,578.75	$ (1,824,666.02)	$ 3,008,912.73
SNP	Net Position, Unrestricted	760,757,370.56	(1,824,666.02)	758,932,704.54
SRECNP	Tuition and Fees-Pledged	428,336,249.69	(1,824,666.02)	
	Other Tuition and Fee Changes not affecting Net Position		(8,073,352.23)	418,438,231.44
Cash Flow	(Increase) Decrease in Accounts Receivable	(9,608,768.53)	1,824,666.02	(7,784,102.51)

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

Reclassification of several items in the financial records of System components resulted in the restatement of comparative financial statement balances for the year ended August 31, 2013 as summarized below. These reclassifications required no restatement of fund balances or net position.

Statement	Description	Restatement Amounts		
		FY13 as reported	Correction	FY13 restated
SRECNP	Tuition and Fees	$ 7,533,680.17	$ 7,308,786.07	$ 14,842,466.24
SRECNP	Travel	26,601,741.27	1,300,247.74	27,901,989.01
SRECNP	Rentals and Leases	15,018,601.50	(1,300,247.74)	13,718,353.76
SRECNP	Materials and Supplies	64,162,521.10	3,204,142.46	67,366,663.56
SRECNP	Scholarships	68,222,804.61	(3,204,142.46)	65,018,662.15
SRECNP	Private Gifts	43,918,741.13	13,006,861.40	56,925,602.53
SRECNP	Private Gifts-Pledged	13,907,713.23	(13,006,861.40)	900,851.83
SRECNP	Investment Income	45,210,642.79	(4,955,302.19)	40,255,340.60
SRECNP	Investment Income-Pledged	15,321,203.96	4,955,302.19	20,276,506.15
SRECNP	Other Nonoperating Revenues (Expenses)	7,152,461.10	996,678.06	8,149,139.16
SRECNP	Other Nonoperating Revenues (Expenses)-Pledged	3,168,025.86	(232,111.90)	2,935,913.96
Cash Flow	Proceeds from Tuition and Fees	$ 345,953,294.80	$ (764,566.16)	$ 345,188,728.64
Cash Flow	Proceeds from Other Financing Activities	12,709,238.77	764,566.16	13,473,804.93
Cash Flow	Payments to Employees for Salaries	(748,741,155.29)	(2,777,090.61)	(751,518,245.90)
Cash Flow	Payments to Employees for Benefits	(173,107,168.89)	2,777,090.61	(170,330,078.28)
Cash Flow	Payments for Additions to Capital Assets	(109,662,977.82)	(175,154.65)	(109,838,132.47)
Cash Flow	Payments for Other Capital Related Activities	(175,154.65)	175,154.65	0.00
Cash Flow	Reconciliation of Operating Loss	(472,017,772.14)	(2,589,232.18)	(474,607,004.32)
Cash Flow	Increase (Decrease) in Deposits	(1,525.00)	1,525.00	0.00
Cash Flow	Increase (Decrease) in Other Liabilities	126,182.04	(1,525.00)	124,657.04
Cash Flow	Increase (Decrease) in Payroll Payable	3,194,413.90	(2,783,739.55)	410,674.35
Cash Flow	Increase (Decrease) in Benefits Payable	(229,259.92)	2,783,739.55	2,554,479.63

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

Note 15: Contingencies and Commitments

Contingencies

At August 31, 2014, 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

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.

The remaining commitment - domestic for the System as of August 31, 2014 was $116,723,150.71, and $95,565,541.45 as of August 31, 2013.

The remaining commitment – domestic for the Carr Foundation was $15,913,956.83 as of August 31, 2014, and $13,005,559.00 as of August 31, 2013.

Note 16: Subsequent Events

Texas Tech University System intends to issue Revenue Financing System Bonds totaling $111,239,000.00 in February of 2015, of which $67,030,364.00 has already been issued as commercial paper as of August 31, 2014. Texas Tech University's portion of that issuance will be $102,075,000.00, with probable projects to include construction and renovations to the Research and Technology Park, the Rawls College of Business Administration wing addition, Jones Stadium North Colonnade, Bayer Crop Sciences projects, and the Plant & Soil Sciences building. The bond issue will refund the outstanding commercial paper issued for the West Housing complex and the College of Education Burkhart Center for Autism. Texas Tech University Health Sciences Center at El Paso's portion will be $9,164,000.00, to be used for the Gayle Greve Hunt School of Nursing.

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

Texas Tech University System intends to issue the following Revenue Financing System Commercial Paper Notes after August 31, 2014 as follows:

Issuance	Series	Amount	Date of Issuance	Purpose
Revenue Financing System Commercial Paper Notes Tax-Exempt	A	$10,200,000.00	12/9/2014	Construct new Intramural Fields at ASU and TTU, Construct new School of Nursing Building at HSC at El Paso, Construct new West Village Residence Hall and Dining Facility at TTU, Renovate Stangel-Murdough Kitchen, Construct new Burkhart Center for Autism Education and Research Building.
Revenue Financing System Commercial Paper Notes Taxable	A	16,000,000.00	12/9/2014	Renovate TTU United Supermarkets Arena foyer, coaches and locker room area. Construct new TTU Research and Technology Park Facility. Retrofit the University College building for Bayer CropScience, Construct Bayer CropScience & Plant and Soil Science Dept Trait Development Facility.
Revenue Financing System Commercial Paper Notes Tax-Exempt	A	4,000,000.00	2/12/2015	Construct new School of Nursing Building at HSC at El Paso, Construct new West Village Residence Hall and Dining Facility at TTU, Construct wing addition to College of Business Administration, Construct new System Administration Building, Build-out Athletics Finance Dept office space in Jones Stadium Eastside.
Revenue Financing System Commercial Paper Notes Taxable	A	6,000,000.00	2/15/2015	Renovate TTU United Supermarkets Arena foyer, coaches and locker room area. Construct new TTU Research and Technology Park Facility. Retrofit the University College building for Bayer CropScience, and Construct Bayer CropScience & Plant and Soil Science Dept Trait Development Facility.
		$ 36,200,000.00		

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.

One component of the TTU System, the Texas Tech University Health Sciences Center, has self-insured arrangements for medical malpractice coverage through a medical malpractice self-insurance plan. The plan is managed by the Office of General Counsel, and the associated liability is adjusted annually based on actuarially estimated incurred but not reported (IBNR) liability to reflect the anticipated future claims related to past medical services.

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

Changes in the balances of the agency's claims liabilities during FY14 and FY13 are presented in the table below.

Claims and Judgments	Beginning Balance	Increases	Decreases	Ending Balance
FY2014	$ 14,146,187.18	$ 2,155,000.00	$ (3,156,808.90)	$ 13,144,378.28
FY2013	15,381,242.26	754,376.87	(1,989,431.95)	14,146,187.18

The increases in both FY14 and FY 13 represent claims and judgments expenses as paid by the Medical Practice Liability Plan, with the ending balance reflecting future estimated claims.

Note 18: Management Discussion and Analysis

The Texas Tech University System is governed by a nine-member Board of Regents appointed by the Governor of Texas. Members of the board serve six-year, staggered terms. In addition to the nine members, there also is one student regent who serves a one-year term and is appointed by the governor. A list of the current members of the Board of Regents is included in the organizational data.

The board reviews major issues and establishes policy for the System and its components. The board also appoints the chancellor who is the chief executive officer of the System. As chief executive officer, the chancellor carries out the policies of the System as determined by the regents and has direct responsibility for all aspects of oversight and management of the components.

The chancellor of the Texas Tech University System is Robert L. Duncan.

Formally established by the Texas Legislature in 1999, the Texas Tech University System is composed of a central administration, two health-related institutions and two general academic institutions. The components of the System are Texas Tech University System Administration (TTUSA), Texas Tech University (TTU), Texas Tech University Health Sciences Center (TTUHSC), Angelo State University (ASU) and Texas Tech University Health Sciences Center at El Paso (TTUHSC at EP). In its young history, the Texas Tech University System has emerged as a nationally acclaimed higher education system with one of the largest contiguous campuses in the United States. Headquartered in Lubbock, Texas, the System operates on more than 12 campuses and academic sites throughout the State of Texas and internationally. The System has locations statewide in Abilene, Amarillo, Dallas, El Paso, Fredericksburg, Highland Lakes, Junction, Lubbock, Midland, Odessa and San Angelo. Internationally, the System has a location in Seville, Spain.

The Texas Tech University System employs more than 17,000 faculty and staff. The annual combined budget of the System totals more than $1.7 billion; approximately $425 million of these funds are appropriated by the Texas Legislature. The total enrollment across all components is more than 44,000 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.

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

Note 19: The Financial Reporting Entity

The combined financial statements of The Texas Tech University System include all institutions comprising the System – Texas Tech University System Administration, Texas Tech University, Texas Tech University Health Sciences Center, Angelo State University, and Texas Tech University Health Sciences Center at El Paso. Amounts due between and among institutions and other duplications in reporting are eliminated in combining the financial statements.

Also included in these combined financial statements are the component units listed below.

Individual Component Unit Disclosures

Blended Component Units

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

The Texas Tech Foundation, Inc. (TTFI), Box 41102, Lubbock, TX 79409, is a not-for-profit 501(c)(3) organization, exempt from income taxes. TTFI was founded to financially support and serve the fundraising needs of all colleges, schools, programs, and campuses of the Texas Tech University System (TTUS). The Foundation was formed to seek and obtain gifts for all the TTUS institutions; to receive, hold, invest and administer property of any type given to the institutions; and to make expenditures to or for the benefit of the TTUS institutions. The members of the Foundation Board are appointed by and serve at the will of the TTUS Board of Regents. This Board of Regents also has the ability to veto, override or modify decisions of TTFI, and they can modify or approve TTFI's budget. Based on these criteria, the financial transactions of TTFI have been blended into the financial statements of TTUS. August 31 is the Foundation's fiscal year end.

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

The National Wind Resource Center (NWRC), a not-for-profit 501(c)(3) organization exempt from income taxes, was formed by Texas Tech University (TTU) in 2010 to support wind energy research at TTU. This organization was dissolved as of August 31, 2014.

The condensed financial statements for these component units as of August 31, 2014 are presented below.

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

Condensed Statement of Net Position	Blended Component Units		
	TTFI	TTPA	NWRC
Total Assets	$ 554,292,214.22	$ 4,047,780.61	$ 166,550.18
Total Liabilities	553,978.92	1,644,631.46	166,550.18
Net Position:			
Invested in Capital Assets, Net of Related Debt			
Restricted:			
Nonexpendable:			
Endowments	440,960,282.63		
Expendable:			
Other	100,413,657.54		
Unrestricted	12,364,295.13	2,403,149.15	
Total Net Position	$ 553,738,235.30	$ 2,403,149.15	$ 0.00

Condensed Statement of Revenues, Expenses and Changes in Net Position	Blended Component Units		
	TTFI	TTPA	NWRC
Operating Revenues	$	$	$
Other Sales and Services	254,758.67		
Professional Fees		20,014,105.78	
Federal Grants and Contracts		208,636.00	
State Grants and Contracts			(241,550.18)
Nongovernmental Grants and Contracts	155,000.00	39,991.46	
Operating Expenses			
Research			62,710.18
Academic Support	2,998,659.26		
Public Service		550,191.65	
Operating Income (Loss)	(2,588,900.59)	19,712,541.59	(304,260.36)
Nonoperating Revenues (Expenses)			
Investment Income (Expense)	59,895,589.46	30,589.16	
Other Nonoperating Revenues	2,542,266.18		
Total Nonoperating Revenues and Expenses	62,437,855.64	30,589.16	0.00
Other Revenues, Expenses, Gains, Losses and Transfers			
Contributions to Permanent and Term Endowments	28,178,724.05		
Transfers to Components/Other Funds	(24,524,333.51)	(19,859,860.03)	
Total Other Revenues, Expenses, Gains, Losses and Transfers	3,654,390.54	(19,859,860.03)	0.00
Total Change in Net Position	63,503,345.59	(116,729.28)	(304,260.36)
Beginning Net Position (September 1, 2013)	490,234,889.71	2,519,878.43	304,260.36
Ending Net Position (August 31, 2014)	$ 553,738,235.30	$ 2,403,149.15	$ 0.00

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

Condensed Statement of Cash Flows	Blended Component Units		
	TTFI	TTPA	NWRC
Net Cash Provided (Used) by Operating Activities	$ (3,038,196.67)	$ 19,706,705.71	$ (304,260.36)
Net Cash Provided (Used) by Noncapital Financing Activities	26,848,161.05	(19,859,860.03)	
Net Cash Provided (Used) by Capital and Related Financing Activities			
Net Cash Provided (Used) by Investing Activities	(26,733,016.58)	30,589.16	
Total Net Cash Flows	(2,923,052.20)	(122,565.16)	(304,260.36)
Beginning Cash and Cash Equivalents (September 1, 2013)	11,726,153.86	4,112,964.78	304,260.36
Ending Cash and Cash Equivalents (August 31, 2014)	$ 8,803,101.66	$ 3,990,399.62	$ 0.00

The condensed financial statements for these component units as of August 31, 2013 are presented below.

Condensed Statement of Net Position	Blended Component Units		
	TTFI Restated	TTPA	NWRC
Total Assets	$ 491,203,389.27	$ 4,160,789.22	$ 304,260.36
Total Liabilities	968,499.56	1,640,910.79	
Net Position:			
Invested in Capital Assets, Net of Related Debt			
Restricted:			
Nonexpendable:			
Endowments	404,480,282.98		
Expendable:			
Other	72,388,246.12		304,260.36
Unrestricted	13,366,360.61	2,519,878.43	
Total Net Position	$ 490,234,889.71	$ 2,519,878.43	$ 304,260.36

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

Condensed Statement of Revenues, Expenses and Changes in Net Position	Blended Component Units		
	TTFI Restated	TTPA	NWRC
Operating Revenues	$	$	$
Other Sales and Services	253,253.38		
Professional Fees		25,439,034.13	
Federal Grants and Contracts		186,821.06	
Nongovenmental Grants and Contracts	155,000.00	28,321.75	
Operating Expenses			
Research			90,054.24
Academic Support	2,834,038.24		
Public Service		425,522.34	
Operating Income (Loss)	(2,425,784.86)	25,228,654.60	(90,054.24)
Nonoperating Revenues (Expenses)			
Private Gifts	(13,173,174.06)		
Investment Income (Expense)	36,732,716.99	45,796.57	
Other Nonoperating Revenues	2,692,132.34		
Total Nonoperating Revenues and Expenses	26,251,675.27	45,796.57	0.00
Other Revenues, Expenses, Gains, Losses and Transfers			
Contributions to Permanent and Term Endowments	48,812,348.50		
Transfers to Components/Other Funds	(23,995,340.73)	(25,306,538.69)	
Total Change in Net Position	48,642,898.18	(32,087.52)	(90,054.24)
Beginning Net Position (September 1, 2012)	441,591,991.53	2,551,965.95	394,314.60
Ending Net Position (August 31, 2013)	$ 490,234,889.71	$ 2,519,878.43	$ 304,260.36

Condensed Statement of Cash Flows	Blended Component Units		
	TTFI Restated	TTPA	NWRC
Net Cash Provided (Used) by Operating Activities	$ (1,756,223.94)	$ 25,208,820.91	$ (90,054.24)
Net Cash Provided (Used) by Noncapital Financing Activities	13,743,515.61	(25,306,538.69)	
Net Cash Provided (Used) by Capital and Related Financing Activities			
Net Cash Provided (Used) by Investing Activities	(9,055,122.36)	45,796.57	
Total Net Cash Flows	2,932,169.31	(51,921.21)	(90,054.24)
Beginning Cash and Cash Equivalents (September 1, 2012)	8,793,984.55	4,164,885.99	394,314.60
Ending Cash and Cash Equivalents (August 31, 2013)	$ 11,726,153.86	$ 4,112,964.78	$ 304,260.36

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

Discretely Presented Component Unit

The Angelo State University Robert G. Carr and Nona K. Carr Scholarship Foundation financial statements are included in these statements at the end of this report as a discretely presented component unit of the TTU System. The Foundation is a separate not-for-profit 501(c)(3) organization, exempt from income taxes and was established solely for the benefit of providing academic scholarships to the students of Angelo State University. The nine member Foundation Board of Trustees is comprised of all members of the TTU System Board of Regents, who have the ability to appoint, hire, reassign or dismiss those persons responsible for the operation of the Foundation. The Foundation has a fiscal year end of August 31, and the financial records of the Foundation are audited annually by an independent accounting firm. The Foundation's complete audited financial statements can be obtained from the Carr Foundation at Box 11007C, ASU Station, San Angelo, TX 76909.

Note 20: Stewardship, Compliance and Accountability

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

Note 21: N/A

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.

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

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

Donor Restricted Endowment	Amount of Net Appreciation *		Reported in Combined Statement of Net Position
	FY14	FY13	
True Endowments	$ 119,075,257.11	$ 64,250,410.00	Restricted Expendable
Term Endowments	$ 117,104.95	$ 74,255.55	Restricted Expendable
Total	$ 119,192,362.06	$ 64,324,665.55	

*There was a positive fair value adjustment totaling $54,847,683.28 for fiscal year 2014, and a positive fair value adjustment of $27,593,039.80 for fiscal year 2013.

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

Discrete Component Unit

Donor Restricted Endowment	Amount of Net Appreciation *		Reported in Statement of Net Position
	FY14	FY13	
True Endowments	$ 13,145,987.22	$ 3,407,286.14	Restricted Expendable

*There was a positive fair value adjustment totaling $9,738,701.08 for fiscal year 2014, and a positive fair value adjustment of $3,952,592.56 for fiscal year 2013**.**

Note 23: Extraordinary and Special Items

Texas Tech University System has no special or extraordinary items to report as of August 31, 2014, nor for the year ended August 31, 2013.

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, 2014 or as of August 31, 2013.

Note 25: Termination Benefits

Texas Tech University System has no reportable voluntary or involuntary termination benefits as of August 31, 2014. The System also had no reportable benefits as of August 31, 2013.

Note 26: Segment Information

Texas Tech University System has no reportable segments as of August 31, 2014 or as of August 31, 2013.

Note 27: Service Concession Arrangements

Texas Tech University System had no service concession arrangements as of August 31, 2014 or as of August 31, 2013.

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

Texas Tech University System had no deferred outflows or inflows of resources to report for the year ended August 31, 2014, or for the year ended August 31, 2013.

Note 29: Troubled Debt Restructuring

Texas Tech University System had no troubled debt restructuring for the year ended August 31, 2014, or for the year ended August 31, 2013.

Note 30: Non-Exchange Financial Guarantees

Texas Tech University System had no non-exchange financial guarantees to report for the year ended August 31, 2014.

SCHEDULES

Texas Tech University System (793)
Combined Schedule 1A - Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2014

Note 1: Non-Monetary Assistance:
The System did not receive any non-monetary federal assistance in fiscal year 2014.

Note 2: Reconciliation:

Federal Grants and Contracts (SRECNP)	$ 61,332,584.32
Federal Grants and Contracts - Pledged (SRECNP)	4,983,831.67
Federal Grants and Contracts Pass-Throughs (SRECNP)	4,988,558.69
Nonoperating Federal Grants and Contracts (SRECNP)	45,224,794.96
Total Federal Revenues	116,529,769.64
Reconciling Items:	
New Loans Processed	261,938,828.00
Federal Fixed Fee Basis Contract Revenues	(867,877.80)
Federal Revenues Received Under Vendor Relationship	(2,826,832.38)
Texas A&M Research Foundation	(1,067.82)
Other Reconciling Items	(9,572.30)
Total Federal Financial Assistance	$ 374,763,247.34

Note 3a: 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	$	$	$	$ 61,677.28
93.264 Nurse Faculty Loan Program	326,000.00		326,000.00	412,548.57
93.364 Nursing Student Loans				30,411.06
93.408 ARRA - Nurse Faculty Loan Program				235,437.59
Total U.S. Department of Health and Human Services	$ 326,000.00	$	$ 326,000.00	$ 740,074.50
U.S. Department of Education				
84.038 Federal Perkins Loan Program	$ 671,185.00	$ 16,447.60	$ 687,632.60	$ 4,047,048.60
84.268 Federal Direct Student Loans	260,941,643.00		260,941,643.00	
Total U.S. Department of Education	$ 261,612,828.00	$ 16,447.60	$ 261,629,275.60	$ 4,047,048.60
Total Student Loans	$ 261,938,828.00	$ 16,447.60	$ 261,955,275.60	$ 4,787,123.10

The federal Perkins Loan program at ASU is outsourced to ESCI.
The federal Perkins Loan program at TTU is outsourced to Campus Partners.

Note 3b: Federally Funded Loans Processed and Administrative Costs Recovered: None

Note 4: Depository Libraries for Governmental Publications
TTU and ASU 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 - No System component was the recipient of CFDA 17.225 funding for FY 2014.

Note 6: Rebates for the Special Supplemental Food Program for Women, Infants, and Children (WIC)
No System component was the recipient of CFDA 10.557 funding for FY 2014.

Note 7: Federal Deferred Revenue (no longer required)

Note 8: Supplemental Nutrition Assistance Program (SNAP)
No System component was the recipient of CFDA 10.551 funding for FY 2014.

Texas Tech University System (793)
Combined Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies
For the Year Ended August 31, 2014

Agency Number	Grant ID	Agency Name / Grant Description	Amount
Pass-through from:			
300		**Office of the Governor**	
	300.0004	Criminal Justice Planning Grants	$ 281,842.30
	300.0006	Emerging Technology Grant	1,363,166.21
		Total for Office of the Governor	1,645,008.51
457		**Texas State Board of Public Accountancy**	
	457.0001	5th Year Accounting Student Scholarship Program	28,717.00
477		**Commission on State Emergency Communications**	
	477.0001	Poison Control Centers	594,397.29
537		**Department of State Health Services**	
	537.0006	Epilepsy Project	231,815.97
	537.0012	Public Health Emergency Response	97.05
	537.0024	Family Health Services	370,577.43
	537.0035	Healthy Texas Babies Initiative	424.79
	537.0043	Medicares	24,995.11
		Total for Department of State Health Services	627,910.35
542		**Cancer Prevention and Research Institute of Texas**	
	542.0014	PP101174 - Access to Breast Care for West Texas – ABC 4 WT	230,437.15
	542.0023	PP110060 - Health Behavior Change Through Public and Professional Education and Training	(72.00)
	542.0026	PP110086 - Health Behavior Change Through Public and Professional Education and Training	(117.59)
	542.0029	PP110156 - ACCION: Against Colorectal Cancer in our Neighborhoods	888,903.05
	542.0045	PP120108 - Evidence-Based Cancer Research Services	312,528.05
	542.0132	RP100762 - Enhancing the Anti-neuroblastoma Activity of Fenretinide	302,313.32
	542.0149	RP101073 - Molecular Mechanisms of Novel Inhibitors of the Multidrug Resistance P-Glycoprotein	21,587.17
	542.0177	RP101353-P12 - P12:Richard Gibbs	143,963.79
	542.0280	RP110763-AC - Administrative Core	57,873.88
	542.0281	RP110763-C1 - C1: Biobanking of Cell Lines and Xenografts	90,592.80
	542.0283	RP110763-P3 - P3: Establishing and Charactierizing New Cancer Direct Xenografts	275,386.71
	542.0287	RP110786 - Multiphoton Laser Scanning Microscope for Cancer Research and Drug Discovery	24,159.25
	542.0291	RP120053 - High Impact/High Risk Research Awards	55,392.46
	542.0296	RP120168 - Identification of Rheb and Notch-dependent Pathways in Tuberous Sclerosis	244,652.05
	542.0328	RP120489 - Transporter-Targeted Drug Delivery and Treatment of Brain Metastases	248,769.29
	542.0329	RP120495 - North Texas Clinical Pharmacology Cancer Core	287,881.21
	542.0332	RP120528 - Establishing a Cancer Clinical Research Core facility at Texas Tech University HSC	385,162.37
	542.0383	RP121060 - Manufacture, Formulation, and IND-directed Toxicology	330,874.82
	542.0400	RP130266 - RATIONAL Redox-Driven Non-Toxic Therapeutics Strategies	76,920.76
	542.0403	RP130293 - High Impact/High Risk Research Awards	113,938.37

Texas Tech University System (793)
Combined Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies
For the Year Ended August 31, 2014

Agency Number	Grant ID	Agency Name / Grant Description	Amount
Pass-through from:			
	542.0422	RP130547 - Pharmacokinetics and Pharmacogenomics of 13-cis-retinoic Acid	133,186.52
	542.0430	RP130624 - Individual Investigator Research Awards	256,626.83
	542.0435	PP130068 - The El Paso and Hudspeth County Breast Cancer Education Program	115,037.75
	542.0436	PP130083 - De Casa En Casa: Preventing Cervical Cancer in El Paso and Hudspeth County	176,531.25
	542.0442	PP130071 - West Texas Cancer Survivors Network - Phase II (WTCSN - II)	52,497.11
		Total for Cancer Prevention and Research Institute of Texas	4,825,026.37
555		**Texas A&M AgriLife Extension Service**	
	551.0002	Increasing Breast Cancer and Cervical Screening and Diagnostic Services	984.43
	551.0008	Quail Education and Research Initiative	104,764.74
		Total for Texas A&M AgriLife Extension Service	105,749.17
580		**Texas Water Development Board**	
	580.0018	WSC - Agiculture Water Conservation	730,670.75
592		**Soil and Water Conservation Board**	
	592.0002	Water Supply Enhancement of Pharmaceutical and Personal Care Product Microcontaminants	213,246.85
710		**Texas A&M University System**	
	710.0008	ETF-NCTM Research Program	40,018.08
720		**University of Texas System**	
	720.0002	Joint Admission Medical Program (JAMP)	279,586.12
738		**University of Texas at Dallas**	
	738.0001	Texas Analog Research Superiority Program	69,977.28
781		**Texas Higher Education Coordinating Board**	
	781.0001	Family Practice Residency Program	781,360.00
	781.0006	Nursing and Allied Health	528.88
	781.0008	TEXAS Grant Program	15,780,037.00
	781.0010	Advanced Research Program	23,688.44
	781.0013	Professional Nursing Shortage Reduction Program	448,343.00
	781.0021	Texas Research Incentive Program - HB51	13,332,074.77
	781.0023	College Work Study Program	219,683.07
	781.0026	College Readiness - Outreach	5,250.00
	781.0028	Top 10% Scholarships	1,095,500.00
	781.0029	Work Study Mentorship Program	50,000.00
	781.0038	Emergency and Trauma Care	244,999.51
	781.0039	Outreach and Success	20,000.00
	781.0059	GME Expansion HB 1025	130,000.00
	781.0061	Hazelwood Exemption HB 1025	3,006,841.00
		Total for Texas Higher Education Coordinating Board	35,138,305.67

Texas Tech University System (793)
Combined Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies
For the Year Ended August 31, 2014

Agency Number	Grant ID	Agency Name / Grant Description	Amount
Pass-through from:			
802		**Texas Parks and Wildlife**	
	802.0064	Orchid Conservation: Species Status Assessments and Field Biology	3,508.99
	802.0074	Orchid Conservation: Species Status Assessments and Field Biology	19,946.64
	802.0075	Quail Habitat Improvements on Private Lands in the Rolling Plains of TX	131,370.76
	802.0076	Mapping Suitable Habitat for Tx Horned Lizards in Central Tx	26,788.08
		Total for Texas Parks and Wildlife	181,614.47
		Total State Grant Pass-through Revenues from Other State Agencies	$ 44,480,227.91
Pass-through to:			
555		**Texas Agrilife Extension Service**	
	733.0002	An Integrated Approach to Water Conservation	$ 106,712.72
556		**Texas Agrilife Research**	
	733.0004	Auditing Irrigation Systems in the Texas High Plains	11,286.77
711		**Texas A&M University**	
	739.0001	CPRIT ACCION - Against Colorectal Cancer in our Neighborhoods	6,131.27
744		**University of Texas Health Sciences Center at Houston**	
	739.0001	CPRIT ACCION - Against Colorectal Cancer in our Neighborhoods	72,098.49
752		**University of North Texas**	
	733.0002	Basic/Core Area Health Education Center	238,538.00
	733.0007	CPRIT Beam Scanning Radar for Tumor Tracking	38,228.83
		Total for University of North Texas	276,766.83
		Total State Grant Pass-through Expenditures to Other State Agencies	$ 472,996.08

Texas Tech University System (793)
Combined Schedule 2A - Miscellaneous Bond Information
For the Year Ended August 31, 2014

Description of Issue		Bonds Issued to Date	Range of Interest Rates		Scheduled Maturities First Year	Scheduled Maturities Final Maturity Date	First Call Date
Revenue Bonds							
Rev Fin Sys Ref & Imp Bds 9th Ser '03	$	97,265,000.00	2.0000%	5.2500%	2004	2/15/2023	8/15/2013
Rev Fin Sys Ref & Imp Bds 10th Ser '06		220,915,000.01	4.0000%	5.0000%	2006	2/15/2031	2/15/2016
Rev Fin Sys Ref & Imp Bds 12th Ser '09		170,825,000.00	3.0000%	5.2500%	2009	2/15/2038	2/15/2019
Rev Fin Sys Ref & Imp Bds 14th Ser '12A		163,240,000.00	2.0000%	5.0000%	2012	8/15/2041	8/15/2021
Rev Fin Sys Ref Bds Tax 15th Ser '12B		27,585,000.00	0.4000%	4.4400%	2012	8/15/2031	8/15/2021
Total	$	679,830,000.01					

Texas Tech University System (793)
Combined Schedule 2B - Changes in Bonded Indebtedness
For the Year Ended August 31, 2014

Description of Issue	Bonds Outstanding 9/1/13	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/14
Revenue Bonds					
Rev Fin Sys Ref & Imp Bds 9th Ser '03	$ 4,745,000.00		$ 4,475,000.00		$ 270,000.00
Rev Fin Sys Ref & Imp Bds 10th Ser '06	189,380,000.00		10,245,000.00		179,135,000.00
Rev Fin Sys Ref & Imp Bds 12th Ser '09	121,395,000.00		9,810,000.00		111,585,000.00
Rev Fin Sys Ref & Imp Bds 14th Ser '12A	152,005,000.00		3,900,000.00		148,105,000.00
Rev Fin Sys Ref Bds Tax 15th Ser '12B	26,365,000.00		825,000.00		25,540,000.00
Total	$ 493,890,000.00	$ 0.00	$ 29,255,000.00	$ 0.00	$ 464,635,000.00

Description of Issue	Unamortized Premium	Unamortized Discount	Other Adjustments	Net Bonds Outstanding 8/31/14	Amounts Due Within One Year
Revenue Bonds					
Rev Fin Sys Ref & Imp Bds 9th Ser '03				$ 270,000.00	$ 25,000.00
Rev Fin Sys Ref & Imp Bds 10th Ser '06				179,135,000.00	10,780,000.00
Rev Fin Sys Ref & Imp Bds 12th Ser '09	$ 6,519,916.18			118,104,916.18	9,683,408.06
Rev Fin Sys Ref & Imp Bds 14th Ser '12A	17,587,112.27			165,692,112.27	10,609,825.67
Rev Fin Sys Ref Bds Tax 15th Ser '12B				25,540,000.00	870,000.00
Total	$ 24,107,028.45	$ 0.00	$ 0.00	$ 488,742,028.45	$ 31,968,233.73

Note: 12th Series amount due within one year includes bond premium amortization of $308,408.06. The 14th Series amount due within one year includes bond premium amortization of $2,034,825.67.

Texas Tech University System (793)
Combined Schedule 2C - Debt Service Requirements
For the Year Ended August 31, 2014

Description of Issue	Fiscal Year	Principal	Interest
Revenue Bonds			
Rev Fin Sys Ref & Imp Bds 9th Ser '03			
	2015	$ 25,000.00	$ 13,181.25
	2016	25,000.00	11,868.75
	2017	25,000.00	10,556.25
	2018	30,000.00	9,112.50
	2019	30,000.00	7,537.50
	2020-2023	135,000.00	13,875.00
		270,000.00	66,131.25
Rev Fin Sys Ref & Imp Bds 10th Ser '06			
	2015	10,780,000.00	8,229,445.02
	2016	11,320,000.00	7,676,945.03
	2017	11,625,000.00	7,103,320.04
	2018	14,555,000.00	6,507,040.06
	2019	15,195,000.00	5,878,491.31
	2020-2024	66,860,000.00	19,597,466.01
	2025-2029	43,815,000.00	5,497,249.94
	2030-2031	4,985,000.00	226,912.50
		179,135,000.00	60,716,869.91
Rev Fin Sys Ref & Imp Bds 12th Ser '09			
	2015	9,375,000.00	5,378,906.25
	2016	8,005,000.00	4,944,406.26
	2017	8,400,000.00	4,534,281.26
	2018	5,400,000.00	4,189,281.26
	2019	4,975,000.00	3,929,906.26
	2020-2024	29,005,000.00	15,548,281.30
	2025-2029	30,390,000.00	7,478,053.17
	2030-2034	7,975,000.00	3,189,756.28
	2035-2038	8,060,000.00	873,862.50
		111,585,000.00	50,066,734.54
Rev Fin Sys Ref & Imp Bds 14th Ser '12A			
	2015	8,575,000.00	6,828,975.00
	2016	8,845,000.00	6,571,725.00
	2017	9,115,000.00	6,306,375.00
	2018	9,565,000.00	5,850,625.00
	2019	10,040,000.00	5,372,375.00
	2020-2024	38,095,000.00	19,909,062.50
	2025-2029	20,340,000.00	13,574,500.00
	2030-2034	23,200,000.00	8,183,250.00
	2035-2039	16,140,000.00	2,599,000.00
	2040-2041	4,190,000.00	253,000.00
		148,105,000.00	75,448,887.50
Rev Fin Sys Ref Bds Tax 15th Ser '12B			
	2015	870,000.00	899,819.00
	2016	870,000.00	888,335.00
	2017	890,000.00	875,111.00
	2018	1,315,000.00	858,023.00
	2019	1,345,000.00	826,200.00
	2020-2024	7,360,000.00	3,502,217.50
	2025-2029	8,815,000.00	2,060,864.00
	2030-2031	4,075,000.00	273,282.00
		25,540,000.00	10,183,851.50
Total Principal and Interest		$ 464,635,000.00	$ 196,482,474.70

Texas Tech University System (793)
Combined Schedule 2D - Analysis of Funds Available for Debt Service
For the Year Ended August 31, 2014

	Pledged and Other Sources and Related Expenditures for FY2014			
	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:				
Rev Fin Sys Ref & Imp Bds 9th Ser '03			$ 4,475,000.00	$ 131,306.25
Rev Fin Sys Ref & Imp Bds 10th Ser '06			10,245,000.00	8,755,070.01
Rev Fin Sys Ref & Imp Bds 12th Ser '09			9,810,000.00	5,760,431.25
Rev Fin Sys Ref & Imp Bds 14th Ser '12A			3,900,000.00	6,945,975.00
Rev Fin Sys Ref Bds Tax 15th Ser '12B			825,000.00	909,059.00
Total	$ 723,525,171.28	$ (B)	$ 29,255,000.00	$ 22,501,841.51

(A) Beginning balances as of 09/01/13 of $574,224,194.76 are not included in "Total Pledged and Other Sources."
(B) Expenditures associated with pledged sources were approximately $576,349,833.15.

Texas Tech University System (793)
Combined Schedule 2E - Defeased Bonds Outstanding
For the Year Ended August 31, 2014

Description of Issue	Year Defeased	Par Value Outstanding
Revenue Bonds		
		$ 0.00
		$ 0.00

Texas Tech University System (793)
Combined Schedule 2F - Early Extinguishment and Refunding
For the Year Ended August 31, 2014

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
Total		$ 0.00	$ 0.00	$ 0.00	$ 0.00

NOTE:
In FY 2014, $1,597,512.15 of Texas State University System debt on behalf of Angelo State University was refunded and new debt was financed by Texas State University System on behalf of Angelo State University. The refunded bonds were Angelo State University's portion of the Texas State University System 2004 series of bonds. This refunding resulted in debt service savings of $31,583.96 and a total present value savings of $30,969.15.

Texas Tech University System (793)
Combined Schedule 3 - Reconciliation of Cash in State Treasury
For the Year Ended August 31, 2014

Cash in State Treasury		**Current Unrestricted**
Local Revenue (Fund 0227)	$	2,962,358.75
Local Revenue (Fund 0239)		16,348,440.09
Local Revenue (Fund 0255)		5,671,150.97
Permanent Health Fund - El Paso Campus (Fund 0820)		8,285,633.35
Permanent Health Fund - Other Campuses (Fund 0821)		3,597,578.83
Total Cash in State Treasury	$	36,865,161.99

DISCRETELY PRESENTED COMPONENT UNIT

Texas Tech University System (793)
Statement of Net Position
Discretely Presented Component Unit - Angelo State University
Robert G. Carr and Nona K. Carr Scholarship Foundation
August 31, 2014 and 2013

	2014	2013
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 3)	$ 343,867.03	$ 526,287.41
Restricted:		
Cash and Cash Equivalents (Note 3)	192,426.35	236,278.70
Accounts Receivable	3,724.81	315,096.09
Total Current Assets	540,018.19	1,077,662.20
Non-Current Assets:		
Restricted:		
Investments (Note 3)	131,545,156.56	113,530,729.86
Total Non-Current Assets	131,545,156.56	113,530,729.86
Total Assets	132,085,174.75	114,608,392.06
LIABILITIES		
Current Liabilities:		
Accounts Payable	185.00	14,760.89
Payroll Payable	22,704.98	23,288.20
Total Current Liabilities	22,889.98	38,049.09
Non-Current Liabilities	0.00	0.00
Total Liabilities	22,889.98	38,049.09
NET POSITION		
Restricted:		
Nonexpendable:		
Endowments	118,916,297.55	110,964,827.22
Expendable:		
Other	13,145,987.22	3,605,515.75
Total Net Position	$ 132,062,284.77	$ 114,570,342.97

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

Texas Tech University System (793)
Statement of Revenues, Expenses and Changes in Net Position
Discretely Presented Component Unit - Angelo State University
Robert G. Carr and Nona K. Carr Scholarship Foundation
For the Years Ended August 31, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Total Operating Revenues	$ 0.00	$ 0.00
OPERATING EXPENSES		
Salaries and Wages	236,285.48	218,998.85
Payroll Related Costs	67,567.04	44,209.88
Professional Fees and Services	36,554.30	50,440.82
Travel	9,167.47	9,354.49
Materials and Supplies	32,358.42	27,989.36
Communication and Utilities	783.60	1,438.28
Repairs and Maintenance	8.31	0.00
Rentals and Leases	2,701.86	2,175.02
Printing and Reproduction	929.33	746.45
Other Operating Expenses	12,447.25	16,972.61
Total Operating Expenses	398,803.06	372,325.76
Operating Income (Loss)	(398,803.06)	(372,325.76)
NONOPERATING REVENUES (EXPENSES)		
Investment Income (Expense)	12,401,371.58	7,280,342.97
Net Increase (Decrease) in Fair Value of Investments	4,639,699.38	3,952,592.56
Other Nonoperating Revenues (Expenses) - Pledged	849,673.90	0.00
Total Nonoperating Revenues (Expenses)	17,890,744.86	11,232,935.53
Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers	17,491,941.80	10,860,609.77
OTHER REVENUES, EXPENSES, GAINS, LOSSES, and TRANSFERS		
Total Other Revenues, Expenses, Gains, Losses, and Transfers	0.00	0.00
Total Changes in Net Position	17,491,941.80	10,860,609.77
Beginning Net Position (September 1)	114,570,342.97	103,709,733.20
Ending Net Position (August 31)	$ 132,062,284.77	$ 114,570,342.97

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

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Appendix C

MANAGEMENT'S DISCUSSION AND ANALYSIS

Texas Tech University System

Unaudited

Introduction

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

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

Texas Tech University, based in Lubbock, Texas, was created by legislative action in 1923 and has the distinction of being the largest comprehensive higher education institution in the western two-thirds of the state of Texas. Over 35,000 students enroll annually, coming from 50 states and more than 100 foreign countries. These students choose from approximately 150 undergraduate, 100 master's, and 50 doctoral degree programs among ten colleges and two graduate and professional schools.

Texas Tech University Health Sciences Center has an enrollment of approximately 5,000 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 and the Permian Basin (Odessa/Midland), and with academic centers in Dallas and Abilene.

Angelo State University (ASU)**,** based in San Angelo, Texas was established in 1928 as San Angelo College; in 1965 new legislation was passed to create Angelo State College; in 1969 the name of the institution changed to Angelo State University. ASU's campus covers more than 268 acres and enrolls more than 6,400 students from 220 of Texas' 254 counties and 47 other states and 29 countries. The Texas Legislature (80th Regular Session) passed H.B. 3564 and pursuant to the statute, the governance, control, management and property of ASU was transferred from the Texas State University System to the Texas Tech University System, effective September 1, 2007.

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

The statements as presented are for the combined System. The report also includes the Texas Tech Foundation, Inc. which is a blended component unit.

The total student enrollment across all components is more than 44,000 students. The System employs more than 17,000 faculty and staff. The annual combined budget of the System totals approximately $1.7 billion; approximately $425 million of these funds are provided by the Texas Legislature.

The System is committed to providing the highest quality and most efficient resources and services to its components. Throughout all institutions and centers, the System strives to 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.

Overview of the Financial Statements and Financial Analysis

The objective of Management's Discussion and Analysis (MD&A) is to provide an overview of the financial position and activities of the System for the year ended August 31, 2014, with selected comparative information for the year ended August 31, 2013. The MD&A was prepared by management and should be read in conjunction with the accompanying financial statements and notes. The emphasis of discussion about these financial statements will focus on the current year data. The System's combined financial report includes three primary financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The financial statements of the System have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, and net position (assets plus deferred outflows minus liabilities) of the System as of the end of the fiscal year. 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 System, the availability for expenditures by the System, as well as amounts owed to vendors, investors and lending institutions. Over time, increases or decreases in net position are one indicator of the improvement or decline of the organization's financial health when considered with nonfinancial factors such as enrollment, patient levels, and the condition of facilities. The System had no deferred outflows or inflows of resources to report for the years presented in Exhibit 1.

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 and amortization. Net Position is presented in three major categories: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The invested in capital assets category identifies the System's equity in property, plant and equipment net of related debt. Restricted net position is presented in two subcategories: nonexpendable and expendable. Restricted nonexpendable resources are subject to externally imposed stipulations that state they be maintained in perpetuity by the System. Restricted expendable resources are subject to externally imposed stipulations that can be fulfilled by actions of the System pursuant to those stipulations or that expire by the passage of time. Unrestricted resources are available for any lawful purpose of the System. Although unrestricted net position is not subject to externally imposed stipulations, it has been internally designated for various academic and research programs and initiatives.

The following table (Exhibit 1) summarizes the System's net position as of August 31, 2014 and comparative information as of August 31, 2013.

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Exhibit 1
Statement of Net Position
August 31, 2014 and 2013
(In Thousands)

	2014	Restated 2013
Assets		
Current Assets	$ 685,715	$ 770,743
Non-Current Assets:		
Capital Assets, Net	1,451,534	1,402,228
Other	1,722,153	1,377,297
Total Assets	3,859,402	3,550,268
Liabilities		
Current Liabilities	506,421	409,312
Non-Current Liabilities	505,953	537,257
Total Liabilities	1,012,374	946,569
Net Position		
Invested in Capital Assets, Net of Related Debt	885,549	853,461
Restricted:		
Nonexpendable	622,048	581,048
Expendable	466,769	410,257
Unrestricted	872,662	758,933
Total Net Position	$ 2,847,028	$ 2,603,699

The Statement of Net Position indicates a solid increase in total assets of 9%. This increase in assets is mostly attributable to increases in investments, legislative appropriations and net capital assets. Investments increased by $337 million due to endowment additions, operating pool additions to investments from cash equivalents, and fair market value adjustment increases. Legislative appropriations increased $20 million which was a 20% increase from 2013 due a higher allocation of the state's formula-based funding directly related to increased enrollment. The net capital assets increased $49 million mainly due to the completion of West Village housing and dining complex on the Texas Tech University campus totaling $54 million, various athletic facility upgrades, and a new Gayle Greve Hunt School of Nursing facility on the Health Sciences Center at El Paso campus totaling $14 million.

Total liabilities increased $65.8 million from the previous year. Current liabilities increase 24% whereas noncurrent liabilities decreased 6%. Of current liabilities, Notes and Loans payable increased $59 million primarily attributable new commercial paper issuances for the construction and completion of the West Village Complex and construction in progress of the Gayle Greve Hunt School of Nursing building at El Paso, a Lubbock Research and Technology facility, and the Bayer CropScience Research facility with greenhouse on the Texas Tech University campus. The System has not issued long-term debt since January 2012 which, coupled with a robust bond principal repayment of about $30 million, accounts for the decline in noncurrent liabilities.

The final section of the statement reports the net position of the System. Total net position increased 9% from the 2013 amount of $2.604 billion to $2.847 billion in 2014. All categories of the total net position increased and with the highest increase falling under unrestricted net position of $114 million.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and the expenses incurred during the year, and any other revenues, expenses, gains and losses received or spent by the System. Activities are reported as operating and non-operating. The Governmental Accounting Standards Board requires that state appropriations (Legislative Revenue) and federal Pell Grants be reported as non-operating revenue. This will generally result in an operating deficit for most public higher education institutions. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation or amortization, which amortizes the cost of an asset over its expected useful life.

Generally, operating revenues are received for providing goods and services to the various customers and constituencies of the System. Student tuition and fees, a primary source of funding for academic programs, are reflected net of associated discounts and allowances. 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.

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.

Nonoperating revenues are derived from sources that are not considered primary operations for an institution of higher education or state agency. Nonoperating revenues are revenues received for which no goods or services have been provided. Numerous significant recurring revenues are considered nonoperating, as required by generally accepted accounting principles. The largest element of recurring nonoperating 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 net increase (decrease) in fair value of investments. State capital appropriations and capital grants and gifts are considered neither operating nor nonoperating revenues and are reported after “Income (Loss) before other revenues, expenses, gains, losses and transfers.”

The condensed Statement of Revenues, Expenses and Changes in Net Position reflects a 2014 increase of $243 million.

During the 2014 fiscal year, all revenues increased $197 million. The most significant changes are listed below.

- A $67 million increase in legislative revenue.
- A $71 million increase in investment income and fair market value of investments.
- A $30 million increase in federal, state, local and private grants and contracts.

During the 2014 fiscal year, operating expenses increased $89 million. The most significant change is a $67 million increase in payroll and employee benefit costs. This is attributable to merit pay increases, additional faculty and staff hires in response to enrollment and research growth, and increased insurance cost to employees and retirees.

Total nonoperating revenues and expenses for 2014 is $666 million, an increase from 2013 of $137 million. Majority of the increase is attributable to legislative revenues of $67 million. The second largest increase stems from investment income and increased fair market value of investments.

Other Revenues, Expenses, Gains, Losses and Transfers decreased 17% from the 2013 amount of $95 million to $79 million in 2014. This grouping is made up of special-purpose gifts for facilities expansion and renovation, contributions to permanent and term endowments, distributions from the state’s capital appropriation for Higher Education Assistance Fund (HEAF), and net transfers to and from other state agencies. The main reason for the decline is from a decline in additions to endowments. Additions to the system endowment are predominantly from donor gifts, which vary from year to year.

The following table (Exhibit 2) summarizes the System's revenues, expenses, and changes in net position for the year ended August 31, 2014 and comparative information for the year ended August 31, 2013.

Exhibit 2
Condensed Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended August 31, 2014 and 2013
(In Thousands)

	2014	Restated 2013
Operating Revenues	$ 1,085,666	$ 1,024,059
Operating Expenses	(1,587,585)	(1,498,665)
Operating Income (Loss)	(501,919)	(474,606)
Nonoperating Revenues (Expenses)	666,049	528,593
Income (Loss) before Other Revenues, Expenses Gains, Losses and Transfers	164,130	53,987
Other Revenues, Expenses, Gains, Losses and Transfers	79,199	95,149
Total Change in Net Position	$ 243,329	$ 149,136
Beginning Net Position (September 1)	2,603,699	2,454,563
Ending Net Position (August 31)	$ 2,847,028	$ 2,603,699

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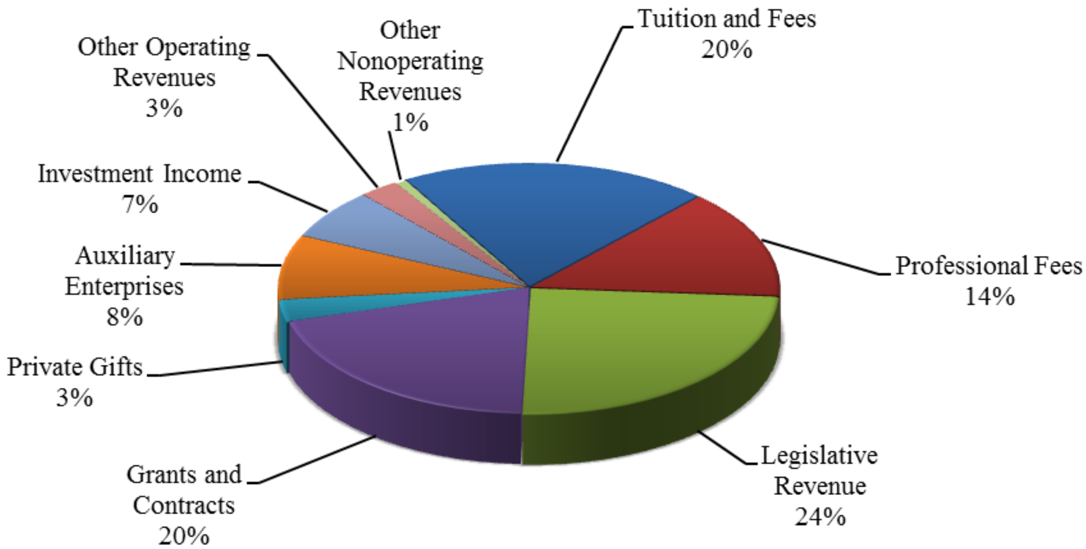
The following (Exhibit 3) is a graphic presentation of net revenues by source (both operating and nonoperating) that are used to fund the System's activities for the fiscal year ended August 31, 2014.

Exhibit 3
Operating and Nonoperating Revenues
FY 2014



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The following tables and graphic presentations give a comparison of operating expenses by the functional classification (Exhibit 4 and Exhibit 5) and the natural classification of expenses (Exhibit 6 and Exhibit 7) for the year ended August 31, 2014 with comparative data for the year ended August 31, 2013.

The functional presentation of operating expenses shown below in Exhibit 4 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 and amortization expense. Total operating expenses increased in 2014 by about 6%, in response to growing student enrollment, research, and patient care activities.

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

	2014	2013
Instruction	$ 450,662	$ 422,945
Research	183,990	169,690
Public Service	132,470	126,735
Hospitals and Clinics	69,104	62,819
Academic Support	213,026	193,241
Student Services	51,926	49,277
Institutional Support	101,431	98,167
Operations and Maintenance of Plant	78,560	78,828
Scholarships and Fellowships	55,196	57,033
Auxiliary Enterprises	125,760	118,419
Depreciation and Amortization	125,460	121,511
Total Operating Expenses	$ 1,587,585	$ 1,498,665

Exhibit 5
Operating Expenses by Functional Classification
FY 2014

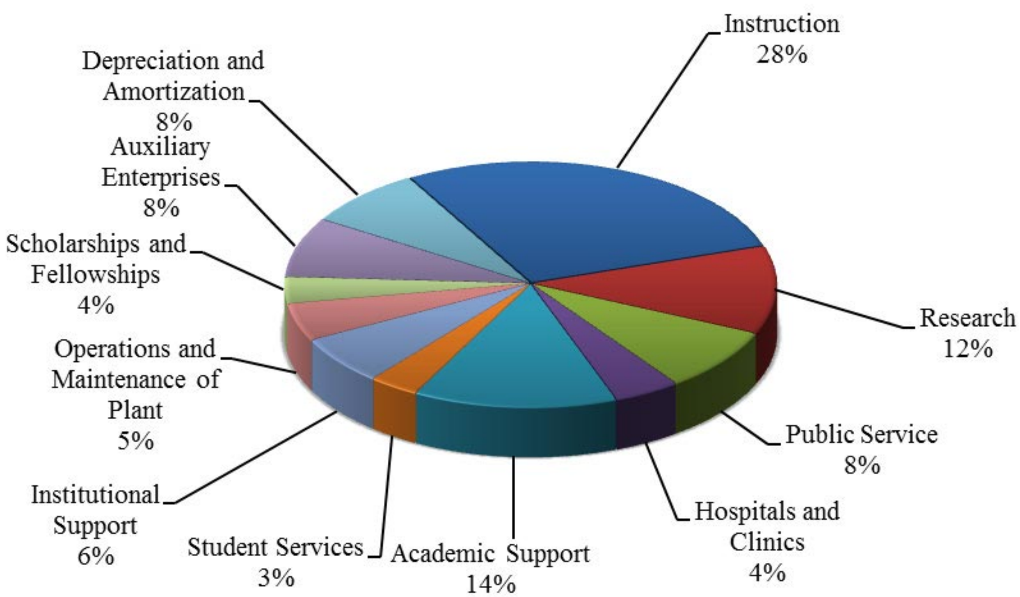
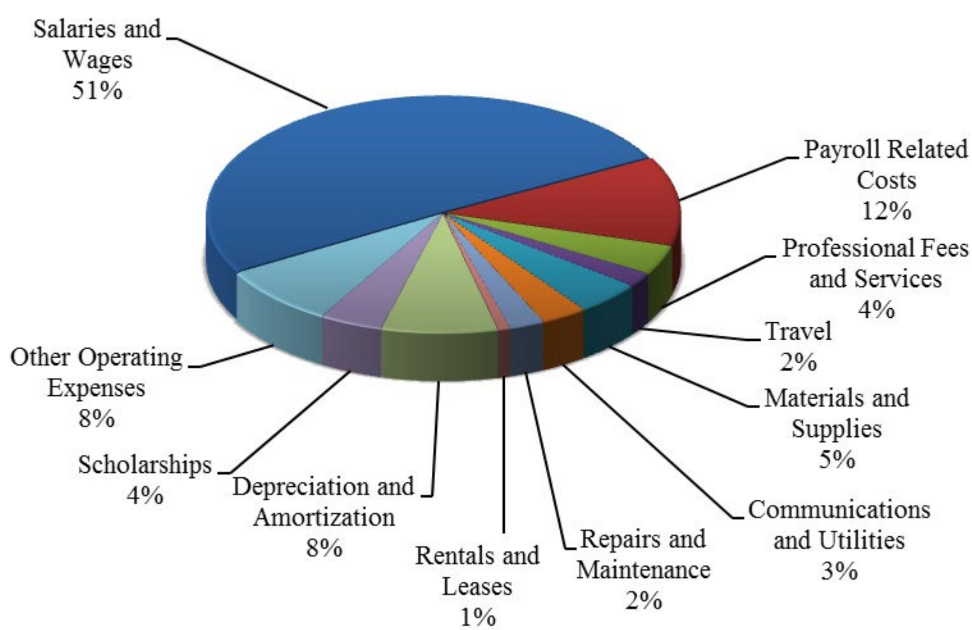


Exhibit 6
Summary of Operating Expenses
By Natural Classification
(In Thousands)

	2014	Restated 2013
Cost of Goods Sold	$ 13,860	$ 13,368
Salaries and Wages	802,350	752,005
Payroll Related Costs	194,159	176,780
Professional Fees and Services	64,091	63,000
Travel	31,104	27,902
Materials and Supplies	71,871	67,367
Communications and Utilities	49,670	48,548
Repairs and Maintenance	37,706	37,639
Rentals and Leases	13,076	13,718
Printing and Reproduction	4,949	5,097
Federal Grant Pass-Through Expense	1,503	1,576
State Grant Pass-Through Expense	473	520
Depreciation and Amortization	125,461	121,511
Bad Debt Expense	262	724
Interest	23	11
Scholarships	67,587	65,019
Claims and Judgments	2,155	754
Other Operating Expenses	107,285	103,126
Total Operating Expenses	$ 1,587,585	$ 1,498,665

Exhibit 7
Operating Expenses by Natural Classification
FY 2014



Statement of Cash Flows

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

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 noncapital financing activities. This reflects the cash received and spent for nonoperating, noninvesting, and noncapital 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 by operating activities to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

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

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

The following table (Exhibit 8) summarizes the System's cash flows for the year ended August 31, 2014 and comparative information for the year ended August 31, 2013:

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Exhibit 8
Statement of Cash Flows
For the Years Ended August 31, 2014 and 2013
(In Thousands)

	2014	Restated 2013
Cash Provided/(Used) by:		
Operating Activities	$ (363,069)	$ (363,295)
Noncapital Financing Activities	554,146	499,481
Capital and Related Financing Activities	(111,110)	(88,409)
Investing Activities	(177,615)	(57,584)
Total Net Cash Flows	$ (97,648)	$ (9,807)
Beginning Cash and Cash Equivalents (September 1)	509,696	519,503
Ending Cash and Cash Equivalents (August 31)	$ 412,048	$ 509,696

	2014	Restated 2013
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	$ (501,919)	$ (474,606)
Total Adjustments	138,850	111,311
Net Cash Used by Operating Activities	$ (363,069)	$ (363,295)
Noncash Transactions		
Donations of Capital Assets	$ 3,871	$ 3,182
Net Increase (Decrease) in Fair Value of Investments	$ 48,154	$ 29,496
Other	$ (561)	$ (519)

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 $176 million in 2014. The amount of fiscal year 2014 additions is based on capitalization thresholds of $5,000 for furniture and equipment, $100,000 for buildings, building improvements and facilities and other improvements, and $500,000 for infrastructure. Land, works of art and historical treasures are capitalized regardless of cost or value.

Intangible assets include computer software, land use rights and patents and trademarks. Land use rights are capitalized if the cost meets or exceeds $100,000. Purchased computer software is capitalized if the aggregate cost of the purchase meets or exceeds $100,000. Internally generated 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.

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The major construction projects listed below are in progress, to be in progress or scheduled to be completed over the next two years pending necessary board approvals.

Campus/Project Name	Projected Fiscal Year Completion		Projected Budget
Texas Tech University System Administration			
System Administration Headquarters Building	2016	$	27,500,000
Texas Tech University			
Research & Technology Park Phase I	2015	$	29,045,000
College Engineering Expansion/Renovation Phase II*	2018		60,840,000
Bayer CropScience Research Facility & Greenhouse	2015		19,316,135
Rawls College of Business Administration Wing Addition	2016		13,800,000
West Village Housing Phase II*	2017		50,000,000
			173,001,135
Health Sciences Center			
Amarillo Simulation Center	2015	$	6,750,000
Lubbock Education, Research & Technology Building*	2018		83,700,000
			90,450,000
Angelo State University			
College of Health & Human Sciences Building*	2017	$	26,700,000
Health Sciences Center at El Paso			
Gayle Greve Hunt School of Nursing Building	2015	$	14,500,000
Medical Sciences Building II*	2018		94,400,000
			108,900,000
TOTAL		**$**	**426,551,135**

**Pending System Board of Regents Approval*

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

During fiscal years 2013 and 2014, the System did not issue bonds for financing. However, the System utilized short term notes in the form of commercial paper as interim financing with the expectation of reaching maximum authorization of $150 million in halfway into fiscal year 2015. During the fiscal year 2014, $78.7 million additional commercial paper was issued while retiring $19 million for short-term financing, reaching a year end outstanding balance of $115 million. The commercial paper program is backed by the System's short/intermediate term investment fund's (SITIF) operating cash pool and the short-term US treasury and agency securities pool providing a range of 3 times to 5 times coverage throughout fiscal year 2014. Management has no concern with the existing liquidity structure and does not intend to request addition liquidity facilities in the near future.

The System has sufficient debt capacity to finance planned facilities and other capital improvements. In addition, the State appropriated amounts are sufficient for reimbursement of debt service on all outstanding Tuition Revenue

Bond debt for the 2014-2015 biennium. During fiscal year 2015, the system expects to issue bonds for new money plus any potential refundings (provided pricing results in sufficient net present value savings).

Pledged Revenues

The System has pooled all of the revenues, with certain exceptions, to secure revenue-supported indebtedness into a system-wide pledge of Parity Obligations under the Master Resolution.

The following table (Exhibit 9) summarizes the System's pledged revenues and fund balances for the year ended August 31, 2014 and comparative information for the year ended August 31, 2013:

Exhibit 9
Pledged Revenues
For the Years Ended August 31, 2014 and 2013
(In Thousands)

	2014	2013
Pledgeable Current Year Revenues (1)	$ 723,525	$ 681,302
Pledgeable Fund and Reserve Balances (2)	574,224	522,776
Total Pledged Revenues and Fund Balances	$ 1,297,749	$ 1,204,078

(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.

Economic Outlook

Given the previous information, management considers the System to be well positioned to continue to provide affordable yet quality service to students, patients, and the research community at large. Future successes are largely dependent upon the ability to recruit and retain the highest quality students, faculty, and staff, and cost containment. While the System has historically placed strong emphasis on financial and political support from state government, the current fiscal year's state appropriations were about one fourth of the System's total revenues versus one half of revenues ten years ago. With dependency lessened greatly, appropriation decreases have a reduced impact on the System's future financial stability.

In regards to investments and future market conditions, the SITIF is well structured to meet daily cash flow needs while being highly liquid for any extraordinary demands. Both the SITIF and endowment related long-term investment fund(LTIF) are well diversified across the asset classes which have the potential to perform well in a wide variety of market environments. The LTIF was recently equipped with a derivatives overlay to react more tactically to market fluctuations. The System expects this to be an important tool in performance during volatile market environments.

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 collections from students and patients. Having completed the $1 billion Visions and Traditions capital campaign in fiscal year 2013, the System did not see a slowdown of donor support in fiscal year 2014. Current economic characteristics, including low oil prices, could affect the 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.

Significant Events

Several leadership changes resulted in the System during fiscal year 2014. These changes are included below.

- State Senator Robert Duncan appointed as Chancellor for the System in July 2014. He succeeds Chancellor Kent Hance whom retired in July 2014 but presumes the role of Chancellor Emeritus.
- Dr. Richard Lange appointed as the inaugural President of the Health Sciences Center at El Paso in July 2014.
- Dr. Robert Duncan appointed Vice President of Research at Texas Tech University in January 2014.

The System Board of Regents approved the establishment of guaranteed tuition and fee rates for undergraduate students. Beginning in the fall of 2014, the four-year rates will be locked in for incoming freshmen should the chose do to so. See fixed tuition in Appendix A for more information.

Texas Tech University reported record Fall 2014 enrollment of 35,134 students for the sixth-straight year and the third-largest increase in a single year since the university began in 1925. An increase of 2,023 students from Fall 2013.

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<u>Appendix D</u>

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.

<u>Definitions</u>. 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:

"*<u>Annual Debt Service Requirements</u>*" 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) <u>Committed Take Out</u>. 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) <u>Balloon Debt</u>. 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) <u>Consent Sinking Fund</u>. 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) <u>Prepaid Debt</u>. 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.

"*Health Sciences Center at El Paso*" means the Texas Tech University Health Sciences Center at El Paso.

"*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

FORM OF BOND COUNSEL OPINION

An opinion in substantially the following form will be delivered by Norton Rose Fulbright US LLP, Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

April 9, 2015

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, Sixteenth Series (2015A), dated April 9, 2015 (the "Bonds"), in the aggregate principal amount of $73,255,000.

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 Sixteenth 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.

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BOARD OF REGENTS OF TEXAS TECH UNIVERSITY SYSTEM • REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SIXTEENTH SERIES (2015A)

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