

NEW ISSUE– BOOK ENTRY ONLY

Ratings:
Moody's: "Aa2"
Fitch: "AA"
(See "RATINGS" herein)

OFFICIAL STATEMENT

Dated: October 25, 2019

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, assuming compliance with certain covenants and based on certain representations, interest on the Series 2019A Bonds (defined herein) is excludable from gross income for federal income tax purposes under statutes, regulations, court decisions, and published rulings existing on the date thereof, subject to the matters described under "TAX MATTERS" herein. In the opinion of Bond Counsel, the Taxable Series 2019B Bonds (defined herein) are not obligations described in Section 103(a) of the Internal Revenue Code of 1986.

\$176,055,000

**BOARD OF REGENTS, TEXAS STATE UNIVERSITY SYSTEM
REVENUE FINANCING SYSTEM REVENUE AND
REFUNDING BONDS, SERIES 2019A**

\$149,480,000

**BOARD OF REGENTS, TEXAS STATE UNIVERSITY SYSTEM
REVENUE FINANCING SYSTEM REFUNDING BONDS,
TAXABLE SERIES 2019B**

Dated: November 1, 2019

Interest accrues from the respective Date of Delivery

Due: March 15, as shown on pages ii and iii

The Texas State University System Revenue Financing System Revenue and Refunding Bonds, Series 2019A (the "Series 2019A Bonds") and the Texas State University System Revenue Financing System Refunding Bonds, Taxable Series 2019B (the "Taxable Series 2019B Bonds" and, together with the Series 2019A Bonds, the "Bonds") are special obligations of the Board of Regents (the "Board"), Texas State University System (the "University System"), payable from and secured solely by the "Pledged Revenues" (as defined herein) of the University System's Revenue Financing System issued pursuant to a Master Resolution adopted by the Board on August 13, 1998, as amended by the Resolution Amending the Master Resolution Establishing the Texas State University System Revenue Financing System adopted by the Board on June 19, 2008 (collectively, the "Master Resolution"), a Twenty-Fourth Supplemental Resolution to the Master Resolution adopted by the Board on February 7, 2019 (the "Twenty-Fourth Supplemental Resolution"), and a separate certificate awarding the sale of each series of Bonds as authorized by the Twenty-Fourth Supplemental Resolution (each, an "Award Certificate"). Each Award Certificate was executed by an authorized University System official on October 25, 2019. The Bonds constitute Parity Debt (as defined herein) under the Master Resolution. **THE BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE BOARD, THE UNIVERSITY SYSTEM, THE STATE OF TEXAS (THE "STATE"), OR ANY POLITICAL SUBDIVISION THEREOF. THE BOARD HAS NO TAXING POWER AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE BONDS. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT OF THE BONDS FROM ANY SOURCE OTHER THAN PLEDGED REVENUES.** See "SECURITY FOR THE BONDS."

The proceeds from the sale of each series of Bonds will be used for the respective purposes as further described herein. See "PLAN OF FINANCING – Purpose".

Interest on each series of Bonds will accrue from their respective Date of Delivery, and will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Bonds is payable on each March 15 and September 15, commencing March 15, 2020, until maturity or prior redemption. The Bonds are issuable only as fully-registered bonds and, when issued, will be initially registered in the name of 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 integral multiples thereof. 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, Dallas, Texas, the initial Paying Agent/Registrar, to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System." The Bonds are subject to redemption and as provided herein. See "THE BONDS – Redemption."

CUSIP PREFIX: 88278P

MATURITY SCHEDULE

See Pages ii and iii

The Bonds are offered when, as, and if issued and received by the initial purchasers named below (collectively, the "Underwriters") and subject to approval of legality by the Attorney General of the State of Texas and the opinions of McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Austin and Dallas, Texas. The Series 2019A Bonds are expected to be available for delivery through DTC on or about December 17, 2019 (the "Series 2019A Bonds Date of Delivery"). The Taxable Series 2019B Bonds are expected to be available for delivery through DTC on or about November 21, 2019 (the "Taxable Series 2019B Date of Delivery" and, together with the Series 2019A Bonds Date of Delivery, the "Date of Delivery").

MORGAN STANLEY

BLAYLOCK VAN, LLC

J.P. MORGAN

RBC CAPITAL MARKETS

CITIGROUP

PIPER JAFFRAY & CO.

\$176,055,000

**BOARD OF REGENTS, TEXAS STATE UNIVERSITY
REVENUE FINANCING SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2019A**

MATURITY SCHEDULE

CUSIP⁽¹⁾ Prefix: 88278P

Due March 15	Principal Amount (\$)	Interest Rate (%)	Initial Yield (%)	CUSIP ⁽¹⁾ Suffix	Due March 15	Principal Amount (\$)	Interest Rate (%)	Initial Yield (%)	CUSIP ⁽¹⁾ Suffix
2020	5,615,000	3.000	1.220	ZN7	2030	8,620,000	5.000	1.870 ⁽²⁾	ZY3
2021	14,595,000	4.000	1.230	ZP2	2031	9,040,000	5.000	1.950 ⁽²⁾	ZZ0
2022	13,875,000	5.000	1.240	ZQ0	2032	9,485,000	5.000	1.990 ⁽²⁾	A20
2023	6,370,000	5.000	1.270	ZR8	2033	9,965,000	5.000	2.030 ⁽²⁾	A38
2024	6,690,000	5.000	1.290	ZS6	2034	10,460,000	4.000	2.300 ⁽²⁾	A46
2025	7,015,000	5.000	1.370	ZT4	2035	10,880,000	4.000	2.350 ⁽²⁾	A53
2026	7,375,000	5.000	1.490	ZU1	2036	8,555,000	4.000	2.410 ⁽²⁾	A61
2027	7,745,000	5.000	1.590	ZV9	2037	7,555,000	3.000	2.720 ⁽²⁾	A79
2028	8,125,000	5.000	1.670	ZW7	2038	7,785,000	3.000	2.760 ⁽²⁾	A87
2029	8,300,000	5.000	1.770	ZX5	2039	8,005,000	3.000	2.790 ⁽²⁾	A95

(Interest accrues from the Series 2019A Bonds 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 S&P Global Market Intelligence 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 owners of the Bonds. None of the Board, the Financial Advisor or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

⁽²⁾ Yield calculated based on the assumption that the Series 2019A Bonds denoted and sold at a premium will be redeemed on March 15, 2029, the first optional redemption date pertaining to the Series 2019A Bonds.

Redemption . . . The University System reserves the right, at its option, to redeem Series 2019A Bonds having maturities on or after March 15, 2030, in whole or in part in principal amounts of \$5,000, or any integral multiple thereof, on March 15, 2029, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. (See "THE BONDS – Redemption").

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\$149,480,000

**BOARD OF REGENTS, TEXAS STATE UNIVERSITY
REVENUE FINANCING SYSTEM REFUNDING BONDS,
TAXABLE SERIES 2019B
MATURITY SCHEDULE**

CUSIP⁽¹⁾ Prefix: 88278P

\$120,575,000 Serial Bonds

Due March 15	Principal Amount (\$)	Interest Rate (%)	Initial Yield (%)	CUSIP ⁽¹⁾ Suffix	Due March 15	Principal Amount (\$)	Interest Rate (%)	Initial Yield (%)	CUSIP ⁽¹⁾ Suffix
2020	1,950,000	1.760	1.760	YW8	2028	10,025,000	2.538	2.538	ZE7
2021	2,585,000	1.810	1.810	YX6	2029	10,275,000	2.588	2.588	ZF4
2022	9,730,000	1.839	1.839	YY4	2030	10,305,000	2.688	2.688	ZG2
2023	8,035,000	2.043	2.043	YZ1	2031	8,105,000	2.788	2.788	ZH0
2024	9,845,000	2.103	2.103	ZA5	2032	7,930,000	2.888	2.888	ZJ6
2025	10,060,000	2.251	2.251	ZB3	2033	5,895,000	2.938	2.938	ZK3
2026	10,280,000	2.351	2.351	ZC1	2034	5,765,000	2.988	2.988	ZL1
2027	9,790,000	2.468	2.468	ZD9					

\$28,905,000 Term Bonds

\$28,905,000 3.289% Taxable Series 2019B Term Bonds due March 15, 2040, Priced to Yield 3.289% CUSIP⁽¹⁾ Suffix: ZM9

(Interest accrues from the Taxable Series 2019B 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 S&P Global Market Intelligence 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 owners of the Bonds. None of the Board, the Financial Advisor or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

Redemption . . . The University System reserves the right, at its option, to redeem Taxable Series 2019B Bonds having maturities on or after March 15, 2030, in whole or in part in principal amounts of \$5,000, or any integral multiple thereof, on March 15, 2029, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. Additionally, the Taxable Series 2019B Bonds maturing March 15, 2040 are subject to mandatory sinking fund redemption. (See "THE BONDS – Redemption").

BOARD OF REGENTS OF TEXAS STATE UNIVERSITY SYSTEM

<u>Name</u>	<u>Residence</u>	<u>Term Expiration</u>
William F. Scott, Chairman	Nederland	February 1, 2025
David Montagne, Vice Chairman	Beaumont	February 1, 2021
Charlie Amato	San Antonio	February 1, 2025
Duke Austin	Houston	February 1, 2023
Garry Crain	The Hills	February 1, 2023
Dr. Veronica Muzquiz Edwards	San Antonio	February 1, 2021
Don Flores	El Paso	February 1, 2025
Nicki Harle	Baird	February 1, 2021
Alan L. Tinsley	Madisonville	February 1, 2021
Katey McCall ⁽¹⁾	Orange	May 31, 2020

⁽¹⁾ Student Regent. State law does not allow a student regent to vote on matters before the Board.

PRINCIPAL ADMINISTRATORS

<u>Name</u>	<u>Title</u>	<u>Length of Service</u>
Brian McCall, Ph.D.	Chancellor, Secretary of the Board	9 years
John Hayek, Ph.D.	Vice Chancellor for Academic and Health Affairs	3 years
Fernando C. Gomez, J.D., Ph.D.	Vice Chancellor & General Counsel	29 years
Daniel Harper	Vice Chancellor and Chief Financial Officer	7 years
Sean Cunningham, J.D.	Vice Chancellor for Governmental Relations	9 years
Mike Wintemute	Deputy Vice Chancellor for Marketing and Communications	9 years
Carole Fox, C.P.A.	Chief Audit Executive	12 years

CONSULTANTS

Financial Advisor

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Dallas, Texas

Bond Counsel

McCall, Parkhurst & Horton L.L.P.
Austin, Texas

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Mary Williams
Managing Director
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Dallas, Texas 75270
214/953-4021

USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the Board to give any information, or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Board or the Underwriters. This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Any information and expressions of opinion herein contained 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 University System or other matters described herein since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. None of the Board, the Financial Advisor, or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers shown on pages iii, iv, and v.

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 WILL 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 MAKE 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.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY 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 qualifications provisions.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

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The cover page hereof, this page, the schedule and the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

**OFFICIAL STATEMENT
RELATING TO**

\$176,055,000
BOARD OF REGENTS, TEXAS STATE UNIVERSITY SYSTEM
REVENUE FINANCING SYSTEM REVENUE AND
REFUNDING BONDS, SERIES 2019A

\$149,480,000
BOARD OF REGENTS, TEXAS STATE UNIVERSITY SYSTEM
REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES
TAXABLE 2019B

INTRODUCTION

This Official Statement, which includes the cover pages, Schedule I, and the appendices hereto, provides certain information regarding the issuance by the Board of Regents (the “Board”), Texas State University System (the “University System”), of its \$176,055,000 Revenue Financing System Revenue and Refunding Bonds, Series 2019A (the “Series 2019A Bonds”), and its \$149,480,000 Revenue Financing System Refunding Bonds, Taxable Series 2019B (the “Taxable Series 2019B Bonds” and, together with the Series 2019A Bonds, the “Bonds”). Capitalized terms used in this Official Statement and not otherwise defined have the same meanings assigned to such terms in “APPENDIX C – EXCERPTS FROM THE MASTER RESOLUTION.”

The following state supported institutions are under the governance and control of the University System: Lamar University; Lamar Institute of Technology; Lamar State College - Orange; Lamar State College - Port Arthur; Sam Houston State University; Texas State University; and Sul Ross State University, including Sul Ross State University Rio Grande College. See “ASU TRANSFER” for a discussion of the release of Angelo State University (“ASU”) from the University System. For the preliminary 2019 Fall Semester, the University System, had a total enrollment of 86,299 students. See "APPENDIX A – Table A-1 "Headcount Enrollment Information.". For a full description of the University System and its component institutions, see “APPENDIX A – DESCRIPTION OF THE UNIVERSITY SYSTEM.”

Pursuant to the Master Resolution, the Board created the Texas State 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, all of the seven component institutions of the University System identified above are Members 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 Member 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 Debt under the Master Resolution. The Board has covenanted that it will not incur any additional debt secured by Pledged Revenues unless such debt constitutes Parity Debt or is junior and subordinate to Parity Debt. See “SECURITY FOR THE BONDS—The Revenue Financing System” and “APPENDIX C – EXCERPTS FROM THE MASTER RESOLUTION.”

This Official Statement contains summaries and descriptions of the plan of financing, the Master Resolution, the Bonds, the Board, the University System 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 Daniel Harper, Vice Chancellor and Chief Financial Officer, The Texas State University System, 601 Colorado Street, Austin, Texas 78701-2904.

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PLAN OF FINANCING

Purpose. The Series 2019A Bonds are being issued for the purpose of (i) acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure for certain members of the Revenue Financing System, (ii) refunding a portion of the Board's outstanding Commercial Paper Notes (defined herein), (iii) refunding a portion of the University System's outstanding obligations (as described in Schedule I hereto) for debt service savings, and (iv) paying certain costs of issuing the Series 2019A Bonds. See Schedule I for a detailed listing of the Commercial Paper Notes (the "Refunded Notes") and the Series 2019A Refunded Bonds (as identified and defined in Schedule I) being refunded by the Series 2019A Bonds and their redemption dates and price.

The Taxable Series 2019B Bonds are being issued for the purpose of (i) refunding a portion of the University System's outstanding obligations (as described in Schedule I hereto) for debt service savings, and (ii) paying certain costs of issuing the Taxable Series 2019B Bonds. See Schedule I for a detailed listing of the Taxable Series 2019B Refunded Bonds (as identified and defined in Schedule I) being refunded by the Taxable Series 2019B Bonds and their redemption dates and price.

The Series 2019A Refunded Bonds and the Taxable Series 2019B Refunded Bonds, together, are referred to herein as the "Refunded Bonds". The Refunded Notes, the Series 2019A Refunded Bonds, and the Taxable Series 2019B Refunded Bonds are collectively referred to herein as the "Refunded Obligations".

As of the date hereof, the Board has long-term Parity Debt (excluding the outstanding commercial paper Notes) outstanding in the aggregate principal amount of \$976,850,000.00, of which \$72,465,000.00 will be refunded, in part, with proceeds of the Series 2019A Bonds and \$138,390,000.00 will be refunded with proceeds of the Taxable Series 2019B Bonds. See "PLAN OF FINANCING – Refunded Obligations" below. In addition, the Board has previously authorized a commercial paper program (the "Commercial Paper Program") pursuant to which short-term Parity Obligations in the form of commercial paper notes are authorized to be outstanding in the maximum principal amount of \$240,000,000 (the "Commercial Paper Notes"). As of October 1, 2019, Commercial Paper Notes are outstanding in the principal amount of \$144,761,200, of which \$89,706,200.00 will be refunded with proceeds of the Series 2019A Bonds. See "PLAN OF FINANCING – Refunded Obligations" below. Following the delivery of the Bonds and related refundings, as described below, \$1,091,530,000.00 in long-term Parity Debt and \$55,055,000.00 in Commercial Paper Notes will remain outstanding. See "SECURITY FOR THE BONDS – The Revenue Financing System," "SECURITY FOR THE BONDS—Additional Obligations", "SECURITY FOR THE BONDS – Parity Debt," "TABLE 2 – Debt Service Requirements" and "APPENDIX A – DESCRIPTION OF THE UNIVERSITY SYSTEM—Outstanding Indebtedness."

Refunded Obligations. *Refunded Notes.* The Board will make any necessary contribution sufficient, together with a portion of the proceeds of the Series 2019A Bonds, to provide for the refunding and defeasance of the Refunded Notes (as defined herein) in accordance with the terms thereof.

The Twenty-Fourth Supplemental Resolution provides that from the proceeds of the sale of the Series 2019A Bonds and other available funds, if any, the Board will deposit with U.S. Bank National Association, New York, New York, in its capacity as issuing and paying agent for the Refunded Notes (the "Refunded Notes Paying Agent"), the amount necessary to accomplish the discharge, defeasance and final payment of the Refunded Notes. Thereafter, the Refunded Notes, together with interest due thereon, will be paid on the scheduled maturity dates therefor, from the amounts deposited with the Refunded Notes Paying Agent. The amounts so deposited with the Refunded Notes Paying Agent will be in the form of cash and will be sufficient to provide for payment of the principal of and interest on the Refunded Notes when due, as evidenced by a certificate of sufficiency executed by the Refunded Notes Paying Agent. Such funds will not be available to pay debt service on the Bonds.

By the deposit of cash with the Refunded Notes Paying Agent, the Board will have effected the defeasance of the Refunded Notes in accordance with applicable laws and pursuant to the terms of the resolution authorizing their issuance. As a result of such defeasance, the Refunded Notes will no longer be payable from Pledged Revenues (defined herein) but will be payable solely from the cash held for such purpose by the Refunded Notes Paying Agent and the Refunded Notes will not be considered to be indebtedness of the Board for any other purpose.

Refunded Bonds. A portion of the Series 2019A Refunded Bonds described in Schedule I hereto are comprised of \$2,075,000 in aggregate principal amount of the Board's Revenue Financing System Refunding Bonds, Series 2010 originally issued on behalf of Angelo State University (the "ASU Refunded Bonds"). As discussed herein under "ASU TRANSFER," ASU is now under the governance and control of the Texas Tech University System ("Texas Tech"). Texas Tech has notified the University System that it intends to issue its own revenue financing system notes (the "Texas Tech Refunding Notes") to provide the funds necessary to redeem the ASU Refunded Bonds. The Texas Tech Refunding Notes are anticipated to be delivered on the expected delivery date of the Series 2019A Bonds, December 17, 2019.

The delivery of the Series 2019A Bonds is not dependent on the delivery of the Texas Tech Refunding Notes. In the event that the Texas Tech Refunding Notes are not delivered by the date of delivery of the Series 2019A Bonds, the portion of the Series 2019A Refunded Bonds that excludes the ASU Refunded Bonds (the "2019A TSUS Refunded Bonds") will still be defeased and redeemed as described herein.

Proceeds of the Texas Tech Refunding Notes in an amount necessary to accomplish the discharge and final payment of the ASU Refunded Bonds on their redemption date will be deposited pursuant to an escrow agreement (the "ASU Escrow Agreement") among Texas Tech, the University System and BOKF, NA, Dallas, Texas (acting under the ASU Escrow Agreement, the "ASU Escrow Agent") to be used to make payments due on the redemption date of the ASU Refunded Bonds. Such funds will be held by the ASU Escrow Agent in a special escrow account (the "ASU Escrow Fund") and used to purchase: (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that on the date of their acquisition or purchase are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and/or (c) noncallable obligations of a state or an agency or a county, municipality or other political subdivision of a state that have been refunded that on the date the Board adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent ("Escrowed Securities"). Under the ASU Escrow Agreement, the ASU Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the ASU Refunded Bonds and amounts therein will not be available to pay the Bonds.

The payments due on the 2019A TSUS Refunded Bonds are to be paid on the redemption date of the 2019A TSUS Refunded Bonds from funds to be deposited from proceeds of the Series 2019A Bonds pursuant to a certain escrow agreement (the "2019A TSUS Escrow Agreement") between the University System and BOKF, NA, Dallas, Texas (acting under the 2019A TSUS Escrow Agreement, the "2019A TSUS Escrow Agent"). The Twenty-Fourth Supplemental Resolution provides that from the proceeds of the sale of the Series 2019A Bonds received from the Underwriters the University System will deposit with the 2019A TSUS Escrow Agent the amount necessary to accomplish the discharge and final payment of the 2019A TSUS Refunded Bonds on their redemption date. Such funds will be held by the 2019A TSUS Escrow Agent in a special escrow account (the "2019A TSUS Escrow Fund") and used to purchase Escrowed Securities. Under the 2019A TSUS Escrow Agreement, the 2019A TSUS Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the 2019A TSUS Refunded Bonds and amounts therein will not be available to pay the Bonds.

The payments due on the Taxable Series 2019B Refunded Bonds are to be paid on the redemption date of the Taxable Series 2019B Refunded Bonds from funds to be deposited from proceeds of the Series 2019B Bonds pursuant to a certain escrow agreement (the "2019B TSUS Escrow Agreement") between the University System and BOKF, NA, Dallas, Texas (acting under the 2019B TSUS Escrow Agreement, the "2019B TSUS Escrow Agent"). The Twenty-Fourth Supplemental Resolution provides that from the proceeds of the sale of the Series 2019B Bonds received from the Underwriters the University System will deposit with the 2019B TSUS Escrow Agent the amount necessary to accomplish the discharge and final payment of the Taxable Series 2019B Refunded Bonds on their redemption date. Such funds will be held by the 2019B TSUS Escrow Agent in a special escrow account (the "2019B TSUS Escrow Fund") and used to purchase Escrowed Securities. Under the 2019B TSUS Escrow Agreement, the 2019B TSUS Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Taxable Series 2019B Refunded Bonds and amounts therein will not be available to pay the Bonds.

The ASU Escrow Agreement, the 2019A TSUS Escrow Agreement and the 2019B TSUS Escrow Agreement are collectively referred to as the “Escrow Agreements.” The ASU Escrow Fund, the 2019A TSUS Escrow Fund and the 2019B TSUS Escrow Fund are collectively referred to as the “Escrow Funds.”

By the above described deposits of Escrowed Securities and cash, if necessary, with BOKF, NA, Dallas, Texas (acting under the Escrow Agreements, the “Escrow Agent”) pursuant to the Escrow Agreements, the University System will have effected the defeasance of all of the Refunded Bonds in accordance with State law. It is the opinion of Bond Counsel that as a result of such defeasance, and in reliance on the verification reports of Causey Demgen & Moore P.C., Denver, Colorado, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the Escrow Funds and such Refunded Bonds will not be deemed as being outstanding obligations of the University System payable from the Pledged Revenues nor for the purpose of applying any limitation on the issuance of debt, and the University System will have no further responsibility with respect to amounts available in the Escrow Funds for the payment of the Refunded Bonds from time to time, including any insufficiency therein caused by the failure to receive payment when due on the Escrowed Securities.

Causey Demgen & Moore P.C. will certify as to the sufficiency of the amounts initially deposited to the Escrow Funds to pay the principal of and any interest on the Refunded Bonds when due on the scheduled maturity or redemption dates. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS." In accordance with the supplemental resolutions authorizing the issuance of the Refunded Bonds, the University System will give irrevocable instructions to the Escrow Agent to provide the required notice to the owners of the Refunded Bonds that the Refunded Bonds will be paid or redeemed prior to their stated maturity on the date or dates reflected on Schedule I.

THE BONDS

Authority for Issuance of the Bonds. The Bonds are being issued in accordance with the general laws of the State of Texas, including particularly Chapters 54 and 55 of the Texas Education Code, as amended, and Chapters 1207 and 1371, Texas Government Code, as amended, and other applicable law, and pursuant to the Master Resolution, the Twenty-Fourth Supplemental Resolution, and each Award Certificate executed in accordance with the Twenty-Fourth Supplemental Resolution. The Master Resolution permits additional Parity Debt to be issued in the future. Each issue of long-term Parity Debt was issued pursuant to supplements to the Master Resolution.

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Sources and Uses of Proceeds. The proceeds from the sale of the Bonds, together with funds to be received from Texas Tech, will be applied as follows:

	Series 2019A Bonds	Taxable Series 2019B Bonds
Sources of Funds		
Par Amount of Bonds	\$176,055,000.00	\$149,480,000.00
Reoffering Premium	26,442,210.80	-
Texas Tech Contribution	<u>2,118,272.85</u>	-
Total Sources of Funds	<u>\$204,615,483.65</u>	<u>\$149,480,000.00</u>
Uses of Funds		
Deposit to Project Fund	\$39,957,961.00	-
Deposit to Escrow Funds	73,918,503.51	148,600,247.35
Deposit with Refunded Notes Paying Agent	89,706,200.00	-
Costs of Issuance (including Underwriters' Discount)	<u>1,032,819.14</u>	<u>879,752.65</u>
Total Uses of Funds	<u>\$204,615,483.65</u>	<u>\$149,480,000.00</u>

General. The Bonds will be initially issued in book-entry-only form, as discussed below under “THE BONDS—Book-Entry-Only System,” but may subsequently be issued in certificated form, in either case only as fully registered bonds, without coupons, in any integral multiple of \$5,000 principal amount within a stated maturity. The Bonds will be dated November 1, 2019, will accrue interest from their respective delivery dates, and will bear interest at the per annum rates, mature on the dates and in the principal amounts shown on pages iii, iv, and v, respectively, of this Official Statement. Interest on the Bonds is payable on each March 15 and September 15, commencing March 15, 2020, until maturity or prior redemption. Interest is payable to the person in whose name such Bond is registered on the last business day of the month next preceding such interest payment date.

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 of New York, New York or where the Designated Trust Office (as hereinafter defined) of BOKF, NA, Dallas, Texas (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.

Redemption.

Optional Redemption. The Series 2019A Bonds having maturities on or after March 15, 2030 are subject to redemption prior to maturity at the option of the Board on March 15, 2029 or on any date thereafter, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof (and, if in part, the particular Series 2019A 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.

The Taxable Series 2019B Bonds having maturities on or after March 15, 2030 are subject to redemption prior to maturity at the option of the Board on March 15, 2029 or on any date thereafter, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof (and, if in part, the particular Taxable Series 2019B Bonds or portion thereof to be redeemed shall be selected by the Paying Agent/Registrar on a pro rata basis, subject to the provisions described below under “ – Selection of Bonds for Partial Redemption”) at a price of 100% of the principal amount plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The Taxable Series 2019B Bonds scheduled to mature on March 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, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption on the dates, and in the principal amounts, respectively, set forth in the following schedules:

Term Bonds Stated to
Mature on March 15, 2040

<u>Redemption Date</u>	<u>Principal Amount</u>
March 15, 2035	5,595,000
March 15, 2036	5,780,000
March 15, 2037	5,965,000
March 15, 2038	5,795,000
March 15, 2039	3,015,000
March 15, 2040 (maturity)	2,755,000

The principal amount of the Term Bonds required to be redeemed on each such redemption date shall be reduced, at the option of the Board, by the principal amount of any Term Bond of the same maturity, which, at least 45 days prior to the mandatory sinking fund redemption date, (1) shall have been acquired by the Board and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been acquired and canceled by such Paying Agent/Registrar at the direction of the Board, or (3) have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against a mandatory sinking fund redemption. During any period in which ownership of the Term Bonds to be redeemed is determined by a book entry at a securities depository for such Term Bonds, if fewer than all of such Term Bonds of the same maturity, are to be redeemed, the particular Term Bonds of such maturity and series, shall be selected as described below under “ – Selection of Bonds for Partial Redemption”.

Selection of Bonds for Partial Redemption. During any period in which ownership of the Series 2019A Bonds is determined by a book entry at a securities depository for the Series 2019A Bonds, if fewer than all of the Series 2019A Bonds of the same maturity are to be redeemed, the particular Series 2019A Bonds of such maturity shall be selected in accordance with the arrangements between the Board and the securities depository.

During any period in which ownership of the Taxable Series 2019B Bonds is determined by a book entry at a securities depository for the Taxable Series 2019B Bonds, if fewer than all of the Taxable Series 2019B Bonds of the same maturity are to be redeemed, the particular Taxable Series 2019B Bonds to be redeemed shall be selected prior to the redemption date by the Paying Agent/Registrar, from the outstanding Taxable Series 2019B Bonds not previously called for redemption (i) on a pro-rata pass-through distribution of principal basis pursuant to the procedures and operational arrangements of the securities depository or (2) if the securities depository's procedures or operational arrangement at such time do not allow for redemption on a pro-rata pass-through distribution of principal basis, by such method as may be acceptable to the Paying Agent/Registrar and to the securities depository in accordance with its operating procedures in effect at such time.

During any period in which ownership of the Taxable Series 2019B Bonds is not determined by a book entry at a securities depository for the Taxable Series 2019B Bonds, if fewer than all of the Taxable Series 2019B Bonds of the same maturity are to be redeemed, the particular Taxable Series 2019B Bonds to be redeemed shall be allocated and selected by the Paying Agent/Registrar among the holders of the Taxable Series 2019B Bonds as nearly as practicable to the principal amount of the Taxable Series 2019B Bonds owned by each holder. In such case, the principal amount of Taxable Series 2019B Bonds to be redeemed from each owner shall be calculated in the following manner: (principal amount of Taxable Series 2019B Bonds to be redeemed) x (principal amount of Taxable Series 2019B Bonds owned by the registered owner)/(principal amount of Taxable Series 2019B Bonds outstanding).

Notice of Redemption. At least thirty (30) days prior to the date fixed for any redemption of Bonds of either series or portions thereof prior to maturity, a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least 30 days prior to the date fixed for any such redemption, to the registered owners of each Bond or a portion thereof to be redeemed at its address as it appeared on the registration books of the Paying Agent/Registrar on the forty-fifth (45th) day prior to such redemption date; provided, however, that the failure to send, mail or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar

for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such notice of redemption is given and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be 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.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Master Resolution and the Twenty-Fourth Supplemental Resolution, have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the Board, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the Board shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

Legality. The Bonds are offered when, as and if issued, subject to the approval of legality by the Attorney General of the State of Texas and the opinions of McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel. See “LEGAL MATTERS.”

Paying Agent/Registrar. The Board covenants in the Twenty-Fourth Supplemental Resolution to maintain and provide a paying agent/registrar at all times until the Bonds are paid. The initial Paying Agent/Registrar for each series of Bonds is BOKF, NA, Dallas, Texas.

Successor Paying Agent/Registrar. In the Twenty-Fourth Supplemental Resolution, the Board reserves the right to replace the Paying Agent/Registrar. 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 with respect to the Bonds, the Board agrees to promptly cause a written notice thereof to be sent to each registered owner of the affected Bonds by United States mail, first-class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Twenty-Fourth Supplemental Resolution. The issuance, sale and delivery of the Bonds are authorized by the Twenty-Fourth Supplemental Resolution and each related Award Certificate authorized in the Twenty-Fourth Supplemental Resolution. The Twenty-Fourth Supplemental Resolution also contains the written determination by the Board, as required by the Master Resolution as a condition to the issuance of Parity Debt, that it will have sufficient funds to meet the financial obligations of the University 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 that the Members on whose behalf the Bonds are issued possess the financial capacity to satisfy their Direct Obligations after taking the Bonds into account.

The Twenty-Fourth Supplemental Resolution permits amendment, without the consent of the Bondholders, for the same purposes for which amendment may be made to the Master Resolution without the consent of the owners of outstanding Parity Debt. See “APPENDIX C – EXCERPTS FROM THE MASTER RESOLUTION.” In addition to permitting amendment, without consent of the Bondholders, to supplement the security for the Bonds, the Twenty-Fourth Supplemental Resolution also permits amendment, without the consent of the Bondholders, to replace or provide additional credit facilities, or change the form of the Bond or make such other changes in the provisions of the Twenty-Fourth Supplemental Resolution 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 the Outstanding Bonds. The Twenty-Fourth Supplemental Resolution also permits amendment, with the consent of the owners of 51% in aggregate principal amount of the Outstanding Bonds, other than amendments which shall permit or be

construed to permit, without approval of the owners of all of the Outstanding Bonds, any change in the maturity of the Outstanding Bonds, reduce the rate of interest borne by the Outstanding Bonds, reduce the amount of principal payable on the Outstanding Bonds, modify the terms of payment of principal of or interest on the Outstanding Bonds, or impose any conditions with respect to such payment, affect the rights of the owners of less than all Bonds then Outstanding, or change the minimum percentage of outstanding principal amount of Bonds necessary for consent to an amendment.

Additional Defeasance Provisions. In addition to the defeasance provisions set forth in the Master Resolution as described in “APPENDIX C”, the Twenty-Fourth Supplemental Resolution provides that, to the extent that the Bonds are treated as Defeased Debt for purposes of the Master Resolution, any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in the Master Resolution shall not be irrevocable, provided that the Board: (i) in the proceedings providing for such defeasance, expressly reserves the right to call the Defeased Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the defeasance; (iii) directs that notice of the reservation be included in any defeasance notices that it authorizes; and (iv) at or prior to the time of the redemption, satisfies the conditions of the Master Resolution with respect to such Defeased Bonds as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bonds, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the Defeased Bonds.

The Twenty-Fourth Supplemental Resolution also provides that, with respect to the defeasance of the Bonds, the term "Government Obligations" shall mean (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iv) any other then authorized securities or obligations under applicable state law in existence at the time of such defeasance that may be used to defease obligations such as the Bonds.

Upon the deposit of cash and/or Government Obligations in accordance with the Twenty-Fourth Supplemental Resolution and thereafter the University System will have no further responsibility with respect to amounts available to the paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Government Obligations.

Because the Twenty-Fourth Supplemental Resolution provides that securities or obligations that may be authorized under future State law may also be used to defease Bonds, registered owners are deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law.

There is no assurance that the ratings for U.S. Treasury securities or any other Government Obligations that may be used to defease Bonds as described in this section will be maintained at any particular rating category.

Book Entry-Only System. This section describes how ownership of the Bonds is to be transferred and how principal of, premium, if any, and interest on the Bonds, are to be paid to and credited by The Depository Trust Company, New York, New York (“DTC”) while the Bonds are registered in its nominee's name. The following information has been furnished by DTC for use in disclosure documents such as this Official Statement. None of the Board, the Financial Advisor or the Underwriters make any representation or warranty regarding the information furnished by DTC.

The Board, the Financial Advisor and the Underwriters do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants; (2) DTC Participants or other will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to Beneficial Owners, or that they will do so on a timely basis, or (3) DTC

will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with 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 certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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, 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 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 an S&P Global Ratings rating of: "AA+". The DTC Rules applicable to its Participants are on file with the SEC. 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 Bonds ("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 interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee 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 of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices 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 to be redeemed.

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

Principal 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 Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Board or Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC 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 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, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 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.

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

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 MASTER RESOLUTION, THE TWENTY-FOURTH SUPPLEMENTAL RESOLUTION, OR OTHER NOTICES WITH RESPECT TO THE 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 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 TWENTY-FOURTH SUPPLEMENTAL 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 AFFECTED 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 THE BONDS ARE TO BE REDEEMED, THE CURRENT DTC PRACTICE IS TO DETERMINE BY LOT THE AMOUNT OF INTEREST OF EACH DTC PARTICIPANT TO BE REDEEMED.

Transfer, Exchange, and Registration. In the event the book-entry system is discontinued for either series, the affected Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar at its designated trust office, initially its office in Plano, Texas (the “Designated Trust Office”), and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Trust Office of the Paying Agent/Registrar. 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 in 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 integral multiple of \$5,000 for any one maturity and for a like series and aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer.

Limitations on Transfer of Bonds. Neither the Board nor the Paying Agent/Registrar shall be required to make any transfer or exchange during a period beginning with the close of business on any Record Date and ending with the opening of business on the next following interest payment date or, with respect to any Bond or portion thereof called for redemption, 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 last business day of the month next preceding such interest payment date.

Special Record Date. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the University System. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Bondholder appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Damaged, Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall be damaged, mutilated, lost, stolen or destroyed, the Paying Agent/Registrar may register and deliver a replacement Bond of like series, form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for, or in lieu of such damaged, mutilated, lost, stolen or destroyed Bond, only upon the approval of the University System and after (i) the filing by the registered owner thereof with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of such Bond, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the University System and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond shall be borne by the registered owner of the Bond damaged, mutilated, lost, stolen or destroyed.

Bondholder Remedies. The Master Resolution and the Twenty-Fourth Supplemental Resolution do 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 Master Resolution or the Twenty-Fourth Supplemental 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 certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, Texas courts have held that mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party, including the payment of monies due under a contract.

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

The Master Resolution and the Twenty-Fourth Supplemental Resolution do 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 Master Resolution and the Twenty-Fourth Supplemental Resolution, or upon any other condition. The opinions of Bond Counsel will note that all opinions relative to the enforceability of the Master Resolution, the Twenty-Fourth Supplemental Resolution and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

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 component institutions of the University System and other entities which may be included in the future, by Board action, as Members in the Revenue Financing System. The Revenue Financing System is intended to facilitate the assembling of all of the Members' revenue-supported debt capacity into a single financing program in order to provide a cost-effective debt program to Members and to maximize the financing options available to the Board. The Master Resolution provides that once a university or agency becomes a Member, 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 Member 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 Debt, subject only to the outstanding Prior Encumbered Obligations, if any, with respect to such Member. Upon becoming a Member, an entity may no longer issue obligations having a lien on Pledged Revenues prior to the lien on the Outstanding Parity Debt. Generally, Prior Encumbered Obligations are those bonds or other obligations issued on behalf of a Member which were outstanding on the date such entity became a Member in the Revenue Financing System. As of the date hereof, there are no Prior Encumbered Obligations outstanding. The Board does not currently anticipate adding Members to the Revenue Financing System which would result in the assumption of additional Prior Encumbered Obligations; however, no assurance can be given that the State Legislature will not add or remove additional component institutions to the University System in the future. See "APPENDIX A – DESCRIPTION OF THE UNIVERSITY SYSTEM - Outstanding Indebtedness."

In connection with each issuance of Parity Debt, the Board will make an accounting allocation to each Member of the University System of its proportionate share, if any, of such Parity Debt (hereinafter referred to as a Member's "Direct Obligation"). The Master Resolution provides that the Board, in establishing the annual budget for each Member of the Revenue Financing System shall provide for the satisfaction by each Member of its Direct Obligation. A Member's Direct Obligation is the financial responsibility of such Member with respect to Outstanding Parity Debt.

Further, the Master Resolution provides that if, in the judgment of the Board, any Member of the Revenue Financing System has been or will be unable to meet its Annual Obligation (which includes its Direct Obligation), the Board shall fix, levy, charge, and collect rentals, rates, fees and charges for goods and services furnished by such Member and the Pledged General Tuition, effective at the next succeeding regular semester(s) or summer term(s), in amounts sufficient, without limit (after taking into account the anticipated effect of the proposed adjustments would have on enrollment and the receipt of Pledged Revenues), together with other legally available funds, including Pledged Revenues attributable to such Member, to enable it to pay its Annual Obligations.

Pledge Under Master Resolution. All Parity Debt constitutes a special obligation 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 Prior Encumbered Obligations, if any, 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 Member of the Revenue Financing System which are lawfully available to the Board for payments on Parity Debt, including payments contemplated by the Agreement; 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 on behalf of any Member under Article VII, Section 17 of the State Constitution, including the income therefrom and any fund balances relating thereto (see "APPENDIX A – DESCRIPTION OF THE UNIVERSITY SYSTEM – Higher Education Fund Appropriations"); and (b) except to the extent so specifically appropriated, general revenue funds appropriated to the Board by the Legislature of the State of Texas. 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 Members, including specifically the Pledged General Tuition; provided, that Revenue Funds does not include, with respect to each series or issue of Parity Debt, 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 Debt is exempt by law from paying such tuition, rentals, rates, fees, or other charges. All legally available funds of the Members, including unrestricted fund and reserve balances, are pledged to the payment of the Parity Debt. For a more detailed description of the Pledged General Tuition, see "APPENDIX C – EXCERPTS FROM THE MASTER RESOLUTION." For a more detailed description of the types of revenues and expenditures of the University System, see "APPENDIX A – DESCRIPTION OF THE UNIVERSITY SYSTEM."

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

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The following table sets forth a historical compilation for fiscal years 2014 through 2018, inclusive, of the available revenues available during such years that would constitute Pledged Revenues under the Revenue Financing System based on current law:

TABLE 1
Pledged Revenues and Balances Available for Debt Service (\$000)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Available Pledged Revenues Not Including Fund Balances ⁽¹⁾	\$642,095	\$700,696	\$739,361	\$747,066	\$753,523
Available Pledged Revenues Fund Balances ⁽²⁾	<u>\$298,276</u>	<u>\$192,813</u>	<u>\$255,677</u>	<u>\$238,045</u>	<u>\$173,313</u>
Total Pledged Revenues and Pledged Revenues Fund Balances	<u>\$940,371</u>	<u>\$893,509</u>	<u>\$995,038</u>	<u>\$985,111</u>	<u>\$926,836</u>

Additional Sources of Payment (not included in Pledged Revenues): TRB and HEF (\$000)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Available HEF Appropriations ⁽³⁾	\$48,971	\$48,971	\$51,716	\$77,573	\$77,573
TRB Appropriations ⁷	<u>\$20,493</u>	<u>\$20,493</u>	<u>\$19,593</u>	<u>\$39,422</u>	<u>\$38,722</u>
Total Additional Sources of Payment	<u>\$69,464</u>	<u>\$69,464</u>	<u>\$71,307</u>	<u>\$116,995</u>	<u>\$116,295</u>

⁽¹⁾ The Available Pledged Revenues shown above consist of tuition, designated tuition, student fees, and recovery of indirect costs for federal grants and contracts, federal pass-through grants from other agencies and State grants and contracts. The prior encumbered revenues of the University System are excluded. Also excludes State appropriations for reimbursement of debt service on tuition revenue bonds (“TRBs”). See “APPENDIX A – Funding for the University System and its Component Institutions – Tuition Revenue Bonds.”

⁽²⁾ The Texas State University System Combined Annual Financial Report. In addition to current year Pledged Revenues, any unappropriated or reserve fund balances remaining at year-end are available for payment of the subsequent year’s debt service.

⁽³⁾ See “APPENDIX A – Funding for the University System and its Component Institutions – Higher Education Fund (HEF) Bonds.”

Subject to the provisions of the Master Resolution authorizing the Prior Encumbered Obligations, the Board has covenanted in the Master Resolution that in each fiscal year it will establish, charge, and use its reasonable efforts to collect 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 Debt 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 Parity Debt or is junior and subordinate to the Parity Debt. The Board intends to issue most of its revenue-supported debt obligations which benefit the Members as Parity Debt under the Master Resolution.

THE OPERATIONS OF THE UNIVERSITY SYSTEM AND ITS COMPONENT INSTITUTIONS ARE HEAVILY DEPENDENT ON STATE APPROPRIATIONS. THE BOARD AND THE COMPONENT INSTITUTIONS HAVE NO ASSURANCE THAT STATE APPROPRIATIONS TO THE COMPONENT INSTITUTIONS WILL CONTINUE AT THE SAME LEVEL AS IN PREVIOUS YEARS. See “APPENDIX A – DESCRIPTION OF THE UNIVERSITY SYSTEM—Funding for the University System and its Component Institutions.”

THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE BOARD, THE UNIVERSITY SYSTEM, 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 TWENTY-FOURTH SUPPLEMENTAL RESOLUTION WILL NOT IMPOSE OR RESULT IN GENERAL LIABILITY ON OR A CHARGE AGAINST THE GENERAL CREDIT OF THE BOARD OR THE UNIVERSITY SYSTEM.

Additional Obligations. The Board may issue additional Parity Debt to provide funds for the purpose of acquiring, purchasing, constructing, improving, renovating, enlarging or equipping the property, buildings, structures, facilities, roads or related infrastructure for the Members of the Revenue Financing System and to pay costs of issuance related to such additional Parity Debt. See “FUTURE CAPITAL IMPROVEMENT PLANS.” The Board may also issue additional Parity Debt to refund outstanding Prior Encumbered Obligations and Outstanding Parity Debt.

Parity Debt. The Board has previously issued other obligations that constitute Parity Debt. The Board has reserved the right to issue or incur additional Parity Debt 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 Debt if the Board has determined that it will have sufficient funds to meet the financial obligations of the Members, 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 Debt unless (i) the Board determines that the Member or Members for whom the Parity Debt is being issued or incurred possess the financial capacity to satisfy their respective Direct Obligations, after taking into account the then proposed additional Parity Debt, and (ii) a System Representative 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 Supplement 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 on behalf of the Members.

Commercial Paper Program. The Board has previously authorized the Commercial Paper Program and authorized the issuance of up to \$240,000,000 Commercial Paper Notes that can be issued as tax-exempt or taxable commercial paper notes that can be used to provide interim or short-term financing for various capital projects and other lawful purposes. The Commercial Paper Notes are special obligations of the Board, payable from and secured by a lien on Pledged Revenues on parity with the Board’s outstanding Parity Debt, subject to the lien securing the Prior Encumbered Obligations, as defined in the Master Resolution. As of October 1, 2019, the Board had outstanding Commercial Paper Notes in the aggregate principal amount of \$144,761,200, of which \$89,706,200 will be refunded with proceeds of the Series 2019A Bonds to provide permanent financing for various projects that were originally financed through the issuance of short-term commercial paper notes pursuant to the Commercial Paper Program. See “PLAN OF FINANCING – Refunded Obligations – Refunded Notes”.

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The following table is a summary of the debt service requirements of all Parity Debt outstanding (excludes the Commercial Paper Notes) prior to the issuance of the Bonds. For a discussion of other debt of the University System payable from Higher Education Fund payments, see "APPENDIX A – DESCRIPTION OF THE UNIVERSITY SYSTEM —Funding for the University System and its Component Institutions-State Appropriations" and " — Higher Education Fund (HEF) Bonds."

TABLE 2
DEBT SERVICE REQUIREMENTS
Texas State University System – Revenue Financing System

Fiscal Year End <u>August 31</u>	Outstanding Parity Debt Service ^{(1)(2)(4)*}	Less: Debt Service for Refunded Bonds ^{(2)(3)*}	Series 2019A Bonds*			Taxable Series 2019B Bonds*			Total Annual Debt Service ^{(1)(2)*}
			Principal	Interest ⁽²⁾	Total ⁽²⁾	Principal	Interest ⁽²⁾	Total ⁽²⁾	
2020	\$86,292,332	\$5,007,169	\$5,615,000	\$1,901,448	\$7,516,448	\$1,950,000	\$1,231,664	\$3,181,664	\$91,983,274
2021	106,291,785	21,589,338	14,595,000	7,610,200	22,205,200	2,585,000	3,855,144	6,440,144	113,347,791
2022	105,966,389	27,730,588	13,875,000	7,026,400	20,901,400	9,730,000	3,808,355	13,538,355	112,675,556
2023	94,313,198	16,020,838	6,370,000	6,332,650	12,702,650	8,035,000	3,629,421	11,664,421	102,659,431
2024	92,385,599	17,605,838	6,690,000	6,014,150	12,704,150	9,845,000	3,465,265	13,310,265	100,794,177
2025	92,093,472	17,595,488	7,015,000	5,679,650	12,694,650	10,060,000	3,258,225	13,318,225	100,510,860
2026	92,108,327	17,602,638	7,375,000	5,328,900	12,703,900	10,280,000	3,031,775	13,311,775	100,521,364
2027	87,990,542	16,868,538	7,745,000	4,960,150	12,705,150	9,790,000	2,790,092	12,580,092	96,407,246
2028	82,577,451	16,864,000	8,125,000	4,572,900	12,697,900	10,025,000	2,548,474	12,573,474	90,984,826
2029	74,030,861	16,857,513	8,300,000	4,166,650	12,466,650	10,275,000	2,294,040	12,569,040	82,209,038
2030	67,980,847	16,840,300	8,620,000	3,751,650	12,371,650	10,305,000	2,028,123	12,333,123	75,845,320
2031	67,936,180	16,759,681	9,040,000	3,320,650	12,360,650	8,105,000	1,751,125	9,856,125	73,393,273
2032	58,175,134	14,003,313	9,485,000	2,868,650	12,353,650	7,930,000	1,525,157	9,455,157	65,980,629
2033	36,933,602	11,323,413	9,965,000	2,394,400	12,359,400	5,895,000	1,296,139	7,191,139	45,160,728
2034	36,966,367	11,326,313	10,460,000	1,896,150	12,356,150	5,765,000	1,122,944	6,887,944	44,884,148
2035	32,986,919	10,670,813	10,880,000	1,477,750	12,357,750	5,595,000	950,685	6,545,685	41,219,542
2036	30,519,129	10,673,563	8,555,000	1,042,550	9,597,550	5,780,000	766,666	6,546,666	35,989,783
2037	18,439,126	10,667,719	7,555,000	700,350	8,255,350	5,965,000	576,562	6,541,562	22,568,319
2038	18,445,674	10,669,250	7,785,000	473,700	8,258,700	5,795,000	380,373	6,175,373	22,210,497
2039	18,446,826	10,669,750	8,005,000	240,150	8,245,150	3,015,000	189,775	3,204,775	19,227,001
2040	18,441,658	10,668,500	-	-	-	2,755,000	90,612	2,845,612	10,618,770
2041	14,328,217	6,554,500	-	-	-	-	-	-	7,773,717
2042	14,336,115	6,557,250	-	-	-	-	-	-	7,778,865
2043	7,777,983	-	-	-	-	-	-	-	7,777,983
2044	7,775,871	-	-	-	-	-	-	-	7,775,871
2045	4,047,129	-	-	-	-	-	-	-	4,047,129
TOTAL	\$1,367,586,733	\$321,126,306	\$176,055,000	\$71,759,098	\$247,814,098	\$149,480,000	\$40,590,615	\$190,070,615	\$1,484,345,139

(1) As of the date of this Official Statement. Includes the Refunded Obligations. Does not include debt service on the currently outstanding Commercial Paper Notes, which the Board has authorized to be issued as Parity Debt in the maximum outstanding amount of \$240,000,000. As of the date of this Official Statement, Commercial Paper Notes are outstanding in the aggregate principal amount of \$144,761,200, of which \$89,706,200 will be redeemed with proceeds of the Bonds. Includes outstanding Angelo State University - related Parity Debt. See "ASU TRANSFER".

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

(3) Bonds anticipated to be part of the Refunded Bonds. See "PLAN OF FINANCING – Refunded Obligations" and Schedule I hereto.

(4) See "APPENDIX A - DESCRIPTION OF THE UNIVERSITY SYSTEM - Outstanding Indebtedness."

* A portion of such outstanding Parity Debt constitutes Tuition Revenue Bonds that qualify the University System to be reimbursed from State appropriations for debt service payments in the amount of \$34.5 million and \$33.7 million for debt service payments during fiscal year 2020 and 2021. 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" - FUNDING FOR THE UNIVERSITY SYSTEM AND ITS COMPONENT INSTITUTIONS - Tuition Revenue Bonds."

ASU TRANSFER

The 80th Texas Legislature approved House Bill 3564 (“H.B. 3564”) which transferred Angelo State University located in San Angelo, Texas (“ASU”) from the University System to Texas Tech University System effective September 1, 2007. Pursuant to H.B. 3564, all contracts and written obligations of every kind and character entered into by the Board for and on behalf of ASU, other than bonds, are considered ratified, confirmed, and validated by the Board of Regents of Texas Tech University System on the effective date of the transfer (i.e., September 1, 2007) and in those contracts and written obligations, the Board of Regents of Texas Tech University System is substituted for and stands and acts in the place of the Board to the extent permitted by law. Additionally, all funds that, on the effective date of the transfer, had been appropriated or dedicated to or were held for the use and benefit of ASU under the governance of the Board of the University System were transferred to the Board of Texas Tech University System for the use and benefit of ASU. Effective September 1, 2007, ASU ceased being under the control or governance of the Board.

Pursuant to the terms of the Master Resolution, the release of ASU required the Board of Regents of Texas Tech University System to enter into a binding obligation to make payments to the Board at the time and in the amounts equal to ASU’s Annual Obligation and to pay or discharge the ASU’s Direct Obligations. On June 19, 2008, the Board adopted a Resolution Amending the Master Resolution establishing the Texas State University System Revenue Financing System (the “Amending Resolution”) which amended the definition of “Pledged Revenues” in the Master Resolution to include payments received from Texas Tech University System. The Amending Resolution also provided for the automatic release of ASU as a Member of the University System’s Revenue Financing System without further action by the Board upon the delivery of (i) a binding obligation in compliance with the Master Resolution providing for Texas Tech University System to make payments to the Board at the times and in the amounts equal to ASU’s Annual Obligation and to pay or discharge ASU’s Direct Obligation and (ii) an opinion of counsel required by the Master Resolution that such release will not affect the status for federal income tax purposes of interest on any outstanding Parity Debt and that all conditions precedent relating to such release in the Master Resolution or in any supplemental resolution thereto have been complied with.

The Board and the Board of Regents of Texas Tech University System have entered into an “Agreement between the Board of Regents, Texas Tech University System and the Board of Regents, Texas State University System” (the “TTUS-TSUS Agreement”), dated as of December 19, 2008, and the Board has received the executed Board of Regents of Texas Tech University System Revenue Financing System Refunding Note Thirteenth Series (2008) (the “Note”), which together with the TTUS-TSUS Agreement constitutes a binding obligation as required by the Master Resolution. The Note provides for payments coming due in amounts and at times necessary to pay the debt service due on the ASU related Parity Debt and is secured by a lien on Texas Tech University System’s pledged revenues pursuant to the Texas Tech University System revenue financing system on parity with Texas Tech University System’s outstanding revenue financing system parity debt. On January 14, 2009, the Board received the approval of the Note by the Attorney General of the State of Texas and the Texas Bond Review Board. Under the terms of the TTUS-TSUS Agreement, the Board is obligated to use the payments it receives under the Note to make payments on the ASU-related Parity Debt. The TTUS-TSUS Agreement also provides that Texas Tech University System may assume, refund or defease all or a portion of the ASU-related Parity Debt provided that the assumption, refunding or defeasance does not result in additional costs to the University System. In the event Texas Tech assumes, refunds or defeases all or a portion of the ASU-related Parity Debt, an amount of the Note equal to the amount of the ASU-related Parity Debt so assumed, refunded or defeased shall be cancelled and discharged on the effective date of such assumption, refunding or defeasance. The Board shall not refinance, refund, defease or prepay the ASU-related Parity Debt without the prior written consent of Texas Tech University System, which consent shall not be unreasonably withheld.

On February 4, 2009, Bond Counsel to the System delivered the opinion required by Master Resolution; that all conditions precedent to the release of ASU as a member of the Revenue Financing System pursuant to the Master Resolution were completed and the transfer was effectuated as of February 4, 2009. Currently, all parties are current on payments required under the TTUS-TSUS Agreement. As of October 1, 2019, the outstanding principal amount of the ASU-related Parity Debt was \$3,060,000, of which \$2,075,000 will be refunded with proceeds from the Texas Tech Refunding Notes and the remainder is scheduled to mature on March 15, 2020. See “PLAN OF FINANCING - Refunded Obligations – Refunded Bonds.”

FUTURE CAPITAL IMPROVEMENT PLANS

The University System's component institutions plan for future capital improvements through individual Campus Master Plans that identify long term needs for capital improvements. The University System's current capital improvement program for the years 2020 through 2025 is set forth below. Of the total costs projected below for all capital improvements under the current plan, the University System intends to request that the State Legislature authorize Tuition Revenue Bonds for approximately \$471,840,423 of those costs in future legislative sessions. The University System can make no assurances as to the amount of Tuition Revenue Bonds, if any, that may be authorized in any future legislative session. Also under the current plan, the University System anticipates financing approximately \$190,893,030 in future capital improvements with Parity Debt with the remainder of the costs being financed through gifts, amounts received from the HEF appropriations, and other sources of funding. See "APPENDIX A – DESCRIPTION OF THE UNIVERSITY SYSTEM—Funding for the University System and its Component Institutions-State Appropriations", " – Higher Education Fund Appropriations," and "- Tuition Revenue Bonds."

Sources of funding for the needs identified in each component institution's Campus Master Plan include legislative appropriations, constitutional appropriations, operational earnings of the various institutional activities such as residence halls, bookstores and utility systems, balances reserved for this purpose, unallocated balances and proceeds from debt issuances. With respect to constitutional appropriations, if projects are identified to be funded from appropriations and the legislature fails to appropriate such funds, then the University System may elect to postpone those projects until funds are appropriated.

On February 20, 2015, the Board adopted a Supplemental Resolution to the Master Resolution which authorized a commercial paper program (the "Commercial Paper Program") pursuant to which Parity Debt in the form of either tax-exempt or taxable commercial paper notes may be issued, from time to time, with the combined aggregate principal amount of such notes that may be outstanding at any one time limited to \$240 million. The Board anticipates using the Commercial Paper Program for short term construction financing of projects for Members of the Revenue Financing System. See "SECURITY FOR THE BONDS – Commercial Paper Program".

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**The Texas State University System
Capital Improvement Program FY 2020-2025**

<u>INSTITUTION</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Total by Institution</u>
Lamar Institute of Technology	\$3,500,399	\$0	\$24,300,000	\$0	\$0	\$19,543,143	\$47,343,542
Lamar State College – Orange	\$2,837,280	\$1,000,000	\$37,000,000	\$14,400,000	\$1,000,000	\$1,000,000	\$57,237,280
Lamar State College – Port Arthur	\$13,165,000	\$900,000	\$22,900,000	\$900,000	\$900,000	\$900,000	\$39,665,000
Lamar University	\$93,000,500	\$15,735,000	\$49,500,000	\$13,175,000	\$2,000,000	\$2,000,000	\$175,410,500
Sam Houston State University	\$133,611,000	\$11,000,000	\$102,600,000	\$11,000,000	\$11,000,000	\$11,000,000	\$280,211,000
Sul Ross State University	\$8,000,000	\$18,450,000	\$50,160,000	\$0	\$0	\$0	\$76,610,000
Texas State University	<u>\$336,752,762</u>	<u>\$14,000,000</u>	<u>\$284,499,450</u>	<u>\$25,500,000</u>	<u>\$24,300,000</u>	<u>\$15,000,000</u>	<u>\$700,052,212</u>
SYSTEM TOTAL BY FISCAL YEAR	<u>\$590,866,941</u>	<u>\$61,085,000</u>	<u>\$570,959,450</u>	<u>\$64,975,000</u>	<u>\$39,200,000</u>	<u>\$49,443,143</u>	<u>\$1,376,529,534</u>

ABSENCE OF LITIGATION

Neither the Board nor any Member is a party to any litigation or other proceeding pending or, to the knowledge of such parties, threatened, in any court, agency, 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, and no litigation of any nature has been filed or, to their knowledge, threatened, that would affect the provisions made for the use of the Pledged Revenues to secure or pay the principal of or interest on the Bonds, or in any manner questioning the validity of the Bonds.

REGISTRATION AND QUALIFICATION OF THE BONDS FOR SALE

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission (the “SEC”) under the Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2). The Bonds have not been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of this Official Statement. 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 acts of any other jurisdiction. The University System assumes no responsibility for registration or 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 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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CONTINUING DISCLOSURE OF INFORMATION

In the Twenty-Fourth Supplemental Resolution, the Board has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The Board is required to observe its agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the Board will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB"). Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

Annual Reports. The Board will provide, in an electronic format prescribed by the MSRB, certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the University System of the general type included in this Official Statement under Tables 1, 2, A-1, A-2, A-3, A-4, A-5, A-9 and A-10 and in Appendix B. The Board will update and provide this information within six months after the end of each fiscal year (i.e. by February 28th of each year based on the State's current fiscal year).

The Board may provide updated information in full text or such information may be included by specific reference to any document available to the public on the MSRB's internet web site or filed with the SEC, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the Board commissions an audit and it is completed by the time required. If audited financial statements are not available by the required time, the Board will provide such financial statements on an unaudited basis within the required time. Any such financial statements are to be prepared in accordance with generally accepted accounting principles or such other accounting principles as the Board may be required to employ from time to time pursuant to state law or regulation. Although the University System is audited as part of the State of Texas audit, separate audited financial statements are not available. It is not expected that the Board will commission an audit. Hence, unaudited financial statements, as shown in Appendix B, are expected to be provided.

The State's current fiscal year end is August 31. Accordingly, the Board must provide updated information within six months following August 31 of each year (i.e. by February 28th of each year based on the State's current fiscal year), unless the State changes its fiscal year. If the State changes its fiscal year, the Board will notify the MSRB of the change.

Notice of Certain Events. The Board also will provide timely notices of certain events to the MSRB. The Board will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten (10) business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions 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 material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the Board; (13) the consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) the appointment of a successor or additional paying agent/registrars or change of name of the paying agent/registrars, if material; (15) incurrence of a Financial Obligation of the Board, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Board, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Board, any of which reflect financial difficulties. Neither the Bonds nor the Twenty-Fourth Supplemental Resolution make any provision for a trustee, debt service reserves, credit enhancement, or liquidity enhancement.

For these purposes, (a) any event described in clause (12) of the immediately preceding paragraph 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 the 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, and (b) the Board intends the words used in the immediately preceding clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34- 83885 dated August 20, 2018.

In addition, the Board will provide timely notice of any failure by the Board to provide annual financial information in accordance with their agreement described above under “Annual Reports”.

Limitations and Amendments. The Board has agreed to update information and to provide notices of material events only as described above. The Board has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Board makes no 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 agreement or from any statement made pursuant to its agreement, 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 agreement from time to time 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 (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering described herein in compliance with SEC Rule 15c2-12, taking into account any amendments or interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the Board (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Board may also amend or repeal its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of said 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 Bonds in the primary offering of the Bonds. If the Board so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Agreements. During the last five years, the Board has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

For the fiscal year ended August 31, 2018, the Board filed its updated financial and operating data on February 28, 2019. Pursuant to its continuing disclosure undertakings contained in the resolutions authorizing its prior offerings, the Board is required to provide updated financial and operations data within six months after the end of its fiscal year. Prior offering documents have described this deadline as being within 180 days after the end of its fiscal year. The Board's financial and operating data for the fiscal year ended August 31, 2018 was filed within six months after the end of its fiscal year, but 181 days after the end of its fiscal year.

In 2017, the System refunded all maturities of its Revenue Financing System Revenue Bonds, Series 2008 (the “Series 2008 Bonds”) with the exception of the 2018 stated maturity. Although the System timely filed annual financial information and other operational data for Fiscal Year in compliance with its other outstanding obligations, due to an administrative oversight, the System did not associate the filed information with the 2018 maturity for the Series 2008 Bonds, which maturity date was approximately 15 days after the filing deadline. As its annual filings were timely filed and such filings were made in close proximity to the final maturity date for the Series 2008 Bonds, the System does not believe this administrative oversight is a material event within the meaning of the Rule.

LEGAL MATTERS

General. 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 McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel to the Board, whose opinions will be delivered at the closing of the sale of the Bonds in substantially the forms set forth in APPENDIX D. Bond Counsel was not requested to participate, 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 Master Resolution, the Twenty-Fourth Supplemental Resolution and the Revenue Financing System contained in this Official Statement under the captions “INTRODUCTION,” “PLAN OF FINANCING,” “THE BONDS” (other than information under the subcaptions “Sources and Uses of Proceeds,” “Book-Entry-Only System” and “Bondholder Remedies”), “SECURITY FOR THE BONDS,” “REGISTRATION AND QUALIFICATION OF THE BONDS FOR SALE,” “CONTINUING DISCLOSURE OF INFORMATION” (other than information under the subcaption “Compliance with Prior Agreements”), “TAX MATTERS,” “LEGAL INVESTMENTS IN TEXAS,” “LEGAL MATTERS” (except for the last sentence of the first paragraph thereof), and in APPENDIX C and APPENDIX D and such firm is of the opinion that the information contained under such captions and in such Appendices is a fair and accurate summary of the information purported to be shown therein and is correct as to matters of law. The payment of legal fees to Bond Counsel is contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Austin and Dallas, Texas.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinion as to 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.

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, and 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 Board’s actual results could differ materially from those discussed in 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 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 in this Official Statement will prove to be accurate.

TAX MATTERS

Certain Federal Income Tax Considerations

General. The following discussion is a summary of certain expected material federal income tax consequences of the purchase, ownership and disposition of the Bonds and is based on the Internal Revenue Code of 1986 (the “Code”), the regulations promulgated thereunder, published rulings and pronouncements of the Internal Revenue Service (“IRS”) and court decisions currently in effect. There can be no assurance that the IRS will not take a contrary view, and no ruling from the IRS, has been, or is expected to be, sought on the issues discussed herein. Any subsequent changes or interpretations may apply retroactively and could affect the opinion and

summary of federal income tax consequences discussed herein.

The following discussion is not a complete analysis or description of all potential U.S. federal tax considerations that may be relevant to, or of the actual tax effect that any of the matters described herein will have on, particular holders of the Bonds and does not address U.S. federal gift or estate tax or (as otherwise stated herein) the alternative minimum tax, state, local or other tax consequences. This summary does not address special classes of taxpayers (such as partnerships, or other pass-thru entities treated as a partnerships for U.S. federal income tax purposes, S corporations, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, real estate investment trusts, grantor trusts, former citizens of the U.S., broker-dealers, traders in securities and tax-exempt organizations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be subject to branch profits tax or personal holding company provisions of the Code or taxpayers qualifying for the health insurance premium assistance credit) that are subject to special treatment under U.S. federal income tax laws, or persons that hold Bonds as a hedge against, or that are hedged against, currency risk or that are part of hedge, straddle, conversion or other integrated transaction, or persons whose functional currency is not the "U.S. dollar". This summary is further limited to investors who will hold the Bonds as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Code. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

As used herein, the term "U.S. Holder" means a beneficial owner of a Bond who or which is: (i) an individual citizen or resident of the United States, (ii) a corporation or partnership created or organized under the laws of the United States or any political subdivision thereof or therein, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of the source; or (iv) a trust, if (a) a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) the trust validly elects to be treated as a U.S. person for U.S. federal income tax purposes. As used herein, the term "Non-U.S. Holder" means a beneficial owner of a Bond that is not a U.S. Holder.

THIS SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL ASPECTS OF THE U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF BONDS IN LIGHT OF THE HOLDER'S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION. PROSPECTIVE HOLDERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE BONDS BEFORE DETERMINING WHETHER TO PURCHASE BONDS. THE FOLLOWING DISCUSSION IS NOT INTENDED OR WRITTEN TO BE USED TO AVOID PENALTIES THAT MIGHT BE IMPOSED ON THE TAXPAYER IN CONNECTION WITH THE MATTERS DISCUSSED THEREIN. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX IMPLICATIONS OF RECENTLY ENACTED LEGISLATION OR THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE BONDS UNDER APPLICABLE STATE OR LOCAL LAWS, OR ANY OTHER TAX CONSEQUENCE.

FOREIGN INVESTORS SHOULD ALSO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES UNIQUE TO NON-U.S. HOLDERS.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to withholding under sections 1471 through 1474 or backup withholding under Section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances,

and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Series 2019A Bonds

Opinion. On the Series 2019A Bonds Date of Delivery, McCall, Parkhurst & Horton L.L.P., Bond Counsel to the Board, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”), (1) for federal income tax purposes, interest on the Series 2019A Bonds will be excludable from the “gross income” of the holders thereof and (2) the Series 2019A Bonds will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Code. Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See “APPENDIX D - FORMS OF BOND COUNSEL’S OPINIONS.”

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the Board, including information and representations contained in the Board's federal tax certificate related to the Series 2019A Bonds and the verification report prepared by Causey Demgen & Moore P.C., Denver, Colorado, and (b) covenants of the Board contained in the Series 2019A Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Series 2019A Bonds and the property financed or refinanced therewith. Failure by the Board to observe the aforementioned representations or covenants could cause the interest on the Series 2019A Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Series 2019A Bonds in order for interest on the Series 2019A Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Series 2019A Bonds to be included in gross income retroactively to the date of issuance of the Series 2019A Bonds. The opinion of Bond Counsel is conditioned on compliance by the Board with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Series 2019A Bonds.

Bond Counsel's opinion regarding the Series 2019A Bonds represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion related to the Series 2019A Bonds is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Series 2019A Bonds.

A ruling was not sought from the IRS by the Board with respect to the Series 2019A Bonds or property financed with the proceeds of the Series 2019A Bonds. No assurances can be given as to whether or not the IRS will commence an audit of the Series 2019A Bonds, or as to whether the IRS would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the IRS is likely to treat the Board as the taxpayer and the holders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Collateral Federal Income Tax Consequences. Under section 6012 of the Code, U.S. Holders of tax-exempt obligations, such as the Series 2019A Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Series 2019A Bonds, if such obligation was acquired at a “market discount” and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to “market discount bonds” to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A “market discount bond” is one which is acquired by the holder at a purchase price which is less than the stated redemption price at

maturity or, in the case of a bond issued at an original issue discount, the “revised issue price” (i.e., the issue price plus accrued original issue discount). The “accrued market discount” is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

Future and Proposed Legislation. Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Series 2019A Bonds under Federal or state law and could affect the market price or marketability of the Series 2019A Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Taxable Series 2019B Bonds

Certain U.S. Federal Income Tax Consequences to U.S. Holders

Periodic Interest Payments and Original Issue Discount. The Taxable Series 2019B Bonds are not obligations described in Section 103(a) of the Code. Accordingly, the stated interest paid on the Taxable Series 2019B Bonds or original issue discount, if any, accruing on the Taxable Series 2019B Bonds will be includable in “gross income” within the meaning of Section 61 of the Code of each owner thereof and be subject to federal income taxation when received or accrued, depending upon the tax accounting method applicable to such owner.

Disposition of Taxable Series 2019B Bonds. An owner will recognize gain or loss on the redemption, sale, exchange or other disposition of a Bond equal to the difference between the redemption or sale price (exclusive of any amount paid for accrued interest) and the owner's tax basis in the Taxable Series 2019B Bonds. Generally, a U.S. Holder's tax basis in the Taxable Series 2019B Bonds will be the owner's initial cost, increased by income reported by such U.S. Holder, including original issue discount and market discount income, and reduced, but not below zero, by any amortized premium. Any gain or loss generally will be a capital gain or loss and either will be long-term or short-term depending on whether the Taxable Series 2019B Bonds has been held for more than one year.

Defeasance of the Taxable Series 2019B Bonds. Defeasance of any Taxable Series 2019B Bond may result in a reissuance thereof, for U.S. federal income tax purposes, in which event a U.S. Holder will recognize taxable gain or loss as described above.

State, Local and Other Tax Consequences. Investors should consult their own tax advisors concerning the tax implications of holding and disposing of the Taxable Series 2019B Bonds under applicable state or local laws, or any other tax consequence, including the application of gift and estate taxes. Certain individuals, estates or trusts may be subject to a 3.8% surtax on all or a portion of the taxable interest that is paid on the Bonds. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE FOREGOING MATTERS

Certain U.S. Federal Income Tax Consequences to Non-U.S. Holders. A Non-U.S. Holder that is not subject to U.S. federal income tax as a result of any direct or indirect connection to the U.S. in addition to its ownership of a Taxable Series 2019B Bond, will not be subject to U.S. federal income or withholding tax in respect of such Taxable Series 2019B Bond, provided that such Non-U.S. Holder complies, to the extent necessary, with identification requirements including delivery of a signed statement under penalties of perjury, certifying that such Non-U.S. Holder is not a U.S. person and providing the name and address of such Non-U.S. Holder. Absent such exemption, payments of interest, including any amounts paid or accrued in respect of accrued original issue discount, may be subject to withholding taxes, subject to reduction under any applicable tax treaty. Non-U.S. Holders are urged to consult their own tax advisors regarding the ownership, sale or other disposition of a Bond.

The foregoing rules will not apply to exempt a U.S. shareholder of a controlled foreign corporation from

taxation on the U.S. shareholder's allocable portion of the interest income received by the controlled foreign corporation.

RATINGS

The Bonds have been assigned the ratings of “Aa2” by Moody’s Investors Service, Inc. (“Moody’s”) and “AA” by Fitch Ratings (“Fitch”). An explanation of the significance of each such rating may be obtained from the company furnishing the rating. The ratings will 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 either rating may have an adverse effect on the market price of the Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision at any time.

LEGAL INVESTMENTS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business & Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking fund of municipalities or other political subdivisions or public agencies of the State of Texas. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least \$1 million of capital and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the state, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act, the Bonds may have to be assigned a rating of “A” or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds.

The University System has not made any investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The University System has not made any review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore P.C., Denver, Colorado, a firm of independent public accountants, will deliver to the Board, on or before the respective settlement dates of the Bonds, its verification reports indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Escrowed Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Bonds and (b) with respect to the Series 2019A Bonds, the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Series 2019A Bonds will be excluded from gross income for federal income tax purposes.

The verification performed by Causey Demgen & Moore P.C. will be solely based upon data, information and documents provided to Causey Demgen & Moore P.C. by Hilltop Securities Inc. on behalf of the Board and the Underwriters. Causey Demgen & Moore P.C. has restricted its procedures to recalculating the computations provided by such parties and has not evaluated or examined the assumptions or information used in the computations.

UNDERWRITING

Morgan Stanley & Co. LLC, as the senior and book running manager of the syndicate of underwriters, has agreed, subject to certain customary conditions to delivery, to purchase the Series 2019A Bonds from the Board at the initial public offering price shown on page ii of this Official Statement, less an underwriting discount of \$659,865.82, and no accrued interest.

Morgan Stanley & Co. LLC, as the senior and book running manager of the syndicate of underwriters, has agreed, subject to certain customary conditions to delivery, to purchase the Taxable Series 2019B Bonds from the Board at the initial public offering price shown on page iii of this Official Statement, less an underwriting discount of \$562,213.74, and no accrued interest.

The Underwriters will be obligated to purchase all of the Bonds of the same series if any such 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.

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

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

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

Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

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

FINANCIAL ADVISOR

Hilltop Securities Inc. is employed 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.

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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 the original documents for further information.

The Award Certificates authorized in the Twenty-Fourth Supplemental Resolution approved the form and content of this Official Statement, and authorized the undersigned to approve any addenda, supplement, or amendment thereto, and authorize its further use by the Underwriters in the reoffering of the Bonds.

Chancellor, Secretary of the Board of Regents
The Texas State University System

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**SCHEDULE I
REFUNDED OBLIGATIONS**

Refunded Notes

<u>Maturity</u>	<u>Principal Amount Outstanding</u>	<u>Principal Amount Being Refunded</u>
10/29/2019	\$144,761,200	\$89,706,200
	<u>\$144,761,200</u>	<u>\$89,706,200</u>

The Board's obligations of the following series are being defeased and refunded with a portion of the proceeds of the Series 2019A Bonds (collectively, the "Series 2019A Refunded Bonds"):

Revenue Financing System Refunding Bonds, Series 2010⁽¹⁾

CUSIP Prefix: 88278P*

Original Dated Date: August 1, 2010
Anticipated Call Date: March 15, 2020

<u>Original Maturity</u>	<u>Principal Amount Outstanding</u>	<u>Principal Amount Being Refunded</u>	<u>Interest Rates</u>	<u>Redemption Price</u>	<u>CUSIP Suffix*</u>
3/15/2021	\$ 9,885,000	\$ 9,885,000	5.000%	100%	MF8
3/15/2022	9,395,000	9,395,000	5.000%	100%	MG6
	<u>\$ 19,280,000</u>	<u>\$ 19,280,000</u>			

*CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence 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 owners of the Bonds. None of the Board, the Financial Advisor or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

⁽¹⁾ As discussed in "PLAN OF FINANCING - Refunded Obligations – Refunded Bonds," \$2,075,000 in aggregate principal amount of the Board's Revenue Financing System Refunding Bonds, Series 2010 is being refunded with funds to be provided by the Texas Tech University System (comprised of \$1,015,000 of the March 15, 2021 maturity and \$1,060,000 of the March 15, 2022 maturity).

Revenue Financing System Revenue Bonds, Series 2010A
CUSIP Prefix: 88278P*

Original Dated Date: August 1, 2010
 Anticipated Call Date: March 15, 2020

<u>Original Maturity</u>	<u>Principal Amount Outstanding</u>	<u>Principal Amount Being Refunded</u>	<u>Interest Rates</u>	<u>Redemption Price</u>	<u>CUSIP Suffix*</u>
3/15/2021	\$ 1,690,000	\$ 1,690,000	5.000%	100%	MT8
3/15/2022	1,770,000	1,770,000	5.000%	100%	MU5
3/15/2023	1,860,000	1,860,000	5.000%	100%	MV3
3/15/2024	1,955,000	1,955,000	5.000%	100%	MW1
3/15/2025	2,055,000	2,055,000	5.000%	100%	MX9
3/15/2026	2,160,000	2,160,000	5.000%	100%	MY7
3/15/2027	2,265,000	2,265,000	5.000%	100%	MZ4
3/15/2028	2,380,000	2,380,000	4.000%	100%	NA8
3/15/2029	2,470,000	2,470,000	4.000%	100%	NB6
3/15/2030	2,570,000	2,570,000	4.000%	100%	NC4
3/15/2031	2,560,000 (1)	2,560,000	5.000%	100%	NE0
3/15/2032	2,690,000 (1)	2,690,000	5.000%	100%	NE0
3/15/2033	2,820,000 (1)	2,820,000	5.000%	100%	NE0
3/15/2034	2,960,000 (1)	2,960,000	5.000%	100%	NE0
3/15/2035	3,105,000 (1)	3,105,000	5.000%	100%	NE0
3/15/2036	3,265,000 (2)	3,265,000	4.375%	100%	NF7
3/15/2037	3,405,000 (2)	3,405,000	4.375%	100%	NF7
3/15/2038	3,555,000 (3)	3,555,000	5.000%	100%	NG5
3/15/2039	3,730,000 (3)	3,730,000	5.000%	100%	NG5
3/15/2040	3,920,000 (3)	3,920,000	5.000%	100%	NG5
	<u>\$ 53,185,000</u>	<u>\$ 53,185,000</u>			

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⁽¹⁾ Represents a mandatory sinking fund redemption of a Term Bond maturing on March 15, 2035.

⁽²⁾ Represents a mandatory sinking fund redemption of a Term Bond maturing on March 15, 2037.

⁽³⁾ Represents a mandatory sinking fund redemption of a Term Bond maturing on March 15, 2040.

The Board's obligations of the following series are being defeased and refunded with a portion of the proceeds of the Taxable Series 2019B Bonds (collectively, the "Taxable Series 2019B Refunded Bonds"):

**Revenue Financing System Revenue Bonds, Series 2011
CUSIP Prefix: 88278P***

Original Dated Date: June 1, 2011
Anticipated Call Date: March 15, 2021

<u>Original Maturity</u>	<u>Principal Amount Outstanding</u>	<u>Principal Amount Being Refunded</u>	<u>Interest Rates</u>	<u>Redemption Price</u>	<u>CUSIP Suffix*</u>
3/15/2022	\$2,910,000	\$2,910,000	5.000%	100%	PP3
3/15/2023	3,055,000	3,055,000	5.000%	100%	PQ1
3/15/2024	3,205,000	3,205,000	5.000%	100%	QA5
3/15/2025	3,370,000	3,370,000	5.000%	100%	PR9
3/15/2026	3,535,000	3,535,000	5.000%	100%	PS7
3/15/2027	3,710,000	3,710,000	4.125%	100%	PT5
3/15/2028	3,870,000	3,870,000	5.000%	100%	PU2
3/15/2029	4,060,000	4,060,000	5.000%	100%	PV0
3/15/2030	4,255,000	4,255,000	5.000%	100%	PW8
3/15/2031	4,480,000	4,480,000	5.000%	100%	PX6
3/15/2032	1,955,000 (1)	1,955,000	5.000%	100%	PY4
3/15/2033	2,050,000 (1)	2,050,000	5.000%	100%	PY4
3/15/2034	2,155,000 (1)	2,155,000	5.000%	100%	PY4
3/15/2035	2,265,000 (1)	2,265,000	5.000%	100%	PY4
3/15/2036	2,380,000 (1)	2,380,000	5.000%	100%	PY4
3/15/2037	2,495,000 (2)	2,495,000	5.000%	100%	PZ1
3/15/2038	2,620,000 (2)	2,620,000	5.000%	100%	PZ1
3/15/2039	2,755,000 (2)	2,755,000	5.000%	100%	PZ1
3/15/2040	2,885,000 (2)	2,885,000	5.000%	100%	PZ1
3/15/2041	3,035,000 (2)	3,035,000	5.000%	100%	PZ1
3/15/2042	3,185,000 (2)	3,185,000	5.000%	100%	PZ1
	<u>\$ 64,230,000</u>	<u>\$ 64,230,000</u>			

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(1) Represents a mandatory sinking fund redemption of a Term Bond maturing on March 15, 2036.

(2) Represents a mandatory sinking fund redemption of a Term Bond maturing on March 15, 2042.

Revenue Financing System Revenue And Refunding Bonds, Series 2012
CUSIP Prefix: 88278P*

Original Dated Date: February 1, 2012

Anticipated Call Date: March 15, 2021

<u>Original Maturity</u>	<u>Principal Amount Outstanding</u>	<u>Principal Amount Being Refunded</u>	<u>Interest Rates</u>	<u>Redemption Price</u>	<u>CUSIP Suffix*</u>
3/15/2022	\$4,220,000	\$4,220,000	5.000%	100%	QL1
3/15/2023	2,585,000	2,585,000	5.000%	100%	QM9
3/15/2024	765,000	765,000	4.000%	100%	QN7
3/15/2025	790,000	790,000	4.000%	100%	QP2
3/15/2026	820,000	820,000	3.000%	100%	QQ0
3/15/2027	850,000	850,000	3.000%	100%	QR8
3/15/2028	870,000	870,000	3.125%	100%	QS6
3/15/2029	905,000	905,000	3.250%	100%	QT4
3/15/2030	925,000	925,000	3.375%	100%	QU1
3/15/2031	965,000	965,000	3.375%	100%	QV9
3/15/2032	990,000	990,000	3.500%	100%	QW7
	<u>\$ 14,685,000</u>	<u>\$ 14,685,000</u>			

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Revenue Financing System Revenue And Refunding Bonds, Series 2013
CUSIP Prefix: 88278P*

Original Dated Date: February 1, 2013

Anticipated Call Date: March 15, 2023

<u>Original Maturity</u>	<u>Principal Amount Outstanding</u>	<u>Principal Amount Being Refunded</u>	<u>Interest Rates</u>	<u>Redemption Price</u>	<u>CUSIP Suffix*</u>
3/15/2024	\$ 3,535,000	\$ 3,535,000	5.000%	100%	RJ5
3/15/2025	3,700,000	3,700,000	5.000%	100%	RK2
3/15/2026	3,895,000	3,895,000	5.000%	100%	RL0
3/15/2027	3,355,000	3,355,000	5.000%	100%	RM8
3/15/2028	3,515,000	3,515,000	4.000%	100%	RN6
3/15/2029	3,650,000	3,650,000	4.000%	100%	RP1
3/15/2030	3,795,000	3,795,000	3.000%	100%	RQ9
3/15/2031	3,920,000	3,920,000	4.000%	100%	RR7
3/15/2032	4,075,000	4,075,000	4.000%	100%	RS5
3/15/2033	2,590,000	2,590,000	4.000%	100%	RT3
3/15/2034	2,695,000 (1)	2,695,000	5.000%	100%	RU0
3/15/2035	2,175,000 (1)	2,175,000	5.000%	100%	RU0
3/15/2036	2,280,000 (1)	2,280,000	5.000%	100%	RU0
3/15/2037	2,395,000 (1)	2,395,000	5.000%	100%	RU0
3/15/2038	2,515,000 (1)	2,515,000	5.000%	100%	RU0
3/15/2039	2,640,000 (2)	2,640,000	5.000%	100%	RV8
3/15/2040	2,775,000 (2)	2,775,000	5.000%	100%	RV8
3/15/2041	2,910,000 (2)	2,910,000	5.000%	100%	RV8
3/15/2042	3,060,000 (2)	3,060,000	5.000%	100%	RV8
	<u>\$ 59,475,000</u>	<u>\$ 59,475,000</u>			

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(1) Represents a mandatory sinking fund redemption of a Term Bond maturing on March 15, 2038.

(2) Represents a mandatory sinking fund redemption of a Term Bond maturing on March 15, 2042.

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APPENDIX A*

DESCRIPTION OF THE UNIVERSITY SYSTEM

BACKGROUND AND HISTORY

The University System was originally created by the Texas Legislature in 1911. The following State supported institutions are under the governance and control of the University System: Lamar University; Lamar Institute of Technology; Lamar State College - Orange; Lamar State College - Port Arthur; Sam Houston State University; Texas State University; and Sul Ross State University, including Rio Grande College. See "ASU TRANSFER" for a discussion of the release of Angelo State University ("ASU") from the University System.

As the oldest university system in Texas, the University System encompasses institutions which are leaders in training teachers who staff the growing public school system in Texas and the surrounding states. Demographics indicate this market demand should be strong for many years into the future. The University System components are keyed to regional service areas along with a state-wide appeal in specialized academic fields. Two of the universities, Sam Houston State University and Texas State University, are located in high growth, economically diversified areas which should promote continued expansion and enrollment growth. Lamar University and Sul Ross State University are dominant institutions in the specific geographic areas they serve providing stability for their student base. Each of the two-year institutions, Lamar Institute of Technology, Lamar State College - Orange and Lamar State College - Port Arthur, serve vital functions in providing for a trained work force through academic and vocational educational opportunities in a key industrial area of the state. See "ENROLLMENT" below.

COORDINATING BOARD

The University System is subject to the supervisory powers of the Texas Higher Education Coordinating Board (the "Coordinating Board"). The Coordinating Board is an agency of the State established to promote the efficient use of State resources by providing coordination and leadership for the State's higher education systems, institutions and governing boards. The Coordinating Board is the highest authority in the State in matters of public higher education and prescribes the scope and role of each institution of higher education. The Coordinating Board periodically reviews all degree and certificate programs offered by the State's institutions of higher education and annually reviews the academic courses offered by such institutions. The Coordinating Board also recommends to the Texas Legislature, through an advisory committee comprised of representatives from effected institutions of higher education, space utilization formulas designed to promote the efficient use of construction funds and the development of physical plants to meet projected growth estimates. These space utilization formulas directly impact the allocation of appropriated funds among the State's institutions of higher education.

GOVERNANCE AND ADMINISTRATION

The University System is governed, managed, and controlled by a nine-member Board of Regents, each of whom is appointed by the Governor of the State subject to confirmation by the State Senate. Each regent serves a six-year term, with three new appointments made to the Board every two years. A regent may be reappointed to serve on the Board. The members of the Board elect one of the regents to serve as Chairman of the Board and may elect any other officers they deem necessary. The regents serve without pay except for a per diem payment as provided by the Legislature of the State of Texas and reimbursement for travel expenses incurred in the performance of their duties. There is a student regent who is a student attending one of the University System institutions. State law does not allow a student regent to vote on matters before the Board.

The Board is legally responsible for the general control and management of the component institutions of the University System and has authority to promulgate and enforce such rules, regulations, and orders as it deems necessary for the operation, control and management of the University System. The Board appoints a Chancellor who directs the operations of the University System and is responsible for carrying out policies determined by the Board. The Chancellor is assisted by a Vice Chancellor for Academic & Health Affairs, a Vice Chancellor and General Counsel, a Vice Chancellor and Chief Financial Officer, and a Vice Chancellor for Governmental Relations. The operations of each component institution of the University System are directed by a President, hired by the

* Unless otherwise indicated, the information set forth in the tables in this Appendix A has been provided by the University System.

Chancellor. Each President holds office without a fixed term and at the pleasure of the Chancellor. The Board also appoints Chief Audit Executive, who supports the University System by overseeing the system-wide internal audit function.

A list of the current members of the Board and certain principal administrative officers of the University System appears on page (iii) of this Official Statement. Set forth below is biographical information for such principal administrative officers of the University System:

Dr. Brian McCall serves as the Chancellor for the University System. Prior to his appointment as Chancellor, Dr. McCall was president of the Dallas-based Westminster Capital Corporation since 2000 and a member of the Texas House of Representatives since 1991 where he has held several key posts, including chairman of the Calendars Committee, member of the Higher Education Committee, and a member of the Legislative Budget Board. Dr. McCall holds a B.A. from Baylor University, a Master of Liberal Arts degree from Southern Methodist University, and his Ph.D in Humanities, Aesthetics from the University of Texas-Dallas.

Dr. John Hayek serves as Vice Chancellor for Academic and Health Affairs, coming from The University of Texas System where he was Associate Vice Chancellor and Chief of Staff for Academic Affairs. Prior to that, Dr. Hayek was at Kentucky Council on Postsecondary Education for seven years starting as Associate Vice President, Planning & Performance, then Interim Vice President, Finance and then Senior Vice President, Budget, Policy & Planning. Earlier in his academic career, Dr. Hayek spent almost a decade on the campus of Indiana University Bloomington working in various positions starting as graduate student and eventually as a project-tenured Research Scientist and Senior Associate Director of the National Research Center.

Dr. Fernando C. Gomez serves as the Vice Chancellor and General Counsel for the University System. Prior to becoming Vice Chancellor and General Counsel, Dr. Gomez served as a tenured professor at Michigan State University from 1974-1979, Assistant Attorney General in Texas and Michigan from 1979-1986, General Counsel for the California State University System from 1992-1994 and engaged in private practice from 1990-92, doing commercial litigation. Dr. Gomez received a B.A., cum laude, in English and Sociology from the University of New Mexico in 1970 and a J.D. from the University of Michigan in 1973. Dr. Gomez also received his Ph.D. in American Culture from the University of Michigan in 1977.

Mr. Sean Cunningham serves as Vice Chancellor for Governmental Relations for the University System, where he coordinates communications regarding legislative and policy matters to state and federal elected leadership. Prior to his appointment, Mr. Cunningham was Chief of Staff to a Texas House of Representatives member and Special Advisor to the House Committee on Calendars where he assisted the committee in recommending and prioritizing the daily legislative agenda for the Texas House. During his 19 years working in the Texas House for only one member of the legislature, additional duties including serving as clerk of various subcommittees and full committees within the House. Mr. Cunningham earned his bachelor's degree in Government and his Doctor of Jurisprudence from The University of Texas at Austin. While in law school, Mr. Cunningham completed a judicial internship with the Honorable Lawrence Meyers of the Texas Court of Criminal Appeals and studied international law during his semester abroad at the University of College London.

Mr. Daniel Harper serves as Vice Chancellor and Chief Financial Officer for the University System. Prior to his arrival in 2012, he spent eight years in the Texas Senate Finance Committee, focusing on education-related budget and policy. He received his B.A. in Economics from Austin College and his M.B.A in Finance from the University of Texas at Arlington.

Mr. Mike Wintemute serves as Deputy Vice Chancellor for Marketing and Communications and Executive Director of the TSUS Foundation, Inc. Mr. Wintemute previously served as Communications Director for the Lieutenant Governor of Texas, Deputy Secretary for External Affairs at the California Resources Agency, and Deputy Secretary for Communications at the California Environmental Protection Agency. He has also served in communications roles at the California State Assembly and the California Republican Party. Mr. Wintemute began his career as a news reporter in Central and Northern California. He received a bachelor's degree in Telecommunications from California State University-Fresno, a master's degree in Communication Studies from California State University-Sacramento, and is pursuing a Ph.D. in Media & Communication at Texas Tech University.

Ms. Carole M. Fox serves as Chief Audit Executive for the University System. Prior to her appointment in 2007, Ms. Fox was the Director of Internal Audit at the Texas Workforce Commission and at the Texas Workers'

Compensation Commission for over 12 years. Ms. Fox also served as an Audit Manager at The University of Texas System Administration for a period of 2 years, after serving as an Assistant State Auditor for 10 years. Ms. Fox graduated from The University of Texas at Austin with a B.B.A. in Accounting and is a Certified Public Accountant.

COMPONENT INSTITUTIONS

A summary description of the University System's seven component institutions, each of which is a Member in the Revenue Financing System, is set forth below:

Lamar University serves more than 15,000 students as a comprehensive, senior, public university and is a significant educational, scientific, engineering, business and cultural resource center for Southeast Texas. This institution, which became a part of the University System in 1995, has approximately 600 full and part-time faculty members and offers more than 70 baccalaureate degrees and 45 graduate degrees, including doctorate degrees in engineering, educational leadership, deaf education and audiology. Lamar University's robust distance education program offers more than 35 on-line undergraduate and graduate degree programs, provides flexible educational opportunities to Texas students, and serves more than 600 out-of-state students. The public service mission of this institution reaches out to communities throughout Southeast Texas to provide educational and training programs to meet the region's needs.

Sam Houston State University was created by the Texas Legislature in 1879, making it the third oldest state university in Texas and one of the oldest teacher-training institutions west of the Mississippi River. Today Sam Houston State University, located in Huntsville, is a multipurpose university with eight colleges and 950 faculty members serving more than 21,000 students. The university offers over 100 baccalaureate degrees, more than 60 master's degrees and 10 doctoral degrees, including the nation's first PhD in Forensic Science. With a variety of fully online undergraduate and graduate degree and certificate programs all taught by on campus professors, Sam Houston State University offers an exceptional college experience and continually strives to meet the needs of contemporary students, both traditional and online.

Sul Ross State University encompasses a service area that includes a wide expanse of West and South Texas and a large portion of the international border shared with Mexico. The main campus, located in Alpine, was created by the Texas Legislature in 1917 and continues to be one of the leading institutions in preparing personnel for the public school system. The Rio Grande College, established in 1973, works in conjunction with Southwest Texas Junior College to provide upper-level and graduate educational opportunities to the students living in the Del Rio, Eagle Pass, and Uvalde areas through teaching sites in each location. The university, through its campuses, serves as a professional, educational and cultural resource to almost 2,500 students from throughout the region. Sul Ross State University offers more than 30 baccalaureate programs and 25 master's programs including outstanding programs in agriculture and natural resource science, biology and geology, as well as a certificate program in vocational nursing.

Texas State University, founded in 1899, is uniquely situated in the middle of the growing Austin-San Antonio corridor. The main campus is located on 507 acres and has an additional 4,800 acres in farm, ranch and recreational areas. More than 2,000 faculty members provide educational opportunities to an ethnically diverse population of over 38,000 students. It offers nationally recognized programs in numerous fields of study, including teacher education, geography, materials science and engineering, physical therapy, theater, music, aquatic biology, and anthropology. The scope of the university's curriculum includes 98 baccalaureate programs, 91 master's and specialist programs, 14 doctoral programs, and many graduate certificate programs. As an Emerging Research University, Texas State University has grown from a small teacher preparation institution to a major multipurpose university which offers opportunities for discovery and innovation to students and faculty.

Lamar Institute of Technology was established in 1990 when the two-year programs of Lamar University's College of Technical Arts and several other programs were merged to establish a special purpose institution dedicated to technical education. Lamar Institute of Technology became a separate, degree-granting institution in 1995 and was accredited by the Southern Association of Colleges and Schools in 2000. The institution offers associate of applied science degrees in 31 fields and certificates in 28 fields. The wide range of associate degrees, certificate programs, specialized technical programs and continuing education opportunities offered to more than

4,000 academic and technical students and 2,500 continuing education students is designed to help meet the workforce needs of Southeast Texas.

Lamar State College - Orange was created in 1969 as a two-year, lower-division institution of higher learning in response to the need for educational and industrial training programs in the area. This college, located in historic downtown Orange, offers a wide range of academic programs for transfer to four-year universities along with training in a variety of vocational and technical fields. The institution offers associate degrees in 16 fields of study and certificate programs in 15 fields of study to more than 2,900 academic, technical, and continuing education students.

Lamar State College - Port Arthur was originally founded in 1909 as Port Arthur College and still serves the educational needs of Port Arthur and Southeast Texas, offering associate degrees and an academic foundation for students seeking four-year degrees. The institution's courses are designed to provide more than 3,000 academic, technical, and continuing education students with marketable skills in fields such as allied health, computer information systems, business information systems, automotive technology, cosmetology, legal assistance, computer engineering and maintenance, and chemical dependency counseling. Lamar State College-Port Arthur offers certificate programs in 23 fields and associate degrees in 26 fields.

The institution provides nationally recognized programs in teacher education, geography, health professions, theater, music, aquatic biology, and chemistry, as well as programs in many other fields. The scope of the university's curriculum includes over 96 undergraduate degrees, 86 graduate degrees, certification in education, long-term healthcare, dietetics and legal programs, and has added many new graduate programs in engineering technology and several undergraduate programs in engineering and engineering technology. The institution also offers 12 doctoral programs consisting of 10 PhDs, an Educational Doctorate and Doctor of Physical Therapy (DPT). As an Emerging Research University, Texas State offers opportunities for discovery and innovation to students and faculty.

Sul Ross State University, located in Alpine, was created by the Texas Legislature in 1917 and encompasses a service area that includes a wide expanse of West and South Texas and a large portion of the international border shared with Mexico. Originally founded to train teachers, Sul Ross State University continues to be one of the leading institutions in preparing personnel for the public school system. The university serves as a professional, educational and cultural resource to more than 1,880 students from the region. Sul Ross State University offers 34 bachelor's degrees and 20 master's degrees including outstanding programs in agriculture and natural resource science, biology and geology, as well as a certificate program in vocational nursing.

Sul Ross State University Rio Grande College opened in 1973 in order to provide upper level course work in Del Rio, Eagle Pass and Uvalde leading to degrees from Sul Ross State University. This institution works in conjunction with Southwest Texas Junior College and makes it possible for students living in the region to pursue bachelor's and master's degrees. The institution provides enhanced educational opportunities to a student population that is 86% Hispanic and has an average age of 32 years. The institution offers approximately 975 students' of the region 13 bachelor's degree programs and 6 master's degree programs.

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ENROLLMENT

Set forth below is the fall semester headcount undergraduate and graduate enrollment at the component institutions of the University System for each of the last five years:

TABLE A-1
Total Headcount by Institution⁽¹⁾

	<u>Fall 2015</u>	<u>Fall 2016</u>	<u>Fall 2017</u>	<u>Fall 2018</u>	<u>Fall 2019*</u>
Lamar University	14,494	14,391	13,929	14,176	15,062
Lamar Institute of Technology	2,846	2,757	2,983	3,260	4,019
Lamar State College – Orange	2,318	2,338	2,293	2,350	2,403
Lamar State College - Port Arthur	1,802	2,051	2,293	2,413	2,738
Sam Houston State University	20,031	20,477	20,938	21,025	21,362
Texas State University	37,979	38,808	38,666	38,644	38,231
Sul Ross State University	2,992	3,085	2,970	2,775	2,484
Total	<u>82,462</u>	<u>83,907</u>	<u>84,072</u>	<u>84,643</u>	<u>86,299</u>

⁽¹⁾ Does not include students enrolled in non-credit formula-funded courses.
 Source: Texas Higher Education Coordinating Board Accountability System.
 Note: Does not include students enrolled in non-credit formula-funded courses.
 *Preliminary; subject to change.

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Set forth below is the fall semester graduate enrollment at the component institutions of the University System for each of the last five years:

TABLE A-2
Graduate Headcount by Institution⁽¹⁾

	<u>Fall 2015</u>	<u>Fall 2016</u>	<u>Fall 2017</u>	<u>Fall 2018</u>	<u>Fall 2019*</u>
Lamar University – Beaumont	5,411	5,213	4,800	5,364	6,260
Sam Houston State University	2,630	2,575	2,522	2,552	2,573
Texas State University	4,499	4,564	4,486	4,457	4,275
Sul Ross State University	833	817	740	687	579
Total	<u>13,373</u>	<u>13,169</u>	<u>12,548</u>	<u>13,060</u>	<u>13,687</u>

⁽¹⁾ Lamar State College-Orange, Lamar State College-Port Arthur and Lamar Institute of Technology are lower level (freshman and sophomore) institutions which do not offer graduate programs.

* Preliminary; subject to change.

Source: Texas Higher Education Coordinating Board Accountability System.

Set forth below is the fall semester full-time equivalent enrollment at the component institutions of the University System for each of the last five years:

TABLE A-3
Total Full-Time Student Equivalent by Institution⁽¹⁾

	<u>Fall 2015</u>	<u>Fall 2016</u>	<u>Fall 2017</u>	<u>Fall 2018</u>	<u>Fall 2019*</u>
Lamar University	9,052	8,791	9,294	9,815	11,288
Lamar Institute of Technology ⁽²⁾	1,915	1,848	1,981	1,959	2,464
Lamar State College – Orange ⁽²⁾	1,420	1,416	1,371	1,360	1,437
Lamar State College - Port Arthur ⁽²⁾	1,107	1,218	1,315	1,477	1,663
Sam Houston State University	16,143	16,496	16,889	17,157	17,498
Sul Ross State University	1,992	2,015	1,951	1,836	1,642
Texas State University	31,039	31,812	31,792	31,845	31,664
Total	<u>62,598</u>	<u>63,596</u>	<u>64,593</u>	<u>65,449</u>	<u>67,656</u>

⁽¹⁾ Full-time equivalent enrollment is 15 semester credit hours for undergraduate students, 12 semester hours for master's/doctoral-professional, and 9 hours per semester for doctoral research students. Does not include non-credit formula-funded courses.

⁽²⁾ Includes clock-hour Full Time Equivalent Enrollments.

* Preliminary; subject to change.

Source: Texas Higher Education Coordinating Board Accountability System and the Texas State University System Census Day Report.

The following table sets forth a breakdown of the University System's headcount enrollment by residency classification for the previous five Fall Semesters:

TABLE A-4
Systemwide Headcount by Residency⁽¹⁾

	<u>Fall 2015</u>	<u>Fall 2016</u>	<u>Fall 2017</u>	<u>Fall 2018</u>	<u>Fall 2019*</u>
Texas Residents	78,387	80,158	80,706	81,315	82,906
Non-Texas US Residents	2,015	1,996	2,016	2,116	2,157
Non-US Residents	<u>2,060</u>	<u>1,753</u>	<u>1,350</u>	<u>1,212</u>	<u>1,236</u>
Total	<u>82,462</u>	<u>83,907</u>	<u>84,072</u>	<u>84,643</u>	<u>86,299</u>

⁽¹⁾ Does not include students enrolled in non-credit formula-funded courses.

Source: Texas Higher Education Coordinating Board PREP database and University System Component Institutions.

* Preliminary; subject to change.

Note: Table A-4 does not include students enrolled in non-credit formula funded courses.

ADMISSIONS AND MATRICULATION

Set forth below is information relating to undergraduate admissions and matriculation of the component institutions of the University System which offer four-year undergraduate degrees:

TABLE A-5
System-wide Admissions and Matriculation Information ⁽¹⁾

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Applications Submitted	33,498	38,999	42,514	43,986	43,750
Applications Accepted	25,946	28,698	30,687	32,456	34,597
Matriculation	9,840	10,339	10,432	10,691	10,982
Percentage Accepted	77%	74%	72%	74%	79%
Percentage Matriculated	38%	36%	34%	33%	32%

⁽¹⁾ This table reflects admissions and matriculation of undergraduates for Lamar University, Sam Houston State University, Texas State University, and Sul Ross State University. This information is inclusive of summer and fall applicant data.

Source: Texas Higher Education Report 'First-time Undergraduate Applicant, Acceptance, and Enrollment Information for Summer/Fall.

DEGREES

Set forth below is a listing of the aggregate degrees awarded by the component institutions of the University System during each of the last five years:

TABLE A-6
Systemwide Degrees Awarded

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Certificate ⁽¹⁾	891	873	942	947	1,685
Associate	1,309	1,001	837	956	900
Baccalaureate	11,104	11,599	11,978	12,809	13,179
Master's	4,125	4,675	4,880	4,851	4,514
Doctoral	<u>223</u>	<u>245</u>	<u>243</u>	<u>251</u>	<u>229</u>
Total	<u>17,652</u>	<u>18,393</u>	<u>18,880</u>	<u>19,814</u>	<u>20,507</u>

⁽¹⁾ Includes advanced technology, undergraduate, and graduate certificates.

Source: Texas Higher Education Coordinating Board Accountability System.

FACULTY AND EMPLOYEES

The numbers of faculty and employees employed by the University System and its component institutions as of Fall 2018 are set forth in the following table:

TABLE A-7
Faculty and Staff Headcount by Institution

	<u>Faculty</u>	<u>Staff⁽¹⁾</u>	<u>Total</u>
University System Administration	0	38	38
Lamar University	598	1,040	1,638
Sam Houston State University	948	1,306	2,254
Sul Ross State University	148	300	448
Texas State University	2,460	1,968	4,428
Lamar Institute of Technology	90	95	185
Lamar State College – Orange	105	91	196
Lamar State College - Port Arthur	<u>111</u>	<u>94</u>	<u>205</u>
Total	4,460	4,932	9,392

⁽¹⁾ Includes part-time and full-time employees. Excludes student workers and teaching/graduate assistants.

ACCREDITATION

Each of the component institutions of the University System is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools. In addition, the various component institutions of the University System are accredited by other accrediting agencies, some of which include the National Council for Accreditation of Teacher Education, the Engineering Accreditation Commission of the Accreditation Board of Engineering and Technology, the Commission on Accreditation of Physical Therapy Education and the U.S. Department of Education and Veteran’s Administration.

FINANCIAL STATEMENTS

Annually, not later than November 20, an unaudited financial report dated as of August 31, prepared from the books of the University System, must be delivered to the Governor, State Comptroller of Public Accounts (the “State Comptroller”), State Auditor’s Office, Legislative Budget Board, Legislative Reference Library, Texas State Library, and Texas Higher Education coordinating Board. Each year, the State Auditor must certify the financial statements of the State as a whole, inclusive of the University System, and in so doing examines the financial records of the University System. No outside audit in support of this detailed review is required or obtained by the University System.

The State issues audited financial statements, prepared in accordance with generally accepted accounting principles for the State government as a whole. The statements are prepared by the State Comptroller and are audited by the State Auditor’s Office. The State Auditor expresses an opinion on the financial statements of the State but does not express an opinion on the financial statements of individual component units including those of the University System. The scope of the State Auditor’s audit includes tests for compliance with the covenants of general obligation and revenue bond issues of the State and its component agencies and institutions. Supplementary schedules are included in the State financial statements providing for each bond issue information related to the pledged revenues and expenditures, coverage of debt service requirements, restricted account balances, and/or other relevant information that may be feasibly incorporated. The State Auditor does not express an opinion on such schedules in relation to the basic financial statements taken as a whole. Any material compliance exceptions related to bond covenants are addressed in the overall management letter for the State audit.

Appendix B to this Official Statement contains excerpts from the unaudited Combined Annual Financial Report for the University System for the fiscal year ended August 31, 2018. The final report of the State Auditor is normally available in April of the year following the prior fiscal year.

The University System's combined primary financial reports cover all financial operations of the University System. Amounts due between University System and other duplications in reporting are eliminated in combining the individual financial reports.

Attached to this Official Statement as "APPENDIX B – UNAUDITED COMBINED FINANCIAL REPORT OF TEXAS STATE UNIVERSITY SYSTEM FOR THE YEAR ENDED AUGUST 31, 2018," are the most recent primary statements of the unaudited combined annual financial reports of the University System for Fiscal Year ended August 31, 2018. The University System's unaudited combined primary financial statements consist of the Statement of Net Position as of August 31, 2018, the Combined Statement of Revenues, Expenses and Changes in Net Position for the Year Ended August 31, 2018, and the Combined Statement of Cash Flows for the Year Ended August 31, 2018. See "APPENDIX B - UNAUDITED COMBINED FINANCIAL REPORT OF TEXAS STATE UNIVERSITY SYSTEM FOR THE YEAR ENDED AUGUST 31, 2018."

The University System anticipates that the primary statements of the unaudited combined annual financial reports of the University System for Fiscal Year ended August 31, 2019 will be completed by November 20, 2019, prior to the anticipated delivery dates of the Bonds. The University System intends to supplement this Official Statement with such financial reports for Fiscal Year ended August 31, 2019 when available.

The following table reflects the Condensed Combined Statement of Net Position of the University System for the fiscal years ended August 31, 2014 through 2018.

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TABLE A-8
Condensed Combined Statement of Net Position
(In \$ Millions)

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Assets:					
Current Assets	881.2	908.1	855.7	1,086.8	1,006.9
Noncurrent Assets	1,702.0	1,792.8	1,953.2	2,269.4	2,448.8
Deferred Outflows of Resources	-	9.6	28.7	42.3	109.0
Total Assets	2,583.2	2,710.5	2,837.6	3,398.4	3,564.8
Liabilities:					
Current Liabilities	524.4	531.0	556.1	630.1	682.1
Non-Current Liabilities	813.6	993.3	974.5	1,312.3	1,360.7
Deferred Inflows of Resources	-	36.4	17.8	26.8	64.3
Total Liabilities	1,338.0	1,560.7	1,548.4	1,969.2	2,107.2
Net Position:					
Invested in Capital Assets, Net of Related Debt	544.6	513.9	691.5	514.8	757.5
Restricted	345.6	377.0	277.0	573.2	387.9
Unrestricted	355.0	258.9	320.7	341.2	312.3
Total Net Position	1,245.2	1,149.8	1,289.2	1,429.2	1,457.6
Total Liabilities and Net Position	2,583.2	2,710.5	2,837.6	3,398.4	3,564.8

For more detailed information, see "APPENDIX B - UNAUDITED COMBINED FINANCIAL REPORT OF TEXAS STATE UNIVERSITY SYSTEM FOR THE YEAR ENDED AUGUST 31, 2018 - Combined Statement of Net Position as of August 31, 2018."

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The table below presents the Condensed Combined Statement of Revenues, Expenses and Changes in Net Position of the University System for the fiscal years ended August 31, 2014 through 2018.

TABLE A-8A
Condensed Combined Statement of Revenues, Expenses, and Changes in Net Position
(In \$ Millions)

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Operating Revenues	738.8	793.6	846.2	854.1	862.9
Operating Expenses	1,109.5	1,186.4	1,233.9	1,269.9	1,250.2
Operating Income (Loss)	(370.7)	(392.8)	(387.7)	(415.8)	(387.3)
Nonoperating Revenues (Expenses)	392.7	363.9	451.0	459.0	489.7
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	21.9	(28.9)	63.3	43.2	102.4
Other Revenues, Expenses, Gains, Losses And Transfers	49.2	68.2	62.7	102.6	87.9
Change in Net Position	71.1	39.3	126.0	145.8	190.3
Net Position, Beginning of Year	1,183.8	1,245.2	1,149.9	1,289.2	1,429.2
Restatements	(9.7)	(134.6)	13.3	(5.9)	(161.8)
Net Position, Beginning of Year as Restated	1,174.1	1,110.6	1,163.2	1,283.4	1,267.4
Net Position, End of Year	1,245.2	1,149.9	1,289.2	1,429.2	1,457.6

For more detailed information, see “APPENDIX B - UNAUDITED COMBINED FINANCIAL REPORT OF TEXAS STATE UNIVERSITY SYSTEM FOR THE YEAR ENDED AUGUST 31, 2018 - Combined Statement of Revenues, Expenses and Changes in Net Position for the Year Ended August 31, 2018.”

The table below presents the Condensed Combined Statement of Cash Flows of the University System for the fiscal years ended August 31, 2014 through 2018.

TABLE A-8B
Condensed Combined Statement of Cash Flows
(In \$ Millions)

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Cash Provided (Used) by:					
Operating Activities	(248.9)	(282.5)	(249.8)	(265.9)	(302.9)
Noncapital Financing Activities	388.1	407.4	475.1	498.3	504.9
Capital and Related Financing Activities	(84.1)	(41.7)	(256.1)	44.1	(390.1)
Investing Activities	4.0	(61.1)	(58.0)	(15.9)	15.9
Net Change in Cash	59.1	22.1	(88.8)	260.7	(172.1)
Cash, Beginning of Year	574.0	619.1	640.3	551.4	812.0
Restatements to Beginning Cash	(14.0)	(0.9)	-	-	-
Cash, End of Year	619.1	640.3	551.5	812.0	639.9

For more detailed information, see “APPENDIX B - UNAUDITED COMBINED FINANCIAL REPORT OF TEXAS STATE UNIVERSITY SYSTEM FOR THE YEAR ENDED AUGUST 31, 2018 – Combined Statement of Cash Flows for the Year Ended August 31, 2018.”

FUNDING FOR THE UNIVERSITY SYSTEM AND ITS COMPONENT INSTITUTIONS

Funding for the University System is derived from operating and non-operating revenues. For a discussion of the funding sources for the fiscal year ended August 31, 2018, see “APPENDIX B - UNAUDITED COMBINED FINANCIAL REPORT OF TEXAS STATE UNIVERSITY SYSTEM FOR THE YEAR ENDED AUGUST 31, 2018 - Combined Statement of Revenues, Expenses, and Changes in Net Position for the Fiscal Year ended August 31, 2018.”

State Appropriations. The operations of the University System and its component institutions are heavily dependent upon the continued support of the State through biennial appropriations of general revenues, and levels of continued State support of the component institutions are dependent on the results of biennial legislative sessions. The State’s appropriation bill for the 2020-2021 biennium, H.B.1, was passed by the 86th Texas Legislature in its regular session and contains specific appropriations for the University System and its component institutions. General Revenue bill pattern appropriations to the System for the 2020-2021 biennium increased by approximately 9% from the preceding biennium.

Results for the component institutions indicate General Revenue bill pattern appropriations for each component institution in the following amounts for Fiscal Years 2017 through 2021:

	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
System Administration	1,425,000	1,368,000	1,368,000	1,368,000	1,368,000
Lamar University	46,606,697	48,703,537	48,176,966	49,642,353	49,580,547
Lamar Institute of Technology	8,295,848	9,829,225	9,686,743	14,297,451	14,282,770
Lamar State College – Orange	7,390,872	8,293,981	8,056,076	10,449,161	10,443,155
Lamar State College – Port Arthur	8,698,257	9,293,644	9,096,512	12,934,838	12,914,280
Sam Houston State University	51,085,681	57,270,168	56,929,285	58,530,469	58,376,132
Texas State University	91,713,083	110,234,948	109,079,130	120,815,161	120,215,120
Sul Ross State University	10,204,215	11,895,228	10,715,176	11,001,146	10,961,983
Sul Ross State University - Rio Grande College	5,027,041	4,665,709	4,668,714	5,035,990	5,035,787
Total	<u>230,446,694</u>	<u>261,554,440</u>	<u>257,776,602</u>	<u>284,074,569</u>	<u>283,177,774</u>

The Board and the component institutions have no assurance that the State Legislature will continue to appropriate to the component institutions the general revenue funds of the State at the same levels as in previous fiscal years. Future levels of State support are dependent upon the ability and willingness of the State Legislature to make appropriations to the component institutions taking into consideration the availability of financial resources and other potential uses of such resources.

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Higher Education Fund Appropriations. The University System receives a portion of an annual appropriation of funds made by the State Legislature pursuant to the provisions of Article VII, Section 17 of the State Constitution. (see “APPENDIX A – Higher Education Fund (HEF) Bonds”) The annual allocation to the University System for fiscal years 2017 through 2021 is set forth below and the Board has allocated this amount to the component institutions of the University System as follows:

<u>Higher Education Fund Appropriations</u>					
	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Lamar University	14,101,882	14,101,882	14,101,882	14,101,882	13,141,181
Lamar Institute of Technology	2,580,521	2,580,521	2,580,521	2,580,521	2,553,130
Lamar State College – Orange	1,694,343	1,694,343	1,694,343	1,694,343	1,488,396
Lamar State College – Port Arthur	2,157,784	2,157,784	2,157,784	2,157,784	2,217,102
Sam Houston State University	17,329,858	17,329,858	17,329,858	17,329,858	18,236,811
Texas State University	37,162,755	37,162,755	37,162,755	37,162,755	37,606,478
Sul Ross State University	2,135,523	2,135,523	2,135,523	2,135,523	2,151,723
Sul Ross State University - Rio Grande College	410,738	410,738	410,738	410,738	472,890
Total	<u>77,573,404</u>	<u>77,573,404</u>	<u>77,573,404</u>	<u>77,573,404</u>	<u>77,867,711</u>

The component institutions of the University System may use the appropriation for capital improvements and renovations to campus facilities, other than auxiliary enterprises. In addition, the component institutions of the University System may issue bonds against such appropriation and pledge up to 50% of the appropriation to secure the debt service payments due on such bonds. See “—Higher Education Fund (HEF) Bonds” below.

Tuition and Fees. Each component institution of the University System 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 “Statutory Tuition”, “Board Designated Tuition”, and “Board Authorized Tuition” as further described below.

Statutory 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 Texas Higher Education Coordinating Board for each academic year). For the 2019-2020 academic year, the Texas Higher Education Coordinating Board has computed \$472.00 per semester credit hour for nonresident undergraduate tuition. The tuition rates described above are referred to in this Official Statement as “Statutory Tuition.”

Board Designated Tuition. Pursuant to Section 54.0513, as amended, Texas Education Code, 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 various component institutions as shown in the following chart. 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 Debt. Both the Statutory Tuition and the Board Designated Tuition are included in Revenue Funds and are pledged for the benefit of Parity Debt.

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 Debt.

No less than 15% 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.

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 Statutory 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 component institution, reviewed by the Chancellor and approved by the Board. Any changes in tuition will be implemented only after thorough consultation and review.

Higher Education Fund (HEF) Bonds. Pursuant to Article VII, Section 17 of the State Constitution, the component institutions of the University System are eligible to receive an annual allocation from amounts constitutionally appropriated to institutions of higher education for capital improvements (except those for auxiliary enterprises) (See “Funding for the University System and its Component Institutions—State Appropriations” above). Under this constitutional provision commonly referred to as the “HEF Fund”, the Board is authorized to issue bonds and notes to finance permanent improvements at the respective institutions and to pledge up to 50% of its allocation to secure the payment of principal and interest on the bonds and notes. The Board currently has no outstanding Higher Education Fund bonds for the members of the University System. The HEF appropriation for FY 2020 was \$77,573,404 and for FY 2021 is \$77,867,711.

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 Debt 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 for 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, and the State Legislature is under no legal obligation to continue such appropriations in any future biennium.

A portion of the Parity Debt of the University System constitute Tuition Revenue Bonds. See “Outstanding Indebtedness” below. Tuition Revenue Bonds issued by the University System carry no additional pledge or security

and constitute Parity Debt 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 Debt of the University System.

The State Legislature has appropriated funds to reimburse the University System in prior years in an amount equal to all of the debt service on the University System's Tuition Revenue Bonds since House Bill 2058 was passed by the 73rd Legislature in 1993.

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

Set forth below is a table showing the Statutory Tuition, Board Designated Tuition (which includes the optional "Guaranteed Price Plan" fixed tuition rate plan for undergraduate students for four years) established by the Board, Mandatory Fees and the amount set aside for financial assistance to resident undergraduate students from tuition and fees paid by a full-time student enrolled in 15 undergraduate or 9 graduate semester credit hours for the Fall 2019 semester.

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**Fall 2019 Statutory Tuition, Board Designated Tuition
Mandatory Fees and Financial Assistance Set-Aside per Semester
(Based on 15 Undergraduate or 9 Graduate Credit Hours per Semester)**

	<u>Statutory Tuition</u>	<u>Board Authorized Tuition</u>	<u>Board Designated Tuition</u>	<u>Mandatory Fees</u>	<u>Total Tuition and Fees</u>	<u>Financial Assistance Set-Aside</u>
<u>Lamar University</u>						
Resident Undergraduate	\$750		\$3,020	\$1,401	\$5,171	\$462
Guaranteed Price Plan	\$750		\$3,383	\$1,401	\$5,534	\$516
Non-Resident Undergraduate	\$7,080		\$3,020	\$1,401	\$11,501	\$212
Resident Masters	\$450	\$675	\$1,812	\$1,006	\$3,943	\$277
Non-Resident Masters	\$4,122	\$675	\$1,812	\$1,006	\$7,615	\$124
Resident Doctoral	\$450	\$675	\$1,812	\$1,006	\$3,943	\$277
Non-Resident Doctoral	\$4,248	\$675	\$1,812	\$1,006	\$7,741	\$127
<u>Sam Houston State University</u>						
Resident Undergraduate	\$750		\$2,910	\$1,582	\$5,242	\$446
Guaranteed Price Plan	\$750		\$3,259	\$1,582	\$5,591	\$498
Non-Resident Undergraduate	\$7,080		\$2,910	\$1,582	\$11,572	\$212
Resident Masters	\$450	\$450	\$1,982	\$1,222	\$4,104	\$303
Non-Resident Masters	\$4,248	\$450	\$1,982	\$1,222	\$7,902	\$127
Resident Doctoral	\$450	\$450	\$1,982	\$1,222	\$4,104	\$303
Non-Resident Doctoral	\$4,248	\$450	\$1,982	\$1,222	\$7,902	\$127
<u>Sul Ross State University</u>						
Resident Undergraduate	\$750		\$2,443	\$1,084	\$4,277	\$375
Guaranteed Price Plan	\$750		\$2,736	\$1,084	\$4,571	\$419
Non-Resident Undergraduate	\$7,080		\$2,443	\$1,084	\$10,607	\$212
Resident Masters	\$450		\$1,466	\$820	\$2,736	\$225
Non-Resident Masters	\$4,248		\$1,466	\$820	\$6,534	\$127
<u>Sul Ross State University - Rio Grande</u>						
Resident Undergraduate	\$750		\$1,533	\$560	\$2,843	\$239
Guaranteed Price Plan	\$750		\$1,717	\$560	\$3,027	\$267
Non-Resident Undergraduate	\$7,080		\$1,533	\$560	\$9,173	\$212
Resident Masters	\$450		\$920	\$777	\$2,147	\$143
Non-Resident Masters	\$4,248		\$920	\$777	\$5,945	\$127
<u>Texas State University</u>						
Resident Undergraduate	\$750		\$3,564	\$1,315	\$5,629	\$544
Guaranteed Price Plan	\$750		\$3,991	\$1,315	\$6,056	\$608
Non-Resident Undergraduate	\$7,080		\$3,564	\$1,315	\$11,959	\$212
Resident Masters	\$450	\$450	\$2,138	\$906	\$3,944	\$326
Non-Resident Masters	\$4,248	\$450	\$2,138	\$906	\$7,742	\$127
Resident Doctoral	\$450	\$450	\$2,138	\$906	\$3,944	\$326
Non-Resident Doctoral	\$4,248	\$450	\$2,138	\$906	\$7,742	\$127
<u>Lamar Institute of Technology</u>						
Resident Undergraduate	\$750		\$675	\$775	\$2,200	\$113
Non-Resident Undergraduate	\$7,080		\$675	\$775	\$8,530	\$212
<u>Lamar State College – Orange</u>						
Resident Undergraduate	\$750		\$675	\$570	\$1,995	\$113
Non-Resident Undergraduate	\$7,080		\$675	\$570	\$8,325	\$212
<u>Lamar State College – Port Arthur</u>						
Resident Undergraduate	\$750		\$675	\$741	\$2,166	\$113
Non-Resident Undergraduate	\$7,080		\$675	\$741	\$8,496	\$212

Gifts, Grants, and Contracts. The component institutions of the University System receive federal, state, local and private 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 appropriate governmental agency for each component institution.

Investment and Endowment Income. Investment and endowment income is received on both a restricted and unrestricted basis.

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

Other Interest Income. Each component institution of the University System generates interest from the investment of cash pursuant to investment policies adopted by the Board in accordance with State law. See “INVESTMENT POLICY AND PROCEDURES” below.

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

Current Funds Expenditures. Current funds expenditures represent the cost incurred for goods and services used in the conduct of the operations of the component institutions of the University System. They also include the acquisition cost of capital assets, such as equipment and library books to the extent current funds are budgeted for and used by operating departments for such purposes. Current fund expenditures are categorized by function generally described as follows:

Educational and General. Expenditures in this category include expenditures for all activities that are part of instructional programs and expenditures for credit and non-credit courses, for academic, vocational, and technical instruction, for remedial and tutorial instruction, and for regular, special, and extension sessions. Also, all expenditures for activities specifically organized to produce research which may be either internally or externally sponsored are included. Funds expended primarily to provide support services for instruction, research, and public service, including supporting the operation of libraries, museums, and galleries, as well as those for academic administration, technical support, and curriculum development are included. Also, expenditures for student service by institution support, and operation and maintenance of physical plant, net of amounts charged to auxiliary enterprises and independent operations are included.

Auxiliary Enterprises. Auxiliary enterprises are all expenditures relating to the operation of auxiliary enterprises, including expenditures for operation and maintenance of plant and institutional support for auxiliary enterprises.

INVESTMENT POLICY AND PROCEDURES

Management of Investments. The Board has developed written policies (collectively, the “Investment Policy”) regarding the investment of all Current Funds (Unrestricted and Restricted), Loan Funds, Endowment Funds, and Plant Funds held by each component institution of the University System (together the “Funds”). Pursuant to the Investment Policy, and subject to its terms, the Board has delegated the responsibility for the investment of the Funds to the chief financial officer (“CFO”) of each component institution. Each CFO, his/her designees, and/or the Board authorized investment advisor act as the component’s investment officer (the “Investment Officer”).

Each CFO is responsible for investment management decisions and activities and is required to develop and maintain written administrative procedures and guidelines, consistent with the Investment Policy, including procedures and guidelines for safekeeping, master purchase agreements, wire transfer agreements, collateral/depository agreements, banking service contracts, trading authorizations and other investment related activities.

Additionally, each CFO is required to submit quarterly and annual reports to the Vice Chancellor & CFO for the University System for consolidation into a System-wide report to be submitted to the Board of Regents in the format prescribed by State statutes, the State General Appropriations Act and other oversight agencies. The quarterly report must also be presented to the Board and the CEO of each component institution.

Each component institution, in conjunction with its annual financial audit (external or internal), shall have a compliance audit of management controls on investments and adherence to statutory requirements and to the University System's and the component institution's investment policies (at least biennially), and such results are required to be reported to the Board and the State Auditor.

The Board has a standing finance committee (the "Finance and Audit Committee") which has the primary responsibility for submitting recommendations to the Board concerning financial matters for both the System Administrative Office and for each component institution. The Finance & Audit Committee may examine the procedures and documents for bond sales, depository contracts and all other financial matters. The Finance & Audit Committee also oversees the internal audit effort in the University System, including reviewing and approving annual audit plans and reviewing audit reports. The Finance & Audit Committee consists of four Board members appointed by the Chairman of the Board.

Controls. Each component institution is required to establish, and incorporate into the written administrative procedures for the component institution, a system of internal controls specifically designed to prevent loss of public funds due to fraud, employee error, misrepresentations by third parties, unanticipated market changes, or imprudent actions by employees of the component institution. .

Authorized Financial Dealers and Institutions.

The component institutions maintain a "qualified list" of financial institutions and broker/dealers authorized to do business with the University System and its component institutions.

Copies of the Investment Policy and the component institution's investment procedures are required to be presented to any person seeking to engage in an investment transaction, including investment pools, with the University System or a component institution. The registered principal of the business organization offering to engage in an investment transaction must execute a written instrument substantially to the effect that the registered principal has (i) received and reviewed the Investment Policy and the component institution's investment procedures and (ii) acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the University System or the component institution and the organization that are not authorized by the policies. An Investment Officer is not permitted to acquire or otherwise obtain any authorized investment from a person who has not delivered such an instrument to the Board.

Authorized Investments. University System funds are invested in accordance with State law, the Investment Policy and each component institution's written procedures. State law provides that the funds may be invested subject only to the requirement that investments be made with the judgment and care, under circumstances then prevailing, that persons of prudence, discretion and intelligence exercise in the management of their own 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.

The Board has further provided in its Investment Policy guidelines for the investment of operating and endowment funds, including Liquidity, Credit Quality, Maturity, Diversification and Prohibitions, . Those guidelines can be found in Appendix 1, 2 and 3 of the Investment Policy.

Additionally, some of the component institutions have developed procedures that further restrict the authorized investments for that institution.

Diversification of Investments. The Investment Policy requires investment funds to be diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of securities.

Safekeeping and Collateralization. All security transactions, including collateral for repurchase agreements, certificates of deposit, commingled vehicles, registered Exchange Traded Funds, and mutual funds but excluding, shall be settled on a delivery versus payment basis. All securities shall be held by University System's or the component's depository bank, as applicable, or an independent, third party custodian, as applicable, approved by University System.

Collateralization shall be required on certificates of deposit and repurchase agreements as well as deposits addressed in the University System's Depository Funds Policy. In order to anticipate market changes and provide a level of additional security for all funds, the collateralization level will be at least 102% of market value of principal and interest.

Amendment of Investment Policies and Procedures. The Board has the right to amend its policies and procedures relating to the management of investments, including the Investment Policy, at its discretion and at any time, subject to applicable State law.

Set forth below is a description of the combined investments by general category, for all of the component institutions of the University System as of August 31, 2018:

TABLE A-9
Current Investments
(as of August 31, 2018)

<u>Type of Security</u>	<u>Reported Value</u>
U.S. Treasury Securities	\$2,099,334.43
U.S. Government Agency Obligations	87,345.80
U.S. Government Agency Obligations (Texas Treasury Safekeeping)	10,000.00
Corporate Obligations	53,907,701.99
Corporate Obligations (Texas Treasury Safekeeping)	-
Corporate Asset and Mortgage Backed Securities	31,646,213.85
Equity	188,978,602.37
International Obligations (Government and Corporate)	-
International Equity	9,907,437.14
Repurchase Agreements	-
Fixed Income Money Market and Bond Mutual Fund	133,853,914.62
Other Commingled Funds	27,633,137.52
Other Commingled Funds – Texpool	530,884,587.58
Commercial Paper	-
Real Estate	29,049,383.48
Miscellaneous	2,053,884.80
	<hr/>
Total	<u>\$1,010,111,543.58</u>
 <u>Consisting of the Following:</u>	
Current Cash Equivalents	\$423,514,543.17
Current Short Term Investments	-
Current Restricted Cash Equivalents	77,023,849.43
Current Restricted Short Term Investments	26,535,296.11
Non-Current Restricted Cash Equivalents	30,346,194.98
Non-Current Restricted Short Term Investments	120,351,602.38
Non-Current Restricted Investments	-
Non-Current Investments	332,340,057.51
	<hr/>
Total as Above	<u>\$1,010,111,543.58</u>

Gifted Securities. Gifted securities are managed and safeguarded in their original form in accordance with the donor's written instructions. However, upon the partial or total disposition of the original investment, the proceeds are invested in accordance with the policies described above.

Management of Funds Held in the State Treasury. The Texas Education Code requires that the University System deposit into the State Treasury all funds except those derived from auxiliary enterprises and noninstructional services, agency funds, designated and restricted funds, endowment and other gift funds, and student loan funds. All such funds held in the State Treasury are administered by the State Comptroller. The State Comptroller invests money in the State Treasury in authorized investments consistent with applicable law and the Texas State Treasury Investment Policy, dated August 1993. The State 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. Currently, most pooled funds are invested in the following instruments: repurchase agreements; reverse repurchase agreements; obligations of the United States and its agencies and instrumentalities; commercial paper having the highest credit rating; and fully-collateralized deposits in authorized State depositories. All State Treasury investments are marked to market daily using an external financial service. The State Comptroller, acting primarily through a special purpose trust company, also holds approximately 20 separate accounts outside the State Treasury. The largest such account is a local government investment pool, known as TexPool, which was established in 1989 as an investment alternative for local governments in the State. TexPool operates on a \$1 net asset value basis and allows same day or next day redemptions and deposits. Interest is allocated daily based on portfolio earnings and account balance.

Investment of Bond Proceeds. Guaranteed investment contracts and investment funds managed by the State Comptroller are used as investment vehicles for bond proceeds.

ENDOWMENTS

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

Set forth below is the value of endowments controlled by the University System Administration and the component institutions:

TABLE A-10
Texas State University System
Endowment Funds Summary
(as of fiscal year ending August 31)

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Lamar University	\$ 15,948,717	17,451,150	18,697,052	20,057,710	20,429,562
Lamar State College- Orange	30,524	30,524	30,524	5,524	5,524
Lamar State College-Port Arthur	-	-	1,200,302	1,153,494	1,127,435
Lamar Institute of Technology	-	-	-	-	-
Sam Houston State University	92,073,515	69,107,671	64,355,361	66,928,874	76,255,989
Sul Ross State University	18,364,295	14,527,463	15,576,019	15,654,102	15,759,243
Sul Ross State University- Rio Grande	-	-	-	-	-
Texas State University	17,139,438	17,635,359	18,281,587	18,730,287	20,297,055
University System Administration	7,477,582	7,295,969	7,235,466	5,537,815	5,567,228
Total	\$ 151,034,072	126,048,135	125,376,311	128,067,806	139,442,035

Capital Improvements Planning and Authorization

The Board has developed a Policies and Procedures Manual for Planning and Construction, which is applicable to all large capital improvement projects. All construction, repairs, or renovations projects with a Total Project Cost in excess of \$1,000,000 require oversight of System Administration.

The President of each component institution is responsible for the planning and day-to-day management of any construction projects. The Vice Chancellor & CFO advises the Board on such projects and assists the President of each component institution by (i) acting in an advisory capacity for each component institution during the project creation and preliminary plan development, (ii) assisting in the development of detailed design plans, (iii) coordinating the project with appropriate State agencies, (iv) preparing the required contract documents for architects and contractors and (v) acting in an advisory role to the component institution administration in the contract administration stage. Construction contracts for approved projects are awarded by the Board based on "Best Value".

Unless otherwise approved by the Board, all requests by a component institution for the construction of new facilities, major repair and rehabilitation projects, or the purchase of real estate, shall be in accordance with the Capital Improvement Plan approved by the Board.

OUTSTANDING INDEBTEDNESS

As of the Series 2019A Bonds Date of Delivery, the Board will have the following outstanding indebtedness:

<u>University System Parity Debt Obligations</u>	<u>Outstanding</u>
Series 2010 ⁽¹⁾⁽²⁾	\$12,480,000
Series 2010A ⁽¹⁾⁽²⁾	1,610,000
Series 2011 ⁽²⁾	5,440,000
Series 2012 ⁽¹⁾⁽²⁾	5,025,000
Series 2013 ⁽²⁾	12,530,000
Series 2014	73,390,000
Series 2015A ⁽¹⁾	157,280,000
Series 2015B	110,870,000
Series 2017A ⁽¹⁾	360,455,000
Series 2017B	<u>26,915,000</u>
 <u>Sub-Total Long-Term Parity Debt Obligations</u>	 \$765,995,000
Commercial Paper Notes ⁽³⁾	55,055,000
Series 2019A Bonds ⁽¹⁾	176,055,000
Taxable Series 2019B Bonds ⁽¹⁾	<u>149,480,000</u>
 <u>Total Indebtedness</u>	 \$ 1,146,585,000

⁽¹⁾ All or a portion of such issue constitute Tuition Revenue Bonds that qualify the University System to be reimbursed from State appropriations of \$34.5 million and \$33.7 million for debt service payments during fiscal years 2020 and 2021, respectively. 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" - FUNDING FOR THE UNIVERSITY SYSTEM AND ITS COMPONENT INSTITUTIONS - Tuition Revenue Bonds."

⁽²⁾ Excludes the Refunded Bonds. See "PLAN OF FINANCING - Refunded Bonds" and Schedule I hereto.

⁽³⁾ Excludes the Refunded Notes. See "PLAN OF FINANCING - Refunded Notes."

INSURANCE

The procurement of Insurance Coverage, including but not limited to Property Insurance, Automobile, Director & Officers Liability Insurance, Employment Practices Liability Insurance, International Travel and certain liability coverages is coordinated by the University System.

Employees of the University System are provided Worker's Compensation coverage under a self-insuring, self-managed program as authorized by State law. The program providing the coverage is operated and administered by the State with the University System acting as a participant.

RETIREMENT PLANS

The State has joint contributory retirement plans for substantially all of its benefits eligible employees. One of the primary plans in which the University System participates is administered by the Teacher Retirement System (TRS) of Texas. Currently, the member contribution rate established by the Texas Legislature is 7.7%, and the state contribution rate is 7.5% of annual compensation.

The TRS of Texas does not separately account for each of its component governmental agencies, since the TRS itself bears sole responsibility for retirement commitments beyond contributions fixed by the State Legislature. According to an independent actuarial evaluation as of August 31, 2018, the present value of TRS actual and projected liabilities, including projected benefits payable to its retirees and active members and their beneficiaries, was more than the assets of the Retirement System. Further information about the TRS of Texas is available at <http://www.trs.state.tx.us/>, and information regarding actuarial assumptions and conclusions, together with audited financial statements is included in the 2017 TRS comprehensive annual financial report available at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>.

The State has also established an optional retirement program (ORP) for institutions of higher education. Participation in the ORP is in lieu of participation in the TRS and is a one-time irrevocable choice between the two distinct plans. For the period September 1, 2019 through August 31, 2021, the ORP employee contribution rate is 6.65% and the state contribution is 6.6%. Institutions are authorized to provide local supplements at a rate up to 1.9% in addition to the 6.6% ORP state rate. Contributions are not subject to federal income tax until withdrawn or paid as benefits. ORP is an individualized defined contribution plan in which each participant selects from a variety of investments offered by several companies (authorized by the employing institution) through annuity contracts or mutual fund investments. Because participants manage their own personal investment accounts, ORP entails more individual risk and responsibility than that associated with TRS membership. Benefits are a direct result of the amounts contributed and any net return on the investments selected by each participant. Upon termination from Texas public higher education, ORP participants with more than one year of participation retain control over all investments (both employee and state contributions). Participants who terminate with one year or less of initial participation forfeit state contributions made during that period of employment. Post-termination distributions are determined by individual contract provisions, federal income tax law, and personal preference. Contracts may provide for complete or periodic withdrawals, or annuity income for a specified number of years or for life. ORP has on provisions for death and disability benefits similar to those provide by TRS. Administrative costs are paid by the participant through varying fees, "loads" and/or amount of interest paid. Since these are individual annuity contracts, the State has no additional or unfunded liability for this program.

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APPENDIX B

**UNAUDITED COMBINED FINANCIAL REPORT OF
TEXAS STATE UNIVERSITY SYSTEM
FOR FISCAL YEAR ENDED AUGUST 31, 2018**

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APPENDIX C

EXCERPTS FROM THE MASTER RESOLUTION

EXCERPTS FROM THE MASTER RESOLUTION

The following are excerpted provisions from the "*Master Resolution Establishing the Texas State University System Revenue Financing System*" adopted by the Board on August 13, 1998, as amended by a "*Resolution Amending the Master Resolution Establishing the Texas State University System Revenue Financing System*" adopted by the Board on June 19, 2008. Copies of such resolutions may be obtained from Daniel Harper, Deputy Vice Chancellor & CFO, The Texas State University System, 601 Colorado Street, Austin, Texas 78701.

WHEREAS, pursuant to the provisions of Chapter 95 of the Code, the Board governs the affairs and administers the operations of the Texas State University System as a "University System", as said term is defined in Section 61.003 of the Code; and

WHEREAS, the University System is presently composed of those institutions of higher education set forth in the definition of University System in this Resolution; and

WHEREAS, the terms used in this Resolution and not otherwise defined shall have the meaning given in Exhibit A to this Resolution attached hereto and made a part hereof; and

WHEREAS, the Board heretofore authorized, issued, and delivered, or assumed, various series of outstanding bonds on behalf of the institutions in the University System; and

WHEREAS, in order to reduce costs, increase borrowing capacity, provide additional security to the credit markets, and provide the Board with greater financial flexibility, the Board deems it necessary and desirable to establish a revenue financing program, the Financing System, for revenue supported indebtedness to provide funds to acquire, purchase, construct, improve, renovate, enlarge or equip property, buildings, structures, facilities, roads, or related infrastructure for the Members of the Financing System; and

WHEREAS, the Board determines to make all of the institutions presently a part of the University System Members of the Financing System.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS, TEXAS STATE UNIVERSITY SYSTEM THAT:

Section 1. ESTABLISHMENT OF FINANCING SYSTEM AND ISSUANCE OF PARITY DEBT. There is hereby established the Texas State University System Revenue Financing System for the purpose of providing a financing structure for revenue supported indebtedness of components of the Texas State University System included as Members of the Financing System. This Resolution is intended to establish a master plan under which revenue supported indebtedness of the Financing System can be incurred. Each Supplement shall provide for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, and security of each issue or series of Parity Debt and any other matters related to Parity Debt not inconsistent with the Constitution and laws of the State of Texas or the provisions of this Resolution.

Section 2. SECURITY AND PLEDGE; (a) Pledge. Subject to the provisions of the resolutions authorizing Prior Encumbered Obligations, Parity Debt shall be secured by and payable from a lien on the Pledged Revenues, and the Board hereby assigns and pledges the Pledged Revenues to the payment of the principal of and interest on Parity Debt, and the Pledged Revenues are further pledged to the establishment and maintenance of any funds which may be provided to secure the repayment of Parity Debt in accordance with this Resolution and any Supplement. The Board may additionally secure Parity Debt with one or more Credit Agreements.

(b) Additional Members. As provided in Section 7 of this Resolution, institutions which are not now Members of the Financing System may hereafter become Members and such institutions may, at such time, have outstanding obligations secured by Prior Encumbered Revenues and that, therefore, the lien on and pledge of the Pledged Revenues established pursuant to this Resolution and effective when such institutions become Members of the Financing System will be subject and subordinate only to such institutions' outstanding Prior Encumbered Obligations.

(c) Restriction on Issuance of Additional Debt on a Parity with Prior Encumbered Obligations. Except as provided in Section 4(g) and while any Parity Debt is outstanding, no additional bonds or obligations may be issued or incurred by the Board on a parity with any Prior Encumbered Obligations.

Section 3. RATE COVENANT: PLEDGED REVENUES, (a) Rate Covenant. In each Fiscal Year, the Board shall establish, charge, and use its reasonable efforts to collect at each Member the Pledged Revenues which, if collected, would be sufficient to meet all financial obligations of the Board relating to the Financing System including all deposits or payments due on or with respect to Outstanding Parity Debt for such Fiscal Year.

(b) Pledged Revenues. Subject to the provisions of the resolutions authorizing Prior Encumbered Obligations and to the other provisions of this Resolution and any Supplement, the Board covenants and agrees at all times to fix, levy, charge, and collect at each Member the Pledged General Tuition and other Pledged Revenues from each student enrolled at each Member, respectively, at each regular fall and spring semester and at each term of each summer session, for the use and availability of such institution or branch thereof, respectively, in such amounts, without any limitation whatsoever, 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 the Parity Debt then Outstanding when and as required. The Pledged General Tuition and the other rentals, rates, fees, and charges included in Pledged Revenues shall be adjusted, if and when permitted or required by this Resolution or any Supplement, to provide Pledged Revenues sufficient to make when due all payments and deposits in connection with the Parity Debt then Outstanding. The Board may fix, levy, charge, and collect the Pledged Revenues in any manner it may determine within its discretion, and in different amounts from students enrolled in different Members, respectively, and in addition it may totally suspend the collection of any item included in Pledged Revenues from the students enrolled in any Member, so long as total Pledged Revenues are sufficient, together with other legally available funds, to meet all financial obligations of the Board relating to the Financing System including all payments and deposits in connection with the Parity Debt then Outstanding. All changes in the Pledged General Tuition shall be made by a resolution of the Board, but such procedure shall not constitute or be regarded as an amendment of this Resolution or any Supplement, but merely the carrying out of the provisions and requirements hereof.

(c) Annual Obligation. If, in the judgment of the Board, any Member has been or will be unable to satisfy its Annual Obligation, the Board shall fix, levy, charge, and collect rentals, rates, fees, and charges for goods and services furnished by such Member and the Pledged General Tuition, effective at the next succeeding regular semester or semesters or summer term or terms, in amounts sufficient, without limit (subject to the provisions of (e) below), together with other legally available funds, including other Pledged Revenues attributable to such Member, to enable it to make its Annual Obligation payments.

(d) Anticipated Deficit. If the Board determines, for any reason whatsoever, (i) that there are not anticipated to be sufficient legally available funds, including Pledged Revenues, to meet all financial obligations of the Board relating to the Financing System, including the deposits and payments due on or with respect to the Parity Debt Outstanding at that time as the same mature or come due, or (ii) that any Member will be unable to pay its Annual Direct Obligation in full, then the Board shall fix, levy, charge, and collect the Pledged General Tuition at each Member, effective at the next succeeding regular semester or semesters or summer term or terms, in such amounts, without any limitation whatsoever (other than as provided in (e) below), as will be at least sufficient to provide, together with other legally available funds, including other Pledged Revenues, the money for making when due all financial obligations of the Board relating to the Financing System including all payments and deposits due on or with respect to Outstanding Parity Debt when and as required by this Resolution or any Supplement.

(e) Economic Effect of Adjustments. Any adjustments in the rate or manner of charging for any rentals, rates, fees, tuition, or other charges included in Pledged Revenues, including the Pledged General Tuition, at any of the Members pursuant to (c) or (d) above will be based upon a certificate and recommendation of a System Representative, delivered to the Board, as to the rates and anticipated collection of the Pledged Revenues at the various Members (after taking into account the anticipated effect the proposed adjustments in such rentals, rates, fees, tuition, or other charges would have on enrollment and the receipt of Pledged Revenues and other funds at each Member) which will be anticipated to result in (i) Pledged Revenues attributable to each Member being sufficient (to the extent possible) to satisfy the Annual Obligation of such Member and (ii) Pledged Revenues being sufficient, together with other legally available funds, to meet all financial obligations of the Board relating

to the Financing System including all deposits and payments due on or in connection with Outstanding Parity Debt when and as required by this Resolution and any Supplement.

Section 4. GENERAL COVENANTS. The Board further represents, covenants and agrees that while Parity Debt or interest thereon is Outstanding:

(a) Payment of Parity Debt. On or before each payment date it shall make available to the Paying Agent for such Parity Debt or to such other party as required by a Supplement, money sufficient to pay the interest on, principal of, and premium, if any, on the Parity Debt as will accrue or otherwise come due or mature, or be subject to mandatory redemption prior to maturity, on such date and the fees and expenses related to the Parity Debt, including the fees and expenses of the Paying Agent and any registrar, trustee, remarketing agent, tender agent or credit provider.

(b) Performance. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution and in each Supplement, and in each and every Parity Debt or evidence thereof.

(c) Redemption. It will duly cause to be called for redemption prior to maturity, and will cause to be redeemed prior to maturity, all Parity Debt which by its terms is mandatorily required to be redeemed prior to maturity, when and as so required.

(d) Lawful Title. It lawfully owns, has title to, or is lawfully possessed of the lands, buildings, and facilities now constituting the Texas State University System, and it will defend said title and title to any lands, buildings, and facilities which may hereafter become part of the Financing System, whether by the addition to the Financing System of a new institution or institutions, or otherwise, for the benefit of the owners of Parity Debt against the claims and demands of all persons whomsoever.

(e) Lawful Authority. It is lawfully qualified to pledge the Pledged Revenues herein pledged in the manner prescribed herein, and has lawfully exercised such right.

(f) Preservation of Lien. Subject to the conditions set forth in Sections 5, 6, and 7 of this Resolution, it will not do or suffer any act or thing whereby the Financing System might or could be impaired, and that it will at all times maintain, preserve, and keep the real and tangible property of the Financing System and every part thereof in good condition, repair, and working order and operate, maintain, preserve, and keep the facilities, buildings, structures, and equipment pertaining thereto in good condition, repair, and working order.

(g) No Additional Encumbrance. It shall not incur additional Debt secured by the Pledged Revenues in any manner, except as permitted by this Resolution in connection with Parity Debt, unless said Debt is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of this Resolution and any Supplement. Notwithstanding anything to the contrary contained herein, and in addition to the right hereunder to refund the Prior Encumbered Obligations with Parity Debt, the Board reserves the right to issue bonds to refund any Prior Encumbered Obligations and to secure the refunding bonds with the same source or sources securing the Prior Encumbered Obligations being refunded. Upon the defeasance of the refunded Prior Encumbered Obligations, the refunding bonds will be Prior Encumbered Obligations (unless the refunding bonds are made Parity Debt in accordance with the terms of this Resolution) under this Resolution and any Supplement for all purposes.

(h) Investments and Security. It will invest and secure money in all accounts and funds established pursuant to this Resolution and any Supplement in the manner prescribed by law for such funds and in accordance with written policies adopted by the Board.

(i) Records. It will keep proper books of record and account in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to the Texas State University System. Each year while Parity Debt is Outstanding, the Board will cause to be prepared from such books of record and account an annual financial report of the Texas State University System and shall furnish such report to the principal municipal bond rating agencies and any owner of Parity Debt who shall request same. In addition, the Board shall

submit such financial report and other information required by law for examination in connection with financial compliance and other audits required to be conducted by the office of the Auditor of the State of Texas.

(j) Inspection of Books. It will permit any owner or owners of twenty-five per centum (25%) or more of the then Outstanding Principal Amount, at all reasonable times to inspect all records, accounts, and data of the Board relating to the Texas State University System, except such records as federal or state law may denominate as privileged and exempt from disclosure, including, but not by way of limitation, student educational records, personnel records the disclosure of which would constitute, in the opinion of the administration of the Texas State University System, a clearly unwarranted invasion of personal privacy, or trade secrets of third parties.

(k) Annual and Direct Obligations. In establishing the annual budget for each Member, it shall provide for the satisfaction by each Member of its Annual Obligation. The Direct Obligation shall represent the financial responsibility of each Member with respect to Outstanding Parity Debt. Each Member's Direct Obligation and Annual Obligation shall be evidenced by a financing agreement between the Board and each Member.

(l) Determination of Outstanding Parity Debt. For all purposes of this Resolution, the judgment of the Auditor of the Texas State University System shall be deemed final in the determination of which obligations of the Board constitute Parity Debt.

Section 5. ISSUANCE OF ADDITIONAL DEBT.

(a) Parity Debt. The Board reserves and shall have the right and power to issue or incur Parity Debt for any purpose authorized by law pursuant to the provisions of this Resolution and a Supplement to be hereafter authorized. The Board may incur, assume, guarantee, or otherwise become liable in respect of any Parity Debt if the Board shall have determined, that it will have sufficient funds to meet the financial obligations of the Texas State University System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System.

In addition, the Board shall not issue or incur Parity Debt unless (i) the Board shall determine that the Member or Members for whom the Parity Debt is being issued or incurred possess the financial capacity to satisfy their respective Direct Obligations after taking into account the then proposed additional Parity Debt, and (ii) a System Representative shall deliver to the Board an Officer's Certificate stating that, to the best of his or her knowledge, the Board is in compliance with all covenants contained in this Resolution and any Supplement, and is not in default in the performance and observance of any of the terms, provisions, and conditions hereof or thereof.

(b) Parity Debt Issued for Equipment and Minor New Construction and Repair and Rehabilitation Projects. Notwithstanding the provisions of (a) above, Parity Debt issued in the form of Commercial Paper for equipment, minor new construction, and minor repair and rehabilitation projects which are not required to be approved by the Texas Higher Education Coordinating Board may be issued if the System Representative, on behalf of the Board, delivers a certificate to the Secretary of the Board to the effect that, after the issuance of the Commercial Paper for such purpose, (i) the Board will have sufficient funds to meet the financial obligations of the University System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System, (ii) the Member or Members for whom the Parity Debt is being issued or incurred possess the financial capacity to satisfy their respective Direct Obligations after taking into account the then proposed additional Parity Debt, and (iii) to the best of his or her knowledge, the Board is in compliance with all covenants contained in this Resolution and any Supplement, and is not in default in the performance and observance of any of the terms, provisions, and conditions hereof or thereof.

(c) Non-Recourse Debt and Subordinated Debt. Non-Recourse Debt and Subordinated Debt may be incurred by the Board without limitation.

Section 6. DISPOSITION OF ASSETS ATTRIBUTABLE TO FINANCING SYSTEM MEMBERS.

The Board may convey, sell, or otherwise dispose of any properties of the Board attributable to a Member of the Financing System provided:

(a) Ordinary Course. Such conveyance, sale, or disposition shall be in the ordinary course of business of a Member of the Financing System which uses, operates, owns, or is otherwise responsible for such properties; or

(b) Disposition Upon Board Determination. The Board shall determine that after the conveyance, sale, or other disposition of such properties, the Board shall have sufficient funds during each Fiscal Year during which Parity Debt is to be Outstanding to meet the financial obligations of the Texas State University System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System and the Board shall have received an Opinion of Counsel to the effect that the conveyance, sale, or other disposition of such properties will not adversely affect the status, for Federal Income Tax purposes, of the treatment of interest on then Outstanding Parity Debt issued to acquire, construct, or rehabilitate such properties.

Section 7. COMBINATION, DIVISION, RELEASE, AND ADMISSION OF FINANCING SYSTEM MEMBERS, (a) Combination and Division. Notwithstanding anything to the contrary contained herein, it is recognized that certain Members or institutions which may be made Members of the Financing System may be combined or divided and that so long as such combined or divided institutions continue to be governed by the Board such action shall not be in violation of the provisions of this Resolution or require any amendments of the provisions hereof.

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

(1) the Board specifically finds that (based upon an Officers' Certificate) that, after the release of the Member or portion thereof, the Board will have sufficient funds during each Fiscal Year in which Parity Debt shall thereafter be Outstanding to meet the financial obligations of the Texas State University System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System; and

(2) the Board shall have received an Opinion of Counsel which shall state that such release will not affect the status for Federal Income Tax purposes of interest on any Outstanding Parity Debt and that all conditions precedent provided in this Resolution or any Supplement relating to such release have been complied with; and

(i) (A) if the Member or portion thereof to be released from the Financing System is to remain under the governance and control of the Board, the Board must either provide, from lawfully available funds, including Pledged Revenues attributable to said withdrawing Member, for the payment or discharge of said Member's Direct Obligation or (ii) pledge to the payment of Parity Debt, additional resources not then pledged in an amount sufficient to satisfy such withdrawing Member's Direct Obligation; or (B) if the Member or portion thereof to be released from the Financing System is to no longer be under the governance and control of the Board, the Board must receive a binding obligation of the new governing body of the withdrawing Member 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 Member's Annual Obligation and to pay or discharge said Member's Direct Obligation, or, in the case of a portion of a Member being withdrawn, the proportion of the Member's Annual Obligation and Direct Obligation, as the case may be, attributable to the withdrawing portion of the Member.

(c) Admission of Members. If, after the date of the adoption of this Resolution, the Board desires for a component of the Texas State University System to become a Member of the Financing System, it may include said institution in the Financing System with the effect set forth in this Resolution by the adoption of a Supplement to this Resolution.

Section 8. WAIVER OF CERTAIN COVENANTS. The Board may omit in any particular instance to comply with any covenant or condition set forth in Sections 3 through 7 hereof if before or after the time for such compliance the Holders of the same percentage in principal amount of all Parity Debt then Outstanding, the consent of which would be required to amend the provisions hereof to permit such noncompliance, shall either waive such compliance in such instance or generally waive compliance with such covenant or condition, but no such waiver shall extend to or affect such covenant or condition except to the extent so expressly waived and, until such waiver shall become effective, the obligations of the Board and the duties of the Board in respect of any such covenant or condition shall remain in full force and effect.

Section 9. INDIVIDUALS NOT LIABLE. All covenants, stipulations, obligations, and agreements of the Board contained in this Resolution and any Supplement shall be deemed to be covenants, stipulations, obligations, and agreements of the Financing System and the Board to the full extent authorized or permitted by the Constitution and laws of the State of Texas. No covenant, stipulation, obligation, or agreement herein contained shall be deemed to be a covenant, stipulation, obligation, or agreement of any member of the Board or agent or employee of the Board in his or her individual capacity and neither the members of the Board nor any officer or employee thereof shall be liable personally on Parity Debt when issued, or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 10. SPECIAL OBLIGATIONS; ABSOLUTE OBLIGATION TO PAY PARITY DEBT. All Parity Debt and the interest thereon shall constitute special obligations of the Board payable from the Pledged Revenues, and the owners thereof shall 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 this Resolution or any Supplement. The obligation of the Board to pay or cause to be paid the amounts payable under this Resolution and each Supplement out of the Pledged Revenues shall be absolute, irrevocable, complete, and unconditional, and the amount, manner, and time of payment of such amounts shall 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 Debt while any Parity Debt is Outstanding.

Section 11. REMEDIES. Any owner of Parity Debt in the event of default in connection with any covenant contained herein or in any Supplement, or default in the payment of said obligations, 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 of Texas, to carry out, respect, or enforce the covenants and obligations of this Resolution or 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 of Texas.

Section 12. DEFEASANCE OF BONDS, (a) Deemed Paid. Any Parity Debt and the interest thereon shall be deemed to be Defeased Debt within the meaning of this Resolution, except to the extent provided in subsection (c) of this Section, when the payment of all principal and interest payable with respect to such Parity Debt 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 shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent for such Parity Debt 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 Debt shall be deemed to be Defeased Debt hereunder, as aforesaid, such Parity Debt and the interest thereon 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.

(b) Investments. Any money so deposited with or made available to a Paying Agent may at the written direction of the Board also be invested in Government Obligations maturing in the amounts and times as

hereinbefore set forth, and all income from such Government Obligations received by the Paying Agent which is not required for the payment of the Parity Debt and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Board, or deposited as directed in writing by the Board.

(c) Continuing Duty of Paying Agent and Registrar. Until all Defeased Debt shall have become due and payable, the Paying Agent and Registrar for such Defeased Debt shall perform the services of Paying Agent and Registrar for such Defeased Debt the same as if they had not been defeased, and the Board shall make proper arrangements to provide and pay for such services.

Section 13. AMENDMENT OF RESOLUTION, (a) Amendment Without Consent. This Resolution and the rights and obligations of the Board and of the owners of the Outstanding Parity Debt may be modified or amended at any time without notice to or the consent of any owner of the Outstanding Parity Debt, solely for any one or more of the following purposes:

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

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

(iii) To supplement the security for the Outstanding Parity Debt;

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

(v) To make any changes or amendments requested by any bond rating agency then rating or requested to rate Parity Debt, 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 Outstanding Parity Debt.

(b) Amendments With Consent. Subject to the other provisions of this Resolution, the owners of Outstanding Parity Debt aggregating 51 % in Outstanding Principal Amount shall have the right from time to time to approve any amendment, other than amendments described in subsection (a) of this Section, to this Resolution which may be deemed necessary or desirable by the Board, provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the Outstanding Parity Debt, the amendment of the terms and conditions in this Resolution so as to:

(i) Grant to the owners of any Outstanding Parity Debt a priority over the owners of any other Outstanding Parity Debt;

(ii) Materially adversely affect the rights of the owners of less than all Parity Debt then Outstanding; or

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

(c) Notice. If at any time the Board shall desire to amend this Resolution pursuant to Subsection (b) of this Section, the Board shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in The City of New York, New York, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of each Registrar for the Parity Debt for inspection by all owners of Parity Debt. Such publication is not required, however, if the Board gives or causes to be given such notice in writing, by certified mail, to each owner of Parity Debt.

(d) Receipt of Consents. Whenever at any time not less than thirty days, and within one year, from the date of the first publication of said notice or other service of written notice of the proposed amendment the Board shall receive an instrument or instruments executed by all of the owners or the owners of at least 51% in Outstanding Principal Amount, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Board may adopt the amendatory resolution in substantially the same form.

(e) Effect of Amendments. Upon the adoption by the Board of any resolution to amend this Resolution pursuant to the provisions of this Section, this Resolution shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Board and all the owners of then Outstanding Parity Debt and all future Parity Debt shall thereafter be determined, exercised, and enforced under this Resolution, as amended.

(f) Consent Irrevocable. Any consent given by any owner of Parity Debt pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication or other service of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Parity Debt during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Registrar for such Parity Debt and the Board, but such revocation shall not be effective if the owners of 51 % in Outstanding Principal Amount, prior to the attempted revocation, consented to and approved the amendment.

(g) Ownership. For the purpose of this Section, the ownership and other matters relating to all Parity Debt shall be determined as provided in each Supplement.

(h) Amendments of Supplements. Each Supplement shall contain provisions governing the ability of the Board to amend such Supplement; provided, however, that no amendment may be made to any Supplement for the purpose of granting to the owners of Outstanding Parity Debt under such Supplement a priority over the owners of any other Outstanding Parity Debt.

Section 14. **REPEAL OF CONFLICTING RESOLUTIONS.** This Resolution shall become effective immediately and all resolutions and all parts of any resolutions which are in conflict or inconsistent with this Resolution are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

Section 15. **FURTHER PROCEDURES.** Each System Representative and the other officers, employees, and agents of the System, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the Board all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the intent, the terms, and the provisions of this Resolution.

EXHIBIT "A"
DEFINITIONS

As used in this Resolution the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"Agreement" means either (i) the agreement by and between the Board of Regents, Texas Tech University System and the Board of Regents, Texas State University System as approved by the Coordinating Board Order or (ii) to the extent subsequently permitted by the Coordinating Board, another arrangement approved by the Board pursuant to which the Texas Tech University System delivers a binding obligation in compliance with Section 7(b)(3)(B) of the Master Resolution providing for the Texas Tech University System to make payments to the Board at the times and in the amounts equal to ASU's Annual Obligation and to pay or discharge ASU's Direct Obligation.

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

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

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

(3) Consent Sinking Fund. In the case of Balloon Debt (as defined in clause

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

(4) Prepaid Debt. Principal of and interest on Parity Debt, 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 Debt 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 Debt (or by comparable debt in the event that such Parity Debt 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;

(6) Guarantees. 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 Debt 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; and

(7) Commercial Paper. With respect to any Parity Debt issued in the form of commercial paper with maturities not exceeding 270 days, the interest on such Parity Debt 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.

“Annual Direct Obligation” means the amount budgeted each Fiscal Year by the Board with respect to each Financing System Member to satisfy the Member’s proportion of debt service (calculated based on the Member’s Direct Obligation) due by the Board in such Fiscal Year on Outstanding Parity Debt.

“Annual Obligation” means, with respect to each Member and for each Fiscal Year, the Member’s Annual Direct Obligation plus the amount budgeted by the Board for such Fiscal Year to allow the Member to retire its obligation for intra-System advances made to it to satisfy part or all of a previous Annual Direct Obligation payment.

“Board” and “Issuer” mean the Board of Regents of the Texas State University System or any successor thereto.

“Code” means the Texas Education Code, as amended.

“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 Debt, purchase or sale agreements, interest rate swap 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 Debt and on a parity therewith.

“Debt” of the Board payable from Pledged Revenues 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 of the Texas State University System in prior Fiscal Years.

“Defeased Debt” means any Parity Debt and the interest thereon deemed to be paid, retired and no longer Outstanding within the meaning of Section 12 of this Resolution.

“Direct Obligation” means the proportionate share of Outstanding Parity Debt attributable to and the responsibility of each respective Financing System Member.

“Financing System” see “Revenue Financing System”.

“Financing System Member” or “Member” means each of the institutions currently constituting components of the Texas State University System and such institutions hereafter designated by the Board to be a Member of the Financing System.

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

“Funded Debt” of the Financing System means all Parity Debt created, assumed, or guaranteed by the Board and payable from Pledged Revenues that matures by its terms (in the absence of the exercise of any earlier right of demand), or is 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.

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

“Holder” or “Bondholder” or “owner” means the registered owner of any Parity Debt registered as to ownership and the holder of any Parity Debt 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 System, provided that such Debt is being incurred in connection with the acquisition of property only, which property is not, at the time of such incurrence, owned by the Board and being used in the operations of a Member.

“Officer’s Certificate” means a certificate signed by a System Representative.

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

“Outstanding” when used with respect to Parity Debt means, as of the date of determination, all Parity Debt theretofore delivered under this Resolution or any Supplement, except:

(1) Parity Debt theretofore cancelled and delivered to the Board or delivered to the Paying Agent or the Registrar for cancellation;

(2) Parity Debt deemed paid pursuant to the provisions of Section 12 of this Resolution or any comparable section of any Supplement;

(3) Parity Debt upon transfer of or in exchange for and in lieu of which other Parity Debt has been authenticated and delivered pursuant to this Resolution or any Supplement; and

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

provided, that, unless the same is acquired for purposes of cancellation, Parity Debt 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 Debt or to a series of Parity Debt, the outstanding and unpaid principal amount of such Parity Debt paying interest on a current basis and the outstanding and unpaid principal and compounded interest on such Parity Debt 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 this Master Resolution or any Supplement.

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

“Paying Agent” shall mean each entity designated in a Supplement as the place of payment of a series or issue of Parity Debt.

“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 Member of the Financing System, but specifically excluding and excepting, with respect to each series or issue of Parity Debt, (1) student tuition charges for any student in a category which, at the time of the adoption of the Supplement relating to such Parity Debt, 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) any tuition component of Prior Encumbered Revenues; 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 Debt, 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 Code, to which Code reference is hereby made for all purposes.

“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 Member of the Financing System which are lawfully available to the Board for payments on Parity Debt, including any payments contemplated by the Agreement; 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 on behalf of any Member under Article 7, Section 17 of the Constitution of the State of Texas, including the income there from and any fund balances relating thereto and (b) except to the extent so specifically appropriated, general revenue funds appropriated to the Board by the Legislature of the State of Texas.

“Prior Encumbered Obligations” means the following heretofore issued or assumed bond issues of the Board, to-wit:

Board of Regents, Texas State University System, Southwest Texas State University, University Housing System Revenue Bonds, Series 1986*;

*No longer outstanding.

Board of Regents, Texas State University System, Southwest Texas State University, University Housing System Revenue Refunding Bonds, Series 1989*;

Board of Regents, Texas State University System, Southwest Texas State University, University Housing System Revenue Refunding Bonds, Series 1993*;

Board of Regents, Texas State University System, Southwest Texas State University, Utility System Revenue Refunding Bonds, Series 1993*;

Board of Regents, Texas State University System, Southwest Texas State University, University Housing System Revenue Bonds, Series 1994*;

Board of Regents, Texas State University System, Southwest Texas State University, University Housing System Revenue Bonds, Series 1995*; and

Board of Regents, Texas State University System, Southwest Texas State University, Utility System Revenue Bonds, Series 1996*, and those bonds or other obligations of an institution outstanding on the date it becomes a Member of the Financing System and which are secured by a lien on and pledge of the Prior Encumbered Revenues charged and collected at such institution and all existing obligations of the Board secured by a lien on a portion of the Pledged Revenues which is superior to the lien established by this Resolution on behalf of Parity Debt.

“Prior Encumbered Revenues” means all of the tuition, fees, charges and revenues of any nature pledged to the payment of Prior Encumbered Obligations and any such tuition, fees, charges and revenues of an institution which hereafter becomes a Member of the Financing System and which are pledged to the payment of bonds or other obligations outstanding on the date such institution becomes a Member of the Financing System.

“Registrar” shall mean the entity designated in a Supplement as the Registrar of a series or issue of Parity Debt

“Resolution” or “Master Resolution” means this Master Resolution establishing the Financing System.

“Revenue Financing System” or “Financing System” or “Texas State University System Revenue Financing System” means the Texas State University System Revenue Financing System composed of the institutions and agencies currently constituting parts of the Texas State University System including the Texas State University System Administration, and such other institutions and agencies now or hereafter under the control or governance of the Board, and made a Member 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 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 Members, including specifically the Pledged General Tuition. Revenue Funds does not include, with respect to each series or issue of Parity Debt, 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 Debt, 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.

*No longer outstanding.

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

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

“System Representative” means any one or more of the following officers or employees of the Texas State University System, to-wit: the Chancellor, the General Counsel, the Director of Finance, or such other officer or employee of the Texas State University System, authorized by the Board to act as a System Representative.

“Term of Issue” means with respect to any Balloon Debt 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.

“Texas State University System” or “University System” means and includes each of the following existing and operating institutions, respectively*:

Lamar University - Beaumont;

Lamar University Institute of Technology;

Lamar University - Orange; Lamar University - Port Arthur; Sam Houston State University;

Texas State University – San Marcos; Sul Ross State University; and

Sul Ross State University Rio Grande College,

together with every other institution or branch thereof now or hereafter operated by or under the jurisdiction of the Board pursuant to law.

*The names of some component institutions have changed since the date of the Master Resolution. Please see “APPENDIX A – Component Institutions”.

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APPENDIX D
FORMS OF BOND COUNSEL'S OPINIONS