OFFICIAL STATEMENT
Dated January 6, 2017

NEW ISSUE - BOOK-ENTRY ONLY

Moody's: "Aa2"
Fitch: "AA"
See "Ratings"

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, interest on the Series 2017A Bonds is excludable from gross income for federal income tax purposes under existing statutes, court decisions, regulations and published rulings. See "TAX MATTERS – Series 2017A Bonds" for a discussion of the opinion of Bond Counsel, including a description of alternative minimum tax consequences.

$196,165,000
BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM
REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2017A

Dated: January 1, 2017 (Interest Accrues from Date of Delivery) **Due: April 15, as shown herein**

The Board of Regents of the University of North Texas System Revenue Financing System Refunding and Improvement Bonds, Series 2017A (the "Series 2017A Bonds") are special obligations of the Board of Regents (the "Board") of the University of North Texas System (the "University System"). The Series 2017A Bonds shall be issued pursuant to an Amended and Restated Master Resolution adopted by the Board on February 12, 1999 (the "Master Resolution") and a Twenty-Third Supplemental Resolution to the Master Resolution adopted by the Board on August 19, 2016 (the "Twenty-Third Supplement"). The Series 2017A Bonds are payable from and secured solely by the "Pledged Revenues" (as defined herein) of the University of North Texas Revenue Financing System (the "Revenue Financing System"), subject to the lien on the Pledged Revenues securing the Prior Encumbered Obligations (as defined herein). Currently, there are no Prior Encumbered Obligations outstanding. The Series 2017A Bonds are Parity Obligations (as defined herein). THE SERIES 2017A BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE BOARD, THE UNIVERSITY SYSTEM OR ANY COMPONENT THEREOF, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF. THE BOARD HAS NO TAXING POWER AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE SERIES 2017A BONDS. See "SECURITY FOR THE BONDS."

The proceeds from the sale of the Series 2017A Bonds will be used for the purposes of (i) acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads, or related infrastructure throughout the University System; (ii) refunding a portion of the Board's outstanding bonds listed on Schedule I hereto to achieve debt service savings; (iii) refunding a portion of the Board's outstanding Series A Commercial Paper Notes (as defined herein); and (iv) paying certain costs of issuing the Series 2017A Bonds. See "PLAN OF FINANCING."

Interest on the Series 2017A Bonds will accrue from the date of delivery and is calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Series 2017A Bonds is payable on April 15, 2017, and each October 15 and April 15 thereafter until maturity or prior redemption. The Series 2017A Bonds are initially issuable only to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry Only System described herein. Beneficial ownership of the Series 2017A Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Series 2017A Bonds will be made to the purchasers thereof. Interest on and principal of the Series 2017A Bonds will be payable by BOKF, NA, Dallas, Texas, the initial Paying Agent/Registrar, to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Series 2017A Bonds. See "DESCRIPTION OF THE BONDS - Book-Entry Only System."

MATURITY SCHEDULE
See schedule on inside cover page
CUSIP Prefix: 914729

The Series 2017A Bonds will mature, bear interest, and have initial prices or yields as shown on page ii of this Official Statement.

The Series 2017A Bonds are subject to redemption as provided herein. See "DESCRIPTION OF THE BONDS - Redemption."

Concurrently with the issuance of the Series 2017A Bonds, the Board is issuing its Revenue Financing System Refunding and Improvement Bonds, Taxable Series 2017B (the "Series 2017B Bonds") pursuant to the Master Resolution and the Twenty-Third Supplement. A separate cover page for the Series 2017B Bonds follows this cover page. The Series 2017A Bonds and the Series 2017B Bonds are referred to in this Official Statement collectively as the "Bonds."

The Series 2017A Bonds are offered when, as, and if issued, subject to approval of legality by the Attorney General of the State of Texas and the approving opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Andrews Kurth Kenyon LLP, Austin, Texas and Mahomes Bolden PC, Dallas, Texas. The Series 2017A Bonds are expected to be available for delivery through DTC on or about January 31, 2017.

J.P. Morgan

BofA Merrill Lynch **Blaylock Beal Van, LLC**

Raymond James **Rice Financial Products Company** **Wells Fargo Securities**

MATURITY SCHEDULE **CUSIP PREFIX: 914729†**

$196,165,000
Revenue Financing System Refunding and Improvement Bonds,
Series 2017A

$182,035,000 Serial Bonds

Maturity Date 4/15	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix†
2017	$ 1,745,000	1.000%	0.800%	RF7
2018	6,635,000	5.000%	1.130%	RG5
2019	6,960,000	5.000%	1.430%	RH3
2020	9,005,000	5.000%	1.660%	RJ9
2021	9,450,000	5.000%	1.860%	RK6
2022	9,925,000	5.000%	1.990%	RL4
2023	10,395,000	5.000%	2.110%	RM2
2024	10,915,000	5.000%	2.280%	RN0
2025	11,445,000	5.000%	2.400%	RP5
2026	12,000,000	5.000%	2.530%	RQ3
2027	12,600,000	5.000%	2.620%	RR1
2028	13,205,000	5.000%	2.710%(1)	RS9
2029	13,865,000	5.000%	2.790%(1)	RT7
2030	14,080,000	5.000%	2.860%(1)	RU4
2031	14,785,000	5.000%	2.940%(1)	RV2
2032	12,535,000	5.000%	3.000%(1)	RW0
2033	2,985,000	5.000%	3.100%(1)	RX8
2034	3,025,000	5.000%	3.160%(1)	RY6
2035	3,165,000	5.000%	3.210%(1)	RZ3
2036	3,315,000	5.000%	3.240%(1)	SA7

$6,720,000 5.000% Term Bonds due April 15, 2038 Priced to Yield 3.290%(1); CUSIP No.† 914729SB5

$7,410,000 5.000% Term Bonds due April 15, 2040, Priced to Yield 3.320%(1); CUSIP No.† 914729SC3

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ 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 services provided by CGS. CUSIP numbers are included solely for the convenience of the purchasers of the Series 2017A Bonds. Neither the Board, the Financial Advisor nor the Underwriters shall be responsible for the selection or the correctness of the CUSIP numbers shown herein.

(1) Yield to first optional call date (April 15, 2027).

Redemption. . . The Series 2017A Bonds are subject to optional and mandatory sinking fund redemption prior to stated maturity. (See "DESCRIPTION OF THE BONDS - Redemption").

Separate Issues. . . The Series 2017A Bonds and the Series 2017B Bonds are each separate and distinct securities offerings being issued and sold independently except for the use of this common Official Statement, and, while the Series 2017A Bonds and the Series 2017B Bonds share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the terms for payment, the rights of holders, and other features. The sale and delivery of each series of Bonds is not dependent upon the sale and delivery of the other series of Bonds.

OFFICIAL STATEMENT
Dated January 6, 2017

NEW ISSUE - BOOK-ENTRY ONLY

Moody's: "Aa2"
Fitch: "AA"
See "Ratings"

The Series 2017B Bonds are not obligations described in section 103(a) of the Internal Revenue Code of 1986. See "TAX MATTERS – Series 2017B Bonds".

$164,305,000
BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM
REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, TAXABLE SERIES 2017B

Dated: January 1, 2017 (Interest Accrues from Date of Delivery) **Due: April 15, as shown herein**

The Board of Regents of the University of North Texas System Revenue Financing System Refunding and Improvement Bonds, Taxable Series 2017B (the "Series 2017B Bonds") are special obligations of the Board of Regents (the "Board") of the University of North Texas System (the "University System"). The Series 2017B Bonds shall be issued pursuant to an Amended and Restated Master Resolution adopted by the Board on February 12, 1999 (the "Master Resolution") and a Twenty-Third Supplemental Resolution to the Master Resolution adopted by the Board on August 19, 2016 (the "Twenty-Third Supplement"). The Series 2017B Bonds are payable from and secured solely by the "Pledged Revenues" (as defined herein) of the University of North Texas Revenue Financing System (the "Revenue Financing System"), subject to the lien on the Pledged Revenues securing the Prior Encumbered Obligations (as defined herein). Currently, there are no Prior Encumbered Obligations outstanding. The Series 2017B Bonds are Parity Obligations (as defined herein). THE SERIES 2017B BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE BOARD, THE UNIVERSITY SYSTEM OR ANY COMPONENT THEREOF, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF. THE BOARD HAS NO TAXING POWER AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE SERIES 2017B BONDS. See "SECURITY FOR THE BONDS."

The proceeds from the sale of the Series 2017B Bonds will be used for the purposes of (i) acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads, or related infrastructure throughout the University System; (ii) refunding a portion of the Board's outstanding bonds listed on Schedule I attached hereto to achieve debt service savings; (iii) refunding a portion of the Board's outstanding Series A Commercial Paper Notes (as defined herein); and (iv) paying certain costs of issuing the Series 2017B Bonds. See "PLAN OF FINANCING."

Interest on the Series 2017B Bonds will accrue from the date of delivery and is calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Series 2017B Bonds is payable on April 15, 2017, and each October 15 and April 15 thereafter until maturity or prior redemption. The Series 2017B Bonds are initially issuable only to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry Only System described herein. Beneficial ownership of the Series 2017B Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Series 2017B Bonds will be made to the purchasers thereof. Interest on and principal of the Series 2017B Bonds will be payable by BOKF, NA, Dallas, Texas, the initial Paying Agent/Registrar, to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Series 2017B Bonds. See "DESCRIPTION OF THE BONDS - Book-Entry Only System."

MATURITY SCHEDULE
See schedule on inside cover page
CUSIP Prefix: 914729

The Series 2017B Bonds will mature, bear interest, and have initial prices or yields as shown on page iv of this Official Statement.

The Series 2017B Bonds are subject to redemption as provided herein. See "DESCRIPTION OF THE BONDS - Redemption."

Concurrently with the issuance of the Series 2017B Bonds, the Board is issuing its Revenue Financing System Refunding and Improvement Bonds, Series 2017A (the "Series 2017A Bonds") pursuant to the Master Resolution and the Twenty-Third Supplement. A separate cover page for the Series 2017A Bonds precedes this cover page. The Series 2017A Bonds and the Series 2017B Bonds are referred to in this Official Statement collectively as the "Bonds."

The Series 2017B Bonds are offered when, as, and if issued, subject to approval of legality by the Attorney General of the State of Texas and the approving opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Andrews Kurth Kenyon LLP, Austin, Texas and Mahomes Bolden PC, Dallas, Texas. The Series 2017B Bonds are expected to be available for delivery through DTC on or about January 31, 2017.

Barclays

Citigroup **FTN Financial Capital Markets**
Loop Capital Markets **UMB Bank, N.A.**

MATURITY SCHEDULE **CUSIP PREFIX: 914729†**

$164,305,000
Revenue Financing System Refunding and Improvement Bonds,
Taxable Series 2017B

$146,055,000 Serial Bonds

Maturity Date 4/15	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix†
2017	$ 1,945,000	0.900%	0.900%	SD1
2018	6,030,000	1.250%	1.250%	SE9
2019	6,090,000	1.624%	1.624%	SF6
2020	9,505,000	1.966%	1.966%	SG4
2021	9,690,000	2.303%	2.303%	SH2
2022	9,895,000	2.483%	2.483%	SJ8
2023	10,145,000	2.795%	2.795%	SK5
2024	10,425,000	2.915%	2.915%	SL3
2025	10,730,000	3.067%	3.067%	SM1
2026	11,065,000	3.207%	3.207%	SN9
2027	11,410,000	3.357%	3.357%	SP4
2028	11,795,000	3.507%	3.507%	SQ2
2029	12,190,000	3.587%	3.587%	SR0
2030	8,085,000	3.687%	3.687%	SS8
2031	8,370,000	3.757%	3.757%	ST6
2032	8,685,000	3.857%	3.857%	SW9

$12,565,000 4.022% Term Bonds due April 15, 2036 Priced to Yield 4.022%; CUSIP No.† 914729SV1

$5,685,000 4.122% Term Bonds due April 15, 2040, Priced to Yield 4.122%; CUSIP No.† 914729SU3

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ 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 services provided by CGS. CUSIP numbers are included solely for the convenience of the purchasers of the Series 2017B Bonds. Neither the Board, the Financial Advisor nor the Underwriters shall be responsible for the selection or the correctness of the CUSIP numbers shown herein.

Redemption. . . The Series 2017B Bonds are subject to optional and mandatory sinking fund redemption prior to stated maturity. (See "DESCRIPTION OF THE BONDS - Redemption").

Separate Issues. . . The Series 2017A Bonds and the Series 2017B Bonds are each separate and distinct securities offerings being issued and sold independently except for the use of this common Official Statement, and, while the Series 2017A Bonds and the Series 2017B Bonds share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the terms for payment, the rights of holders, and other features. The sale and delivery of each series of Bonds is not dependent upon the sale and delivery of the other series of Bonds.

Board of Regents of the University of North Texas System

Name	Residence	Term Expiration[1]
Milton B. Lee	San Antonio	May 22, 2017
Donald Potts	Dallas	May 22, 2017
Al Silva	San Antonio	May 22, 2017
Rusty Reid	Fort Worth	May 22, 2019
Gwyn Shea	Irving	May 22, 2019
B. Glen Whitley	Hurst	May 22, 2019
Brint Ryan (Chair)	Dallas	May 22, 2021
A.K. Mago	Dallas	May 22, 2021
Laura Wright	Dallas	May 22, 2021
Christopher Lee	Houston	May 31, 2017[2]

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

Principal Administrators

Name	Title	Years of Service within University System
Lee Jackson	Chancellor (University System)	14
Dr. Rosemary R. Haggett	Vice Chancellor for Academic Affairs and Student Success (University System)	6
Janet Waldron	Vice Chancellor for Finance (University System)	2
Nancy S. Footer	Vice Chancellor and General Counsel (University System)	12
Dr. Neal J. Smatresk	President (University)	2
Dr. Finley Graves	Provost and Vice President for Academic Affairs (University)	14
Bob Brown	Vice President for Finance and Administration (University)	2
Dr. Michael R. Williams	President (Health Science Center)	3
Dr. Claire Peel	Interim Provost and Executive Vice President for Academic Resources (Health Science Center)	3
Gregory R. Anderson	Executive Vice President and Chief Financial Officer (Health Science Center)	<1
Bob Mong	President (UNT Dallas)	1
Dr. Glenda Balas	Interim Provost and Senior Vice President for Academic Affairs (UNT Dallas)	3
Dr. Dan Edelman	Chief Financial Officer and Vice President for Finance and Administration (UNT Dallas)	2

Consultants

Financial Advisor
FirstSouthwest, a Division of Hilltop Securities, Inc.
Dallas, Texas

Bond Counsel
McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

For additional information regarding the University System, please contact:

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Vice Chancellor for Finance
University of North Texas System
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Dallas, Texas 75201
(214) 752-5541

Ms. Mary M. Williams
FirstSouthwest
1201 Elm Street, 35th Floor
Dallas, Texas 75270
(214) 953-4021

Ms. Ester Flores
FirstSouthwest
1201 Elm Street, 35th Floor
Dallas, Texas 75270
(214) 953-8863

SALE AND DISTRIBUTION OF THE BONDS

Use of Official Statement

No dealer, broker, salesman or other person has been authorized by the Board or the Underwriters 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. The price and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy the Bonds 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.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board or other matters described herein since the date hereof.

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 respective 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.

CUSIP numbers have been assigned to this issue for the convenience of the owners of the Bonds. Neither the Board nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers shown on the inside cover page of this Official Statement.

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

THE BOARD MAKES NO REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY (“DTC”) OR ITS BOOK-ENTRY ONLY SYSTEM, AS SUCH INFORMATION WAS FURNISHED BY DTC.

Marketability

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVERALLOT 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.

Securities Laws

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NEITHER THE SEC, 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 SEC under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The Board assumes no responsibility for the registration or qualification for sale or other disposition of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

This Official Statement contains “forward-looking” statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from the future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements. See “FORWARD LOOKING STATEMENTS.”

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All pages between the cover page and this page, inclusive, the schedule and appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

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OFFICIAL STATEMENT

relating to

BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM

$196,165,000 **REVENUE FINANCING SYSTEM** **REFUNDING AND IMPROVEMENT BONDS,** **SERIES 2017A**	**$164,305,000** **REVENUE FINANCING SYSTEM** **REFUNDING AND IMPROVEMENT BONDS,** **TAXABLE SERIES 2017B**

INTRODUCTION

General. This Official Statement, which includes the cover pages, Schedule and Appendices hereto, provides certain information regarding the issuance by the Board of Regents (the "Board") of the University of North Texas System (the "University System"), acting separately and independently for and on behalf of the University of North Texas (the "University"), the University of North Texas at Dallas ("UNT Dallas"), and the University of North Texas Health Science Center at Fort Worth (the "Health Science Center") of its bonds, entitled "Revenue Financing System Refunding and Improvement Bonds, Series 2017A" (the "Series 2017A Bonds") and "Revenue Financing System Refunding and Improvement Bonds, Taxable Series 2017B" (the "Series 2017B Bonds," and together with the Series 2017A Bonds, the "Bonds"). Except as otherwise permitted herein, capitalized terms used in this Official Statement and not otherwise defined have the same meanings assigned to such terms in "Appendix C, SUMMARY OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION."

References to website addresses presented in this Official Statement are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless otherwise specified, references to websites and the information or links contained therein are not incorporated into, and are not a part of, this Official Statement.

This Official Statement contains summaries and descriptions of the plan of financing, the Master Resolution (as defined herein), the Bonds, the Board, the University, the Health Science Center, UNT Dallas 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 Janet Waldron, Vice Chancellor for Finance, University of North Texas System, 1901 Main Street, Dallas, Texas 75201.

The University System. The University and the Health Science Center were established pursuant to the provisions of the Constitution and the laws of the State of Texas (the "State") as institutions of higher education. At its July 23, 1999 meeting, the Texas Higher Education Coordinating Board approved the administration of the University and the Health Science Center as a "University System." On April 30, 2009, the Texas Higher Education Coordinating Board certified that the UNT Dallas reached full-time equivalent enrollment of 1,000. UNT Dallas has operated as a general academic teaching institution since Fall 2010. Both the University of North Texas at Dallas and the University of North Texas System Center at Dallas are sometimes referred to herein as "UNT Dallas," as the context indicates. For the 2016 Fall semester, the University had a total enrollment of 37,937 students, UNT Dallas had a total enrollment of 3,030 students, and the Health Science Center had a total enrollment of 2,381 students. In 2009, legislation was enacted adding the UNT Dallas College of Law as a component of the University System. The legislation provided that until UNT Dallas had been administered as a general academic teaching institution for five years, the Board shall administer the UNT Dallas College of Law as a professional school of the University System. On September 1, 2015, the UNT Dallas College of Law became a professional school of UNT Dallas. For descriptions of the University, UNT Dallas and the Health Science Center, see "Appendix A, DESCRIPTION OF THE PARTICIPANTS."

Pursuant to an Amended and Restated Master Resolution adopted by the Board on February 12, 1999 (the "Master Resolution"), the Board created the University of North Texas Revenue Financing System (the "Revenue Financing System") for the purpose of providing a financing structure for revenue-supported indebtedness to reduce costs, increase borrowing capacity, provide additional security to the credit markets and provide the Board with greater financial flexibility. See "Appendix C, SUMMARY OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION." Initially, the University and the Health Science Center were the only Participants in the Revenue Financing System. UNT Dallas was added as a Participant in 2004 pursuant to the terms of the Tenth Supplemental Resolution to the Master Resolution, adopted by the Board on May 20, 2004, as amended and restated by the Board on May 8, 2008 and December 5, 2013 (the

"Tenth Supplement"). Pursuant to the Master Resolution, the Board has, with certain exceptions, combined all of the revenues, funds and balances attributable to any Participant in the Revenue Financing System that may lawfully be pledged to secure the payment of revenue-supported debt obligations and has pledged those sources as Pledged Revenues to secure the payment of revenue-supported debt obligations of the Board incurred as Parity Obligations under the Master Resolution subject to the lien on the Pledged Revenues securing Prior Encumbered Obligations. See "SECURITY FOR THE BONDS - The Revenue Financing System" and "Appendix C, SUMMARY OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION." Currently, there are no Prior Encumbered Obligations outstanding.

State Appropriations. THE OPERATIONS OF THE UNIVERSITY SYSTEM AND THE PARTICIPANTS OF THE REVENUE FINANCING SYSTEM ARE HEAVILY DEPENDENT ON STATE APPROPRIATIONS. THE BOARD AND THE PARTICIPANTS HAVE NO ASSURANCE THAT STATE APPROPRIATIONS TO THE PARTICIPANTS WILL CONTINUE AT THE SAME LEVEL AS IN PREVIOUS YEARS. See "Appendix A, DESCRIPTION OF THE PARTICIPANTS – Funding for the Participants – State Appropriations."

PLAN OF FINANCING

Purpose. The proceeds from the sale of the Series 2017A Bonds will be used for the purposes of (i) acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads, or related infrastructure throughout the University System; (ii) refunding a portion of the Board's outstanding Parity Obligations, as more particularly described in Schedule I attached hereto (the "Series 2017A Refunded Bonds") to achieve debt service savings; (iii) refunding a portion of the Board's outstanding Series A Commercial Paper Notes (hereafter defined); and (iv) paying certain costs of issuing the Series 2017A Bonds. The proceeds from the sale of the Series 2017B Bonds will be used for the purposes of (i) acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads, or related infrastructure throughout the University System; (ii) refunding a portion of the Board's outstanding Refunded Bonds listed on Schedule I attached hereto (the "Series 2017B Refunded Bonds" and, together with the Series 2017A Refunded Bonds, the "Refunded Bonds") to achieve debt service savings; (iii) refunding a portion of the Board's outstanding Series A Commercial Paper Notes, and (iv) paying certain costs of issuing the Series 2017B Bonds. See "- Refunded Bonds," "- Refunded Commercial Paper Notes," "ESTIMATED SOURCES AND USES OF FUNDS" and "SCHEDULE I – SCHEDULE OF REFUNDED BONDS." Proceeds of the Bonds will be used to finance or refinance all or portions of the projects described in "CAPITAL IMPROVEMENT PLANS."

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

The principal and interest due on the Refunded Bonds are to be paid on the scheduled interest payment dates and the respective redemption dates of such Refunded Bonds from funds to be deposited pursuant to separate escrow agreements (together, the "Escrow Agreement") between the Board and BOKF, NA, as escrow agent (the "Escrow Agent"). The Board will deposit, from proceeds of the Bonds, with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds on their respective redemption dates. Such funds will be held by the Escrow Agent in a special escrow account established under each escrow agreement (the "Escrow Fund") and used to purchase direct obligations of the United States of America (the "Federal Securities"). Under the Escrow Agreement, each Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the respective Refunded Bonds.

Causey Demgen & Moore P.C., a nationally recognized accounting firm, will verify at the time of delivery of the Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate the Federal Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in each Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the respective series of the Refunded Bonds. Such maturing principal of and interest on the Federal Securities will not be available to pay the Bonds of either series (see "VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS").

By the deposit of the Federal Securities and cash, if necessary, with the Escrow Agent pursuant to the Escrow Agreement, the Board will have effected the defeasance of all of the Refunded Bonds in accordance with law. As a result of such defeasance, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the Federal Securities and any cash held for such purpose by the Escrow Agent and such Refunded Bonds will not be deemed to be outstanding obligations of the Board payable from the Pledged Revenues.

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

Refunded Commercial Paper Notes. A portion of the proceeds of the Bonds will be used to refund and retire \$21,865,000 of outstanding tax-exempt Series A Commercial Paper Notes (hereafter defined) issued by the Board under authority of the Tenth Supplement. The Series A Commercial Paper Notes were issued to provide interim financing for projects under the Revenue Financing System, and will be retired concurrently with or shortly after the issuance of the Bonds. Moneys will be deposited with U.S. Bank National Association, New York, New York, the "Issuing and Paying Agent" for the Series A Commercial Paper Notes, and will be held in the "Note Payment Fund" established by the Tenth Supplement for the sole purpose of retiring the refunded Series A Commercial Paper Notes.

Authority for Issuance of the Bonds. The Bonds are being issued in accordance with the general laws of the State of Texas, including particularly Chapter 55, Texas Education Code, and Chapters 1207 and 1371, Texas Government Code, as amended. The Bonds are being issued pursuant to the Master Resolution and a Twenty-Third Supplemental Resolution to the Master Resolution adopted by the Board on August 19, 2016 (the "Twenty-Third Supplement"). The Master Resolution and the Twenty-Third Supplement are referred to herein collectively as the "Resolution." The Bonds will be the twenty-forth and twenty-fifth series of debt obligations issued as Parity Obligations payable from the Pledged Revenues. As of December 1, 2016, there were \$544,870,000 in aggregate principal amount of outstanding Parity Obligations payable from the Pledged Revenues, including Series A Commercial Paper Notes outstanding in the principal amount of \$30,600,000, all of which were issued as tax-exempt obligations. See "Appendix A, DESCRIPTION OF THE PARTICIPANTS - Outstanding Indebtedness" and "Appendix B, THE UNAUDITED CONSOLIDATED ANNUAL FINANCIAL REPORT OF THE UNIVERSITY OF NORTH TEXAS SYSTEM FOR THE YEAR ENDED AUGUST 31, 2016 – Note 6: Bonded Indebtedness."

The Twenty-Third Supplement authorized the issuance of bonds, in one or more series, in an aggregate principal amount not to exceed \$510,000,000. The Bonds constitute the first and second installments of bonds issued under authority of the Twenty-Third Supplement. Following the issuance of the Bonds, there will be \$149,530,000 of remaining authorization for bonds under the Twenty-Third Supplement (including up to \$57,730,763 of new money). The authority to execute a bond purchase agreement and sell bonds under the provisions of the Twenty-Third Supplement expires August 31, 2017.

The Master Resolution permits additional Parity Obligations to be issued in the future. See "SECURITY FOR THE BONDS - Additional Obligations," "SECURITY FOR THE BONDS - The Revenue Financing System" and "Appendix A, DESCRIPTION OF THE PARTICIPANTS - Outstanding Indebtedness."

Authority for Issuance of Commercial Paper Notes. The Board has the ability to issue, as Parity Obligations, commercial paper notes (the "Series A Commercial Paper Notes") under the terms of the Master Resolution and the Tenth Supplement. Series A Commercial Paper Notes may be issued as either tax-exempt or taxable obligations. Pursuant to the Tenth Supplement, the Board established (i) the authority to issue from time to time and at any one time Commercial Paper Notes in an amount not to exceed \$100,000,000 (subject to the requirements of the Twenty-Fourth Supplement discussed below), and (ii) that the payment of the Commercial Paper Notes may be, but is not required to be, supported by either a credit facility or a liquidity facility issued pursuant to the terms of a "Credit Agreement" (as defined in the Master Resolution). See "Table 2 - DEBT SERVICE REQUIREMENTS." Under the terms of the Tenth Supplement, the Board covenanted to maintain available funds plus any available bank loan commitment issued under the terms of a Credit Agreement in an amount equal to the total principal amount of outstanding Series A Commercial Paper Notes plus interest to accrue thereon for the following 90 days. Acting upon the authority originally granted by the Tenth Supplement, the Board provides its own liquidity in support of the Series A Commercial Paper Notes then and thereafter outstanding. No credit facility or liquidity facility has been executed to provide credit or liquidity support for the Series A Commercial Paper Notes.

On November 18, 2016, the Board approved the Twenty-Fourth Supplemental Resolution to the Master Resolution (the "Twenty-Fourth Supplement"), giving it the ability to issue, as Parity Obligations, extendible commercial paper notes (the "Series B Commercial Paper Notes" and, together with the Series A Commercial Paper Notes, the "Commercial Paper Notes") under the terms of the Master Resolution and the Twenty-Fourth Supplement. Series B Commercial Paper Notes may be issued as either tax-exempt or taxable obligations. Pursuant to the Twenty-Fourth Supplement, the Board established (i) the authority to issue from time to time and at any one time Series B Commercial Paper Notes in an amount not to exceed $75,000,000 and (ii) that the payment of the Series B Commercial Paper Notes may be, but is not required to be, supported by either a credit facility or a liquidity facility issued pursuant to the terms of a "Credit Agreement" (as defined in the Master Resolution). See "Table 2 - DEBT SERVICE REQUIREMENTS." Under the terms of the Twenty-Fourth Supplement, the interest rate on the Series B Commercial Paper Notes can be reset to a formula rate, not to exceed a maximum rate of the lesser of (i) 9.00% per annum and (ii) the maximum net effective interest rate permitted by law to be paid on obligations issued or incurred by the Board in the exercise of its borrowing powers, which currently is 15%, if Series B Commercial Paper Notes mature and are not successfully remarketed by the dealer for the Series B Commercial Paper Note program. The holder of the matured Series B Commercial Paper Note agrees to hold the Series B Commercial Paper Note with a new maturity, which would be for a period equal to the difference between 270 days and the maturity of the Series B Commercial Paper Notes that matured and were not remarketed (e.g., if the maturity of the Series B Commercial Paper Notes that matured and were not remarketed was 30 days, the Series B Commercial Paper Notes would bear interest at the formula rate for 240 days), and will be paid interest on the retained Series B Commercial Paper Notes at the formula rate until maturity or redemption prior to maturity. The Board has covenanted to provide funds, or in good faith endeavor to sell a sufficient principal amount of Parity Obligations or other obligations of the Board in order to have funds available, together with other available funds of the System, to pay the Series B Commercial Paper Notes and the interest thereon, upon maturity or prior redemption, including, without limitation, to pay the increased interest rate to be borne by the Series B Commercial Paper Notes. The Twenty-Forth Supplement also restricts the Board's ability to issue Series A Commercial Paper Notes to $75,000,000 in principal amount at any one time and from time to time outstanding.

Pursuant to authority conferred by the Twenty-Fifth Supplemental Resolution to the Master Resolution approved by the Board on November 18, 2016, the Board authorized the issuance of up to $75,000,000 in bonds as Parity Obligations for the purpose of refunding any outstanding Series B Commercial Paper Notes.

Under the terms of the Tenth Supplement and the Twenty-Fourth Supplement (together, the "Commercial Paper Supplements"), to the extent that the "Dealer" (as defined in each of the Commercial Paper Supplements) for the Board's commercial paper program cannot sell Commercial Paper Notes to renew or refund outstanding Commercial Paper Notes on their maturity, the Board covenanted to use lawfully available funds to purchase Commercial Paper Notes issued to renew and refund maturing Commercial Paper Notes. Under the terms of the Commercial Paper Supplements, such payment, issuance and purchase is not intended to constitute an extinguishment of the obligation represented by any Commercial Paper Notes held by the Board, and the Commercial Paper Supplements provide that the Board may issue Commercial Paper Notes to renew and refund the Commercial Paper Notes held by it when the Dealer is again able to sell Commercial Paper Notes. The commercial paper program established under the terms of the Tenth Supplement expires on April 15, 2051, and the commercial paper program established under the terms of the Twenty-Fourth Supplement expires on December 31, 2047.

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

Issuance of Additional Bonds. On May 20, 2016, the University System entered into a Purchase Agreement with J.P. Morgan to forward refund $22,175,000 of the Board's Revenue Financing System Bonds, Series 2009, using proceeds of the Board's $22,845,000 Revenue Financing System Refunding Bonds, Forward Delivery Series 2018, which are scheduled to be delivered on March 14, 2018.

The Board may issue additional Parity Obligations to provide funds for new construction, renovation of existing facilities, and acquisition of equipment and to refund outstanding Debt. See "SECURITY FOR THE BONDS - Additional Obligations."

SOURCES AND USES OF FUNDS

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

Sources of Funds	Series 2017A Bonds	Series 2017B Bonds	Total
Par Amount of Bonds	$196,165,000.00	$164,305,000.00	$360,470,000.00
Premium	32,356,220.05	-	32,356,220.05
Total Sources of Funds	$228,521,220.05	$164,305.000.00	$392,826,220.05
Applications of Funds			
Deposit to Project Fund	$155,672,700.00	$ 86,595,537.25	$242,268,237.25
Deposit to Escrow Fund	64,133,210.54	62,538,707.34	126,671,917.88
Refunding of Commercial Paper Notes(1)	7,612,814.20	14,252,185.80	21,865,000.00
Costs of Issuance(2)	1,102,495.31	918,569.61	2,021,064.92
Total Applications of Funds	$228,521,220.05	$164,305.000.00	$392,826,220.05

(1) Includes interest.

(2) Includes Underwriters' discount (see "UNDERWRITING" below), other costs of issuance and rounding amounts.

DESCRIPTION OF THE BONDS

General. The Bonds of each series will be issued only as fully registered bonds, without coupons, in any integral multiple of $5,000 principal amount within a stated maturity and series, will be dated, will accrue interest from their date of delivery, and will bear interest at the per annum rates shown on the inside front cover pages of this Official Statement. Interest on the Bonds will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Bonds of each series is payable on April 15, 2017 and each October 15 and April 15 thereafter until maturity or prior redemption. The Bonds of each series mature on the respective dates and in the principal amounts set forth on the respective inside front cover pages of this Official Statement.

In the event that any date for payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized by law or executive order to close in the city where the Designated Trust Office (as hereinafter defined) of 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.

Transfer, Exchange, and Registration. The Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar at its designated trust office, initially its office in Dallas, Texas (the "Designated Trust Office"). Such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Trust Office of the Paying Agent/Registrar, or sent by United States mail, first-class postage prepaid, to the new registered owner or title designee thereof. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner 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 aggregate principal amount and like series as the Bond or Bonds surrendered for exchange or transfer.

Limitation on Transfer of Bonds Called for Redemption. Neither the Board nor the Paying Agent/Registrar shall be required to make any transfer or exchange (i) during a period beginning with the close of business on any Record

Date (as hereinafter defined) and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

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

Redemption.

Optional Redemption

The Bonds of either series scheduled to mature on and after April 15, 2028 are subject to redemption prior to maturity at the option of the Board on April 15, 2027 or on any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof (and, if in part, the particular Bonds or portion thereof to be redeemed shall be selected by the Board) at a price of par plus accrued interest to the redemption date.

Selection of Bonds to be Redeemed

If less than all of the Bonds of either series are to be redeemed, the particular maturities of Bonds to be redeemed at the option of the Board will be determined by the Board in its sole discretion.

During any period in which ownership of the Series 2017A Bonds is determined by a book entry at a securities depository for the Bonds, if fewer than all of the Series 2017A Bonds of the same maturity and series and bearing the same interest rate are to be redeemed, the particular Series 2017A Bonds of such maturity and series and bearing such interest rate shall be selected in accordance with the arrangements between the Board and the securities depository. See "DESCRIPTION OF THE BONDS - Book-Entry Only System" below.

If the Series 2017B Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of such Series 2017B Bonds, if less than all of the Series 2017B Bonds of a maturity are called for prior redemption, the particular Series 2017B Bonds or portions thereof to be redeemed shall be allocated on a *pro rata pass-through distribution of principal* basis in accordance with DTC procedures, provided that, so long as the Series 2017B Bonds are held in book-entry form, the selection for redemption of such Series 2017B Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Series 2017B Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

The Board intends that redemption allocations made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, neither the Board nor the Underwriters can provide any assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of Series 2017B Bonds on such basis.

In connection with any repayment of principal, including payments of scheduled mandatory sinking fund payments, the Paying Agent/Registrar will direct DTC to make a pass-through distribution of principal to the holders of the Series 2017B Bonds. For purposes of calculation of the "pro rata pass-through distribution of principal," "pro rata" means, for any amount of principal to be paid, the application of a fraction to each denomination of the respective Series 2017B Bonds where (a) the numerator of which is equal to the amount due to the respective bondholders on a payment date, and (b) the denominator of which is equal to the total original par amount of the respective Series 2017B Bonds.

If the Series 2017B Bonds are no longer registered in book-entry-only form, each owner will receive an amount of Series 2017B Bonds equal to the original face amount then beneficially held by that owner, registered in such investor's name. Thereafter, any redemption of less than all of the Series 2017B Bonds of any maturity will continue to be paid to the registered owners of such Series 2017B Bonds on a pro-rata basis, based on the portion of the original face amount of any such Series 2017B Bonds to be redeemed.

Mandatory Redemption

Series 2017A Bonds. The Series 2017A Bonds maturing on April 15 in the years 2038 and 2040 are subject to mandatory sinking fund redemption prior to their scheduled maturity and shall be redeemed by the Board, in part, prior to their scheduled maturity, with the particular Series 2017A Bonds or portions thereof to be redeemed to be selected and designated by the Board (provided that a portion of a Series 2017A Bond may be redeemed only in an integral multiple of $5,000), at a redemption price equal to the par or principal amount thereof plus accrued interest to the date of redemption, on the dates, and in the principal amounts set forth below:

Redemption Date (April 15)	Principal Amount
2037	$3,280,000
2038*	3,440,000

Redemption Date (April 15)	Principal Amount
2039	$3,615,000
2040*	3,795,000

* Scheduled Maturity.

The principal amount of the Series 2017A Bonds required to be redeemed on each such redemption date pursuant to the foregoing operation of the mandatory sinking fund shall be reduced, at the option of the Board, by the principal amount of any Series 2017A Bonds, which, at least 45 days prior to the mandatory sinking fund redemption date, (1) shall have been acquired by the Board and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been acquired and canceled by the Paying Agent/Registrar at the direction of the Board, in either case at a price not exceeding the par or principal amount of such Series 2017A Bonds, or (3) have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against mandatory sinking fund redemption.

Series 2017B Bonds. The Series 2017B Bonds maturing on April 15 in the years 2036 and 2040 are subject to mandatory sinking fund redemption prior to their scheduled maturity and shall be redeemed by the Board, in part, prior to their scheduled maturity, with the particular Series 2017B Bonds or portions thereof to be redeemed to be selected and designated by the Board (provided that a portion of a Series 2017B Bond may be redeemed only in an integral multiple of $5,000), at a redemption price equal to the par or principal amount thereof plus accrued interest to the date of redemption, on the dates, and in the principal amounts set forth below:

Redemption Date (April 15)	Principal Amount
2033	$7,590,000
2034	1,615,000
2035	1,655,000
2036*	1,705,000

Redemption Date (April 15)	Principal Amount
2037	$1,335,000
2038	1,390,000
2039	1,450,000
2040*	1,510,000

* Scheduled Maturity.

The principal amount of the Series 2017B Bonds required to be redeemed on each such redemption date pursuant to the foregoing operation of the mandatory sinking fund shall be reduced, at the option of the Board, by the principal amount of any Series 2017B Bonds, which, at least 45 days prior to the mandatory sinking fund redemption date, (1) shall have been acquired by the Board and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been acquired and canceled by the Paying Agent/Registrar at the direction of the Board, in either case at a price not exceeding the par or principal amount of such Series 2017B Bonds, or (3) have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against mandatory sinking fund redemption.

Notice of Redemption. Not less than 30 days prior to a redemption date, a notice of redemption of any Bond prior to its maturity will be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to each registered owner of a Bond to be redeemed in whole or in part at the address of each such owner appearing on the registration books of the Paying Agent/Registrar on the 45th day prior to such redemption date, to each registered securities depository, and to any national information service that disseminates redemption notices. In addition, in the event of a redemption caused by an advance refunding, the Paying Agent/Registrar shall send a second notice of redemption to registered owners subject to redemption at least 30 days but not more than 90 days prior to the actual redemption date. Any notice sent to the registered securities depositories or national information services shall be sent so that they are received at least two days prior to the general mailing or publication date of such notice. The Paying Agent/Registrar shall also send a notice of prepayment or redemption to any registered owner who has not submitted Bonds for redemption 60 days after the redemption date.

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

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

Paying Agent/Registrar. In the Twenty-Third Supplement, 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, the Board agrees to promptly cause a written notice thereof to be sent to each registered owner of Bonds by United States mail, first-class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Defeasance. The Master Resolution provides for the procedure to effect the defeasance of the Bonds. See "Appendix C, SUMMARY OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION-Defeasance."

Book-Entry Only System. This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and accredited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Board believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The Board cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants 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). One fully registered Bond will be issued for each maturity of the Bonds in the aggregate principal amount of each 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 of DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Direct Participants and Indirect Participants are jointly referred to as "Participants". DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other 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 Participant to whose account such Bonds are credited, which may or may not be the Beneficial Owners. The 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.

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

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

Redemption proceeds and principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Board or the Paying Agent/Registrar on payable dates 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 in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to DTC is the responsibility of the Board, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Participants.

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

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

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 Resolution will be given only to DTC.

Information concerning DTC and the Book-Entry Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Board, the Financial Advisor or the Underwriters.

Effect of Termination of Book-Entry Only System. In the event that the Book-Entry Only System is discontinued by DTC or the use of the Book-Entry Only System is discontinued by the Board, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Resolution and summarized under “DESCRIPTION OF THE BONDS - Transfer, Exchange and Registration” above.

SECURITY FOR THE BONDS

The Revenue Financing System. The Master Resolution created the Revenue Financing System to provide a financing structure for revenue-supported indebtedness of the University and the Health Science Center and other entities which may be included in the future, by Board action, as Participants in the Revenue Financing System. The Board designated UNT Dallas as an additional Participant in the Tenth Supplement. The Revenue Financing System is intended to facilitate the assembling of all of the Participants’ revenue-supported debt capacity into a single financing program in order to provide a cost-effective debt program to Participants and to maximize the financing options available to the Board. The Master Resolution provides that once an institution of higher education or agency becomes a Participant, the lawfully available revenues, income, receipts, rentals, rates, charges, fees, including interest or other income, and balances attributable to that entity and pledged by the Board become part of the Pledged Revenues; provided, however, that, if at the time an entity becomes a Participant it has outstanding obligations secured by such sources, such obligations will constitute Prior Encumbered Obligations under the Master Resolution and the pledge of such sources as Pledged Revenues will be subject and subordinate to such outstanding Prior Encumbered Obligations. Thereafter, the Board may issue bonds, notes, commercial paper, contracts, or other evidences of indebtedness, including credit agreements, on behalf of such institution, on a parity, as to payment and security, with the Outstanding Parity Obligations, subject only to the outstanding Prior Encumbered Obligations, if any, with respect to such Participant. Upon becoming a Participant, an entity may no longer issue obligations having a lien on Pledged Revenues prior to the lien on the Outstanding Parity Obligations. Generally, Prior Encumbered Obligations are those bonds or other obligations issued on behalf of a Participant which were outstanding on the date such entity became a Participant in the Revenue Financing System. The Board has reserved the right in the Master Resolution to refund Prior Encumbered Obligations with Parity Obligations and to issue obligations to refund any Prior Encumbered Obligations and to secure the refunding obligations with the same source or sources securing the Prior Encumbered Obligations being refunded. Currently, no Prior Encumbered Obligations are outstanding. As of December 1, 2016, there was $544,870,000 in principal amount of Parity Obligations outstanding (including $30,600,000 of tax-exempt Series A Commercial Paper Notes; $7,612,814.20 of the Series A Commercial Paper Notes issued as tax-exempt obligations will be refunded by the Series 2017A Bonds and $14,252,185.80 of the Series A Commercial Paper Notes issued as tax-exempt obligations will be refunded by the Series 2017B Bonds). See “Table 2 - DEBT SERVICE REQUIREMENTS” and “Appendix A, DESCRIPTION OF THE PARTICIPANTS - Outstanding Indebtedness.” The Board does not currently anticipate adding Participants to the Revenue Financing System which would result in the assumption of Prior Encumbered Obligations.

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

The Pledged Revenues consist of, subject to the provisions of the Prior Encumbered Obligations (of which currently there are none), the Revenue Funds, including all of the funds and balances now or hereafter lawfully available to the Board and derived from or attributable to any Participant of the Revenue Financing System which are lawfully available to the Board for payments on Parity Obligations; provided, however, that the following shall not be included in Pledged Revenues unless and to the extent set forth in a Supplement to the Master Resolution: (a) amounts received by the University, the Health Science Center, or UNT Dallas under Article VII, Section 17 of the State Constitution (generally, a provision of the State Constitution currently providing for an annual Higher Education Fund ("HEF") appropriation to be allocated among eligible agencies and institutions of higher education for the purpose of providing funds for acquisition of capital assets and the construction of capital improvements), including the income therefrom and any fund balances relating thereto;[(1)] and (b) except to the extent so specifically appropriated, general revenue funds appropriated to the Board by the State Legislature. The "Revenue Funds" are defined in the Master Resolution to include the "revenue funds" of the Board (as defined in Section 55.01 of the Texas Education Code to mean the revenues, incomes, receipts, rentals, rates, charges, fees, grants, and tuition levied or collected from any public or private source by an institution of higher education, including interest or other income from those funds) derived by the Board from the operations of the Participants; provided that Revenue Funds do not include, with respect to each series or issue of Parity Obligations, any tuition, rentals, rates, fees, or other charges attributable to any student in a category which, at the time of adoption of the Supplement relating to such Parity Obligations, is exempt by law from paying such tuition, rentals, rates, fees, or other charges. All legally available funds of the Participants, including unrestricted fund and reserve balances, are pledged to the payment of the Parity Obligations. For a more detailed description of the types of revenues and expenditures of the University, UNT Dallas, and the Health Science Center, see "Appendix A, DESCRIPTION OF THE PARTICIPANTS."

Under the Master Resolution, the Board has, with certain exceptions, combined all of the revenues, funds, and balances attributable to Participants of the Revenue Financing System and lawfully available to secure revenue-supported indebtedness into a system-wide pledge to secure the payment of Parity Obligations from time to time issued and outstanding under the Master Resolution (referred to herein collectively as "Parity Obligations"). Parity Obligations are special obligations of the Board, equally and ratably secured solely by and payable solely from a pledge of and lien on the Pledged Revenues.

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(1) While HEF appropriations are not included as Pledged Revenues, the annual HEF funds are available to pay debt service on Parity Obligations for eligible education and general capital projects or operations. See "Appendix A, DESCRIPTION OF THE PARTICIPANTS – Funding for the Participants." In fiscal year 2016, the University System applied $3,145,636 of HEF appropriations to pay debt service on Parity Obligations.

The following table sets forth the Pledged Revenues under the Revenue Financing System for each of the five most recent fiscal years:

TABLE 1
PLEDGED REVENUES
Fiscal Years Ended August 31

	2012	2013	2014	2015	2016
Available Pledged Revenues Not Including Fund Balances (1)(2)	$389,866,749	$411,907,506	$457,345,382	$526,622,724	$582,918,676
Pledgeable Unappropriated Funds Fund and Reserve Balances (2)	211,971,787	195,968,898	158,516,034	217,474,734	190,178,542
Total Pledged Revenues (2)	$601,838,536	$607,876,404	$615,861,416	$744,097,458	$773,097,218

(1) Available Pledged Revenues include the gross revenues of the Revenue Financing System, the Student Union Fee, pledged general tuition (which includes general use fees), and investment income or monies held for payment of debt service.

(2) Available Pledged Revenues and Pledgeable Unappropriated Funds do not include state appropriations for reimbursing Tuition Revenue Bonds, HEF annual appropriations, HEF reserves or research and development plan funds, but beginning 2015, UNT Health Science Center Medical Services are included. In Fiscal Year 2016, the University System applied $3,145,636 of HEF appropriations to pay debt service.

Pledged Revenues do not include: (a) State appropriations for the reimbursement of debt service on Tuition Revenue Bonds of the University System (equal to $38,803,432 for Fiscal Year 2017); (b) amounts appropriated to any Participant from the HEF under Article VII, Section 17 of the State Constitution (equal to $56,766,916 in Fiscal Year 2017); and (c) except to the extent so appropriated, general revenue funds appropriated to the University System. See "Appendix A, DESCRIPTION OF THE PARTICIPANTS ─ Funding for the Participants – *Higher Education Funds*" and "-*Tuition Revenue Bonds*."

Pledged Revenues not utilized to pay debt service on Parity Obligations are available to pay other costs of operating the University System. Continued operation of the University System at current levels is dependent upon general revenue appropriations from the State. See "Appendix A, DESCRIPTION OF THE PARTICIPANTS – Funding for the Participants – *State Appropriations.*"

The Board has covenanted in the Master Resolution that in each Fiscal Year it will use its reasonable efforts to collect revenues sufficient to meet all financial obligations of the Board relating to the Revenue Financing System, including all deposits or payments due on or with respect to outstanding Parity Obligations for such Fiscal Year. The Board has also covenanted in the Master Resolution that it will not incur any debt secured by Pledged Revenues unless such debt constitutes a Parity Obligation or is junior and subordinate to the Parity Obligations. The Board intends to issue most of its revenue-supported debt obligations which benefit members of the University System as Parity Obligations under the Master Resolution.

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 Obligations for such fiscal year. The Board has also covenanted in the Master Resolution that it will not incur any debt secured by Pledged Revenues unless such debt constitutes a Parity Obligation or is junior and subordinate to the Parity Obligations. The Board intends to issue most of its revenue-supported debt obligations which benefit the Participants as Parity Obligations under the Master Resolution.

THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE BOARD, THE UNIVERSITY SYSTEM OR ANY COMPONENT THEREOF, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION OF THE STATE. THE BOARD HAS NO TAXING POWER, AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE, IS PLEDGED AS SECURITY FOR THE BONDS. THE BREACH OF ANY COVENANT, AGREEMENT, OR OBLIGATION CONTAINED IN THE RESOLUTION WILL NOT IMPOSE OR RESULT IN GENERAL LIABILITY ON OR A CHARGE AGAINST THE GENERAL CREDIT OF THE BOARD, THE UNIVERSITY, THE HEALTH SCIENCE CENTER OR UNT DALLAS.

Additional Obligations. The Board may issue additional Parity Obligations to provide funds for new construction, renovation of existing facilities, and acquisition of equipment and to refund outstanding Debt. See "PLAN OF FINANCING - Authority for Issuance of Commercial Paper Notes" and "CAPITAL IMPROVEMENT PLANS."

Parity Obligations. The Board previously has issued its Series 1997 Bonds, Series 1999 Bonds, Series 1999A Bonds, Series 2001 Bonds, Series 2002 Bonds, Series 2002A Bonds, Series 2003 Bonds, Series 2003A Bonds, Series 2003B Bonds, Series 2005 Bonds, Series 2007 Bonds, Series 2009 Bonds, Series 2009A Bonds, Series 2009B Bonds, Series 2010 Bonds, Series 2012 Bonds, Series 2012A Bonds, Series 2012B Bonds, Series 2014 Bonds, Series 2015 Bonds, Series 2015A Bonds, Series 2015B Bonds, Series 2015C Bonds, and the Commercial Paper Notes as Parity Obligations. In addition, the Board has authorized the issuance of its Forward Delivery Series 2018 Bonds. See "PLAN OF FINANCING – Issuance of Additional Bonds." As of December 1, 2016, the Series 1997 Bonds, Series 1999 Bonds, Series 1999A Bonds, Series 2001 Bonds, Series 2002 Bonds, Series 2002A Bonds, Series 2003A Bonds, Series 2003B Bonds, Series 2005 Bonds, Series 2007 Bonds and Series 2014 Bonds no longer were outstanding. For more information regarding outstanding Parity Obligations, see "Appendix A, DESCRIPTION OF THE PARTICIPANTS – Outstanding Indebtedness."

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

Nonrecourse Debt and Subordinated Debt. The Master Resolution provides that Non-Recourse Debt and Subordinated Debt may be incurred by the Board without limitation. No such Non-Recourse Debt or Subordinated Debt has been issued by the Board on behalf of any Participant, and there are no plans to do so.

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TABLE 2
DEBT SERVICE REQUIREMENTS

The following table is a summary of the debt service requirements of all Parity Obligations outstanding following the issuance of the Bonds. See "Appendix A, DESCRIPTION OF THE PARTICIPANTS – Outstanding Indebtedness."

Fiscal Year 8/31	Total Current Debt Service [(1)(2)]	Less Refunded Debt Service[(3)]	Series 2017A Bonds			Series 2017B Bonds			
			Principal	Interest	Total	Principal	Interest	Total	Total
2017	$ 40,575,114	$ 2,889,875	$ 1,745,000	$ 2,028,844	$ 3,773,844	$ 1,945,000	$ 1,050,013	$ 2,995,013	$ 44,454,096
2018	50,563,094	5,779,750	6,635,000	9,721,000	16,356,000	6,030,000	5,022,559	11,052,559	72,191,903
2019	49,976,257	5,779,750	6,960,000	9,389,250	16,349,250	6,090,000	4,947,184	11,037,184	71,582,940
2020	47,623,920	11,084,750	9,005,000	9,041,250	18,046,250	9,505,000	4,848,282	14,353,282	68,938,702
2021	47,625,812	11,084,500	9,450,000	8,591,000	18,041,000	9,690,000	4,661,414	14,351,414	68,933,726
2022	47,634,990	11,091,000	9,925,000	8,118,500	18,043,500	9,895,000	4,438,253	14,333,253	68,920,743
2023	40,230,189	11,088,250	10,395,000	7,622,250	18,017,250	10,145,000	4,192,560	14,337,560	61,496,749
2024	40,101,554	11,086,000	10,915,000	7,102,500	18,017,500	10,425,000	3,909,007	14,334,007	61,367,061
2025	36,893,059	11,088,500	11,445,000	6,556,750	18,001,750	10,730,000	3,605,119	14,335,119	58,141,427
2026	34,014,077[(4)]	11,089,750	12,000,000	5,984,500	17,984,500	11,065,000	3,276,030	14,341,030	55,249,856
2027	35,345,464[(4)]	11,094,000	12,600,000	5,384,500	17,984,500	11,410,000	2,921,175	14,331,175	56,567,138
2028	34,897,454[(4)]	11,095,250	13,205,000	4,754,500	17,959,500	11,795,000	2,538,141	14,333,141	56,094,845
2029	31,560,579[(4)]	11,092,750	13,865,000	4,094,250	17,959,250	12,190,000	2,124,491	14,314,491	52,741,569
2030	25,895,751[(4)]	5,875,750	14,080,000	3,401,000	17,481,000	8,085,000	1,687,235	9,772,235	47,273,236
2031	25,435,566[(4)]	5,879,000	14,785,000	2,697,000	17,482,000	8,370,000	1,389,141	9,759,141	46,797,707
2032	24,955,226[(4)]	5,873,500	12,535,000	1,957,750	14,492,750	8,685,000	1,074,680	9,759,680	43,334,156
2033	21,939,731[(4)]	5,874,250	2,985,000	1,331,000	4,316,000	7,590,000	739,700	8,329,700	28,711,181
2034	16,532,331	5,880,500	3,025,000	1,181,750	4,206,750	1,615,000	434,430	2,049,430	16,908,011
2035	15,973,574	5,881,500	3,165,000	1,030,500	4,195,500	1,655,000	369,475	2,024,475	16,312,048
2036	14,851,824	5,877,000	3,315,000	872,250	4,187,250	1,705,000	302,911	2,007,911	15,169,984
2037	14,663,074	5,876,750	3,280,000	706,500	3,986,500	1,335,000	234,336	1,569,336	14,342,159
2038	14,473,418	5,875,000	3,440,000	542,500	3,982,500	1,390,000	179,307	1,569,307	14,150,225
2039	14,295,023	5,876,250	3,615,000	370,500	3,985,500	1,450,000	122,011	1,572,011	13,976,285
2040	14,109,792	5,874,750	3,795,000	189,750	3,984,750	1,510,000	62,242	1,572,242	13,792,035
2041	6,699,909	-	-	-	-	-	-	-	6,699,909
2042	6,518,427	-	-	-	-	-	-	-	6,518,427
2043	6,337,945	-	-	-	-	-	-	-	6,337,945
2044	6,158,213	-	-	-	-	-	-	-	6,158,213
2045	5,978,982	-	-	-	-	-	-	-	5,978,982
Total	$771,860,347	$189,988,375	$196,165,000	$102,669,594	$298,834,594	$164,305,000	$54,129,696	$218,434,696	$1,099,141,261

(1) Does not include debt service on Forward Delivery Series 2018 Bonds, scheduled to be delivered on March 14, 2018. Does not include outstanding Commercial Paper Notes, which the Board has authorized to be issued as Parity Obligations. Currently, the System has authority to issue a maximum amount of Commercial Paper Notes outstanding at any one time and from time to time of $100,000,000. The Board has approved increasing the maximum amount of Commercial Paper Notes outstanding at any one time and from time to time to $150,000,000, with such increased authority anticipated to become effective before February 2017. As of December 1, 2016, Series A Commercial Paper Notes are outstanding in the amount of $30,600,000. Proceeds of the Bonds will be used to refund $21,865,000 of the outstanding Series A Commercial Paper Notes. See "PLAN OF FINANCING".

(2) All or a portion of these bonds constitute Tuition Revenue Bonds. Tuition Revenue Bonds qualify the University System to be reimbursed from State appropriations for debt service payments made from Revenue Financing System revenues on all of the outstanding Tuition Revenue Bonds (in the aggregate amount of $38,803,432 during Fiscal Year 2017). Future reimbursement by the State Legislature in each subsequent State biennium is subject to appropriation of funds by the State for such purpose. See "Appendix A, DESCRIPTION OF THE PARTICIPANTS - Funding for the Participants – Higher Education Funds," "- Tuition Revenue Bonds" and "- Outstanding Indebtedness."

(3) See "Schedule I - SCHEDULE OF REFUNDED BONDS."

(4) The interest rate on the Board's Revenue Financing System Refunding Bonds, Series 2015C was initially set at 2.446%, but will reset on April 15, 2026 through the final maturity in 2033 based on a formula equal to the lesser of: (i) .65*("Treasury Constant Maturities, seven year, business day interest rate on April 15, 2026" + 135 basis points), and (ii) 10%.

CAPITAL IMPROVEMENT PLANS

The University, the Health Science Center, and UNT Dallas dedicate approximately $23 million each year from non-debt sources for the purpose of constructing, renovating, and improving educational, general and auxiliary facilities. However, no assurance can be given that the Participants will not elect to debt finance additional capital improvements projects with bonds and/or Commercial Paper Notes.

UNT Dallas College of Law Municipal Building. The City of Dallas has committed to donate the 107,000 gross square feet ("GSF") historic Municipal Building and up to $16 million toward renovation costs to provide a permanent home for the UNT Dallas College of Law. To take advantage of the substantial matching funds being offered, the University System received a legislative authorization of $56 million to complete the $101 million renovation project required for the Municipal Building and associated UNT Dallas College of Law facilities, with the University System to receive reimbursement from the State for tuition and other local funds used to pay debt service on such revenue bonds. See "Appendix A, DESCRIPTION OF THE PARTICIPANTS – Funding for the Participants – Tuition Revenue Bonds." The University System completed a $29 million renovation to the University System administration building in downtown Dallas to provide administrative and classroom space, and the law library for the UNT Dallas College of Law in order to allow the inaugural class that began in August 2014. Through the City partnership and allocation of University System resources, project matching funds in the amount of $45 million, or 44.5% of total project budget, have been secured in order to significantly offset the cost to the State. These renovation projects will provide permanent facilities for the UNT Dallas College of Law and allow for enrollment growth. For a discussion of the UNT Dallas College of Law, see "Appendix A, DESCRIPTION OF THE PARTICIPANTS – General – University of North Texas at Dallas."

UNT Dallas Student Learning and Success Center. This $63 million technologically advanced multi-purpose facility will have a digital library providing service to students, faculty and staff. Information technology services will include digital initiatives such as media production services, testing facilities, distance learning, tutoring, and videoconferencing. This building will be approximately 153,000 GSF and will feature instructional classrooms, a media library, a curriculum materials center, university archives, special collections, public use computers and student support service including seminar rooms, writing lab, tutoring center, study skills program and accessibility services. The 84th Texas Legislature authorized the University to issue Tuition Revenue Bonds for this project.

Science Research Building Renovation. The University plans to modify the entire first floor to create eight flexibly designed general research labs as well as upgrade the mechanical and electrical systems on the second floor of the Science Research Building. This will help the University to advance its long-range vision of becoming a major research university. The approximate cost of the modification is $20.4 million. The University is one of the State's eight emerging research universities pursuing "tier-one" national research university status. This multi-disciplinary research building will meet the requirements of current faculty researchers and provide initial room for growth in a number of research disciplines.

Visual Arts and Design Facilities. The University plans to construct a 145,000 GSF Visual Arts and Design facility for the College of Visual Arts and Design. This facility will enhance academic offerings, accommodate enrollment growth, and provide much needed specialized, environmental appropriate and well-equipped classrooms, studios and workshops, exhibition galleries and computer labs. The approximate cost of the facility is $70 million. The 84th Texas Legislature authorized the University to issue Tuition Revenue Bonds to begin this project in FY 2016. Construction will be multi-story masonry construction with brick facade to match existing campus development. The facility is planned to be a multi-story building with classrooms, lecture halls, computers laboratories, teaching labs, study areas, seminar rooms, multimedia learning, art galleries, student exhibition spaces, and critique areas. It will also include advanced and graduate student studios, administrative offices, meeting rooms, and informal work areas.

Coliseum Concourse Renovation. The University will modify the interior concourse of the 1970's era coliseum. This facility serves as the basketball arena for the university but is also frequently used for auxiliary functions ranging from university student speaker programs to sports camps to high school graduations. Improvements will include not only aesthetics of the concourse but also bathroom upgrades and accessibility improvements. Funding is planned to be revenue financing system capital in 2017 ($5.5 million) and 2018 ($2.5 million).

New Residence Hall. The University plans a multi-phase housing project that will construct 1,000 new beds on campus and have an estimated 243,000 GSF. This project will be undertaken in phases with approximately 500 beds being completed during the initial phase. The approximate cost of the project is $93 million. Current estimates anticipate substantial completion of the first phase in May 2018 and the second phase in May 2019.

Interdisciplinary Research and Education Building. The Health Science Center plans to construct an interdisciplinary research building of approximately 170,000 gross square feet to support the growth of clinical and translational research and the associated training programs. This building will catalyze the inter-professional activities required for successful team science and for providing training of students in a translational science environment. The approximate cost of the Interdisciplinary Research Building is $121 million, of which $80 million will be funded by Tuition Revenue Bond appropriations.

1500 I-35E Building Renovation. The building serves the University and is located at 1500 I-35E was acquired in 2015. A project was approved in FY 2016 for $12.5 million to renovate the exterior of the facility along with updates to the mechanical, electrical, and plumbing systems. A task force has identified the specific functions that will be housed in the facility. These functions include the College of Visual Arts and Design academic class laboratories and offices, flexible event spaces, a concept café, a fabrication laboratory, and retail space.

Discovery Park Biomedical Engineering Addition. This project constructs an addition to the building for the new Biomedical Engineering department at the University. The addition may be two stories to accommodate research labs and other Biomedical Engineering needs. The site will be determined based upon program adjacencies, cost efficiency, and master plan considerations. The approximate cost of the addition is $17.4 million.

New Classroom Building. The University plans to build a new 32,000 GSF classroom building on the main University campus. The building will house general classroom facilities and instructional space to serve the growing student enrollment. Classrooms will use the latest technologies, furnishings and design layouts available to provide state of the art collaborative learning environments. The approximate cost of the new building is $25.1 million.

The Board has approved eleven projects in addition to those listed above. These projects include renovations to existing facilities, new construction and some property acquisitions. The approved budgets for these eleven additional projects is $224 million, which includes debt and other funding sources. Based on current plans, the University System estimates issuing approximately $240 million of additional bonds in the next five fiscal years or an average of approximately $48 million per fiscal year.

ABSENCE OF LITIGATION

Neither the Board nor any Participant 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.

CONTINUING DISCLOSURE OF INFORMATION

In the Twenty-Third Supplement, the Board has made the following agreement for the benefit of the holders and beneficial owners of each series 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").

Annual Reports. 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 and 2, in Tables A-1 through A-10 and A-13 through A-18 in Appendix A, and in Appendix B. The Board will update and provide this information within 180 days after the end of each fiscal year ending in or after 2017. The Board will provide the updated information to the MSRB.

The Board may provide updated information in full text or may incorporate by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), in accordance with the provisions of Rule 15c2-12, promulgated by the SEC ("SEC Rule 15c2-

12"), 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 the Board commissions an audit and the audit is not completed within twelve months after the end of each fiscal year ending in or after 2017, the Board will provide unaudited financial statements by the end of the twelve month period and audited financial statements for the applicable fiscal year to the MSRB when and if they become available. 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.

The State's current fiscal year end is August 31. Accordingly, the Board must provide updated information within 180 days following August 31 of each year, unless the State changes its fiscal year. If the State changes its fiscal year, the Board will notify the MSRB of the change. Annually, not later than November 20, an unaudited financial report dated as of August 31, prepared from the books of the Participants, must be delivered to the Governor and the State Comptroller of Public Accounts.

Disclosure Event Notices. The Board will also provide timely notices of certain events to the MSRB, not in excess of ten (10) Business Days after the occurrence of the event. The Board will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of an obligated person; (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) the appointment of a successor or additional paying agent or the change of name of a paying agent, if material. In addition, the Board will provide timely notice of any failure by the Board to provide information, data, or financial statements in accordance with its agreement described above under "CONTINUING DISCLOSURE OF INFORMATION – Annual Reports." The Resolution makes no provision for debt service reserves or credit or liquidity facilities for the Bonds.

For the purposes of the event numbered 12 in the preceding paragraph, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Board in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Board, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Board.

Availability of Information from MSRB. The Board has agreed to provide the foregoing information only to the MSRB pursuant to its Electronic Municipal Market Access ("EMMA") System. The information provided to the MSRB will be available to the public without charge and investors will be able to access continuing disclosure information with the MSRB at www.emma.msrb.org.

Limitations and Amendment. The Board has agreed to update information and to provide notices of certain 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 of 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 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 past five years, the Board has complied in all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12. On June 5, 2012, an escrow agreement and verification report filed with EMMA noted that the Board's Series 2003 Bonds and Series 2003B Bonds had been defeased. This filing was not initially linked to the CUSIP numbers for the Series 2003 Bonds. Notice of redemption of the Series 2003 Bonds was filed with EMMA on March 15, 2013, and on September 15, 2016, the CUSIP numbers for the Series 2003 Bonds were linked to the escrow agreement for the Series 2003 Bonds and the related verification report.

LEGAL MATTERS

Legal matters relating to the Bonds of each series are subject to approval of legality by the Attorney General of the State, and of certain legal matters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel to the Board, whose opinions will be delivered at the closing of the sale of the Bonds in substantially the forms attached hereto as Appendix D. Bond Counsel was not requested to participate in, and did not take part in, the preparation of this Official Statement except as hereinafter noted, and such firm has not assumed any responsibility with respect thereto or undertaken to verify any of the information contained herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information relating to the Bonds, the Resolution and the Revenue Financing System contained in this Official Statement under the captions "PLAN OF FINANCING," "DESCRIPTION OF THE BONDS" (other than information under the subcaption "Book-Entry Only System"), "SECURITY FOR THE BONDS," "CONTINUING DISCLOSURE OF INFORMATION" (other than information under the subcaption "Compliance with Prior Agreements"), "TAX MATTERS," "LEGAL INVESTMENTS IN TEXAS" and "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE" and in Appendix C and Appendix D and such firm is of the opinion that the information contained under such captions and in such Appendices is a fair and accurate summary of the information purported to be shown therein and is correct as to matters of law. The payment of legal fees to Bond Counsel is contingent upon the sale and delivery of the Bonds. In connection with the transactions described in this Official Statement, Bond Counsel represents only the Board. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Andrews Kurth Kenyon LLP, Austin, Texas and Mahomes Bolden PC, Dallas, Texas.

TAX MATTERS

THE FOLLOWING DISCUSSION, WHICH WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE SALE OF THE BONDS, IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER, TO AVOID PENALTIES THAT MIGHT BE IMPOSED ON THE TAXPAYER IN CONNECTION WITH THE MATTERS DISCUSSED BELOW. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX IMPLICATIONS OF THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE BONDS UNDER APPLICABLE STATE OR LOCAL LAWS, OR ANY OTHER TAX CONSEQUENCE.

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, as amended (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 qualifying for the health insurance premium assistance credit, taxpayers who may be subject to or personal holding company provisions of the Code) 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 statutes, regulations, published rulings and court decisions existing on the date of delivery of Bond Counsel's opinion, as described below ("Existing Law"), 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.

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

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 2017A Bonds under federal or state law and could affect the market price or marketability of the Bonds. Any such legislation, action or court decision could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such legislation, action or court decision being enacted or becoming effective cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

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 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 2017A Bonds

Opinion. On the date of initial delivery of the Series 2017A Bonds, Bond Counsel to the Board will render its opinion that, in accordance with Existing Law, (1) for federal income tax purposes, interest on the Series 2017A Bonds will be excludable from the "gross income" of the holders thereof and (2) the Series 2017A 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 Series 2017A Bonds. See APPENDIX D - Form of Bond Counsel's Opinions.

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the University System, including information and representations contained in the Board's federal tax certificate related to the Series 2017A Bonds, (b) the report of Causey Demgen & Moore P.C. as described in "VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS", and (c) covenants of the Board contained in the Twenty-Third Supplement relating to certain matters, including arbitrage and the use of the proceeds of the Series 2017A 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 2017A 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 2017A Bonds in order for interest on the Series 2017A 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 2017A Bonds to be included in gross income retroactively to the date of issuance of the Series 2017A 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 2017A Bonds.

Bond Counsel's opinion regarding the Series 2017A 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 2017A 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 2017A Bonds.

A ruling was not sought from the IRS by the Board with respect to the Series 2017A Bonds or the property financed or refinanced with proceeds of the Series 2017A Bonds or the obligations refunded with proceeds of the Series 2017A Bonds. No assurances can be given as to whether the IRS will commence an audit of the Series 2017A 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 have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount. The initial public offering price to be paid for one or more maturities of the Series 2017A Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Series 2017A Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Series 2017A Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any U.S. Holder who has purchased a Series 2017A Bond as an Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below. In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such U.S. Holder in excess of the basis of such Original Issue Discount Bond in the hands of such U.S. Holder (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each accrual period and ratably within each such accrual period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

All U.S. Holders of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences. Interest on the Series 2017A Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

Under section 6012 of the Code, U.S. Holders of tax-exempt obligations, such as the Series 2017A 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 2017A 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 Series 2017A 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 Series 2017A 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 to final maturity date.

Series 2017B Bonds

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

Periodic Interest Payments and Original Issue Discount. The Series 2017B Bonds are not obligations described in section 103(a) of the Code. Accordingly, the stated interest paid on the Series 2017B Bonds or original issue discount, if any, accruing on the Series 2017B 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 Bonds. An owner will recognize gain or loss on the redemption, sale, exchange or other disposition of a Series 2017B 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 Series 2017B Bonds. Generally, a U.S. Holder's tax basis in the Series 2017B 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 Series 2017B Bonds has been held for more than one year.

Defeasance of the Taxable Bonds. Defeasance of any Series 2017B 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.

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 Series 2017B Bond, will not be subject to U.S. federal income or withholding tax in respect of such Series 2017B 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 Series 2017B 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.

LEGAL INVESTMENTS IN TEXAS

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

RATINGS

The Bonds are rated "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. A rating is not a recommendation to buy, sell or hold securities. 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 either Moody's or Fitch, if, in their respective judgement, circumstances so warrant. Any such downward revision or withdrawal of either rating may have an adverse effect on the market price of the Bonds.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by FirstSouthwest, a Division of Hilltop Securities, Inc. ("FirstSouthwest"), on behalf of the Board relating to (a) computation of forecasted receipts of principal and interest on the Federal Securities and the forecasted payments of principal and interest to redeem the Refunded Bonds and (b) computation of the yields of the Series 2017A Bonds and the restricted Federal Securities were verified by Causey Demgen & Moore P.C., certified public accountants. Such computations were based solely on assumptions and information supplied by FirstSouthwest on behalf of the Board. Causey Demgen & Moore P.C. has restricted its procedures to verifying the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information on which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

FINANCIAL ADVISOR

FirstSouthwest is engaged 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. FirstSouthwest, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, the Financial Advisor may also from time to time sell investment securities to the Board for the investment of Bond proceeds or other funds of the Board upon the request of the Board.

The Financial Advisor to the Board has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Board and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITING

J.P. Morgan Securities LLC ("JPMS"), as Representative of the Underwriters of the Series 2017A Bonds (the "Series 2017A Underwriters"), has agreed, subject to certain customary conditions to delivery, to purchase the Series 2017A Bonds from the Board at a price equal to the principal amount of the Series 2017A Bonds plus a reoffering premium of $32,356,220.05 and less an underwriting discount of $694,038.57. The Series 2017A Underwriters will be obligated to purchase all of the Series 2017A Bonds if any Series 2017A Bonds are purchased. The Series 2017A 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 Series 2017A Underwriters.

Barclays Capital, Inc. ("Barclays"), as Representative of the Underwriters of the Series 2017B Bonds (the "Series 2017B Underwriters"), has agreed, subject to certain customary conditions to delivery, to purchase the Series 2017B Bonds from the Board at a price equal to the principal amount of the Series 2017B Bonds less an underwriting discount of $565,784.56. The Series 2017B Underwriters will be obligated to purchase all of the Series 2017B Bonds if any Series 2017B Bonds are purchased. The Series 2017B 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 Series 2017B Underwriters.

Each of the Underwriters of the Bonds of either series 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.

JPMS, one of the Series 2017A Underwriters, 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 Series 2017A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2017A Bonds that such firm sells.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA"), one of the Series 2017A Underwriters, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2017A Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2017A Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2017A Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Citigroup Global Markets Inc., one of the Series 2017B Underwriters, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Series 2017B Bonds.

FTN Financial Capital Markets, one of the Series 2017B Underwriters, is a division of First Tennessee Bank National Association and FTB Advisors, Inc. is a wholly owned subsidiary of First Tennessee Bank National Association. FTN Financial Capital Markets has entered into a distribution agreement with FTB Advisors, Inc. for the distribution of the Series 2017B Bonds at the original issue prices. Such arrangement generally provides that FTN Financial Capital Markets will share a portion of its underwriting compensation or selling concession with FTB Advisors, Inc.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective 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.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

FORWARD-LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the Board, that are not purely historical, are forward-looking statements, including statements regarding the Board's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Board on the date hereof, and the Board assumes no obligation to update any such forward-looking statements. It is important to note that the Board's actual results could differ materially from those in such forward-looking statements.

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

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

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

The Twenty-Third Supplement authorizes the approval of the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorizes its further use in the reoffering of the Bonds by the Underwriters.

/s/ Janet Waldron
Vice Chancellor for Finance
The University of North Texas System

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Schedule I

SCHEDULE OF REFUNDED BONDS

Series 2017A Refunded Bonds

Description	Maturity Date	Interest Rate	Principal Amount	Call Date	Call Price
Revenue Financing System Bonds, Series 2009A	4/15/2020	5.00%	$ 1,835,000	4/15/2019	100%
	4/15/2021	5.00%	1,930,000	4/15/2019	100%
	4/15/2022	5.00%	2,035,000	4/15/2019	100%
	4/15/2023	5.00%	2,125,000	4/15/2019	100%
	4/15/2024	5.00%	2,240,000	4/15/2019	100%
	4/15/2025	5.00%	2,345,000	4/15/2019	100%
	4/15/2026	5.00%	2,460,000	4/15/2019	100%
	4/15/2027	5.00%	2,590,000	4/15/2019	100%
	4/15/2028	5.00%	2,715,000	4/15/2019	100%
	4/15/2029	5.00%	2,855,000	4/15/2019	100%
	4/15/2030(1)	5.00%	2,490,000	4/15/2019	100%
	4/15/2031(1)	5.00%	2,620,000	4/15/2019	100%
	4/15/2032	5.00%	2,745,000	4/15/2019	100%
	4/15/2033(1)	5.00%	2,880,000	4/15/2019	100%
	4/15/2034(1)	5.00%	3,030,000	4/15/2019	100%
	4/15/2035	5.00%	3,185,000	4/15/2019	100%
	4/15/2036(1)	5.00%	3,340,000	4/15/2019	100%
	4/15/2037(1)	5.00%	3,505,000	4/15/2019	100%
	4/15/2038(1)	5.00%	3,680,000	4/15/2019	100%
	4/15/2039(1)	5.00%	3,865,000	4/15/2019	100%
	4/15/2040	5.00%	4,055,000	4/15/2019	100%

(1) Represents mandatory sinking fund redemption of a term bond.

Series 2017B Refunded Bonds

Description	Maturity Date	Interest Rate	Principal Amount	Call Date	Call Price
Revenue Financing System Bonds, Series 2009A	4/15/2020	5.00%	$ 3,470,000	4/15/2019	100%
	4/15/2021	5.00%	3,640,000	4/15/2019	100%
	4/15/2022	5.00%	3,820,000	4/15/2019	100%
	4/15/2023	5.00%	4,020,000	4/15/2019	100%
	4/15/2024	5.00%	4,210,000	4/15/2019	100%
	4/15/2025	5.00%	4,430,000	4/15/2019	100%
	4/15/2026	5.00%	4,655,000	4/15/2019	100%
	4/15/2027	5.00%	4,885,000	4/15/2019	100%
	4/15/2028	5.00%	5,135,000	4/15/2019	100%
	4/15/2029	5.00%	5,385,000	4/15/2019	100%
	4/15/2030(1)	5.00%	945,000	4/15/2019	100%
	4/15/2031(1)	5.00%	990,000	4/15/2019	100%
	4/15/2032	5.00%	1,040,000	4/15/2019	100%
	4/15/2033(1)	5.00%	1,095,000	4/15/2019	100%
	4/15/2034(1)	5.00%	1,150,000	4/15/2019	100%
	4/15/2035	5.00%	1,205,000	4/15/2019	100%
	4/15/2036(1)	5.00%	1,265,000	4/15/2019	100%
	4/15/2037(1)	5.00%	1,330,000	4/15/2019	100%
	4/15/2038(1)	5.00%	1,395,000	4/15/2019	100%
	4/15/2039(1)	5.00%	1,465,000	4/15/2019	100%
	4/15/2040	5.00%	1,540,000	4/15/2019	100%

(1) Represents mandatory sinking fund redemption of a term bond.

APPENDIX A

DESCRIPTION OF THE PARTICIPANTS

__General.__

University of North Texas System.

The institutions of the University of North Texas System, which is the only public university system located in and primarily serving the North Texas region, serve over 43,000 students, of which the majority of headcount enrollment comes from Denton, Dallas, Collin and Tarrant counties. Over the past five years, System-wide headcount enrollment has increased at a faster rate in areas outside of this four county region; thus enrollment is becoming more geographically diverse. The component institutions include the flagship campus, the University of North Texas; the University of North Texas Health Science Center at Fort Worth; and the University of North Texas at Dallas, which includes under its control the University of North Texas at Dallas College of Law.

University of North Texas.

The University of North Texas (the "University") was established in 1890 as a teacher education facility with the name Texas Normal College and Teacher Training Institute. In 1961, it moved from college to university status with the name North Texas State University. It became the University of North Texas in May 1988, when the Texas Legislature recognized the University's expanding role in graduate education and research. As it evolved into a public research university, several significant changes helped identify the institution as one of the leading universities in Texas and the leading university in the North Texas region. In 1935, the graduate division was formed, and the college offered its first master's degrees in 1936. In 1949, the college was separated from the state teachers college system, and a separate governing board was named. In 1950, the new board authorized offerings for the degree of Doctor of Education and for the Doctor of Philosophy in music. The college awarded its first doctorate three years later.

Today, the University is one of the nation's largest universities and is a student-focused public research university, helping to power the North Texas region as the most comprehensive university in the Dallas-Fort Worth area. The University is divided into 12 colleges and schools (College of Arts and Sciences; College of Business; College of Education; College of Engineering; College of Information; College of Merchandising, Hospitality and Tourism; College of Music; College of Public Affairs and Community Service; College of Visual Arts and Design; Honors College; Toulouse Graduate School; and the Frank W. and Sue Mayborn School of Journalism).

With nearly 38,000 students, the University serves students from nearly every state in the nation, as well as approximately 2,500 international students representing 130 countries. The University offers diverse degree programs, high-quality research and creative activities, and partnerships with the public and private sectors. The University offers 100 bachelor's, 83 master's and 37 doctoral degree programs. A growing public research university, the University has a long track record of excellence in education, music, the arts, business and social sciences with growing strengths in science and engineering. Students and faculty earn top awards for their academic, research and civic achievements. The University has been named one of *America's 100 Best College Buys®* by Institutional Research & Evaluation Inc. for 21 consecutive years, a ranking based on having a high-achieving freshman class and affordable tuition. *The Princeton Review* continually names the University as a "Best in the West" college.

The University is located in Denton, Texas, which is part of one of the fastest growing metropolitan areas in the nation, the Dallas-Fort Worth area. With a current population of nearly 7 million, the North Texas Region is one of the nation's largest metropolitan areas. The University has a nearly 900 acre campus with a 300-acre research park, Discovery Park, and 166 buildings. The University's physical plant and equipment have a book value net of accumulated depreciation in excess of $770,000,000 as of August 31, 2015.

The College of Arts and Sciences is the largest of the University's 12 Colleges and Schools and as the "academic heart" of the University, the college educates more than one-third of the University's undergraduates. Many of the college's programs are among the top ranked programs in the country. With nearly 100 undergraduate and graduate programs as varied as English, biology, and political science, the college provides students with wide-ranging experiences necessary to bring a complex, rapidly changing world into focus. The college is built on giving students and faculty a strong foundation of basic and applied research to help them address complex global challenges and sustain the country's innovation economy.

The College of Business contributes to the growth and economic development of the Dallas-Fort Worth area, one of the nation's largest economies. It is one of the largest colleges of business in the nation, educating more than 5,800 students annually and offering more than 50 majors and concentrations through five departments. Its programs have been continuously accredited by the Association to Advance Collegiate Schools of Business International since 1961 and many of its programs are nationally recognized, including its logistics and taxation programs. Its online MBA program is ranked 17th in the nation by *U.S. News & World Report*, a Top 25 by *The Princeton Review* and a Top 25 Best Buy by GetEducated.com. The supply chain and logistics program ranks third nationwide, and its aviation logistics program is the first four-year aviation logistics program at a Texas university and only such program in the U.S.

The College of Education prepares more than 1,000 teachers a year as well as administrators, counselors, child development specialists, professors, educational researchers, play therapists and other professions related to the education field. Its counseling program is ranked 4th in the nation by *Best-Education-Schools.com* and online doctorate in education program is ranked 17th in the nation by *GoGrad.org.* The University consistently ranks as one of the top producers in the State of students taking the State teaching certification exam, with an average 97 percent pass rate. The graduate rehabilitation counseling program is ranked 1st in Texas and 15th in the nation by *U.S. News & World Report*. The college has the most extensive professional development network in the Southwest and offers more than 20 degree programs with numerous concentrations to help people become educators or further their professional development.

The College of Engineering was established in Fall 2003, and has built upon its achievements by offering innovative degree programs that meet industry needs while dramatically increasing the scope and impact of its research. The college plays an integral role in helping the University to grow as a major national research university. For example, the college's mechanical and energy engineering program continues to be a pioneer in green building technologies for the global community. Through its materials science and engineering program, the college is quickly establishing itself as pacesetter in the area of atomic to millimeter scale engineering.

The College of Information, which ranks 21st in the *U.S. News & World Report's* latest graduate school rankings for library and information studies, offers accredited programs in learning technologies, library and information sciences, and linguistics. The college has two Top 10 programs: health librarianship program and school library media program. The college is one of twenty-five universities from around the world that comprise the governing body (iCaucus) of the international iSchools consortium and one of only two universities in Texas with that distinction. Working with other prominent universities, the college is helping to lead the development of the new field of information.

The College of Merchandising, Hospitality and Tourism offers unique degrees that address significant areas of growth and innovation in retail, hospitality and tourism industries. Its hospitality management program is among the largest in the U.S. while its merchandising program is the largest. The college offers the first bachelor's degree in digital retailing in the U.S. and the first Master of Science program in merchandising offered completely online. Additionally, its master's program in international sustainable tourism is the first of its kind in the U.S. offering a dual degree from the University and its partner institution, CATIE, in Costa Rica.

The College of Music is one of the largest comprehensive music schools in the world. Approximately 1,500 music students attend the college each year, participating in nearly 70 widely varied ensembles while engaged in specialized studies in performance, composition, conducting, jazz studies, music education, history, theory or ethnomusicology. Music students, alumni and faculty have made appearances on the world's stages, have produced numerous recordings, many receiving Grammy awards and nominations, and have written influential texts in a variety of areas in music scholarship. Distinguished University alumni can be found around the globe in top music ensembles, opera companies, universities and schools.

The College of Public Affairs and Community Service offers programs such as the emergency administration program and the academic certificate in volunteer and community resource management that were established as the first of their kind. Two of its programs, rehabilitation counseling and city management, are ranked by *U.S. News & World Report* in the Top 20 nationally and first in Texas. The college also offers the first accredited master's program in applied behavior analysis in the world. The college blends academic programs and applied research with partnerships in the metropolitan area. Unique programs are offered in such areas as applied gerontology, behavioral analysis, rehabilitation services, public administration and criminal justice.

The College of Visual Arts and Design is a comprehensive visual arts school, offering 30 undergraduate and graduate degree programs and concentrations in areas ranging from art history to communication design to new media. Considered one of the best art schools in the nation and the Southwest, the arts program also is the largest among public universities in the Southern region. The college offers the first and only Ph.D. program in art education in Texas and is ranked in the top third of Master of Fine Arts programs nationally.

The Honors College promotes academic excellence, fosters intellectual growth, and enriches the undergraduate experience for talented and motivated students who choose to be members. While academically rigorous course work is at the heart of the Honors College experience, Honors students — now numbering more than 1,800 — also have access to a wide array of support, privileges, and experiences, including cohort living in a dedicated section of a freshman residence hall and a dedicated residence hall for upperclassmen. Open to any undergraduate student, the Honors College allows students to work toward an academic degree in the academic discipline of their choice while earning Honors recognition and graduating with an Honors distinction that lasts for a lifetime. Upon commencement, Honors College graduates are entitled to wear the Honors College Medallion.

The Toulouse Graduate School oversees the graduate admission process for applicants seeking to enroll in one of the University's 37 doctoral or 83 master's degree programs, many of which are nationally and internationally recognized. The Graduate School is integral to the University's efforts to increase master's and doctoral student enrollment and graduation rates while maintaining the quality of graduate programs. The Graduate School works with the University's graduate programs to develop recruitment plans, improve graduation rates, and evaluate graduate programs. Typically, the University awards more than 200 doctoral degrees and 1,600 master's degrees each year.

The Frank W. and Sue Mayborn School of Journalism offers the only nationally accredited professional journalism master's program in Texas and has produced eight Pulitzer Prize winners. With programs in news, strategic communications, narrative and digital journalism, the Mayborn School prepares student to work in all communications fields. The Mayborn School also hosts the signature Mayborn Literary Nonfiction Conference each July, one of the nation's premier writing conferences.

University of North Texas at Dallas.

The first and only public university in the City of Dallas, the University of North Texas at Dallas (UNT Dallas) emerged in January 1999 when the Texas Higher Education Coordinating Board granted permission to the University of North Texas to open the University System Center in Dallas. (In September of 1998, the University of North Texas had been selected as the educational partner for UNT Dallas.) With the fall 2000 semester, the institution began offering degree-related academic programs at temporary quarters in a Dallas business park.

On May 8, 2001, Senate Bill 576 was signed by Governor Rick Perry. The measure formally created an independent University of North Texas at Dallas—once total enrollment reached 1,000 students. Needing a permanent home for the University, UNT Dallas had acquired approximately 200 scenic acres of land through a generous donation from the City of Dallas. Additionally, the University of North Texas System purchased another 57 acres adjacent to the donated acreage. The campus is located just north of I-20 on University Hills Boulevard, in the heart of Dallas' southern sector with a view of the downtown Dallas skyline.

In April 2005, after eighteen months of work, a master plan was completed for the property, and in January 2006, construction was completed on the campus's first structure—a 75,000 sq. ft., three-story academic building. A companion building, named Founders Hall, was completed in 2010. It has been awarded the LEED (Leadership in Energy and Environmental Design) Gold Certification from the U.S. Green Building Council.

By April 2009, UNT Dallas had reached the 1,000-student threshold, achieving official status as an independent, general academic institution. UNT Dallas welcomed its first freshman class in the Fall of 2010. In 2013, UNT Dallas received accreditation by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) allowing UNT Dallas to build a unique identity with independent accreditation. In May 2013, UNT Dallas presented degrees to its first graduating class.

Also, in 2009, legislation was passed and signed into law establishing the first public college of law in North Texas, the UNT Dallas College of Law. The legislature appropriated $5 million in start-up funding which was received from federal appropriations under the American Recovery and Reinvestment Act of 2009 (ARRA). In 2015, SACSCOC, approved the UNT Dallas College of Law joining UNT Dallas effective September 2015. The UNT Dallas College of Law admitted their third cohort Fall 2016 and is seeking accreditation from the Council of the American Bar Association's Section of Legal Education and Admission to the Bar. On November 17, 2016, the Council of the American Bar Association's Section of Legal Education delayed a decision on whether to provisionally accredit the UNT Dallas College of Law. The UNT Dallas College of Law has requested that the Supreme Court of Texas allow graduating law students to sit for the state bar exam in 2017.

UNT Dallas students are provided a diverse selection of degrees, majors, and certificates. UNT Dallas offers 21 undergraduate and 6 graduate degrees in high-demand fields such as criminal justice, teacher education, business, sociology, psychology, and counseling. The campus expects continued growth with the addition of: a 120-bed residence hall to include classroom space, a 153,000 square foot student learning and success center, amphitheater, and an intramural sports program. Additionally, a Dallas Area Rapid Transit (DART) station that links UNT Dallas to the downtown Dallas corridor and the rest of the city has opened recently. UNT Dallas strives to build upon and continually improve the student life experience at UNT Dallas.

Today, UNT Dallas is truly a "metropolitan university," not simply because it is located in a large city, but because its student body reflects the social makeup and diversity of Dallas and the surrounding region. In fact, the UNT Dallas student body is among the most diverse in the nation. As a metropolitan university, UNT Dallas practices an educational mission that pushes its efforts beyond the traditional walls of the university into the community. Through service learning, UNT Dallas attracts students to higher education in order to produce thoughtful, contributing citizens who can help build educational legacies in families and communities.

University of North Texas Health Science Center at Fort Worth.

Established in 1970, the University of North Texas Health Science Center (the "Health Science Center") is located on 33 acres in the heart of Fort Worth's Cultural District and is comprised of the Texas College of Osteopathic Medicine (TCOM), the Graduate School of Biomedical Sciences (GSBS), the School of Public Health (SPH), the School of Health Professions (SHP) and the University of North Texas System College of Pharmacy, as well as a medical practice plan. With employees totaling 1,430 full-time equivalents (FTEs), of which 434 FTEs are faculty members, the Health Science Center is one of the nation's distinguished academic medical centers, dedicated to the advancement of all three disciplines of medical science – education, discovery/research, and health care. The Health Science Center is committed to developing collaborative, practice-ready health professionals by emphasizing team-oriented, evidence-based best practices, quality-improvement approaches and informatics across all five of its schools and colleges.

TCOM is Texas' only college of osteopathic medicine and remains committed to its role in primary care delivery. Among all of Texas' health-related institutions, TCOM has the highest percentage of graduates entering primary care and the second-highest percentage among ranked medical schools in the country. With the future of health care headed towards preventative medicine and wellness, the Health Science Center anticipates that more than 900 current medical students will pursue primary care careers, although their training prepares them to aspire to any specialty, from aerospace medicine to heart transplant surgery.

The Health Science Center has three additional graduate schools: The Graduate School of Biomedical Sciences, the School of Public Health and the School of Health Professions. Combined, these schools enroll approximately 1,100 students who will be prepared to be effective health care professionals, with careers in fields that are among the most sought-after.

The University of North Texas System College of Pharmacy, the newest school, is the first pharmacy school in North Texas and the first to be located on an academic health science center campus. Pre-candidate status was granted by the Accreditation Council for Pharmacy Education (ACPE), allowing the school, comprised of an inaugural 82-member class and 17 faculty members, to begin in August 2013. In 2017, the College of Pharmacy will graduate its first class of students, now totaling 359, who will be expected to provide patient care, including medication management, and become an integral part of the health care teams that take care of Texans.

Despite considerable national cutbacks in funding by the National Institutes of Health (NIH) and other federal agencies, research activities totaling over $38 million in annual research expenditures has been maintained.

Additionally, the Health Science Center continues to achieve the milestones for its 1115 Healthcare Transformation Waiver programs and has the necessary infrastructure in place for its Delivery System Reform Incentive Payment (DSRIP) projects. These programs are funded through the Centers for Medicare and Medicaid (CMS) and are designed to establish innovative health care delivery models that support the Institute for Healthcare's Triple Aim: improve the patient's care experience, improve the health of populations, and reduce the per-capita cost of health care.

Since 2006, the Health Science Center has partnered with the non-profit technology incubator TECH Fort Worth to bring new technologies to the market. Firms get a boost from our Accelerator Lab Program and our Executives-in-Residence, who act as mentors and offer advice from their years of experience in the pharmaceutical industry. With acceleration labs and grant-funded biomedical and translational research, the Health Science Center offers opportunities for extraordinary research.

Faculty members of the Health Science Center's medical school constitute UNT Health, a multi-specialty medical group practice. Over 80 doctors and midlevel practitioners practice in 11 medical and surgical specialties and subspecialties, including allergy/immunology, cardiology, geriatrics, pediatrics and physical therapy. Approximately 120,000 encounters are logged each year by patients seeking everything from pre-natal to geriatric care.

The Health Science Center specializes in patient safety, aging and Alzheimer's Disease, and forensic genetics. The Institute for Patient Safety and Preventable Harm focuses on patient safety problems and preventable medical errors through professional and community education, research and quality improvement projects. Meanwhile, the institution is a statewide leader in both aging and Alzheimer's Disease research, making significant advances in prevention, treatment and care. The Health Science Center is also home to the Texas Missing Persons DNA Database, a database for solving crimes, identifying missing persons, and combatting human trafficking; the DNA ProKids program, an international program that utilizes genetic testing to fight human trafficking; and the National Missing and Unidentified Persons System for the Department of Justice (NamUs), a national clearinghouse for missing person cases, unidentified remains, unidentified living individuals, and unclaimed bodies.

On July 6, 2015, the Health Science Center entered into a memorandum of understanding with Texas Christian University to create a new MD school, with its first class anticipated in the 2019-2020 school year. Plans include utilizing existing educational, research and training facilities, along with faculty from both institutions, allowing start-up costs to be minimized and privately funded.

Governance and Administration.

The Participants are governed, managed, and controlled by the nine-member University of North Texas System Board of Regents. Each Regent 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 and may continue to serve upon the expiration of the Regent's state term until a successor is appointed. The members of the Board elect one of the Regents to serve as Chair of the Board and may elect any other officers they deem necessary. The Regents serve without pay except for reimbursement for actual expenses incurred in the performance of their duties, subject to the approval of the Chair of the Board.

The Board is legally responsible for the establishment and control of policy for the University, the Health Science Center and UNT Dallas. The Board appoints a Chancellor who directs the operations of the University, the Health Science Center, UNT Dallas and the University System, and is responsible for carrying out policies determined by the Board. Also, the Office of the Chief Audit Executive, UNTS Internal Audit reports to the Board of Regents.

The Chancellor directs the operations of the University System and is assisted by the Vice Chancellor for Academic Affairs and Student Success; the Vice Chancellor for Finance; the Vice Chancellor/General Counsel; the Vice Chancellor for Facilities; and the Vice Chancellor for Governmental Relations.

The President of the University directs the operations of the University and is assisted by the Provost and Vice President for Academic Affairs; the Vice President for Finance and Administration; the Vice President for Research and Economic Development; the Vice President for Enrollment; the Vice President for Student Affairs; the

Vice President for Advancement; the Vice President for University Relations and Planning; the Vice President for Institutional Equity and Diversity; and the Director of Athletics.

The President of the Health Science Center directs the operations of the Health Science Center and is assisted by the Provost and Executive Vice President for Academic Affairs; the Senior Vice President for Finance and CFO; the Senior Vice President for Community Engagement; the Vice President for Strategy and Organizational Excellence; the Vice President for Institutional Advancement; the Vice President for Governmental Affairs; Senior Vice President for Innovation and Brand; Vice President of Operations; Vice President for Research; Executive Vice President for Clinical Affairs; Vice President for Administration; and Senior Vice President and Chief People Officer.

The President of the University of North Texas at Dallas directs the operations of UNT Dallas and is assisted by the Provost and Senior Vice President for Academic Affairs, the Vice President for Finance and Administration, and the Vice President for University Advancement.

A list of the current members of the Board and certain principal administrative officers of the University System, the University, the Health Science Center and UNT Dallas appears on page (i) of this Official Statement. Set forth below is biographical information for the principal administrative officers of the University System, the University, the Health Science Center, and UNT Dallas appearing on page (i) of this Official Statement:

Lee F. Jackson was appointed Chancellor of the University System on September 1, 2002 after a 30-year career in government in Dallas and the state of Texas. The Chancellor reports to the Board, whose members are appointed by the Governor of Texas. Chancellor Jackson is responsible for the University System initiatives and policy direction, planning, and oversight for three campuses: the University, Health Science Center, and UNT Dallas. Chancellor Jackson began his career in the Dallas City Manager's Office, served 10 years in the Texas House of Representatives, and was elected four times as Dallas County Judge, the chief elected official in the state's second-largest county. He received many awards for regional leadership, initiated new programs in juvenile justice, air quality, and transportation, and led the opening of the Sixth Floor Museum, which has become the premier visitor attraction in downtown Dallas. Chancellor Jackson earned his bachelor's degree in political science from Duke University and a master's degree in public administration from Southern Methodist University.

Rosemary R. Haggett joined the University System in June 2010 as Vice Chancellor for Academic Affairs and Student Success, a newly created position directing the University System's academic planning, reporting, and campus support. Prior to joining the University System, Dr. Haggett served as Provost and Executive Vice President for Academic Affairs at the University of Toledo for nearly three years. Before that, she was Acting Division Director of the Division of Graduate Education and Senior Adviser of the Education and Human Resources Directorate of the National Science Foundation. Dr. Haggett was the second woman in the United States to serve as a College of Agriculture dean when she was appointed Dean of the West Virginia University College of Agriculture, Forestry, and Consumer Sciences in 1994. Dr. Haggett performed postdoctoral at Northwestern University and earned a Ph.D. in physiology from the University of Virginia and a bachelor's degree in biology from the University of Bridgeport.

Janet Waldron joined the University System in April 2014 as Vice Chancellor for Finance. She has over 30 years' experience in leadership roles in finance and management. Before joining the University System, she served the University of Maine as Senior Vice President for Administration and Finance for 11 years. Prior to the University of Maine, she served as Commissioner of the State of Maine's Department of Administrative and Financial Services for 8 years. Under her financial leadership, the State improved its financial position resulting in two credit rating upgrades. She earned a bachelor's degree in psychology from the University of New Hampshire and performed graduate studies at Dartmouth College, the University of Maine and Harvard's Kennedy School. She served as chair for the Council of Business Affairs for the Association of Public Land Grant Universities (APLU).

Nancy S. Footer came to the University System as Vice Chancellor and General Counsel (the top legal counsel post) in March 2004. Between 1994 and 2003, Ms. Footer served as Bowling Green State University's General Counsel and Assistant to the President for Legal Affairs. She also served for nine years as associate counsel for the University of Houston System. Ms. Footer earned her Juris Doctor from the University of Houston College of Law in 1983. Her Bachelor of Arts degree, earned with special honors, is from the University of Texas at Austin.

Neal J. Smatresk began his term as President of the University in February 2014. Before joining the University, Dr. Smatresk led the University of Nevada, Las Vegas, as president for five years and provost for two years. Prior to UNLV, he served as Vice Chancellor for Academic Affairs and Deputy to the Chancellor at the University of Hawaii at Manoa from 2004 to 2007. Dr. Smatresk started his academic career at the University of Texas at Arlington and spent 22 years there, serving as Dean of Science from 1998 to 2004; Chair of the Department of Biology from 1994 to 1998; and Professor of Biology from 1982 to 2004. Dr. Smatresk was a Postdoctoral Trainee at University of Pennsylvania School of Medicine after earning his Ph.D. in zoology from the University of Texas at Austin, Port Aransas Marine Laboratory. He earned his master's and bachelor's degrees in biology from State University of New York at Buffalo.

Finley O. Graves began serving as the University's Provost and Vice President for Academic Affairs in March 2015. Before becoming provost, Dr. Graves served as Dean of the University's College of Business from 2007-2015 and as the Chair of the Department of Accounting from 2002-2007. Prior to joining the University in 2002, Dr. Graves was Head of the Department of Accounting at Kansas State University from 1997 to 2002. From 1983 through 1997, he was a member of the faculty of the School of Accountancy at the University of Mississippi. Prior to that, Dr. Graves was a faculty member in the Department of German and Russian at the University of Alabama from 1973 to 1981, and served chair of that department in 1980-81. Dr. Graves holds a Ph.D. in accountancy from the, University of Alabama and a Ph.D. in Germanic languages and literatures from the University of North Carolina at Chapel Hill. He earned a master's in accountancy from the University of Alabama and a master's in modern Germanic literature from Rice University. He earned bachelor's degree in modern foreign languages from the University of Mississippi. Dr. Graves is a licensed CPA in Mississippi and is currently a member of the Accounting Accreditation Committee of AACSB International, the organization that accredits business and accounting programs worldwide.

Bob Brown has served as the University's Vice President for Finance and Administration since May 2014. He has been a college or university CFO for over 30 years. Before joining the University, he served as Vice President for Business and Administration at Texas A&M-Commerce for eight years. Prior to joining Texas A&M-Commerce, Mr. Brown served from 1997 to 2006 as the Vice Chancellor for Business Affairs for Dallas County Community College District, where he held previous roles that included College Vice President of Business Services from 1983 to 1991; Director of Business Operations from 1981-1982; and Internal Auditor from 1980-1981. He also served as Vice Chancellor of District Services and Chief Financial Officer for the North Harris Montgomery Community College District in Houston from 1993 to 1997 and as Vice President for Business and College Services at Central Piedmont Community College in North Carolina from 1992 to 1993. A licensed CPA, Mr. Brown earned his MBA and bachelor's degree in business from the University. He completed the College Business Management Institute at the University of Kentucky and the Governor's Executive Development Program at the University of Texas at Austin.

Michael Williams was named President of the Health Science Center in July of 2013. He previously practiced anesthesiology and critical care medicine in Texas for more than twenty years. He then served as CEO at Hill Country Memorial Hospital from 2008 - 2013, during which time the hospital won numerous state and national awards and became a Truven Top 100 U.S. Hospital in 2012, 2013. Under his leadership the hospital was also awarded the 2013 Malcolm Baldrige Best Practice for Leadership Award, and named a Top 10 Finalist for the 2013 Malcolm Baldrige National Presidential Quality Award. The hospital went on to win the 2014 Malcolm Baldrige National Presidential Quality Award. Dr. Williams completed his anesthesiology and critical care training at the University of Texas Southwestern Medical School in Dallas and the Texas Heart Institute in Houston. Dr. Williams holds board certifications in both anesthesiology and critical care medicine by the American Board of Anesthesiology. He holds an MBA from Duke University, and a Master's in Health Care Management from Harvard University. He has been named a Fellow of the American College of Health Care Executives and a Fellow of the American College of Chest Physicians. In 2013, Dr. Williams was named to the U.S. News and World Report's Advisory Council for the annual Hospital of Tomorrow Conference and remains an active member.

Claire Peel joined the Health Science Center in February, 2013 as the Dean of the School of Health Professions. In September of 2014, in addition to her role as dean, she became the Vice Provost of Academic Resources. Previously, she served at the University of Alabama at Birmingham (UAB) in a variety of challenging roles, including six years as Associate Dean for the School of Health Professions and four years as Associate Provost for Faculty Development and Faculty Affairs. From 2007 to 2010, she served as principal investigator of UAB ADVANCE, an NSF-funded program to advance the role of women in science and engineering. She also led an initiative to create a Center for Inter-professional Simulation, a collaborative effort with UAB's six university health schools and University Hospital, to combine simulation and inter-professional training to enhance teamwork, communications and patient safety. Dr. Peel began her career at The Institute for Rehabilitation and Research in Houston and, after working clinically for several years in neurological rehabilitation, returned to graduate school for an MS in Physical Therapy at the University of Southern California followed by a Ph.D. with a concentration in Exercise Science and Cardiopulmonary Rehabilitation from the University of Iowa. She is also a graduate of Harvard University's Management Development Program. She served on the faculty at several universities in Texas and as chair of the Department of Physical Therapy at the University of Texas Medical Branch at Galveston. As a Senior Scientist with UAB's Center for Aging and member of the Advisory Committee for the Birmingham VA Medical Center's Geriatric Research Education and Clinical Center (GRECC), Dr. Peel is a nationally recognized expert in education programs to prevent falls and enhance mobility for older adults. Dr. Peel is active in her professional association, serving as an on-site reviewer and member of the Commission for Accreditation of Physical Therapy Education (CAPTE). She was honored in 2007 as a Catherine Worthingham Fellow of the American Physical Therapy Association.

Gregory R. Anderson joined the Health Science Center in June of 2016 as Interim Chief Financial Officer and now serves as Executive Vice President and Chief Financial Officer. Prior to joining the Health Science Center, Mr. Anderson was the Chief Financial Officer of Kalon Biotherapeutics, LLC (“Kalon”). As a member of Kalon Executive team, Mr. Anderson oversaw all financial activities of the company including internal and external reporting, accounting, treasury and tax matters, as well as financial planning, budgeting and analysis. Prior to joining Kalon in December 2013, Mr. Anderson served as the Chief Financial Officer and Treasurer for The Texas A&M University System (the “TAMU System”) with over twenty-seven years of experience. As the Chief Financial Officer and Treasurer for the TAMU System, Mr. Anderson was responsible for all financial matters and major construction for the TAMU System including system wide financial accounting and reporting oversight, the annual operating budgeting process, investment management, debt management, the direction of tax and fiscal activities, and financial activities.

Robert Mong became President of UNT Dallas in August 2015. Before taking up his responsibilities at UNT Dallas, Mr. Mong completed a 36-year career at the Dallas Morning News that included service as the paper’s managing editor and later as editor in chief. Mr. Mong has dedicated most of his volunteer activities to higher education. His volunteer work includes serving on the journalism advisory board at SMU and Chair of the LSU Manship School of Communication board of visitors. Mr. Mong helped start the Mayborn Literacy Non Fiction Conference at the University and was an active member of the school’s journalism dean search committee. In 2004, he won the national Empathy Award, sponsored by the Volunteers of America. The award each year recognizes a journalist who has made their community a better place to live. Mr. Mong is a graduate of Haverford College and attended Stanford University’s Executive Program in the Graduate School of Business.

Glenda Balas assumed the position of Interim Provost and Vice President for Academic Affairs at the UNT Dallas in June 2016. Dr. Balas has served as UNT Dallas’s Dean of Liberal Arts and Sciences (LAS) since July 1, 2013. As Dean, she has been instrumental in establishing seven undergraduate programs, two master’s degrees, an updated Bachelor of Applied Arts and Sciences Degree, and online teaching across the university. She has actively participated in strategic planning, budgeting, and hiring, increasing LAS faculty by more than a third since 2013. Dr. Balas has taken the lead in developing Prior Learning Assessment for veterans at UNT Dallas and designed a campus radio station that will launch in August of this year. She serves on the leadership teams for the university’s “Puente” and “Re-Imagining the First Year Experience” programs. Prior to coming to UNT Dallas, Dr. Balas served as Department Chair and Director of the Communication and Journalism Doctoral Program at the University of New Mexico. She was also Department Chair at Sam Houston State University. Dr. Balas holds an MBA degree from Eastern New Mexico University and a Ph.D. in Communication Studies from the University of Iowa.

Dan Edelman began his service as the Executive Vice President of Finance and Administration and Chief Financial Officer at the UNT Dallas in July 2014. He has more than three decades of diverse leadership experience in academia and business. Before joining UNT Dallas, Dr. Edelman served in a variety of administrative positions at Texas A&M University-Commerce. Among his administrative appointments Dr. Edelman served as Associate Provost and Vice President of Academic Affairs and Department Head of Accounting. Prior to joining academia, Dr. Edelman served in a variety of management positions in accounting/finance including CEO and CFO. Dr. Edelman earned a PhD from Illinois Institute of Technology. Dr. Edelman is a certified public accountant and also a tenured Professor of Accounting at UNT Dallas.

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Enrollment.

Set forth below is the Fall semester headcount undergraduate enrollment at the University, UNT Dallas and the Health Science Center for each of the last five years:

Table A-1
Headcount Undergraduate Enrollment Information (Fall Semester)

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017[(1)]
The University	28,911	29,481	29,723	30,503	31,191
UNT Dallas	1,776	1,845	2,251	1,952	2,295
The Health Science Center	-	-	-	-	-
Total	30,687	31,326	31,974	32,455	33,486

(1) Enrollment data presented as of the 12^{th} day of class.

Set forth below is the Fall semester headcount graduate enrollment at the University, UNT Dallas and the Health Science Center for each of the last five years.

Table A-2
Headcount Graduate Enrollment Information (Fall Semester)

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017[(1)]
The University	6,867	6,687	6,441	6,672	6,782
UNT Dallas	324	295	324	536	735
The Health Science Center	1,949	2,133	2,242	2,382	2,381
Total	9,140	9,115	9,007	9,590	9,898

(1) Enrollment data presented as of the 12^{th} day of class.

Set forth below is the Fall semester full time equivalent graduate and undergraduate enrollment at the University, UNT Dallas and the Health Science Center for each of the last five years.

Table A-3
Full-Time Equivalent Enrollment Information (Fall Semester)

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017[(1)]
The University	28,280	28,574	28,756	29,882	30,503
UNT Dallas	1,205	1,192	1,402	1,840	2,287
The Health Science Center	2,105	2,284	2,441	2,612	2,607
Total	31,590	32,050	32,599	34,334	35,397

(1) Enrollment data presented as of the 12^{th} day of class.

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Admissions and Matriculation.

The University. Set forth below is Fall semester information relating to undergraduate and graduate admissions, matriculation and transfers for the University for each of the last five years:

Table A-4
University Undergraduate Admissions and Matriculation (Fall Semester)

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017(1)
Applications Submitted	15,977	16,554	16,851	16,254	16,826
Applications Accepted	10,312	10,642	10,954	11,394	12,053
Matriculation	4,451	4,444	4,372	4,661	4,773
% Accepted	64.5%	64.3%	65.0%	70.1%	71.6%
% Matriculated	43.2%	41.8%	39.9%	40.9%	39.6%

(1) Admission and enrollment data presented as of the 12th day of class.

Table A-5
University Graduate Admissions and Matriculation (Fall Semester)

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017(1)
Applications Submitted	4,835	4,867	6,316	6,763	6,886
Applications Accepted	2,526	2,506	2,926	3,326	3,236
Matriculation	1,692	1,750	1,593	1,870	1,690
% Accepted	52.2%	51.5%	46.3%	49.2%	47.0%
% Matriculated	67.0%	69.8%	54.4%	56.2%	52.2%

(1) Admission and enrollment data presented as of the 12th day of class.

Table A-6
University New Undergraduate Transfers (Fall Semester)

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017(1)
New Undergraduate Transfers	3,821	3,851	3,756	4,037	4,028

(1) Enrollment data presented as of the 12th day of class.

UNT Dallas. Set forth below is Fall semester information relating to undergraduate and graduate admissions, matriculation and transfers for UNT Dallas for the years shown:

Table A-7
UNT Dallas Undergraduate Admissions and Matriculation (Fall Semester)

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017(1)
Applications Submitted	777	952	2,130	2,001	1,863
Applications Accepted	585	654	766	1,169	1,270
Matriculation	175	126	132	228	280
% Accepted	75.3%	68.7%	36.0%	58.4%	68.2%
% Matriculated	29.9%	19.3%	17.2%	19.5%	22.0%

(1) Admission and enrollment data presented as of the 12th day of class.

Table A-8
UNT Dallas Graduate Admissions and Matriculation (Fall Semester)

	2012-2013	2013-2014	2014-2015	2015-2016[1]	2016-2017[1][2]
Applications Submitted	391	409	195	803	1,046
Applications Accepted	198	253	100	365	463
Matriculation	145	169	67	218	249
% Accepted	50.6%	61.9%	51.3%	45.5%	44.3%
% Matriculated	73.2%	66.8%	67.0%	59.7%	53.8%

(1) 2015-16 and 2016-17 graduate admissions and matriculation numbers include College of Law students at UNT Dallas.

(2) Admission and enrollment data presented as of the 12th day of class.

Table A-9
UNT Dallas New Undergraduate Transfers (Fall Semester)

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017[1]
New Undergraduate Transfers	399	400	445	435	555

(1) Enrollment data presented as of the 12th day of class.

The Health Science Center. Set forth below is Fall semester information relating to graduate admissions and matriculation for the Health Science Center for each of the last five years:

Table A-10
Health Science Center Graduate Admissions and Matriculation (Fall Semester)

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017[1]
Applications Submitted	5,171	5,856	6,545	7,518	8,766
Applications Accepted	1,349	1,383	1,217	1,306	1,283
Matriculation	723	805	630	685	651
% Accepted	26.1%	23.6%	18.6%	17.4%	14.6%
% Matriculated	53.6%	58.2%	51.8%	52.5%	50.7%

(1) Admission and enrollment data presented as of the 12th day of class.

Degrees Awarded.

The University. Set forth below is a listing of the degrees awarded by the University during each of the last five years:

Table A-11
University Degrees Awarded

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Baccalaureate	6,413	6,412	6,291	6,384	6,728
Masters	2,002	1,778	1,604	1,564	1,671
Doctoral	235	249	291	280	307
Total	8,650	8,439	8,186	8,228	8,706

UNT Dallas. Set forth below is a listing of the degrees awarded by UNT Dallas during each of the last five years:

Table A-11A
UNT Dallas Degrees Awarded

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Baccalaureate	418	347	396	391	489
Masters	70	98	79	84	78
Total	488	445	475	475	567

The Health Science Center. Set forth below is a listing of the degrees awarded by the Health Science Center during each of the last five years:

Table A-12
Health Science Center Degrees Awarded

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Masters	303	360	388	377	411
Doctoral	35	50	33	64	79
Doctor of Osteopathic Medicine	166	172	245	222	222
Total	504	582	666	663	712

<u>Faculty and Employees</u>.

Set forth below are the numbers of full time equivalent faculty and employees employed by the University System as of Fall 2016:

Table A-13
Faculty and Employees (Fall 2016)

	University	UNT Dallas	Health Science Center	System Administration	Total
Faculty	1,536	203	434	4	2,177
Employees	2,874	159	996	484	4,513
Total	4,410	362	1,430	488	6,690

<u>Accreditation</u>.

The institutions, agencies, and services comprising the Participants are members of the following professional associations and fully accredited by those which apply accreditation standards: Commission on Colleges of the Southern Association of Colleges and Schools. In addition, the University, the Health Science Center and UNT Dallas offer programs approved by the following organizations:

AACSB International – The Association to Advance Collegiate Schools of Business
Accreditation Board for Engineering and Technology
Accreditation Commission for Programs in Hospitality Administration
Accreditation Council for Continuing Medical Education
Accreditation Council for Cooperative Education
Accreditation Review Commission on the Education of the Physician Assistant (ARC-PA)
Accrediting Council on Education in Journalism and Mass Communications
American Alliance for Health Physical Education Recreation and Dance
American Assembly of Collegiate Schools of Business

American Association of Blood Banks (DNA Identity Lab-Paternity Division)
American Chemical Society
American Library Association
American Osteopathic Association, Bureau of Professional Education
American Psychological Association
American Speech-Language-Hearing Association
Association for Assessment and Accreditation of Laboratory Animal Care International
Association for Behavior Analysis International
Commission on Accreditation of Allied Health Education Programs
Commission on English Language Program Accreditation
Commission on Osteopathic College Accreditation
Computing Accreditation Commission of the Accreditation Board for Engineering and Technology
Council for Accreditation of Counseling and Related Educational Programs
Council for Exceptional Children
Council for Higher Education Accreditation
Council for Interior Design Accreditation
Council of Public University Presidents and Chancellors
Council on Education for Public Health
Council on Osteopathic Postdoctoral Training Institution
Council on Rehabilitation Education
Council on Social Work Education
Educational Leadership Constituent Counsel
Forensic Quality Services
Forensic Science Education Programs Accreditation Commission
Foundation for Interior Design Education Research
International Reading Association
International Society for Technology in Education
Joint Commission on Accreditation of Healthcare Organizations
National Academy of Early Childhood Programs
National Association for Sport and Physical Education
National Association for the Education of Young Children
National Association of Schools of Art and Design
National Association of Schools of Music
National Association of Schools of Public Affairs and Administration
National Commission for Health Education Credentialing
National Council for Accreditation of Teacher Education
National Council of Teachers of English
National Council of Teachers of Mathematics
National Recreation and Park Association/American Association of Leisure and Recreation Council on Accreditation
Southern Association of Colleges and Schools, Commission on Colleges
State Board of for Educator Certification
Technology Accreditation Commission of the Accreditation Board for Engineering and Technology
Texas Department of Public Safety – DPS (Center for Human Identification)
Texas Nurses Association

Financial Statements.

Annually, not later than November 20, an unaudited financial report dated as of August 31, prepared from the books of the Participants, must be delivered to the Governor and the State Comptroller of Public Accounts (the "Comptroller"). Each year, the State Auditor must certify the financial statements of the State as a whole, inclusive of the Participants, and in so doing examines the financial records of the Participants. No outside audit in support of this detailed review is required from or obtained by the Participants. However, The Board has engaged Grant Thornton LLP to audit the University System's consolidated annual financial reports for the Participants' Fiscal Years ended August 31, 2015 and August 31, 2016.

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 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 Participants. 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. The final report of the State Auditor is normally available in April of the year following the prior fiscal year.

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

Attached to this Official Statement as "Appendix B, THE UNAUDITED CONSOLIDATED ANNUAL FINANCIAL REPORT OF THE UNIVERSITY OF NORTH TEXAS SYSTEM FOR THE YEAR ENDED AUGUST 31, 2016," are the most recent primary statements of the unaudited consolidated annual financial reports of the Participants (with Management's Discussion and Analysis and the Notes to the unaudited consolidated annual financial reports), for the Participants' Fiscal Year ended August 31, 2016, from the 2016 Combined Annual Financial Report of the University of North Texas System. The Participants' consolidated primary financial statements consist of the Statement of Net Position as of August 31, 2016, the Combined Statement of Revenues, Expenses and Changes in Net Position for the Year Ended August 31, 2016, and the Combined Statement of Cash Flows for the Year Ended August 31, 2016. In compliance with GASB 39 – Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14, financial statements and notes of the University of North Texas Foundation are reported as a discrete component. See "Appendix B, THE UNAUDITED CONSOLIDATED ANNUAL FINANCIAL REPORT OF THE UNIVERSITY OF NORTH TEXAS SYSTEM FOR THE YEAR ENDED AUGUST 31, 2016."

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The following table reflects the Condensed Combined Statement of Net Position of the University of North Texas System for fiscal years 2016 (unaudited), 2015 (audited), 2014 (audited), 2013 (unaudited) and 2012 (unaudited).

Condensed Combined Statement of Net Position
as of August 31
(in Thousands)

	FY 2016[(1)]	FY 2015	FY 2014	FY 2013[(1)]	FY 2012[(1)]
Assets and Deferred Outflow of Resources:					
Current Assets	$ 544,986	$ 498,910	$ 464,237	$ 476,116	$ 538,475
Capital Assets, Net	1,025,005	1,004,303	930,893	893,379	853,655
Other Non-Current Assets	233,584	223,979	244,426	181,416	145,437
Deferred Outflow of Resources: [(2)]	25,854	22,298	4,768	-	-
Total Assets and Deferred Outflow of Resources:	1,829,429	1,749,490	1,644,324	1,550,911	1,537,798
Liabilities and Deferred Inflow of Resource:					
Current Liabilities	407,949	376,985	420,696	324,537	271,526
Non-Current Liabilities	656,423	644,955	427,365	467,917	502,116
Deferred Inflow of Resources[(2)]	22,123	32,034	-	-	-
Total Liabilities and Deferred Inflow of Resources:	1,086,495	1,053,974	848,061	792,454	773,644
Net Position:					
Invested in Capital Assets, Net of Related Debt	465,252	457,329	429,303	395,278	348,266
Restricted					
Expendable	18,161	16,475	21,566	12,195	3,011
Non-Expendable	46,960	45,615	44,639	47,932	46,439
Other Restricted	39,135	33,550	24,463	88,232	100,379
Unrestricted	173,426	142,547	276,292	149,359	266,057
Total Net Position	742,934	695,516	796,263	758,458	764,154
Liabilities and Net Position	$ 1,829,429	$ 1,749,490	$ 1,644,324	$ 1,550,911	$ 1,537,798

(1) Unaudited.
(2) GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was implemented in Fiscal Year 2014. This statement specifies the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources, or inflows of resources.

For more detailed information, see "Appendix B, THE UNAUDITED CONSOLIDATED ANNUAL FINANCIAL REPORT OF THE UNIVERSITY OF NORTH TEXAS SYSTEM FOR THE YEAR ENDED AUGUST 31, 2016-Combined Statement of Net Assets as of August 31, 2016."

The table below presents the Condensed Combined Statement of Revenues, Expenses and Changes in Net Position of the University of North Texas System for fiscal years 2016 (unaudited), 2015 (audited), 2014 (audited), 2013 (unaudited) and 2012 (unaudited).

Condensed Combined Statement of Revenues, Expenses and Changes in Net Position
For the fiscal Years Ended August 31
(In Thousands)

	FY 2016[1]	FY 2015	FY 2014	FY 2013[1]	FY 2012[1]
Operating Revenues	$ 631,994	$ 600,223	$ 560,906	$ 530,008	$ 514,440
Operating Expenses	934,303	877,364	861,895	823,754	794,564
Operating Income (Loss)	(302,310)	(287,142)	(300,989)	(293,746)	(280,124)
Nonoperating Revenues (Expenses)	308,123	269,197	316,495	255,025	256,383
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	5,813	(17,944)	15,506	(38,721)	(23,741)
Other Revenues, Expenses, Gains, Losses and Transfers	41,604	34,333	35,132	33,024	34,417
Change in Net Position	47,417	16,389	50,638	(5,697)	10,675
Net Position, Beginning of Year	695,516[3]	796,263	758,458	764,154	753,479
Restatements	-	(117,135)[3]	(12,832)[4]	-	-
Restated Net Position, Beginning of Year	695,516	679,127	745,625	764,154	753,479
Net Position, End of Year	$ 742,934	$ 695,516	$ 796,263	$ 758,458	$ 764,154

(1) Unaudited.

(2) Fiscal year 2015 ending net position in the audited fiscal year 2015 statements and fiscal year 2016 beginning net position includes a one-time adjustment to depreciation expense. Due to timing, this adjustment was not reflected in the fiscal year 2015 ending net position in the consolidated annual financial report filed with the State ("State CAFR"). As such, the fiscal year 2016 State CAFR beginning net position does not include the adjustment, so the adjustment is reflected in the restatements line on the fiscal year 2016 State CAFR only.

(3) Net Position adjustment for fiscal year 2015 resulted from the implementation of GASB Statement Nos. 68, as amended, and 71. For more detailed information, see Note 10: Adjustments to Net Position in "THE AUDITED CONSOLIDATED ANNUAL FINANCIAL REPORT OF THE UNIVERSITY OF NORTH TEXAS SYSTEM FOR THE YEAR ENDED AUGUST 31, 2015," available online through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org.

(4) Net Position adjustment for fiscal year 2014 resulted from various adjustments including corrections regarding capitalized interest, adjustments to contingencies and claim, changes to the System's amortization method for premiums to effective interest method, payroll related adjustments, revenue related adjustments, and vendor payable adjustments.

For more detailed information, see "Appendix B, THE UNAUDITED CONSOLIDATED ANNUAL FINANCIAL REPORT OF THE UNIVERSITY OF NORTH TEXAS SYSTEM FOR THE YEAR ENDED AUGUST 31, 2016 - Combined Statement of Revenues, Expenses and Changes in Net Assets for the Year Ended August 31, 2016."

The table below presents the Condensed Combined Statement of Cash Flows of the University of North Texas System for fiscal years 2016 (unaudited), 2015 (audited), 2014 (audited), 2013 (unaudited) and 2012 (unaudited) in thousands of dollars.

	FY 2016[(1)]	FY 2015[(1)]	FY 2014[(1)]	FY 2013[(1)]	FY 2012[(1)]
Cash Provided (Used) by:					
Operating Activities	$ (239,775)	$ (156,909)	$ (202,909)	$ (204,124)	$ (288,406)
Noncapital Financing Activities	268,445	237,220	264,028	262,785	286,555
Capital and Related Financing Activities	(32,031)	(61,657)	(61,215)	(76,426)	(52,805)
Investing Activities	(40,326)	7,325	5,869	(69,849)	(24,622)
Net Change in Cash and Cash Equivalents	**(43,687)**	**25,979**	**5,773**	**(87,614)**	**(79,278)**
Cash and Cash Equivalents at Beginning of Year	247,341	221,361	219,371	307,416	386,694
Restatement to Beginning Cash and Cash Equivalents	-	-	(3,783)	(431)	-
Cash, Beginning of Year	247,341	221,361	215,588	306,985	386,694
Cash, End of Year	**203,654**	**247,341**	**$ 221,361**	**$ 219,371**	**$ 307,416**

(1) Unaudited.

For more detailed information, see "Appendix B, THE UNAUDITED CONSOLIDATED ANNUAL FINANCIAL REPORT OF THE UNIVERSITY OF NORTH TEXAS SYSTEM FOR THE YEAR ENDED AUGUST 31, 2016 - Combined Statement of Cash Flows."

Funding for the Participants.

State Appropriations. The operations of the Participants are heavily dependent upon the continued support of the State through appropriations of general revenue pursuant to the biennial appropriations process initiated by the Texas Legislature. In the last regular session ending on June 1, 2015, the State Legislature adopted a budget for the 2016-17 biennium beginning September 1, 2015. Appropriations for the biennium are $218,205,941 for the University, $166,335,480 for the Health Science Center, $36,506,152 for UNT Dallas and $3,792,226 for the University System Administration. In addition to the appropriations noted directly above, the State appropriated additional funds for payroll related costs for fiscal year 2017 in the following amounts, $28,910,602 for the University, $15,189,262 for the Health Science Center, $2,561,138 for UNT Dallas, and $5,010,307 for the University System Administration. Future levels of State support are dependent upon the ability and willingness of the State Legislature to make appropriations to the Participants taking into consideration the availability of financial resources and other potential uses of such resources. State appropriations for the University in the 2016-17 biennium, including funds to be received pursuant to Article VII, Section 17 of the Texas Constitution, are expected to comprise approximately 24% of the revenues for the University, 37% of the revenues of UNT Dallas and 35% of the revenues of the Health Science Center.

Included in the 2016-17 biennium appropriation to the University is a Research Development Fund appropriation in the amount of $3,229,429 each year. These appropriated funds may be used for the support and maintenance of educational and general activities, including research and student services, that promote increased research capacity at the institution (Texas Education Code §62.097).

The 84th Legislature adopted a significant restructuring of how research funds are allocated to General Academic Institutions (GAIs) in House Bill 1000 (HB 1000) and the new structure is reflected in appropriations for the 2016-17 biennium. The University is one of eight Emerging Research Universities (ERUs) that have a chance to compete for extra state funding to build up research programs, endowments and other efforts that define great research campuses. The bill created a new research fund, the Core Research Support (CRS) Fund, for the (ERUs) to promote increased research capacity. One-half of the CRS fund is allocated based on the three-year average amount of restricted research expenditures and the remaining one-half is allocated based on the three year average amount of total research expenditures. ERUs remain eligible for Texas Research Incentive Program (TRIP) funding originated by the 81st Legislature, and the University of North Texas will receive $5,173,304 in TRIP funding for 2016-17.

In the 1999 regular session, House Bill 1945 ("HB 1945") was enacted, establishing and funding certain endowment funds that will benefit the Health Science Center. See "Investment and Endowment Income" below.

Higher Education Funds. In addition to the appropriation of general revenues of the State, 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 (the "Higher Education Funds" or "HEF"). The allocation of HEF is made by the State in accordance with an equitable allocation formula. In the fiscal years 2012 through 2015, the University System received HEF appropriations of $36,617,741 per year.

The Constitution also allows the Legislature to adjust the decennial allocations every five years. The 84th Legislature exercised this authority by enacting Senate Bill 1191 ("SB 1191"), which adjusted the formula allocation for the HEF funds for fiscal years 2016 through 2020. Through SB 1191, total HEF appropriations increased from $262.5 million in fiscal year 2016 to $393.75 million for fiscal years 2017 through 2020 and later, with the University System's allocation increasing from $37,844,609 in fiscal year 2016 to $56,766,916 in fiscal years 2017 through 2020.

The University, the Health Science Center, and UNT Dallas may use the appropriation for capital improvements and renovations to the campus facilities (other than auxiliary enterprises), library books and materials, and equipment. In addition, the University System may issue bonds against such Higher Education Funds and pledge up to 50% of the appropriation to secure the debt service payments due on such bonds. Currently, the University System does not have any outstanding HEF bonds or notes, and has no plans to issue any. See "-Higher Education Fund Bonds" below. The University System also has the ability to use Higher Education Funds to pay debt service on outstanding Parity Obligations despite the fact that HEF appropriations are not included in Pledged Revenues. See "SECURITY FOR THE BONDS."

Tuition Revenue Bonds. Pursuant to Chapter 55, Texas Education Code, revenue bonds issued by a revenue financing system may be equally secured by and payable from a pledge of all or a portion of certain revenue funds of that system, and all of the Parity Obligations of the Revenue Financing System, including the Bonds, are secured solely by and payable solely from a pledge of and levy on 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 revenue funds of that system used to pay 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 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 revenue funds used to pay debt service on Tuition Revenue Bonds may be reduced or discontinued at any time after the current biennium, and the State Legislature is under no legal obligation to continue such appropriations in any future biennium.

A portion of the Parity Obligations of the Revenue Financing System constitute Tuition Revenue Bonds. Tuition Revenue Bonds issued by the Revenue Financing System carry no additional pledge or security and constitute Parity Obligations of the Revenue Financing System which are equally and ratably secured by and payable from a pledge of and lien on Pledge Revenues on a parity with all other Parity Obligations of the Revenue Financing System. The University System is obligated to pay debt service on outstanding Tuition Revenue Bonds regardless of whether the State Legislature appropriates funds for the reimbursement of revenue funds of the University System used to pay debt service.

The State Legislature has appropriated funds to reimburse the Revenue Financing System in prior years in amounts equal to all or a portion of the debt service on the Revenue Financing System's Tuition Revenue Bonds, including, for fiscal years 2016, 2015, 2014, 2013 and 2012, the amounts of \$18,007,951, \$18,954,413, \$18,811,238, \$18,789,338 and \$18,974,488, respectively.

The State Legislature approved \$269 million of new Tuition Revenue Bonds projects during the last legislative session. Including the additional Tuition Revenue Bonds appropriation, the State Legislature appropriated \$38,803,432 to reimburse the Revenue Financing System in fiscal year 2017 as directed by House Bill 1 passed by the 84th Legislature. 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 Revenue Financing System taking into consideration the availability of financial resources and other potential uses of such resources.

Additional Disclosure. As reported in a disclosure statement filed with the MSRB on August 4, 2015, the University System elected to have an independent public accounting firm conduct an external audit of its Consolidated Annual Financial Report for fiscal year ending August 31, 2014. A copy of the external audit of the University System Fiscal Year 2014 Consolidated Financial Statements was accepted by the Board on July 31, 2015.

The University System restated its net position for the fiscal year ended August 31, 2013 in its filing of its unaudited financial statements for the fiscal year ended August 31, 2014 with the Comptroller. Information regarding all adjustments and related notes is reflected in the University System's Fiscal Year 2014 Consolidated Financial Statements, which are available on the University System website.

In the fall of 2013, University System Internal Audit began an investigation into the method of obtaining payment of state-funded benefits associated with certain salaries at the University which were funded by local funds as opposed to state appropriations. The investigation determined that the University received excess state benefits during the period September 1, 2003, through April 30, 2012. On May 29, 2014, Governor Rick Perry instructed all institutions of higher education to have their internal auditors review state benefits practices within the previous three years to ensure that proportionality was being applied according to the guidelines set forth in the General Appropriations Act. In response to Governor Perry's directive, the University System Internal Audit, working with management, further evaluated the results of its analysis for fiscal years 2012, 2013, and 2014. At the conclusion of this review, it was determined that no excess benefits were received in fiscal years 2013 and 2014, and that the University received \$4.7 million in excess state benefits in fiscal year 2012. The University voluntarily repaid \$4.7 million to the Texas State Comptroller on February 11, 2015. This amount was accrued as a liability in the University System's financial statements for fiscal year 2014.

On June 20, 2015, the General Appropriations Act for the State of Texas for the 2016-17 Biennium was signed into law by Governor Greg Abbott. The Appropriations Act requires each institution of higher education to conduct, no later than August 31, 2016, an internal audit of benefits proportional by fund for fiscal years 2012, 2013, and 2014 using a methodology approved by the State Auditor's Office and submit a reimbursement payment to the Comptroller as a result of receiving excess benefits within two years from the conclusion of the institution's audit. The Appropriations Act further provides that if an institution has previously conducted an internal audit of benefits proportional by fund for fiscal years 2012, 2013, and 2014 using a methodology acceptable to the State Auditor, the State Auditor may waive the requirement of an additional audit. On July 23, 2015, the University System received written notification from the State Auditor's Office confirming their position that the combined work, including the State Auditor's Office investigative report released in September 2014, and the work performed by the University System Internal Audit, in conjunction with an external consulting firm, has satisfied the intent of the benefit proportionality internal audit requirement in the General Appropriations Act for the fiscal years 2012, 2013, and 2014, and therefore the State Auditor's Office waives the requirement for the University to conduct an additional internal audit related to these fiscal years. Based on these events, management believes that the \$4.7 million payment made on February 11, 2015 satisfies the repayment requirement in this matter.

Tuition and Fees. Each Participant granting degrees charges tuition and fees as set by the State Legislature and the Board under Chapters 54 and 55 of the Texas Education Code. Total tuition charges are comprised of "State Mandated tuition," "Board Designated tuition," and "Board Authorized tuition," as further described below.

State Mandated Tuition. Section 54.0512, Texas Education Code, currently permits (i) undergraduate tuition applicable to state residents to be charged up to \$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 increased to an amount 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

Coordinating Board for each academic year). For the 2016-2017 academic year, the Coordinating Board has computed $458 per semester credit hour for nonresident undergraduate tuition. The tuition rates described above are referred to in this Official Statement as "State Mandated tuition." Section 56.033 of the Texas Education Code requires that not less than 15% of each resident student's tuition charge and 3% of each non-resident student's tuition charge be set aside for Texas Public Education Grants. Section 56.095 of the Texas Education Code authorizes each institution to set aside $2 for each semester hour for which a doctoral student is enrolled pursuant to the Doctoral Loan Incentive Program. State Mandated tuition for a resident student enrolled in a program leading to an M.D. or D.O. degree is $6,550 per academic year. State Mandated tuition for a nonresident student enrolled in a program leading to an M.D. or D.O. degree is an amount per year equal to three times the rate that a resident student enrolled in a program leading to an M.D. or D.O. degree would pay during the corresponding academic year.

Board Designated Tuition. During the 2003 regular session of the 78th Texas Legislature, House Bill 3015 was enacted, which provided for the deregulation of a portion of tuition that a governing board of an institution of higher education, such as the Board, has the authority to charge under Section 54.0513 of the Texas Education Code. Prior to the amendment to Section 54.0513, Texas Education Code, the amount of tuition that a board of regents could independently charge students was capped at the levels described above with respect to State Mandated tuition. Effective with the tuition that was charged for the Fall 2003 semester, a governing board may charge any student an amount (referred to herein as "Board Designated Tuition") that it considers necessary for the effective operation of the institution. This legislation also granted authority to the governing board to set a different tuition rate for each program and course level offered by the institution. This authority offers more opportunity for the Participants to develop a tuition schedule that assists in meeting their strategic objectives in terms of access, affordability, effective use of campus resources, and improvement of graduation rates. The Board will authorize any changes in Board Designated tuition only after they have been thoroughly evaluated by the Chancellor of the University System and the administration of each Participant. The Board has authorized the Board Designated tuition rate, beginning with the 2016 Fall semester, at $216.27 per semester credit hour for the traditional tuition plan for undergraduate students and $202.79 for graduate students enrolled at the University. The Board has authorized the Board Designated tuition rate, beginning with the 2016 Fall semester, at $201.63 per semester credit hour for the traditional tuition plan for undergraduate students and $201.63 for graduate students enrolled at UNT Dallas. For Board Designated tuition applicable to Health Science Center students, see Table A-16. No less than 15% of the Board Designated tuition charged to resident undergraduate students in excess of $46 per semester hour will be set aside to provide financial assistance to resident undergraduate students, consistent with the provisions of Texas Education Code, Section 56.011. No less than 15% of the Board Designated tuition charged to resident graduate students in excess of $46 per semester credit hour will be set aside to provide financial assistance to resident graduate and UNT Dallas students, consistent with the provisions of Texas Education Code Section 56.012.

Board Authorized Tuition. Section 54.008 of the Texas Education Code permits the governing board of each institution to set tuition for graduate programs for that institution at a rate that is at least equal to that of the State Mandated tuition, but that 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 has set graduate tuition at an additional $50 per semester hour for both resident and nonresident graduate University and UNT Dallas students. For Board Authorized tuition applicable to Health Science Center students, see Table A-16.

Beginning in the 2014-15 academic year, the Board adopted guaranteed tuition and fee rates at its academic institutions allowing students to pay the same rate of tuition for up to four years with certain variances for fees approved at individual campuses and tuition requirements for certain programs. In 2014, the Board adopted its guaranteed tuition and fee rates for students entering in the 2015-16 academic year with amounts varying by campus. As of September 29, 2016, roughly 31% of the University students have accepted the guaranteed tuition and fee option.

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Set forth below is a table showing the State Mandated tuition, Board Designated tuition, mandatory fees, and the amount set aside for financial assistance to resident and non-resident students at the University for the 2016-17 academic year based on 15 semester credit hours per semester for undergraduate students and 9 semester credit hours per semester for graduate students.

Table A-14
Tuition and Fees for Academic Year 2016-2017
The University

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition and Fees	Financial Assistance Set-Aside[(2)]
Resident Undergraduate	$ 750.00	$ 3,244.05	$ -	$ 1,250.75	$ 5,244.80	$ 495.61
Non-Resident Undergraduate [(1)]	6,870.00	3,244.05	-	1,250.75	11,364.80	206.10
Resident Masters	450.00	1,825.11	450.00	857.54	3,582.65	279.17
Non-Resident Masters	4,122.00	1,825.11	450.00	857.54	7,254.65	164.88
Resident Doctoral	450.00	1,825.11	450.00	857.54	3,582.65	279.17
Non-Resident Doctoral	4,122.00	1,825.11	450.00	857.54	7,254.65	164.88

(1) A fixed international student fee of $100.00 is charged to all non-immigrant visa students for each term in which they enroll in the University.

(2) Total tuition and fees includes amounts required to be set aside for financial assistance in accordance with applicable provisions of the Texas Education Code. The set-aside amounts are calculated as follows: from State mandated tuition not less than 15% nor more than 20% of each resident student's tuition charge and 3% of each undergraduate, non-resident student tuition charge and 4% of each graduate, non-resident student tuition charge is set aside for Texas Public Education Grants (Section 56.033); from Board Designated tuition no less than 15% charged to resident undergraduate students in excess of $46 per semester hour (Section 56.011) and no less than 15% charged to resident graduate students in excess of $46 per semester hour is set aside for financial assistance (Section 56.012).

Set forth below is a table showing the State Mandated tuition, Board Designated tuition, mandatory fees, and the amount set aside for financial assistance to resident and non-resident students enrolled at UNT Dallas for the 2016-17 academic year based on 15 semester credit hours per semester for undergraduate students and 9 semester credit hours per semester for graduate students.

Table A-15
Tuition and Fees for Academic Year 2016-2017
UNT Dallas

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition and Fees	Financial Assistance Set-Aside[(2)]
Resident Undergraduate	$ 750.00	$ 3,024.45	$ -	$ 150.00	$ 3,924.45	$ 579.39
Non-Resident Undergraduate [(1)]	6,870.00	3,024.45	-	150.00	10,044.45	672.99
Resident Masters	450.00	1,814.67	450.00	90.00	2,804.67	277.60
Non-Resident Masters	4,122.00	1,814.67	450.00	90.00	6,476.67	374.98
Resident Doctoral	720.00	1,659.87	2,160.00	90.00	4,629.87	294.88
Non-Resident Doctoral	4,122.00	1,896.93	2,160.00	90.00	8,268.93	387.32

(1) A fixed international student fee of $75.00 is charged to all non-immigrant visa students for each term in which they enroll in the UNT Dallas.

(2) Total tuition and fees includes amounts required to be set aside for financial assistance in accordance with applicable provisions of the Texas Education Code. The set-aside amounts are calculated as follows: from State mandated tuition not less than 15% nor more than 20% of each resident student's tuition charge and 3% of each undergraduate, non-resident student tuition charge and 4% of each graduate, non-resident student tuition charge is set aside for Texas Public Education Grants (Section 56.033); from Board Designated tuition no less than 15% charged to resident undergraduate students in excess of $46 per semester hour (Section 56.011) and no less than 15% charged to resident graduate students in excess of $46 per semester hour is set aside for financial assistance (Section 56.012).

Set forth below is a table showing the State Mandated tuition, Board Designated tuition, Board Authorized tuition and mandatory fees for full-time resident and non-resident students at the Health Science Center, including Doctor of Osteopath (D.O.), Physician's Assistant (P.A.), and graduate programs per semester credit hour (SCH) for the 2016-17 academic year.

Table A-16
Tuition and Fees for the Academic Year 2016-2017
the Health Science Center

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition and Fees	Financial Assistance Set-Aside [1]
TCOM						
D.O. Resident						
Year 1	$ 6,550.00	$ 6,529.00	n/a	$ 6,077.50	$ 19,156.50	$ 982.50
Year 2	6,550.00	6,529.00	n/a	3,840.00	16,919.00	982.50
Year 3	6,550.00	6,529.00	n/a	3,127.50	16,206.50	982.50
Year 4	6,550.00	6,529.00	n/a	1,995.00	15,074.00	982.50
D.O. Non-Resident						
Year 1	19,650.00	9,117.00	n/a	6,077.50	34,844.50	589.50
Year 2	19,650.00	9,117.00	n/a	3,840.00	32,607.00	589.50
Year 3	19,650.00	9,117.00	n/a	3,127.50	31,894.50	589.50
Year 4	19,650.00	9,117.00	n/a	1,995.00	30,762.00	589.50
	Per 1 SCH	**Per 1 SCH**	**Per 1 SCH**	**Per 9 SCH**	**Per 9 SCH**	**Per 9 SCH**
Graduate School of Biomedical Sciences						
Biomedical Science - MS						
Resident	50.00	69.00	29.00	242.00	390.00	7.50
Non-Resident	458.00	156.00	10.00	242.00	866.00	13.74
Biomedical Science - PhD						
Resident	50.00	23.00	29.00	242.00	344.00	7.50
Non-Resident	458.00	35.00	10.00	242.00	745.00	13.74
School of Health Professions						
SHP - MPAS - Resident						
Year 1 (46 SCH)	2,300.00	5,060.00	828.00	4,937.00	13,125.00	345.00
Year 2 (51 SCH)	2,550.00	5,610.00	918.00	2,306.00	11,384.00	382.50
Year 3 (37 SCH)	1,750.00	3,850.00	630.00	1,286.50	7,516.50	262.50
SHP - MPAS - Non Resident						
Year 1 (46 SCH)	18,952.00	8,694.00	n/a	6,225.00	33,871.00	568.56
Year 2 (51 SCH)	22,440.00	9,639.00	n/a	2,306.00	34,385.00	673.20
Year 2 (37 SCH)	15,400.00	6,615.00	n/a	1,286.50	23,301.50	462.00
SHP - DPT - Resident						
Year 1 (43 SCH)	2,150.00	7,482.00	n/a	5,264.00	14,896.00	322.50
Year 2 (39 SCH)	1,950.00	6,786.00	n/a	2,341.00	11,077.00	292.50
Year 3 (17 SCH)	750.00	2,958.00	n/a	1,167.00	4,875.00	112.50
SHP - DPT - Non Resident						
Year 1 (43 SCH)	19,694.00	7,482.00	n/a	5,264.00	32,440.00	590.82
Year 2 (39 SCH)	17,862.00	6,786.00	n/a	2,341.00	26,989.00	535.86
Year 3 (17 SCH)	7,786.00	2,958.00	n/a	1,167.00	11,911.00	233.58

(1) Total Tuition and Fees includes amounts required to be set aside for financial assistance under the Texas Education Code. The set-aside amounts are calculated as follows: from State Mandated tuition not less than 15% of each resident student's tuition charge and 3% of each-non-resident student's tuition charge is set aside for Texas Public Educational Grants (Section 56.033); designated tuition not less than 20% of any amount of tuition charged to a resident undergraduate student under Section 54.0513 in excess of $46 per semester credit hour.

Table A-16
Tuition and Fees for the Academic Year 2016-2017
the Health Science Center (cont'd.)

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition and Fees	Financial Assistance Set-Aside [1]
School of Public Health						
Public Health - MS						
Resident	50.00	85.00	29.00	242.00	406.00	7.50
Non-Resident	458.00	185.00	11.00	242.00	896.00	13.74
Public Health - PhD						
Resident	50.00	85.00	29.00	242.00	406.00	7.50
Non-Resident	458.00	23.00	11.00	242.00	734.00	13.74
UNT System College of Pharmacy						
Doctor of Pharmacy						
Year 1 Resident (40 SCH)	2,000.00	8,480.00	4,000.00	4,534.93	19,014.93	300.00
Year 1 Non-Resident (40 SCH)	18,320.00	8,480.00	4,000.00	4,534.93	35,334.93	549.60
Year 2 Resident (34 SCH)	1,700.00	7,208.00	3,400.00	1,917.25	14,225.25	255.00
Year 2 Non-Resident (34 SCH	15,572.00	7,208.00	3,400.00	1,917.25	28,097.25	467.16
Year 3 Resident (44 SCH)	2,200.00	9,328.00	4,400.00	2,187.25	18,115.25	330.00
Year 3 Non-Resident (44 SCH)	20,152.00	9,328.00	4,400.00	2,187.25	36,067.25	604.56
Year 4 Resident (34 SCH)	1,800.00	7,632.00	3,600.00	1,821.25	14,853.25	270.00
Year 4 Non-Resident (34 SCH)	16,488.00	7,632.00	3,600.00	1,821.25	29,541.25	494.64

[1] Total Tuition and Fees includes amounts required to be set aside for financial assistance per Texas Education Code. The set-aside amounts are calculated as follows: from State Mandated tuition not less than 15% of each resident student's tuition charge and 3% of each-non-resident student's tuition charge is set aside for Texas Public Educational Grants (Section 56.033); designated tuition not less than 20% of any amount of tuition charged to a resident undergraduate student under Section 54.0513 in excess of \$46 per semester credit hour.

Gifts, Grants, and Contracts. The Participants receive federal, state, and local grants and contracts for research which incorporate an overhead component for use in defraying operating expenses. This overhead component is treated as unrestricted current funds revenues while the balance of the grant or contract is treated as restricted current funds revenues. Indirect cost recovery rates used in calculating the overhead component are negotiated periodically with the United States Department of Health and Human Services. See "Appendix B, THE UNAUDITED CONSOLIDATED ANNUAL FINANCIAL REPORT OF THE UNIVERSITY OF NORTH TEXAS SYSTEM FOR THE YEAR ENDED AUGUST 31, 2016 – Note 15" for information concerning a recently concluded Health Science Center review of projects funded by the NIH and the anticipated repayment of certain research funding previously received.

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

Operating Revenues. Collection of non-pledged fees and sales of goods and services were collected for the first time in 2004. These revenues are included as Pledged Revenues on Table 1 in the Official Statement.

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

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

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

Investment Policies and Procedures.

Management of Investments. Pursuant to separate a written investment policy for all components, the Board is responsible for the investment of the University System, the University, UNT Dallas, and the Health Science Center funds held outside the State Treasury. The University System Investment Regulation assigns to the "University Investment Officers"— the Vice Chancellor for Finance and her or his designees — the responsibility for investment of funds. Available funds are separated into one of three categories: Short-term Pool for working capital; Intermediate-investment Pool for excess cash that may be invested outside of cash equivalents while able to be liquid within a reasonable amount of time; and the Long-term Pool for monies invested for long-term growth.

The University System's Internal Audit Department is required to perform an annual compliance audit of management controls and adherence to the Investment Policy and to present the results of the audit to the Board and the State Auditor's Office. The Investment Officers are additionally required to prepare and submit to the Board a quarterly investments report prepared in accordance with generally accepted accounting principles which details, by asset and fund type, changes in book and market values, dates of maturity and accrued interest. The quarterly reports prepared by the Investment Officers are to be formally reviewed by the Internal Audit Departments in conjunction with the annual compliance audit and such results are to be reported to the Board.

Investment Officers are required to exercise the judgment and care that a prudent person would exercise in the management of their own personal affairs and are required, along with each member of the Board, to attend at least one training session within six months after taking office or assuming duties. Additionally, the Investment Officers are required to attend training at least once every two years. If an Investment Officer has a personal business relationship, as defined in the Public Funds Investment Act (Chapter 2256, Texas Government Code, and referred to herein as the "PFIA"), with a business organization offering to engage in an investment transaction with the University System, the Health Science Center, UNT Dallas or the University, respectively, the Investment Officer is required to file a statement with the Board and the Texas Ethics Commission disclosing such personal business interest.

Objectives. The investment objectives of each pool varies according to the anticipated liquidity needs and purpose of the pool, ranging from virtually 100% liquidity for working capital funds to full diversification and a focus on appreciation for the long-term pool. Diversification is a common denominator with all three funds and for all but the long-term pool, safety of principal and liquidity are prioritized.

Investment Strategy. Investments are required to be diversified among a variety of authorized investment vehicles. The Investment Regulation provides that funds are normally invested in and are considered suitable to the financial requirements of the Health Science Center, the University System, UNT Dallas and the University as follows:

Short-term Pool. Funds needed to meet daily or short term operating requirements will usually be held in an approved local government investment pool. Other options for the Short-term Pool include collateralized money market funds, commercial paper and collateralized certificates of deposit. The University, the Health Science Center, UNT Dallas and the University System are also authorized to use a repurchase agreement with its depository bank for investment of its overnight funds. The liquidity from Short-term Pool and Intermediate-investment Pool will always be maintained at a minimum level of 1.2 times the amount of outstanding debt issued through the University System Series A Commercial Paper Program. The target range for the Short-term Pool, as defined in the regulation, is between 10% and 20% of available funds.

Intermediate-investment Pool. Excess cash that may be needed from time to time but generally does not need to be available on a daily basis is invested through this pool. Authorized investments include bond mutual funds, collateralized certificates of deposit, and investment-grade fixed income securities. A maturity maximum of five years and a duration maximum of 2.5 years help ensure that liquidity risk and interest rate risk are minimized while allowing for higher yields. The target balance for this pool is between 30% and 65% of available funds.

Long-term Pool. Funds not needed for daily liquidity requirements may be held in the Long-Term Pool ("LTP"), which is managed by the UNT Foundation (the "Foundation"). The target range defined in the regulation is between 25% and 50% of available funds. The LTP is invested with external investment managers who invest in equity and fixed income funds both domestic and international. The Foundation's investment policy allows for the asset allocation to be maintained within the following tactical ranges: 50-70% Growth Assets (US and international equities), 20-40% Risk Reduction Assets (US and global fixed income funds and cash), and 5-15% Inflation Protection Assets (Real Assets). The Foundation's Investment Committee is responsible for monitoring and rebalancing to the strategic target allocation ranges, and within the tactical ranges, has discretionary authority for setting, monitoring, and making reallocations to the portfolio's specific underlying assets.

Endowment Funds. Each institution of the University System adopts an endowment investment policy that must be reviewed and approved by the Board annually. Each institution's endowments are managed by their respective foundation. The investment policy authorizes the following types of investments: U.S. Government obligations, U.S. Government Agency obligations, other government obligations, corporate obligations, corporate asset and mortgage backed securities, equity, international obligations, international equity, certificates of deposit, banker's acceptances, money market mutual funds, mutual funds, repurchase agreements, private equity, hedge funds, Real Estate Investment Trusts (REITs), derivatives, energy and real estate. The majority of the Health Science Center's endowment funds are invested in the Health Science Center's Permanent Endowment Fund as described above in "Appendix A, DESCRIPTION OF THE PARTICIPANTS – Funding for the Participants – Investment and Endowment Income."

Investment of Bond Proceeds. In compliance with the Investment Regulation, bond proceeds and reserves may be invested in a manner consistent with requirements and restrictions stated in the Master Resolution or the applicable supplement thereto.

Safekeeping and Custody. The Investment Regulation provides that all assets should be secured through independent third-party custody and safekeeping procedures. The Internal Auditor conducts annual and surprise audits of the safekeeping and custodial systems.

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Set forth below is a description of investments by general category, for the University, UNT Dallas and the Health Science Center as of October 31, 2016.

Table A-17
Investments[1]
(as of October 31, 2016)

Description	**Percentage Allocation**	**Book Value**	**Fair Value [2]**
Bank Deposits	11.25%	$ 43,476,908.23	$ 43,476,908.23
Repurchase Agreement	0.32%	1,237,096.79	1,237,096.79
Certificate of Deposits	0.26%	1,000,000.00	1,001,945.86
U.S. Government & Agency Securities	2.40%	9,277,093.33	9,216,487.50
TexPool Daily Fund	5.16%	19,955,734.32	19,955,734.32
Texas Term Daily Fund	6.43%	24,854,522.71	24,854,522.71
Texas Term Term CP	16.30%	63,000,000.00	63,078,780.83
TexStar Daily Fund	5.59%	21,623,350.19	21,623,350.19
Long Term Investment Pool	33.29%	128,670,023.39	132,314,058.23
Endowments Managed by UNT Foundation	9.22%	35,653,755.61	42,657,067.07
Endowments Managed by UNT SIG	0.13%	484,804.61	521,751.84
UNTH Endowments Managed by J.P.Morgan	6.78%	26,194,710.88	27,801,498.51
UNTH Malpractice Fund-Invested with J.P.Morgan	2.87%	11,084,104.36	11,038,715.28
Total	100.00%	$ 386,512,104.42	$ 398,777,917.36

(1) Excludes agency funds.
(2) Statement No. 31 of the Governmental Accounting Standards Board generally defines fair values as the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Management of Funds Held in the State Treasury. The Texas Education Code requires that the University, UNT Dallas and the Health Science Center 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 Comptroller. The 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 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 Comptroller, acting primarily through a special purpose trust company, also holds approximately 20 separate accounts outside the State Treasury. The largest such accounts are local government investment pools, known as TexPool and TexPool Prime. TexPool was established in 1989 as an investment alternative for local governments in the State. TexPool and TexPool Prime operate on a $1 net asset value basis and allow same day or next day redemptions and deposits. Interest is allocated daily based on portfolio earnings and account balance. As of October 31, 2016, TexPool's portfolio had a weighted average maturity of thirty-five (35) days and total assets of approximately $13.2 billion. As of such date, TexPool Prime had a weighted average maturity of forty-one (41) days and total assets of approximately $2.4 billion.

Endowments.

Although not pledged to the payment of debt obligations, the Board controls or is benefited by endowments at fair value on August 31, 2016 of approximately $196,201,039. Each component of an endowment is subject to various restrictions as to application and use.

Set forth below is the fair value of endowments controlled by or benefiting the Board as of the end of fiscal years 2012 through 2016:

Table A-18
Endowments (Fair Value)[1]

	2012	2013	2014	2015	2016
Endowments at Fair Value	$140,468,143	$168,853,235	$197,257,847	$187,794,180	$196,201,039

(1) Includes the endowments from UNT Foundation and HSC Foundation.

Debt Management.

Financial debt management of the Participants is the responsibility of the Vice Chancellor for Finance. Debt is issued pursuant to debt capacity analyses and annual funding requirements in accordance with the capital budgets of the University, UNT Dallas and the Health Science Center. Issuance of debt requires approval of the Board, and of the Texas Bond Review Board unless the University System has an unenhanced long-term debt rating of at least AA- or its equivalent and the general revenue of the State is not pledged to the payment of such debt. As a general rule, the Participants issue debt on a project-by-project basis pursuant to the institution's master plan for facilities. Prior to the issuance of debt, a Participant must furnish the Board, for its review and approval, information describing the proposed project, and the need therefor, estimated costs of construction, financial analysis, and feasibility, if expected to generate sources of revenues for operation and maintenance, and status of student-approved fee increases if required to pay debt service or operation and maintenance expenses.

The University, the Health Science Center and UNT Dallas are required to make reports to the Board during each fiscal year quarter regarding status of construction projects.

Higher Education Fund Bonds.

Pursuant to Article VII, Section 17 of the State Constitution, the University and the Health Science Center are eligible to receive an annual allocation from amounts constitutionally appropriated to certain institutions of higher education for capital improvements (except those for auxiliary enterprises) (See "Funding for the Participants – *Higher Education Funds*" above). Under this constitutional provision, the Board is authorized to issue bonds and notes to finance permanent improvements at the institutions and to pledge up to 50% of its allocation to secure the payment of principal and interest on the bonds and notes. Currently, none of the Participants has any outstanding Higher Education Fund bonds or notes, and the Participants have no plans to issue any. See "Funding for Participants – *Higher Education Funds*."

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Outstanding Indebtedness.

Following the delivery of the Bonds, the Board will have the following described indebtedness:

Parity Obligations - Revenue Financing System	
Revenue Financing System Bonds, Series 2009	$ 25,495,000[1][2]
Revenue Financing System Bonds, Series 2009A	$ 14,455,000[2][3]
Revenue Financing System Bonds, Series 2009B	$ 6,790,000[2]
Revenue Financing System Refunding Bonds, Series 2010	$ 39,335,000[2]
Revenue Financing System Refunding and Improvement Bonds, Series 2012A	$ 57,420,000
Revenue Financing System Refunding Bonds, Series 2012B	$ 4,235,000
Revenue Financing System Refunding Bonds, Series 2015	$ 31,425,000
Revenue Financing System Refunding and Improvement Bonds, Series 2015A	$ 104,105,000
Revenue Financing System Refunding Bonds, Taxable Series 2015B	$ 70,585,000
Revenue Financing System Refunding Bonds, Series 2015C	$ 44,830,000
Revenue Financing System Refunding and Improvement Bonds, Series 2017A	$ 196,165,000[2]
Revenue Financing System Refunding and Improvement Bonds, Taxable Series 2017B	$ 164,305,000[2]
Sub-total Fixed Rate Parity Obligations	$ 759,145,000[3]
Series A Commercial Paper Notes	$ 8,735,000[4]
Series B Commercial Paper Notes	$ -[5]
Sub-total Commercial Paper Notes	$ 8,735,000[4]
Grand Total of Parity Obligations	$ 767,880,000[2]

(1) The Board has authorized the issuance of its Forward Delivery Series 2018 Bonds, which are expected to be delivered on March 14, 2018 in the aggregate amount of $22,845,000, for the purpose of refunding the Series 2009 Bonds. See "PLAN OF FINANCING – Issuance of Additional Bonds."

(2) All or a portion of these bonds constitute Tuition Revenue Bonds. The Fiscal Year 2017 Tuition Revenue Bond appropriation to reimburse Revenue Financing System debt service is $38,803,432. Future reimbursement by the State Legislature in each subsequent State biennium is subject to appropriation of funds by the State for such purpose. See "Appendix A, DESCRIPTION OF THE PARTICIPANTS - Funding for the Participants - Tuition Revenue Bonds").

(3) Excludes the Refunded Bonds. See "PLAN OF FINANCING" and "Schedule I - SCHEDULE OF REFUNDED BONDS."

(4) The Board has authorization to issue Series A Commercial Paper Notes, as Parity Obligations, currently in the maximum amount of $75 million. Excludes $21,865,000 of Series A Commercial Paper Notes that will be redeemed with proceeds from the issuance of the Bonds. See "PLAN OF FINANCING – Refunded Commercial Paper Notes."

(5) The Board has authorization to issue Series B Commercial Paper Notes, as Parity Obligations, currently in the maximum amount of $75 million.

Insurance.

The laws of the State of Texas allow public agencies, including institutions of higher education supported by State appropriations, to purchase commercial insurance to protect against identified risks. The University System and its component institutions purchase various lines of insurance pursuant to this authorization, including policies to finance or mitigate risk associated with losses related to real and personal property, certain personal injuries, employee dishonesty, and certain types of claims and litigation.

The University System maintains commercial property insurance for buildings used for Educational and General (E&G) purposes and for those capital assets used to support auxiliary enterprises. The insurance covers real property, building contents, loss of tuition and educational fees, and other expenses associated with returning E&G buildings to normal operation.

Buildings used for auxiliary enterprises, such as residence halls, student dining facilities, the University recreation center, student union and student health clinic, also are covered under this policy. As with E&G buildings, the System's commercial property insurance covers building content, the loss of business income, and other expenses associated with returning auxiliary buildings to normal business operation. The University System has insured both its E&G and auxiliary buildings continuously since fiscal year 2005, and the current property insurance policy is in effect through mid-fiscal year 2017 (policy period May 1, 2016 to April 30, 2017).

It is the general practice of the State Office of Risk Management (SORM), the agency statutorily responsible for administering insurance services obtained by agencies of the State of Texas, as well as the practice of the University System not to procure commercial general liability insurance for personal injury and property damage caused by employee negligence. Financial liability for these types of claims is capped by state law and state sovereign immunity laws further limit financial responsibility associated with these risks.

The University System annually procures other lines of liability insurance to mitigate financial risks. The University System purchases commercial automobile insurance to cover vehicles and certain mobile equipment that is used when conducting official business; professional liability coverage for student interns, health care professionals who provide services at the University Student Health and Wellness Center and the University Autism Center, allied health professionals and Medical/Physician Assistant, including students at the Health Science Center who participate in clinical rotations outside of the State of Texas, and health care professionals who provide services for the University intercollegiate athletic programs; commercial crime insurance for the University System; and directors and officers and employment practices liability coverage for University System officials, employees, and volunteers. The Health Science Center operates a professional liability self-insurance program that cover its physicians. In addition, the University System purchases various inland marine policies, one which has a general liability component for a special program (Elm Fork Education Center); liability coverage for vehicles used by University System employees and students when traveling outside the United States; accident/medical policies to cover University athletes, individuals who attend a University Child Development Lab and programs involving minors sponsored by component institutions; and a workers' compensation policy that covers employees who reside and work outside the State of Texas.

Employees of the University System are provided workers' compensation coverage through a state-wide self-insured program administered by SORM. The University System Administration, the University, the Health Science Center, and UNT Dallas each are assessed an annual amount for payment into the state-wide program. The annual assessment is calculated based on the injury claims history over the three-year period prior to the assessment; and takes into account each component's total annual payroll, total number of full-time employees and equivalents, cost of claims, and number of claims. SORM uses an Injury Frequency Rate (IFR) Modifier formula in determining the annual assessment. All members of the state-wide program with an average IFR over 7.5 percent pay five (5) percent more per annual assessment, whereas members with an IFR of under 3.5 percent pay five (5) percent less. The University System Administration, the University, the Health Science Center, and UNT Dallas IFR rates are historically below two (2) percent; and was below two percent for fiscal year 2016 - the last year for which date is available. Injury Frequency Rate data for fiscal year 2017, which will be available in October or November 2017, is expected to be within the historical rates for all components of the University System.

Retirement Plans.

Teacher Retirement System. The State has joint contributory retirement plans for the majority of its employees. One of the primary plans in which the System participates is a cost-sharing multi-employer defined benefit pension plan (the "TRS Plan") administered by the Teacher Retirement System (TRS) of Texas. Depending upon the source of funding for a participant's salary, the System may be required to make contributions in lieu of the State.

All System personnel employed in a TRS-eligible position on a half time or greater basis that is projected to last for 4½ months or more are eligible for membership in the TRS Plan. However, students employed in positions that require student status as a condition of employment do not participate. Members with at least five years of service have a vested right to unreduced retirement benefits at age 65 or provided they have a combination of age plus years of service totaling 80 or more. However, members who began TRS participation on or after September 1, 2007 must be age 60 to retire and members who were not vested in TRS on August 31, 2014, must be age 62 to retire under the second option. Members are fully vested after five years of service and are entitled to any reduced benefits for which the eligibility requirements have been met prior to meeting the eligibility requirements for unreduced benefits.

TRS contribution rates for both employers and employees are not actuarially determined but are legally established by the State Legislature. Contributions by employees are 7.2% of gross earnings for 2015. Depending upon the source of funding for the employee's compensation, the State or the System contributes a percentage of participant salaries totaling 6.8% of annual compensation for 2015. The System's contributions to TRS for the year ended August 31, 2016, was $10,041,557.

TRS currently does not separately account for each of its component government agencies because TRS itself bears sole responsibility for retirement commitments beyond contributions fixed by the State Legislature.

Optional Retirement Program (ORP). The State also has established the Optional Retirement Program (ORP) for institutions of higher education. Participation in ORP is in lieu of participation in the TRS and is available to certain eligible employees. ORP is available to certain eligible employees who hold faculty positions and other professional positions including but limited to director-level and above, librarians and coaches. The ORP provides for the purchase of annuity contracts and mutual funds. Participants are vested in the employer contributions after one year and one day of service. Depending upon the source of funding for the employee's compensation, the System may be required to make the employer contributions in lieu of the State. Since these are individual annuity contracts, the State and the System have no additional or unfunded liability for this program.

The employee and employer contribution rates are established by the State Legislature each biennium. The State provides an option for a local supplement in addition to the state base rate. Each institution within the System can decide to adopt and fund a local supplement each year to provide each ORP employee the maximum employer rate. The chancellor then approves the employer rates each fiscal year. The contributions made by participants (6.65 percent of annual compensation) and the employer (6.60% state base rate for 2016 plus any local supplement for a maximum 8.50% of annual compensation) for the fiscal year ended August 31, 2016, is provided in the following table:

ORP Participation	
Member Contributions	$ 9,402,553.64
Employer Contributions	10,093,701.00
Total	**$ 19,496,254.64**

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APPENDIX B

THE UNAUDITED CONSOLIDATED ANNUAL FINANCIAL REPORT OF THE UNIVERSITY OF NORTH TEXAS SYSTEM FOR THE YEAR ENDED AUGUST 31, 2016 INCLUDING MANAGEMENT'S DISCUSSION AND ANALYSIS

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CONSOLIDATED ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2016

UNIVERSITY OF NORTH TEXAS SYSTEM

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CONSOLIDATED ANNUAL FINANCIAL REPORT

of the

UNIVERSITY OF NORTH TEXAS SYSTEM

DALLAS, TEXAS

Lee Jackson, Chancellor

For the Year Ended August 31, 2016

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OFFICE OF THE CHANCELLOR | LEE F. JACKSON, *Chancellor*

November 18, 2016

The Honorable Greg Abbott
Office of the Governor
P.O. Box 12428
Austin, TX 78711-2428

Ms. Ursula Parks
Director, Legislative Budget Board
P.O. Box 12666, Capitol Station
Austin, TX 78711

The Honorable Glenn Hegar
Texas Comptroller of Public Accounts
P.O. Box 13528, Capitol Station
Austin, TX 78711-3528

Mr. John Keel, CPA
Texas State Auditors' Office
P.O. Box 12067
Austin, TX 78711-2067

Dear Sirs and Madam:

I am pleased to submit the annual financial report of the University of North Texas System for the year ended August 31, 2016, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

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

If you have any questions, please contact Jane-Anne Kanke at (940) 565-3214. Dan Stephens may be contacted at (940) 369-5551 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

Lee F. Jackson

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION

ORGANIZATIONAL DATA

August 31, 2016

BOARD OF REGENTS

Donald Potts .... *(Term expires 5-22-17)* .... Dallas
Al Silva.. *(Term expires 5-22-17)* .... San Antonio
Milton B. Lee... (*Term expires 5-22-17)* .... San Antonio

Rusty Reid .... (*Term expires 5-22-19)* .... Ft. Worth
Gwyn Shea .... (*Term expires 5-22-19)* .... Irving
B. Glen Whitley .... (*Term expires 5-22-19)* .... Hurst

Brint Ryan .... (*Term expires 5-22-21)* .... Dallas
A.K. Mago.. (*Term expires 5-22-21)* .... Dallas
Laura Wright .... (*Term expires 5-22-21)* .... Dallas

STUDENT REGENT

Christopher Lee....................................... (*Term expires 5-31-17)* .... Houston

OFFICERS OF THE BOARD

Brint Ryan .... Chairman
Donald Potts ………… .... Vice Chairman
Rosemary R. Haggett .... Secretary

ADMINISTRATIVE OFFICERS

Lee F. Jackson .... Chancellor
Janet Waldron.. Vice Chancellor for Finance

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Introduction

The University of North Texas System (the "System") was established by the 76th Legislature and legislative funding was provided for the fiscal year beginning September 1, 1999. The System is an agency of the State of Texas and is currently comprised of the University of North Texas System Administration ("System Administration"), established 1999, and three academic institutions funded by the Legislature: the University of North Texas ("UNT"), established 1890; the University of North Texas Health Science Center at Fort Worth ("HSC"), established 1970; and the University of North Texas at Dallas ("UNTD"), established 1999.

The System serves the North Texas area and boosts economic activity in the region by over $5.2 billion annually. Approximately 43,000 students are enrolled in undergraduate, graduate and professional programs. The System awarded more than 9,200 degrees in 2015, including the largest number of Master's and Doctoral degrees in the region. The System has a network of over 360,000 alumni with more than 237,000 alumni living in the Dallas-Fort Worth region. The System is governed by a nine-member Board of Regents appointed by the Governor of Texas and confirmed by the Texas State Senate. Three members are appointed every odd-numbered year for six-year terms. In addition, the Governor appoints a non-voting Student Regent for a one-year term.

Financial Highlights and Overview of the Financial Statements

The objective of Management's Discussion and Analysis (the "MD&A") is to provide an overview of the financial position and activities of the System for the year ended August 31, 2016, with selected comparative information for the year ended August 31, 2015. As discussed in the Notes to the Consolidated Financial Statements (Note 14, *Adjustments to Net Position*), the beginning net position for 2016 was restated. The MD&A was prepared by management and should be read in conjunction with the accompanying financial statements and notes. The emphasis of discussion about these financial statements will focus on current year data. Unless otherwise indicated, years in this MD&A refer to fiscal years ended August 31.

The System consolidated financial report includes three primary financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The financial statements of the System have been prepared in accordance with Generally Accepted Accounting Principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB").

In addition, the System consolidated financial report contains the Statement of Financial Position and the Statement of Activities for the University of North Texas Foundation, Inc. (the "Foundation"), a discretely presented component unit. The Foundation is a separate nonprofit organization which is an essential component of the University of North Texas program for university advancement and for the development of private sources of funding for capital acquisition, operations, endowments, and other purposes relating to the mission of the University of North Texas. The financial statements of the Foundation have been prepared in accordance with GAAP as prescribed by the Financial Accounting Standards Board ("FASB").

Financial Highlights

- Total assets and deferred outflows of resources of the System exceeded its total liabilities and deferred inflows of resources in 2016, resulting in a net position of $742.9 million. Unrestricted net position, which may be used to meet the System's future obligations, was $173.4 million, or 23.3% of total net position at year end.

- In 2016, the System concluded the fiscal year with a positive change in net position of $47.4 million, compared to a $22.7 million change in 2015. Major contributing factors related to this $18.4 million increase include a $19.5 million increase in legislative, additional and capital appropriations from general revenue and the Higher Education Assistance Fund ("HEAF") along with the phase out of the Texas B-On-Time Loan program, which resulted in a reduction in transfers to other state agencies of $6.2 million. Additionally, the System had $10.7 million in revenue for the fair value of the System's investments in 2016 that compares favorably to a $21.0 million loss reported in the prior year. These increases were offset by a $6.3 million restatement to accumulated depreciation resulting from improved historical data identified during the implementation of a new capital assets software system in 2016.

- The System continues to make significant investments, $88.4 million in 2016 alone, in numerous capital projects across all institutions to strategically benefit students, faculty, and staff. The System has also committed $457.0 million to fund, with assistance from State supported debt financing and HEAF capital appropriations, future capital asset additions and improvements over the next several years. These projects are currently in various stages of completion. The "Capital Asset and Debt Administration" section of the MD&A provides more details pertaining to these strategic investments.

Overview of the Financial Statements

These statements are prepared applying the following principles and standards:

- Reporting is on the full accrual basis of accounting. All current year revenues and expenses are recognized when earned or incurred, regardless of when the cash is received or disbursed.

- Depreciation and amortization expense on capital assets is reported as an operating expense on the Statement of Revenues, Expenses and Changes in Net Position. The historical cost of capital assets, net of accumulated depreciation and amortization, is reported on the Statement of Net Position.

- Revenues and expenses are categorized as operating or nonoperating. Revenues from state appropriations, gifts, and investment income are reported as nonoperating revenue in accordance with GASB Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended.

Statement of Net Position

The Statement of Net Position presents the financial position of the System at fiscal year-end. From the data presented, readers of this statement are able to determine the assets available to continue the operations of the System. They are also able to determine what the System owes to vendors, investors and lending institutions. Finally, the Statement of Net Position provides a picture of the net position and the availability of resources to cover the expenses of the System. The change in net position is one indicator of whether the financial condition has improved or worsened during the fiscal year when considered with nonfinancial facts, such as enrollment levels and the condition of facilities.

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows and net position of the System as of the end of the year. The net position section of the statement is reported by three major categories: 1) Net Investment in Capital Assets, 2) Restricted, and 3) Unrestricted. The Net Investment in Capital Assets section represents the System's equity in property, plant, and equipment, net of accumulated depreciation and amortization, capital asset related bonds and other debt items. Restricted Net Position is reported for amounts subject to constraints that are either externally imposed or imposed by law. Amounts that are permanently held for investment are divided into two categories: 1) Non-Expendable and 2) Expendable. Unrestricted Net Position is available for any lawful purpose of the System.

The following table reflects the Condensed Comparative Statement of Net Position for the System as of August 31, 2016 and 2015:

Condensed Comparative Statement of Net Position
As of August 31, 2016 and 2015
(in thousands of dollars)

	2016	2015	% Increase (Decrease)
Assets and Deferred Outflows of Resources			
Current Assets	$ 544,986	$ 498,910	9.2%
Non-Current Assets:			
Capital Assets, Net	1,025,004	1,010,589	1.4%
Other Non-Current Assets	233,584	223,978	4.3%
Deferred Outflows of Resources	25,854	22,298	15.9%
Total Assets and Deferred Outflows of Resources	**$ 1,829,428**	**$ 1,755,775**	**4.2%**
Liabilities and Deferred Inflows of Resources			
Current Liabilities	$ 407,949	$ 376,985	8.2%
Non-Current Liabilities:			
Bonded Indebtedness	514,046	362,782	41.7%
Other Non-Current Liabilities	142,376	282,172	(49.5%)
Deferred Inflows of Resources	22,123	32,034	(30.9%)
Total Liabilities and Deferred Inflows of Resources	**$ 1,086,494**	**$ 1,053,973**	**3.1%**
Net Position			
Net Investment in Capital Assets	$ 465,252	$ 463,615	0.4%
Restricted:			
Funds Held as Permanent Investments:			
Non-Expendable	46,960	45,881	2.4%
Expendable	18,161	23,133	(21.5%)
Other Restricted	39,135	31,357	24.8%
Total Restricted	104,256	100,371	3.9%
Unrestricted	173,426	137,816	25.8%
Total Net Position	**$ 742,934**	**$ 701,802**	**5.9%**
Total Liabilities and Net Position	**$ 1,829,428**	**$ 1,755,775**	**4.2%**

The section below includes explanations and management's analysis of significant changes within the Statement of Net Position:

Total Assets and Deferred Outflows

Current Assets

The System's current assets increased $46.1 million, or 9.2%, in 2016 primarily as a result of a $26.8 million increase in legislative appropriation receivables, a $6.5 million increase in general accounts receivables, and a $ 9.1 million increase in prepaid assets for certain multi-year contract expenses and fall term scholarships awarded for recognition in 2017.

Non-Current Assets: Net Capital Assets

Net capital assets increased $14.4 million, or 1.4%, in 2016 as a result of an increase in capital and intangible assets. This increase was primarily attributable to approximately $88.4 million of capital improvements offset by depreciation and amortization expense of $65.9 million. Major capital additions included $16.0 million in renovation to the UNT Student Union, $10.4 million in renovation to the UNT Science Research Building, $6.2 million for the purchase of land and a building by HSC in Fort Worth, $5.2 million for the HSC Interdisciplinary Research and Education Building, $3.1 million in additional costs for UNT Rawlins Hall, $18.5 million in equipment, vehicle and library purchases, $5.8 million for capitalized software costs, and other additions to depreciable capital assets.

Other Non-Current Assets
The System's other non-current assets increased by $9.6 million, or 4.3%, primarily due to a $10.7 million increase in the fair market value of investments resulting from a significant improvement in the equity and bond markets.

Deferred Outflows
Deferred outflows increased $3.6 million, or 15.9%, in 2016 primarily due to the recognition of $4.1 million of deferred outflows of resources related to pension obligations required under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* as amended.

Total Liabilities and Deferred Inflows
Current Liabilities
The System's current liabilities increased $31.0 million, or 8.2%, in 2016 primarily due to an increase of $14.9 million in short-term commercial paper reported under notes and loans payable and a $7.2 million increase in current revenue bonds payable. Unearned revenue increased $19.3 million, or 9.1%, primarily related to increased prepayments of tuition and fees associated with the rise in student enrollment and increases in tuition and fee rates. Funds held for others decreased by $12.6 million, or 83.6%, primarily due to the transfer by HSC at the beginning of 2016 of $13 million of restricted investments to HSC's T-COM Foundation. These investments were historically reported by HSC as current liabilities.

Non-Current Liabilities
Non-current liabilities consist primarily of non-current portions of notes and loans payable; revenue bonds payable; net pension liability; employees' compensable leave payable; and capital lease obligations. In total, non-current liabilities increased $11.5 million, or 1.8%, primarily due to an increase of $15.0 million to net pension liability related to adjustments under GASB Statement No. 68, which was implemented in 2015. This $15.0 million net pension liability increase is attributable to a material underperformance of actual investment returns as compared to the expected return for the TRS Plan measurement period ending August 31, 2015. The overall increase in non-current liabilities was also impacted by a $1.6 million decrease in employees' compensable leave and a $1.1 million decrease in capital lease obligations. In addition, the $151.3 million increase in revenue bonds payable was offset by a correlated $152.3 million decrease in notes and loans payable.

Deferred Inflows
Deferred inflows decreased $9.9 million, or 30.9%, in 2016 primarily due to the reduction of $10.9 million of deferred inflows of resources related to pension obligations required under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* as amended.

Total Net Position
Total net position represents the residual interest in the System's total assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. Net position increased by $41.1 million, or 5.9%, in 2016.

Net Investment in Capital Assets
Net investment in capital assets represents the System's capital and intangible assets, net of accumulated depreciation and amortization and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets. The net $1.6 million, or 0.04%, increase in net investment in capital assets in 2016 primarily resulted from an increase of $88.4 million of capital additions, reduced by $65.9 million of depreciation and amortization. The net increase was offset by an $18.5 million net increase in notes and bonds payable, capital lease obligations, and deferred outflows and inflows of resources related to unamortized gains and losses on refunded bonds.

Restricted Net Position
Restricted net position primarily includes the System's permanent investments subject to externally imposed restrictions governing their use. In total, restricted net position increased by $3.9 million, or 3.9%, in 2016 primarily due to increased fair market value of restricted investments and positive fundraising efforts resulting in an increase in restricted contributions across the System.

Unrestricted Net Position
Unrestricted net position increased by $35.6 million, or 25.8%, primarily due to a $19.5 million increase in legislative, additional and capital appropriations from general revenue and HEAF.

Statement of Revenues, Expenses and Changes in Net Position
The Statement of Revenues, Expenses and Changes in Net Position presents the System's revenues earned and the expenses incurred during 2016, regardless of when cash is received or paid. Activities are reported as either operating or nonoperating. Generally, operating revenues are earned in exchange for providing goods and services. Operating expenses are incurred in the normal operation of the System, including a provision for depreciation and amortization on capital assets. Certain revenue sources the System relies on for operations include state appropriations, gifts, grants and investment income, which are required by GASB Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended, to be classified as nonoperating revenues. Revenues are reported by major source, and expenses are reported on the face of the statement by functional (programmatic) categories as defined by the National Association of College and University Business Officers ("NACUBO").

The following table reflects the System's Condensed Comparative Statement of Revenues, Expenses and Changes in Net Position for the years ended August 31, 2016 and 2015:

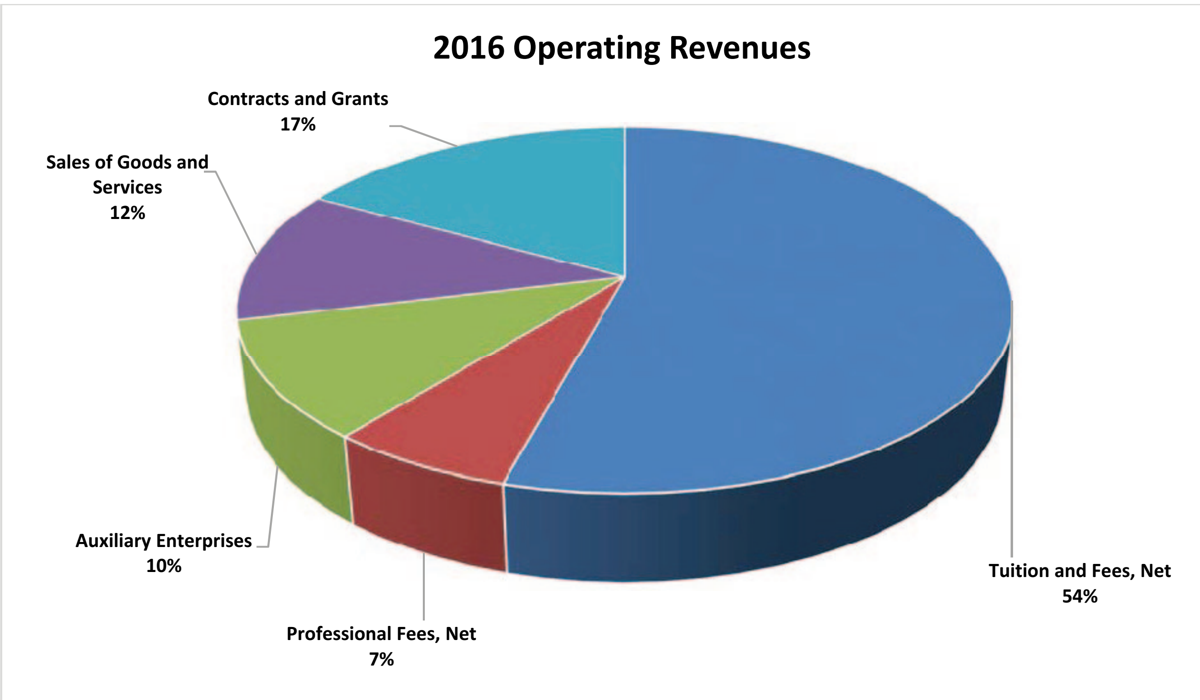
Condensed Comparative Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended August 31, 2016 and 2015
(in thousands of dollars)

	2016	2015	% Increase (Decrease)
Operating Revenues	$ 631,994	$ 587,503	7.6%
Operating Expenses	934,303	881,079	6.0%
Operating Income (Loss)	**$ (302,309)**	**$ (293,576)**	**3.0%**
Nonoperating Revenues (Expenses)	308,123	281,917	9.3%
Income (Loss) Before Other Revenues, Expenses and Transfers	**$ 5,814**	**$ (11,659)**	**(149.9%)**
Other Revenues, Expenses and Transfers	41,604	34,333	21.2%
Change in Net Position	**$ 47,418**	**$ 22,674**	**109.1%**
Net Position, Beginning of Year	$ 701,802	$ 796,263	(11.9%)
Restatement	(6,285)	(117,135)	(94.6%)
Restated Net Position, Beginning of Year	695,517	679,128	2.4%
Net Position, End of Year	**$ 742,935**	**$ 701,802**	**5.9%**

Operating Revenues

Operating revenues totaled $632.0 million in 2016, an increase of $44.5 million, or 7.6%, over 2015. The System's primary sources of operating revenues are tuition and fees, and federal, state, local, and private grants. Net tuition and fees, representing 54% of operating revenues, are reflected in the financial statements with associated discounts and allowances shown separately. Net tuition and fees increased $39.0 million, or 12.9%, as a result of increased enrollment and increased tuition rates throughout the System. Federal, state, local, and private grant revenues, representing 17% of operating revenues, are primarily from governmental and private sources and are related to research programs that normally provide for the recovery of direct and indirect costs.

The pie chart below shows operating revenues by major source for the year ended August 31, 2016:



Operating Expenses

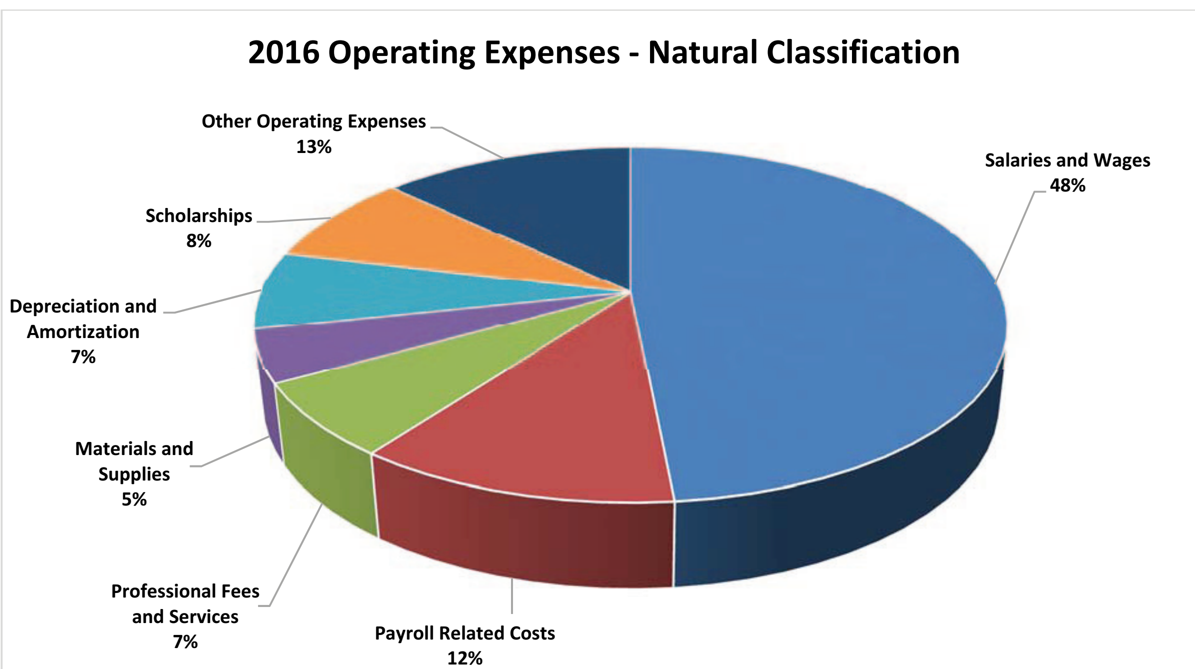
Operating expenses totaled $934.3 million in 2016, an increase of $53.2 million, or 6.0%, over 2015. The increase is primarily due to a $16.4 million, or 27.0%, increase in scholarship expenses and a combined $11.0 million, or 2.0%, increase in total employee related compensation costs, which makes up 60% of total operating expenses. An additional increase of $9.7 million, or 17.2%, in depreciation and amortization expense is primarily due to the completion of new buildings, while the remaining variance, an increase of $16.1 million, represents an overall minor increase in various other operating expense categories.

The table below shows the amount and percentage change of operating expenses based on natural classification for the year ended August 31, 2016:

Operating Expenses - Natural Classification
For the Years Ended August 31, 2016 and 2015
(in thousands of dollars)

	2016	2015	% Increase (Decrease)
Operating Expenses			
Cost of Goods Sold	$ 3,813	$ 5,994	(36.4%)
Salaries and Wages	453,084	429,971	5.4%
Payroll Related Costs	109,045	121,118	(10.0%)
Professional Fees and Services	63,196	68,698	(8.0%)
Federal Pass-Through Expenses	824	487	69.1%
State Pass-Through Expenses	206	99	108.4%
Travel	12,395	11,193	10.7%
Materials and Supplies	44,466	39,037	13.9%
Communications and Utilities	19,761	19,234	2.7%
Repairs and Maintenance	33,393	27,564	21.1%
Rentals and Leases	14,573	11,082	31.5%
Printing and Reproduction	5,556	4,307	29.0%
Depreciation and Amortization	65,900	56,223	17.2%
Scholarships	77,452	61,004	27.0%
Claims and Losses	842	3,346	(74.8%)
Other Operating Expenses	29,797	21,722	37.2%
Total Operating Expenses	**$ 934,303**	**$ 881,079**	**6.0%**

The pie chart below shows the percentage of total operating expenses pertaining to each type of operating expense based on natural classification for the year ended August 31, 2016:



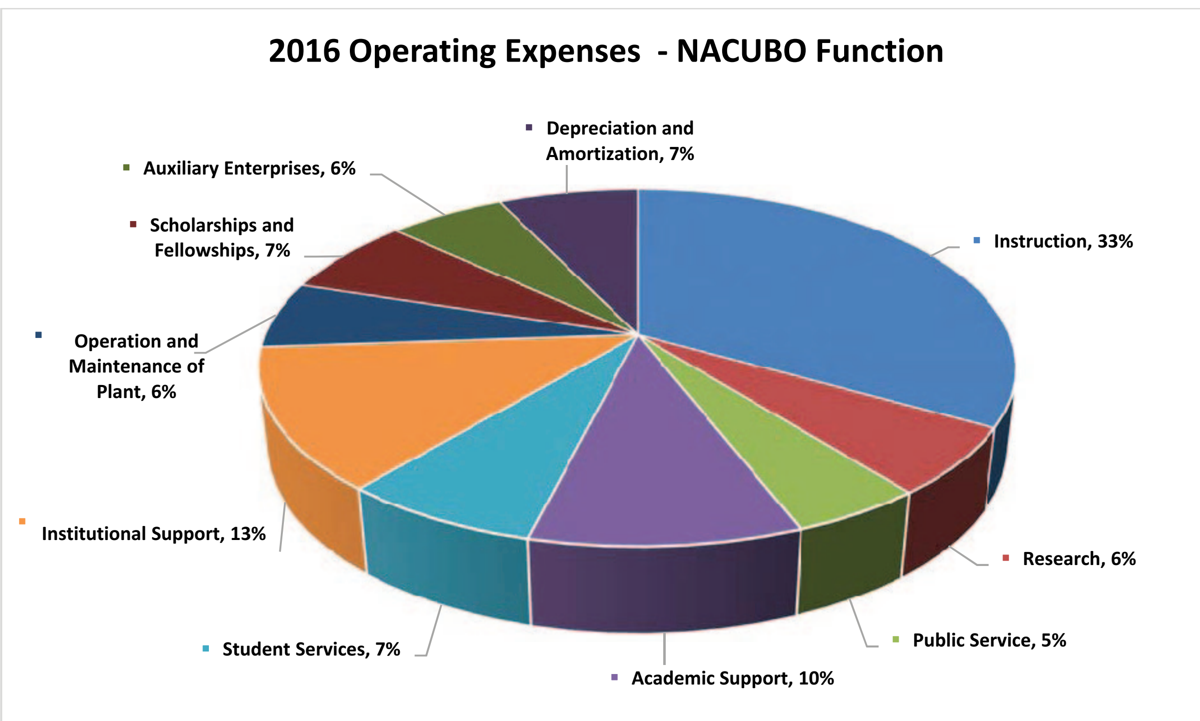
UNIVERSITY OF NORTH TEXAS SYSTEM
Management's Discussion and Analysis (Unaudited)
For the Year Ended August 31, 2016

The table below shows the amount and percentage change of operating expenses based on NACUBO functional (programmatic) classification for the year ended August 31, 2016:

Operating Expenses - NACUBO Function
For the Years Ended August 31, 2016 and 2015
(in thousands of dollars)

	2016	2015	% Increase (Decrease)
Operating Expenses			
Instruction	$ 307,062	$ 251,692	22.0%
Research	56,796	56,830	(0.1%)
Public Service	44,302	18,569	138.6%
Academic Support	90,221	180,992	(50.2%)
Student Services	66,491	67,672	(1.7%)
Institutional Support	118,619	93,716	26.6%
Operation and Maintenance of Plant	55,655	51,371	8.3%
Scholarships and Fellowships	74,234	58,799	26.3%
Auxiliary Enterprises	55,023	45,215	21.7%
Depreciation and Amortization	65,900	56,223	17.2%
Total Operating Expenses	**$ 934,303**	**$ 881,079**	**6.0%**

The pie chart below shows the percentage of total operating expenses pertaining to each type of operating expense based on NACUBO functional (programmatic) classification for the year ended August 31, 2016:



Nonoperating Revenues and Expenses
Certain significant recurring revenues and expenses are considered nonoperating. The System's primary nonoperating revenues come from state appropriations, federal Pell grant revenue, gifts, investment income, and in 2016, gain on sales of capital assets, and net increase in fair market value of investments. The System's primary nonoperating expenses are interest expense and fiscal charges and other nonoperating expenses. Legislative and additional appropriations increased $18.3 million, or 7.7%, between 2015 and 2016 due mainly to formula funding changes that positively benefitted HSC and other healthcare-related educational institutions across the State. The fair value of the System's investments increased by $10.7 million primarily due to favorable market conditions for the long-term investment pool and endowments professionally managed by the Foundation. Interest expense and fiscal charges on capital asset financings increased by $4.6 million from $16.1 million in 2015 to $20.7 million in 2016 due to additional bond interest payments from the 2015 issuances.

Other Revenues, Expenses and Transfers
Other revenues, expenses and transfers is comprised of capital and endowment related additions and transfers, which increased $7.3 million, or 21.2%, in 2016. HEAF comprises the majority of the balance. Annual HEAF-related revenue totaling $37.8 million, increased $1.2 million over prior year. HEAF is reported as capital appropriations rather than operating or nonoperating revenue. The Texas B-On-Time Loan program has been phased out, which resulted in a decrease in transfers to other state agencies of $6.2 million. This funding remained within the System to offset operations.

Capital Asset and Debt Administration
Investments in capital asset additions were $88.4 million in 2016. Major capital project activity included:

- Land and Building Acquisitions (HSC) – 975 Haskell Street
- Building Improvements (UNT) – Student Union, Science Research Building, Rawlins Hall, Bruce Hall, and the College of Visual Arts and Design Building
- Building Improvements (HSC) – Interdisciplinary Research Building
- Building Improvements (UNTD) – Dallas Student Learning and Success Center and Residence Hall
- Building Improvements (System Administration) – Dallas Municipal Building

The System has committed $457.0 million to capital asset additions and improvements which are currently in various stages of completion. These additions and improvements primarily consist of new buildings or renovations to existing buildings, including the Interdisciplinary Research Building at HSC, the College of Visual Arts and Design at UNT, the Dallas Municipal Building for the future use by UNT Dallas College of Law, and the Student Learning and Success Center at UNT Dallas. More detailed information regarding the System's capital additions and commitments is provided in Note 2, *Capital Assets*, and Note 15, *Contingencies and Commitments*, in the Notes to the Consolidated Financial Statements.

Revenue bonds payable represents the largest portion of the System's liabilities. Current and non-current revenue bonds payable increased $158.5 million to $547.9 million in 2016. All bonds related to financing of current and prior years' construction needs reflect "Aa2" and "AA" credit ratings from two major bond rating agencies, Moody's and Fitch, respectively. More detailed information regarding the System's bonded indebtedness is provided in Note 5, *Long-Term Liabilities*, and Note 6, *Bonded Indebtedness*, in the accompanying Notes to the Consolidated Financial Statements.

Economic Outlook

The System's primary sources of revenue are tuition and fees and legislative appropriations. Strong enrollment growth, program expansion, and a successful 84th legislative session contributed to a positive outlook for the System.

For 2017, net tuition and fees revenues are budgeted at an increase of $52.2 million, or 17.0%, over 2016. This revenue increase is the result of modest tuition rate increases and full-time student equivalent enrollment growth. Between fall 2015 and fall 2016, enrollment increased 3% system-wide.

During the 84th Texas Legislative Session, the State renewed its commitment to higher education with $1.35 billion in new funding for 2016 and 2017. Significant investments in institutions included maintaining and enhancing formula rates, funding capital projects, and raising the amount of the constitutional capital appropriation (HEAF). This resulted in a two-year appropriations increase to System institutions of over $80.0 million.

Fiscal year 2017 budgeted legislative appropriation revenues for the System are $6.9 million, or 2.7%, higher than 2016. Budgeted amounts include new funding for specialized initiatives and unique programs recognized by the 84th Legislature as deserving state support. These areas of excellence include HSC's Institute for Patient Safety and Preventable Harm, HSC's Texas Missing Persons and Human Identification Program, and UNT's Texas Academy of Mathematics and Science. The merger between UNTD and the College of Law was also supported with operations funding to support the incoming second- and third-year law classes.

State appropriation increases in 2017 include an influx of funding to support construction and renovation of facilities for each System institution and other capital expenditures. State-supported construction projects were selected to allow for continued growth, increased research capacity and excellent programs. Construction of a student success and learning center at UNTD, an interdisciplinary research building at HSC, a new College of Visual Arts and Design facility at UNT, and renovations of facilities for the College of Law in downtown Dallas, will begin by January 2017. The System anticipates sufficient market access due to Fitch and Moody's maintaining 'stable' outlooks on System debt.

UNT has established four Research Institutes of Excellence that are a pipeline for bringing UNT's research to industry and marketplace. It is one of the nation's 115 top-tier research universities, according to latest Carnegie Classification. Strategic initiatives for growth and revenue include expanding off-site educational opportunities for working professionals—delivering UNT degrees in new locations and modalities. From UNT's new College at Frisco to the Collin Higher Education Center in McKinney to the Universities Center in the heart of downtown Dallas to North Central Texas College's Gainesville campus, UNT has carefully identified these locations to deliver site-directed workforce-informed degrees and continuing professional education to local industry including Fortune 500, and 1,000 corporations in the region.

UNTD had record enrollment in fall 2016. Construction on the first residence hall is underway and is anticipated to open in July 2017. The Dallas Area Rapid Transit ("DART") station adjacent to campus, which links the university directly to the downtown corridor and to the rest of the metro area, opened in October 2016. College of Law facilities are under renovation, and $72 million investments form a strong financial commitment to the College of Law. Fall 2016 enrollment is at an all-time high of 387, and the College is working through the accreditation process.

HSC continues to expand some of its most recent innovative initiatives including enrolling the UNT System College of Pharmacy's fourth cohort of students; furthering the Fort Worth M.D. School's accreditation, a partnership with Texas Christian University ("TCU") whose first class of 60 students will begin in fall 2019; and advancing the Institute for Patient Safety & Preventable Harm's mission by creating patient safety projects, providing community education programs and offering grant funding opportunities. To strengthen HSC's position for long-term viability, the institution has incorporated continuous improvement as part of the planning and management initiatives. New positions will be created to further this effort. Additionally, HSC is making strides in philanthropy, by reaching donors who have expressed increased interest.

CONSOLIDATED

FINANCIAL STATEMENTS

of the

UNIVERSITY OF NORTH TEXAS SYSTEM

DENTON, TEXAS

For the Year Ended August 31, 2016

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Statement of Net Position
As of August 31, 2016

		August 31, 2016
ASSETS		
Current Assets		
Cash and Cash Equivalents:		
Cash on Hand	$	109,654.47
Cash in Bank		20,298,226.21
Cash in Transit/Reimburse from Treasury		1,683,945.79
Cash in State Treasury		16,864,464.85
Cash Equivalents		144,480,766.19
Restricted Cash and Cash Equivalents:		
Cash on Hand		20,857.00
Cash in Bank		13,802,862.92
Cash Equivalents		6,393,567.00
Short Term Investments (Note 3)		45,062,449.50
Legislative Appropriations		103,099,493.83
Receivables From:		
Accounts Receivable		79,443,094.57
Federal		32,991,666.12
Other Intergovernmental		1,525,425.95
Clinical Practice		13,263,049.94
Gifts, Pledges and Donations		2,236,416.55
Interest and Dividends		2,162,505.12
Other Receivables		1,500,986.56
Due From Other Agencies		8,287,943.59
Consumable Inventories		429,677.17
Merchandise Inventories		2,757,360.14
Pre-Paid Items		45,789,314.81
Loans and Contracts		2,782,039.62
Total Current Assets	**$**	**544,985,767.90**
Non-Current Assets		
Restricted Investments (Note 3)	$	60,370,688.17
Loans and Contracts		5,058,657.66
Investments (Note 3)		166,504,720.08
Gifts, Pledges and Donations		1,650,332.21
Capital Assets (Note 2):		
Non-Depreciable or Non-Amortizable		141,421,390.85
Depreciable or Amortizable, Net		883,583,026.30
Total Non-Current Assets	**$**	**1,258,588,815.27**
Total Assets	**$**	**1,803,574,583.17**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources	$	25,854,103.09
Total Deferred Outflows of Resources	**$**	**25,854,103.09**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$**	**1,829,428,686.26**

Continued on Next Page

See Accompanying Notes to the Consolidated Financial Statements

UNAUDITED

		August 31, 2016
LIABILITIES		
Current Liabilities		
Payables From:		
Accounts Payable	$	52,443,948.51
Payroll Payable		48,435,301.88
Other Payables		4,901,710.50
Interest		8,910,082.34
Due To Other Agencies		335,004.82
Unearned Revenue		230,019,449.35
Notes and Loans Payable (Note 4, 5)		20,150,000.00
Revenue Bonds Payable (Note 5, 6)		33,843,393.95
Claims and Judgments (Note 5)		890,607.00
Employees' Compensable Leave (Note 5)		4,303,112.53
Capital Lease Obligations (Note 5, 8)		1,249,546.84
Funds Held for Others		2,467,341.88
Total Current Liabilities	**$**	**407,949,499.60**
Non-Current Liabilities		
Revenue Bonds Payable (Note 5, 6)	$	514,046,365.19
Claims and Judgments (Note 5)		960,317.00
Employees' Compensable Leave (Note 5)		20,378,603.94
Capital Lease Obligations (Note 5, 8)		2,662,979.88
Net Pension Liability (Note 5, 9)		118,374,598.00
Total Non-Current Liabilities	**$**	**656,422,864.01**
Total Liabilities	**$**	**1,064,372,363.61**
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources	$	22,122,704.99
Total Deferred Inflows of Resources	**$**	**22,122,704.99**
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**$**	**1,086,495,068.60**
NET POSITION		
Net Investment in Capital Assets	$	465,252,019.93
Restricted For:		
Funds Held as Permanent Investments		
Non-Expendable		46,959,890.17
Expendable		18,160,583.05
Other Restricted		39,135,417.96
Unrestricted		173,425,706.55
Total Net Position	**$**	**742,933,617.66**

Concluded

See Accompanying Notes to the Consolidated Financial Statements

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UNAUDITED

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
Statement of Financial Position
As of August 31, 2016

	August 31, 2016	Audited August 31, 2015
ASSETS:		
Cash	$ 11,097,919	$ 13,074,006
Investments	280,449,492	258,792,772
Trust Investments	5,145,602	5,050,677
Annuity Investments	1,307,661	1,320,105
Accounts Receivable	2,800	2,855
Contributions Receivable, Net	4,390,291	17,256,072
Prepaid Expenses	103	1,094
Real Estate	42,808	112,183
Trust Property	461,271	157,177
Inventory	7,500	7,500
Cash Value of Life Insurance Policies	513,979	512,137
Total ASSETS	**$ 303,419,426**	**$ 296,286,578**
LIABILITIES:		
Accounts Payable	$ 2,044,372	$ 1,495,345
Agency Funds	366,057	149,050
Trust and Annuity Obligations	2,174,900	2,152,161
Assets Held for Others	180,356,786	167,796,746
Total LIABILITIES	**$ 184,942,115**	**$ 171,593,302**
NET ASSETS:		
Unrestricted-Undesignated	$ 794,640	$ 2,875,193
Unrestricted-Market Loss Over Historical Cost	1,577,403	1,272,517
Unrestricted Board-Designated	(1,878,274)	(1,088,028)
Temporarily Restricted	25,982,410	34,796,568
Permanently Restricted	92,001,132	86,837,026
Total NET ASSETS	**$ 118,477,311**	**$ 124,693,276**
Total LIABILITIES & NET ASSETS	**$ 303,419,426**	**$ 296,286,578**

See Accompanying Notes to the Financial Statements

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended August 31, 2016

		August 31, 2016
OPERATING REVENUES		
Tuition and Fees	$	434,876,879.48
Discounts and Allowances		(93,362,918.33)
Professional Fees		110,947,043.17
Discounts and Allowances		(69,633,398.30)
Auxiliary Enterprises		65,894,140.84
Discounts and Allowances		(147,746.07)
Sales of Goods and Services		73,905,043.15
Federal Grant Revenue		46,175,539.02
Federal Pass-Through Revenue		1,810,748.61
State Grant Revenue		3,040,114.82
State Grant Pass-Through Revenue		31,326,811.17
Other Contracts and Grants		24,988,733.90
Other Operating Revenues		2,172,587.63
Total Operating Revenues	**$**	**631,993,579.09**
OPERATING EXPENSES (1)		
Instruction	$	307,061,961.54
Research		56,796,046.42
Public Service		44,302,218.73
Academic Support		90,220,550.05
Student Services		66,490,677.74
Institutional Support		118,618,719.72
Operation and Maintenance of Plant		55,655,357.05
Scholarships and Fellowships		74,233,990.42
Auxiliary Enterprises		55,023,485.67
Depreciation and Amortization		65,900,269.08
Total Operating Expenses	**$**	**934,303,276.42**
Operating Loss	**$**	**(302,309,697.33)**
NONOPERATING REVENUES (EXPENSES)		
Legislative Appropriations (GR)	$	212,034,099.00
Additional Appropriations (GR)		44,497,362.49
Federal Revenue		51,030,542.41
Gifts		11,584,783.49
Investment Income		5,345,979.45
Interest Expense and Fiscal Charges		(20,645,678.68)
Gain on Sale of Capital Assets		1,043,427.82
Net Increase in Fair Value of Investments		10,734,926.66
Other Nonoperating Revenues		397,319.66
Other Nonoperating Expenses		(7,900,122.39)
Total Nonoperating Revenues (Expenses)	**$**	**308,122,639.91**
Income Before Other Revenues, Expenses and Transfers	**$**	**5,812,942.58**
OTHER REVENUES, EXPENSES AND TRANSFERS		
Capital Contributions	$	1,717,692.26
Capital Appropriations (HEAF)		37,844,609.00
Contributions To Permanent and Term Endowments		258,291.70
Transfers To Other State Agencies		(93,045.34)
Transfers From Other State Agencies		810,178.00
Legislative Transfers In		1,066,757.00
Total Other Revenues, Expenses and Transfers	**$**	**41,604,482.62**
CHANGE IN NET POSITION	**$**	**47,417,425.20**
Beginning Net Position	$	701,801,561.69
Restatement		(6,285,369.23)
Beginning Net Position, as Restated	**$**	**695,516,192.46**
ENDING NET POSITION	**$**	**742,933,617.66**

(1) See Matrix of Operating Expenses Reported by Function.

See Accompanying Notes to the Consolidated Financial Statements

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2016

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenditures
Cost of Goods Sold	$ 222,399.83	$ 5,625.00	$ -	$ 171,055.59	$ 561,150.65	$ 220,794.95	$ 84,740.01	$ -	$ 2,547,439.41	$ -	$ 3,813,205.44
Salaries and Wages	228,045,985.20	27,258,519.60	14,315,974.35	51,184,513.01	34,459,494.07	62,269,145.67	15,690,358.07	11,276.04	19,848,678.34	-	453,083,944.35
Payroll Related Costs	47,548,068.59	6,249,062.96	3,826,547.31	13,746,084.10	10,193,612.83	17,274,433.46	4,033,455.29	2,223.52	6,171,944.47	-	109,045,432.53
Professional Fees and Services	5,703,682.47	10,259,291.75	22,231,085.06	3,843,327.17	3,919,215.34	13,297,469.56	1,129,371.95	34,901.22	2,777,558.78	-	63,195,903.30
Federal Pass-Through Expenses	3,726.29	749,843.50	70,325.19	-	-	-	-	-	-	-	823,894.98
State Pass-Through Expenses	-	206,368.58	(351.62)	-	-	-	-	-	-	-	206,016.96
Travel	3,266,499.10	1,668,279.81	387,464.58	2,287,665.02	3,600,154.53	1,030,535.37	98,669.51	-	55,462.21	-	12,394,730.13
Materials and Supplies	7,369,068.62	6,357,563.51	1,367,832.28	10,349,354.08	3,580,163.12	3,640,100.43	6,533,575.12	1,732.09	5,266,460.45	-	44,465,849.70
Communications and Utilities	685,308.28	40,311.28	45,282.38	755,028.84	1,492,435.10	2,596,158.16	10,009,327.11	750.00	4,136,874.30	-	19,761,475.45
Repairs and Maintenance	1,230,102.77	669,781.76	168,168.04	2,002,095.32	1,291,754.82	6,467,467.64	14,719,342.31	2,324.29	6,842,004.63	-	33,393,041.58
Rentals and Leases	2,901,384.87	910,907.60	441,156.76	1,929,803.04	1,240,665.47	3,111,309.59	2,727,853.24	-	1,309,591.09	-	14,572,671.66
Printing and Reproduction	743,879.80	278,692.52	184,841.42	715,162.20	1,037,077.98	2,150,489.58	99,123.19	399.95	346,171.17	-	5,555,837.81
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	65,900,269.08	65,900,269.08
Scholarships	1,796,095.41	841,144.59	219,509.93	106,562.54	129,064.23	195,139.21	7,271.27	74,156,340.66	849.06	-	77,451,976.90
Claims and Losses	758,405.15	-	-	-	-	83,500.00	-	-	-	-	841,905.15
Other Operating Expenses	6,787,355.16	1,300,653.96	1,044,383.05	3,129,899.14	4,985,889.60	6,282,176.10	522,269.98	24,042.65	5,720,451.76	-	29,797,121.40
Total Operating Expenses	**$ 307,061,961.54**	**$ 56,796,046.42**	**$ 44,302,218.73**	**$ 90,220,550.05**	**$ 66,490,677.74**	**$ 118,618,719.72**	**$ 55,655,357.05**	**$ 74,233,990.42**	**$ 55,023,485.67**	**$ 65,900,269.08**	**$ 934,303,276.42**

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UNAUDITED

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
Statement Of Activities
For the Twelve Months Ended August 31, 2016

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES, GAINS AND OTHER SUPPORT:				
Gifts	$ 34,691	$ (11,970,411)	$ 6,202,771	$ (5,732,949)
Gifts in Kind	-	546,051	41,740	587,791
Investment Income/(Loss)	14,820	6,895,223	-	6,910,043
Royalty Income	-	2,124	-	2,124
FMV of Goods Received and Other	-	96,541	-	96,541
Actuarial Gain/(Loss) on Annuity/Trust Agreements	-	-	52,681	52,681
Revenue from Life Insurance Policies	-	-	17,387	17,387
Internal Management Fee Income	1,089,349	-	-	1,089,349
External Management Fee Income	424,069	-	-	424,069
Total REVENUES, GAINS AND OTHER SUPPORT	**$ 1,562,929**	**$ (4,430,472)**	**$ 6,314,579**	**$ 3,447,036**
Interfund Transfers	$ (2,542,451)	$ 3,514,526	$ (972,075)	$ -
Release of Donor Restrictions	8,076,610	(7,898,212)	(178,398)	-
PROGRAM SERVICES:				
Scholarships and Awards	$ 2,138,048			$ 2,138,048
Distributions to UNT	2,820,224			2,820,224
Distributions to Other Institutions	25,500			25,500
Services Purchased	1,970,356			1,970,356
Expense Reimbursements	4,356			4,356
Internal Management Fee	1,089,349			1,089,349
Life Insurance Premiums	28,777			28,777
Board Designated Grant to University	220,000			220,000
Total PROGRAM SERVICES	**$ 8,296,610**			**$ 8,296,610**
MANAGEMENT and GENERAL EXPENSES:				
Payroll and Benefits	$ 1,171,182			$ 1,171,182
Administrative Expense	13,764			13,764
Travel, Telephone and Internet	16,886			16,886
Professional Development	17,559			17,559
Consulting Services	61,633			61,633
Annual Audit and Tax Preparation	27,000			27,000
Attorney Fees	1,827			1,827
Office and Computer Equipment and Software	16,989			16,989
Bank Charges and Credit Card Discount	4,646			4,646
Insurance - Property and Liability	26,938			26,938
Uses of Operating Reserves	7,967			7,967
Total MANAGEMENT and GENERAL EXPENSES	**$ 1,366,391**			**$ 1,366,391**
Total SERVICES and EXPENSES	**$ 9,663,001**			**$ 9,663,001**
NET CHANGE IN ASSETS	**$ (2,565,913)**	**$ (8,814,158)**	**$ 5,164,106**	**$ (6,215,965)**
NET ASSETS BEGINNING OF YEAR	**$ 3,059,682**	**$ 34,796,568**	**$ 86,837,026**	**$ 124,693,276**
NET ASSETS END OF YEAR	**$ 493,769**	**$ 25,982,410**	**$ 92,001,132**	**$ 118,477,311**

See Accompanying Notes to the Financial Statements

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Statement of Cash Flows
For the Year Ended August 31, 2016

		August 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from Customers	$	112,898,298.11
Proceeds from Tuition and Fees		358,486,870.29
Proceeds from Research Grants and Contracts		105,346,690.42
Proceeds from Loan Programs		250,564.16
Proceeds from Auxiliaries		65,712,501.87
Proceeds from Other Revenues		2,122,532.56
Payments to Suppliers for Goods and Services		(264,288,460.69)
Payments to Employees		(531,416,452.78)
Payments for Loans Provided		(625,731.73)
Payments for Other Expenses		(88,261,905.53)
Net Cash Provided (Used) by Operating Activities	$	(239,775,093.32)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	$	200,541,280.85
Proceeds from Gifts		12,367,350.92
Proceeds from Endowments		258,291.70
Proceeds from Transfers from Other Agencies		810,178.00
Proceeds from Legislative Transfers		1,066,757.00
Proceeds from Grant Receipts		51,030,542.41
Proceeds from Other Revenues		2,467,814.50
Payments for Transfers to Other Agencies		(93,045.34)
Payments for Other Uses		(3,905.00)
Net Cash Provided (Used) by Noncapital Financing Activities	$	268,445,265.04
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Sale of Capital Assets	$	2,707,991.07
Proceeds from State Appropriations		37,844,609.00
Proceeds from Debt Issuance		261,586,428.55
Proceeds from Captial Contributions		451,685.81
Payments for Additions to Capital Assets		(75,001,732.13)
Payments for Capital Leases		(1,179,705.74)
Payments of Principal on Debt Issuance		(235,340,000.00)
Payments of Other Costs of Debt Issuance		(1,251,099.64)
Payments of Interest on Debt Issuance		(21,848,920.21)
Net Cash Provided (Used) by Capital and Related Financing Activities	$	(32,030,743.29)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	$	30,648,284.73
Proceeds from Interest and Investment Income		4,740,094.59
Payments to Acquire Investments		(75,714,226.25)
Net Cash Provided (Used) by Investing Activities	$	(40,325,846.93)
Net Increase (Decrease) in Cash and Cash Equivalents	$	(43,686,418.50)
Cash and Cash Equivalents, September 1, 2015	$	247,340,762.93
Cash and Cash Equivalents, August 31, 2016	$	203,654,344.43

See Accompanying Notes to the Consolidated Financial Statements

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Statement of Cash Flows
For the Year Ended August 31, 2016

		August 31, 2016
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Loss	$	(302,309,697.33)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	$	65,900,269.08
Pension Expense		(55,742.71)
Employee Benefits Paid by State		29,163,359.49
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables		(6,700,085.13)
(Increase) Decrease in Inventories		(514,019.34)
(Increase) Decrease in Loans and Contracts		(375,167.57)
(Increase) Decrease in Prepaid Expenses		(9,123,041.11)
Increase (Decrease) in Payables		(19,250,805.47)
Increase (Decrease) in Unearned Revenue		19,269,003.72
Increase (Decrease) in Other Liabilities		(15,779,166.95)
Total Adjustments	$	62,534,604.01
Net Cash Provided (Used) by Operating Activities	$	(239,775,093.32)
NON-CASH TRANSACTIONS		
Net Change in Fair Value of Investments	$	10,734,926.66
Donation of Capital Assets		1,266,006.46
Borrowing Under Capital Lease Purchase		186,326.30
Gain (Loss) on Sales/Disposals of Capital Assets		1,043,427.82
Amortization of Bond Premiums (Discounts)		4,129,746.33
Amortization of Deferred Inflows/Outflows from Refunding Bonds		(133,444.13)
Capital Assets Acquired with Payables		11,765,119.68
Nonoperating Expenses with Payables		8,715,612.59

See Accompanying Notes to the Consolidated Financial Statements

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NOTES TO THE

CONSOLIDATED FINANCIAL STATEMENTS

of the

UNIVERSITY OF NORTH TEXAS SYSTEM

DENTON, TEXAS

For the Year Ended August 31, 2016

UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements
For the Year Ended August 31, 2016

Note 1: Summary of Significant Accounting Policies

Introduction

The University of North Texas System (the "System") is an agency of the State of Texas (the "State") and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for Annual Financial Reports of State Agencies and Universities and with Generally Accepted Accounting Principles ("GAAP").

The consolidated financial statements include the University of North Texas System Administration ("System Administration") and all institutions of the System. Amounts due between and among institutions, amounts held for institutions by the System Administration and other duplications in reporting are eliminated in consolidating the financial statements.

The System is composed of the System Administration and three academic institutions as follows: the University of North Texas ("UNT"), the University of North Texas Health Science Center at Fort Worth ("HSC"), and the University of North Texas at Dallas ("UNTD"). The System is governed by a nine-member Board of Regents appointed by the Governor of Texas and confirmed by the Texas State Senate. Three members are appointed every odd-numbered year for six-year terms. In addition, the Governor appoints a nonvoting student Regent for a one-year term.

Basis of Accounting

The financial statements of the System have been prepared using the economic resources measurement focus and the full accrual basis of accounting. The System reports as a business-type activity, as defined by the Governmental Accounting Standards Board ("GASB"). Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Under the full accrual basis of accounting, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions,* as amended. The Statement of Revenues, Expenses and Changes in Net Position is segregated into operating and nonoperating sections. Operating activities consist of transactions that are the direct result of providing goods and services to customers or directly related to the System's principal ongoing operations.

Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position

Assets

Cash and Cash Equivalents

Short-term highly liquid investments that are both readily convertible to known amounts of cash and having an original maturity of three months or less are considered cash equivalents.

It is the System's policy to exclude items that meet this definition if they are part of an investment pool, which has an investment horizon of one year or greater. Therefore, highly liquid investments that are part of the Foundation-managed long-term investment pool are not considered cash and cash equivalents. Additionally, endowments invested in money market accounts are also excluded from cash and cash equivalents as the intent is to invest these funds for more than one year. Cash held in the State Treasury is considered cash and cash equivalents. Restricted cash and cash equivalents include restricted sources of funds used for construction of capital assets as well as funds held for debt service. The System holds bond proceeds in restricted investment accounts to be disbursed to its institutions to support capital projects.

UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements
For the Year Ended August 31, 2016

Legislative Appropriations
The appropriation of revenues by the Texas Legislature (the "Legislature") is in the form of general revenue. The Legislature meets every odd-numbered year and approves a two-year budget (biennial) for all State agencies. The general revenue appropriation to the System supports the instruction, research and operation of the System. Appropriations also include payments made by the State on behalf of the System for benefits related to salaries funded by state appropriations. There is no assurance that the Legislature will continue its state appropriations to the System in future years; however, the System expects that the Legislature will continue to do so. Higher Education Assistance Funds ("HEAF funds") are general revenue appropriations received from the State designated for the acquisition of certain capital assets and capital projects. As of August 31, 2016, the unexpended amount was $74,757,006.31.

Accounts and Other Receivables
Accounts receivable mainly consists of tuition and fee charges to students. Accounts receivable is shown net of an allowance for doubtful accounts, which is approximately $27.8 million of the outstanding accounts receivable balance at August 31, 2016. The System has adopted a policy of reserving for account receivables based on collections history over the previous five years. Any amount outstanding after five years is reserved at 100% per state requirements.

Federal receivables include federal grants and education scholarships.

Intergovernmental receivables include amounts due from state government or private sources in connection with reimbursement of allowable expenditures made pursuant to the System's grants and contracts.

Clinical Practice receivables are presented net of allowances for contractual discounts and bad debts. The bad debt allowance on clinical receivables was approximately $10.7 million as of August 31, 2016. Clinical accounts receivable are subject to concentrations of patient accounts receivable credit risk. The mix of receivables (gross) from patients and third parties as of August 31, 2016 was as follows:

	August 31, 2016 (Gross)
County Hospital	15%
Medicaid	29%
Medicare	17%
Commercial	19%
Self-Pay	8%
Other	12%
Total	**100%**

Gift receivables include amounts pledged to the university by donors, net of allowances. The allowance for gift pledges is approximately $2.2 million at August 31, 2016. Multiyear gift pledges are reported at the discounted present value. At the beginning of each fiscal year, the System re-establishes the scale of discount rates applicable for present valuing multi-year gift pledges that are received during the new fiscal year.

Pre-paid Items
Pre-paid items include prepaid scholarship expenses that pertain to the fall term of the following fiscal year and other various prepaid expenses.

Loans and Contracts
Current and noncurrent loans and contracts receivables, related to student loans, are shown net of allowances. The net allowance on loans and contracts at August 31, 2016 is approximately $4.1 million.

Investments
The System accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. Changes in realized gain (loss) on the carrying value of investments are reported as a component of investment income. Restricted investments include investments restricted by legal or contractual requirements, including those related to donors and constitutional restrictions.

Capital and Intangible Assets
The System follows the State's capitalization policy, which requires capitalization of assets with an initial individual cost of more than $5,000 for equipment items, $100,000 for buildings, building improvements and improvements other than buildings, and $500,000 for infrastructure items, and an estimated useful life of greater than one year. These assets are capitalized at cost or, if not purchased, at fair value as of the date of acquisition.

Purchases of library books are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Outlays for construction in progress are capitalized as incurred. Interest expense related to construction is capitalized in accordance with the requirements of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, as amended.

Depreciation is reported on all exhaustible assets. Inexhaustible assets such as land, works of art and historical treasures are not depreciated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally, 10 to 30 years for buildings and improvements, 10 to 45 years for infrastructure, 4 to 15 years for equipment, and 15 years for library books.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, as amended, requires all intangible assets not specifically excluded by scope provisions to be classified as capital assets. The System has computer software that meets the criteria. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets is applied to computer software, as applicable.

Deferred Outflows of Resources
Deferred outflows of resources relate to unamortized losses on refunding of debt and pensions.

Deferred Outflows of Resources Related to Debt Refunding
For debt refunding, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as deferred outflows or deferred inflows. The gain or loss is amortized using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter, in the Statement of Revenues, Expenses and Changes in Net Position as a component of interest expense.

Deferred Outflows of Resources Related to Pensions
Certain changes in the collective net pension liability of the Teacher Retirement System of Texas Plan (the "TRS Plan") are reported as deferred outflows of resources related to pensions or as deferred inflows of resources related to pensions, depending on the type of change. The types of deferred outflows of resources related to pensions and their respective accounting treatments are discussed below.

- System contributions subsequent to the measurement date of the collective net pension liability are recognized as a reduction in the net pension liability in the following year.
- The effect on the System's proportionate share of the total pension liability of changes of economic and demographic assumptions or of other inputs that increase the total pension liability is amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.

- The effect on the System's proportionate share of the total pension liability of differences between expected and actual experience that increase the total pension liability is amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- The effect on the System's proportionate share of the collective net pension liability of less actual earnings on pension plan investments than projected is amortized as a component of pension expense using the straight-line method over a period of five years.

Liabilities

Accounts and Other Payables

Accounts and other payables represent the liability for the value of assets or services received at the Statement of Net Position date for which payment is pending.

Unearned Revenue

Unearned revenue represents assets received in advance of an exchange taking place in an exchange transaction or assets received prior to eligibility requirements (other than time requirements) being met in a nonexchange transaction. Unearned revenue includes $222.5 million of tuition revenue related to the semesters that have not been completed as of August 31, 2016. Tuition revenue is recognized based on the number of class days as a percentage of total class days that fall within the fiscal year.

Revenue Bonds Payable

Revenue bonds payable are reported at par value. Bond discounts and premiums are amortized over the life of the bonds using the interest method. Revenue bonds payable is reported separately as either current or non-current in the Statement of Net Position.

Claims and Judgments

Claims and judgments are reported when it is probable a loss has occurred and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that were incurred but not reported. See Note 15, *Contingencies and Commitments*, and Note 17, *Risk Management*, for information on risk management, claims and judgments.

Employees' Compensable Leave

Employees' compensable leave represents the liability that becomes due upon the occurrence of relevant events such as resignations, retirements and uses of leave balances by covered employees, in conformance with state policy and practice. Liabilities are reported separately as either current or non-current in the Statement of Net Position. These obligations generally are paid from the same funding source from which each employee's salary or wage compensation is paid.

Capital Lease Obligations

Capital lease obligations represent the liability for future lease payments under capital lease contracts. Liabilities are reported separately as either current or non-current in the Statement of Net Position.

Funds Held for Others

Funds held for others represent funds held by the System as custodial or fiscal agent for students, faculty members, foundations and others.

Net Pension Liability

The fiduciary net position of the TRS Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the TRS Plan, and additions to/deductions from the TRS Plan's fiduciary net position have been determined on the same basis as they are reported by TRS. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The framework for measuring fair value is based on a hierarchy that gives the highest priority to the use of observable inputs in an active market and lowest priority to the use of unobservable inputs.

Deferred Inflows of Resources
Deferred inflows of resources relate to unamortized gains on refunding of debt and pensions.

Deferred Inflows of Resources Related to Debt Refunding
For debt refunding, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as deferred outflows or deferred inflows. The gain or loss is amortized using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter, in the Statement of Revenues, Expenses and Changes in Net Position as a component of interest expense.

Deferred Inflows of Resources Related to Pensions
Certain changes in the collective net pension liability of the TRS Plan are reported as deferred outflows of resources related to pensions or as deferred inflows of resources related to pensions, depending on the type of change. The types of deferred inflows of resources related to pensions and their respective accounting treatments are discussed below.

- The effect on the System's proportionate share of the total pension liability of changes of economic and demographic assumptions or of other inputs that decrease the total pension liability is amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- The effect on the System's proportionate share of the total pension liability of differences between expected and actual experience that decrease the total pension liability is amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- Decreases in the System's proportion of the collective net pension liability are amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- System contributions during the measurement period that are less than its proportionate share of total of contributions are amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- The effect on the System's proportionate share of the collective net pension liability of more actual earnings on pension plan investments than projected is amortized as a component of pension expense using the straight-line method over a period of five years.

Net Position
Net Investment in Capital Assets
Net investment in capital assets consists of capital assets, net of accumulated depreciation, and unspent bond proceeds reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.

Restricted Net Position
Restricted net position primarily consists of permanent investments subject to restrictions externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Restricted nonexpendable net position is subject to externally imposed stipulations that require the amounts be maintained in perpetuity by the System. Such assets include the System's permanent endowment funds.

Restricted expendable net position is subject to externally imposed stipulations that can be fulfilled by actions of the System pursuant to those stipulations or that expire with the passage of time.

Unrestricted Net Position
Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified. Because the System is an agency of the State, constraints on the use of resources imposed by the State are not considered external restrictions.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the System addresses each situation on a case-by-case basis prior to determining the resources to be used to satisfy the obligation. Generally, the System's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Revenues and Expenses

Operating Revenues and Expenses
Operating revenues include activities such as net student tuition and fees; net professional fees for hospital clinical services; net sales and services by auxiliary enterprises; and most federal, state and local grants and contracts. Operating expenses include salaries and wages, payroll related costs, professional fees and services, materials and supplies, depreciation and amortization, and scholarships and fellowships. In addition, all changes to incurred but not reported liabilities related to insurance programs are reflected as operating.

Professional Fees Revenue
HSC has agreements with third parties that provide for reimbursement to HSC at amounts different from its established rates. Contractual adjustments under third party reimbursement programs represent the difference between HSC's established rates for services and the amounts reimbursed by third parties. HSC's more significant third parties are the Medicare and Medicaid programs.

Medicare outpatient services are reimbursed on a prospective basis through ambulatory payment classifications, which are based on clinical resources used in performing the procedure. Medicaid outpatient services are paid based on a fee schedule or blended rates.

Scholarship Allowances and Student Aid
Financial aid to students is reported in the financial statements as prescribed by the National Association of College and University Business Officers ("NACUBO"). Certain aid (student loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third party payments (credited to the student's account and reported as revenue as if the student made the payment). All other aid is reflected in the financial statements either as operating expense or as scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. The allowance is computed on an institution-wide basis by allocating cash payments to students, excluding payments for services, using the ratio of total aid to the aid not considered to be third party aid.

Nonoperating Revenues and Expenses
Nonoperating revenues include activities such as gifts and contributions, insurance recoveries received in years subsequent to the associated loss, state appropriations, investment income and other revenue sources that are defined as nonoperating revenues by GASB. The System's institutions are the named beneficiaries in certain lawsuits, wills, trusts, and insurance policies; however, the System does not recognize these potential refunds, gifts, and contributions until realized. Nonoperating expenses include activities such as interest expense on capital asset financings and other expenses that are defined as nonoperating expenses by GASB.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, is intended to aid in decision making by improving the usefulness of information about pensions included in financial statements of state and local governments. The standard is the result of a review of all existing standards related to postemployment benefits with a focus on the effectiveness of providing useful decision-making information, supporting accountability, and improving transparency. This statement will be implemented in 2017. System management expects minimal impact to the financial statements.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, has the same objective as GASB Statement No. 73, but as it relates to other postemployment benefit plans ("OPEB plans"). This statement, if applicable, should be implemented in 2017. Since the System is not an administrator of any such plans, this statement will have no impact to the financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* also has the same objective as Statement No's. 73 and 74; however, this statement specifically replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Because this statement addresses the employer's portion of OPEB, System management does anticipate a significant impact to the financial statements. The statement will be implemented in 2018. System management will await guidance from the State Comptroller's Office as to how to implement and at what agency level this will be reported.

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, amends the blending requirements for component units that are not-for-profit corporations, where the primary government is the sole corporate member. The statement will be implemented in 2017. The System is still evaluating whether this will apply to any component and therefore impact the financial statements.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, provides recognition and measurement guidance for governments which are a beneficiary of such agreements. This statement will be implemented in 2018. The System has not yet evaluated the impact this will have to the financial statements.

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement will be implemented in 2018. The System will await guidance and reporting requirements provided by the state, but minimal to no impact to the financial statements is expected.

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Note 2: Capital Assets

A summary of changes in capital assets for the year ended August 31, 2016 is presented below:

	Balance September 1, 2015	Adjustments	Reclassification of Completed Construction In Progress	Increase Interagency Transfers	Decrease Interagency Transfers	Additions	Deletions	Balance August 31, 2016
Non-Depreciable or Non-Amortizable Assets:								
Land and Land Improvements	$ 77,823,424.89	$ -	$ -	$ -	$ -	$ 1,230,000.00	$ -	$ 79,053,424.89
Infrastructure	-	-	-	-	-	-	-	-
Construction in Progress	123,688,911.53	-	(149,400,229.17)	666,036.10	(666,036.10)	62,671,857.99	-	36,960,540.35
Other Tangible Capital Assets	25,071,765.61	-	-	-	-	634,090.00	(298,430.00)	25,407,425.61
Land Use Rights	-	-	-	-	-	-	-	-
Other Intangible Capital Assets	-	-	-	-	-	-	-	-
Total Non-Depreciable or Non-Amortizable Assets:	**$ 226,584,102.03**	**$ -**	**$ (149,400,229.17)**	**$ 666,036.10**	**$ (666,036.10)**	**$ 64,535,947.99**	**$ (298,430.00)**	**$ 141,421,390.85**
Depreciable Assets:								
Buildings and Building Improvements	$ 968,414,303.79	$ -	$ 136,727,966.75	$ -	$ -	$ 5,344,739.02	$ (6,103,480.96)	$ 1,104,383,528.60
Infrastructure	65,219,516.61	-	-	-	-	-	-	65,219,516.61
Facilities and Other Improvements	125,805,188.42	-	374,751.84	-	-	-	(1,189,160.45)	124,990,779.81
Furniture and Equipment	144,229,026.54	-	-	202,065.36	(202,065.36)	12,251,855.30	(4,405,200.56)	152,075,681.28
Vehicles, Boats and Aircraft	12,601,801.35	-	-	22,978.75	(22,978.75)	1,467,199.09	(636,319.60)	13,432,680.84
Other Capital Assets	93,109,521.04	-	-	742,868.54	(742,868.54)	4,830,688.89	(41,693.37)	97,898,516.56
Total Depreciable Assets:	**$ 1,409,379,357.75**	**$ -**	**$ 137,102,718.59**	**$ 967,912.65**	**$ (967,912.65)**	**$ 23,894,482.30**	**$ (12,375,854.94)**	**$ 1,558,000,703.70**
Less Accumulated Depreciation for:								
Buildings and Building Improvements	$ (423,692,459.10)	$ (6,285,369.23)	$ -	$ -	$ -	$ (40,789,584.62)	$ 5,267,976.79	$ (465,499,436.16)
Infrastructure	(16,101,120.16)	-	-	-	-	(2,290,389.30)	-	(18,391,509.46)
Facilities and Other Improvements	(24,323,340.15)	-	-	-	-	(3,746,700.56)	957,853.28	(27,112,187.43)
Furniture and Equipment	(100,103,425.42)	-	-	(51,206.67)	51,206.67	(12,081,932.20)	4,013,562.07	(108,171,795.55)
Vehicles, Boats and Aircraft	(7,773,790.33)	-	-	-	-	(1,065,192.72)	568,298.33	(8,270,684.72)
Other Capital Assets	(54,330,268.84)	-	-	(71,726.82)	71,726.82	(4,322,339.35)	37,595.92	(58,615,012.27)
Total Accumulated Depreciation	**$ (626,324,404.00)**	**$ (6,285,369.23)**	**$ -**	**$ (122,933.49)**	**$ 122,933.49**	**$ (64,296,138.75)**	**$ 10,845,286.39**	**$ (686,060,625.59)**
Depreciable Assets, Net	**$ 783,054,953.75**	**$ (6,285,369.23)**	**$ 137,102,718.59**	**$ 844,979.16**	**$ (844,979.16)**	**$ (40,401,656.45)**	**$ (1,530,568.55)**	**$ 871,940,078.11**
Amortizable Assets - Intangible:								
Land Use Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Computer Software	20,566,880.76	-	12,297,510.58	3,361,538.75	(3,361,538.75)	-	(2,930,071.71)	29,934,319.63
Other Intangible Capital Assets	-	-	-	-	-	-	-	-
Total Amortizable Assets - Intangibles	**$ 20,566,880.76**	**$ -**	**$ 12,297,510.58**	**$ 3,361,538.75**	**$ (3,361,538.75)**	**$ -**	**$ (2,930,071.71)**	**$ 29,934,319.63**
Less Accumulated Amortization for:								
Land Use Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Computer Software	(19,617,312.82)	-	-	(3,361,538.75)	3,361,538.75	(1,604,130.33)	2,930,071.71	(18,291,371.44)
Other Intangible Capital Assets	-	-	-	-	-	-	-	-
Total Accumulated Amortization	**$ (19,617,312.82)**	**$ -**	**$ -**	**$ (3,361,538.75)**	**$ 3,361,538.75**	**$ (1,604,130.33)**	**$ 2,930,071.71**	**$ (18,291,371.44)**
Amortizable Assets - Intangibles, Net	**$ 949,567.94**	**$ -**	**$ 12,297,510.58**	**$ -**	**$ -**	**$ (1,604,130.33)**	**$ -**	**$ 11,642,948.19**
Total	**$ 1,010,588,623.72**	**$ (6,285,369.23)**	**$ -**	**$ 1,511,015.26**	**$ (1,511,015.26)**	**$ 22,530,161.21**	**$ (1,828,998.55)**	**$ 1,025,004,417.15**

Note 3: Cash, Cash Equivalents and Investments

Deposits of Cash in Bank

As of August 31, 2016, the carrying amount of deposits was $34,101,089.13 as presented below.

Cash In Bank- Carrying Value	$	34,101,089.13
Cash in Bank per Statement of Net Position	**$**	**34,101,089.13**
Proprietary Funds Current Assets Cash in Bank	$	20,298,226.21
Proprietary Funds Current Assets Restricted Cash in Bank		13,802,862.92
Cash in Bank per Statement of Net Position	**$**	**34,101,089.13**

The carrying amount consists of all cash in local banks and is included on the Statement of Net Position as a portion of cash and cash equivalents. Assets classified as cash and cash equivalents include $150,874,333.20 that is invested in cash equivalents. The remainder of the cash and cash equivalent balance of $18,678,922.11 is comprised of cash on hand, cash in transit or reimbursement from the Treasury, and cash in the State Treasury.

As of August 31, 2016, the total bank balance was $39,272,436.96.

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The System's policy is that all deposits are governed by a bank depository agreement between the System and the respective banking institution. This agreement provides that the System's deposits, to the extent such deposits exceed the maximum insured limit under deposit insurance provided by the Federal Deposit Insurance Corporation (the "FDIC"), shall at all times be collateralized with government securities.

As of August 31, 2016, the System had no bank balances that were exposed to custodial credit risk.

Investments

Each institution of the System adopts an endowment investment policy that must be reviewed and approved by the System Board of Regents annually. The policy authorizes the following types of investments: U.S. Government obligations, U.S. Government Agency obligations, other government obligations, corporate obligations, corporate asset-backed and mortgage-backed securities, equity, international obligations, international equity, certificates of deposit, banker's acceptances, money market mutual funds, mutual funds, repurchase agreements, private equity, hedge funds, Real Estate Investment Trusts ("REITs"), derivatives, energy and real estate.

The System's cash management objective is to retain appropriate liquidity to meet daily operating demands while seeking higher yield on cash reserves through an appropriately diversified long-term investment portfolio. The System obtained permission from the Attorney General's office for the Board of Regents of the System to invest funds under its control that are held and managed by the System's institutions under section 51.0031(c) of the Texas Education Code. Section 51.0031 of the Texas Education Code authorizes the System Board of Regents, subject to procedures and restrictions it establishes, to invest System funds in any kind of investment and in amounts it considers appropriate, provided that it adheres to the prudent person standard described in Article VII, Section 11b, of the Texas Constitution. This standard provides that the System Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill and caution, would acquire or retain in light of the purposes, terms, distribution requirements and other circumstances of the fund then prevailing, taking into consideration the investment of all of the assets of the fund rather than a single investment. All System funds subject to Board of Regents control, System endowment funds, and HSC medical professional liability self-insurance plan funds shall be invested pursuant to a prudent person standard. All other System funds shall be deposited in an approved depository bank, invested pursuant to the Public Funds Investment Act in authorized investments such as FDIC insured money market funds and approved local government investment pools, or deposited in the State Treasury.

As of August 31, 2016, the System's investments are presented below. Included in this amount is $150,874,333.20 classified as cash equivalents.

Investments and Cash Equivalents	**As of August 31, 2016**
U.S. Government Agency Obligations	$ 9,217,697.50
Equity	440,384.50
Repurchase Agreement	13,155,165.99
Domestic Mutual Funds	9,846.00
Fixed Income Money Market and Bond Mutual Funds	77,524,657.57
Other Commingled Funds	84,600,562.73
Other Commingled Funds (TexPool)	19,969,728.91
Externally Managed Investments – Domestic (1)	216,866,618.12
Miscellaneous (limited partnerships, guaranteed investment contract, political subdivision, bankers' acceptance, negotiable CD)	1,027,529.63
Total Investments and Cash Equivalents	**$ 422,812,190.95**

(1) Fair values of investments that are not managed by the University of North Texas Foundation are primarily based on market valuations provided by external managers.

Credit Risk – Investments

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The System utilizes ratings assigned by Standard & Poor's for this purpose. The System's investment policy does not provide specific requirements and limitations regarding investment ratings. According to the authoritative literature from the GASB, unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

As of August 31, 2016, the System's credit quality distribution for securities with credit risk exposure was as follows:

			Standard and Poor's			
Fund Type	**GAAP Fund**	**Investment Type**	**AAA**	**AA**	**Unrated**	**Total**
05	0001	U.S. Government Agency Obligations	$ -	$9,217,697.50	$ -	$ 9,217,697.50
05	0001	Equity	-	-	440,384.50	440,384.50
05	0001	Repurchase Agreement	-	-	13,155,165.99	13,155,165.99
05	0001	Domestic Mutual Funds	-	-	9,846.00	9,846.00
05	0001	Fixed Income Money Market and Bond Mutual Fund	50,758,751.64	-	26,765,905.93	77,524,657.57
05	0001	Other Commingled Funds	84,600,562.73	-	-	84,600,562.73
05	0001	Commingled Funds (TEXPOOL)	19,969,728.91	-	-	19,969,728.91
05	0001	Externally Managed Investments	-	-	216,866,618.12	216,866,618.12
05	0001	Miscellaneous	-	-	1,027,529.63	1,027,529.63
05	0001	**Total**	**$155,329,043.28**	**$9,217,697.50**	**$258,265,450.17**	**$422,812,190.95**

Concentration of Credit Risk

As of August 31, 2016, the System did not hold any direct investments in any one issuer of corporate or municipal bonds that were five percent or more of the market value of the System's fixed income investments. The System's investment regulation does not provide specific requirements and limitations regarding concentration of credit.

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of its investment or collateral securities that are in the possession of another party. State statutes and the System's investment regulation does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. As of August 31, 2016, the System did not have investments that are exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As of August 31, 2016, the System investments subject to interest rate risk – commingled funds, certificates of deposit, repurchase agreements, fixed income money market and bond mutual funds – have an average maturity of less than one year. The System's investments in U.S. Government Agency Obligations have an average maturity of less than three years.

Foreign Currency Risk

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. As of August 31, 2016, the System's investments were all denominated in U.S. dollars. The System's investment policy does not provide specific requirements and limitations regarding investments in foreign currency.

Internal Investment Pool

Certain investments of the System are managed by the Foundation in its internal long-term investment pool (the "Pool"). The Pool is invested with external investment managers who invest in equity and fixed income funds both domestic and international. The Foundation's investment policy allows for the asset allocation to be maintained within the following tactical ranges: 50-70% growth assets (U.S. and international equities), 20-40% risk reduction assets (U.S. and global fixed income funds and cash), and 5-15% inflation protection assets (real assets). The Foundation's investment committee is responsible for monitoring and rebalancing to the strategic target allocation ranges, and within the tactical ranges, has discretionary authority for setting, monitoring, and making reallocations to the portfolio's specific underlying assets. Complete audited financial statements of the Foundation can be obtained from https://endow.unt.edu/.

As of August 31, 2016, total investments in the Pool, including the System portion, consisted of the following investment types:

Investment	**Fair Value**
Equity	$ 11,162,036.21
Domestic Mutual Funds	86,866,082.63
International Other Commingled Funds	19,736,516.30
International Mutual Funds	68,499,609.68
Other Commingled Funds	13,361,967.15
Fixed Income Money Market & Bond Mutual Fund	31,712,412.35
Externally Managed Investments	48,977,213.88
Miscellaneous	133,654.06
Total investments	**$ 280,449,492.26**

The System's unitized portion of the Pool's investments as of August 31, 2016 is $177,704,787.68.

The Pool's investments are not rated by Standard & Poor's. As of August 31, 2016, the Pool did not hold any direct investments in any one issuer of corporate or municipal bonds that were five percent or more of the market value of the Pool's investments. The Pool did not have investments exposed to custodial credit risk. The Pool's investments subject to interest rate risk – fixed income money market and bond mutual funds – have an average maturity of less than one year.

As of August 31, 2016, the System's investments in the Pool consisted of the following investment types:

Common Stock
Common stocks are units of ownership in publicly-held corporations. Shareholders typically have rights to vote and to receive dividends. Claims of common stock holders are subordinate to claims of creditors, bond holders, and preferred stock holders.

Equity
Equity and stock mutual funds are mutual funds that invest primarily in stocks, although at times they might hold some fixed-income and money market securities.

Alternative Investments
Alternative investments consist of hedge funds, real estate, private equity, and other pooled funds that are not registered with the Securities and Exchange Commission (the "SEC").

Fixed Income and Bond Mutual Funds
Fixed income and bond mutual funds are mutual funds that, by policy, invest in the fixed-income sector.

Fixed Income Money Market Mutual Funds
Money market mutual funds are open-end mutual funds registered with the SEC that must comply with the SEC's "Rule 2a-7," which imposes certain restrictions, such as a requirement that the fund's board must attempt to maintain a stable net asset value per share or stable price per share, limits on the maximum maturity of any individual security in the fund's portfolio, and limits on the maximum weighted-average portfolio maturity and life. Money market funds typically attempt to maintain a net asset value or price of $1.00 per share.

Fair Value Measurements
The System records investments at fair value as of August 31, 2016. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value on a recurring basis:

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

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The System has the following recurring fair value measurements as of August 31, 2016:

		Fair Value Measurements Using		
	8/31/2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Government Agency Obligations	$ 9,217,697.50	$ -	$ 9,217,697.50	$ -
Equity	440,384.50	440,384.50	-	-
Domestic Mutual Funds	9,846.00	9,846.00	-	-
Externally Managed Investments - Foundation Managed Pool	125,522,406.70	125,522,406.70	-	-
Externally Managed Investments - Other	39,161,830.44	38,814,263.00	-	347,567.44
Total Investments at Fair Value	$ 174,352,165.14	$ 164,786,900.20	$ 9,217,697.50	$ 347,567.44
Investments and Cash Equivalents Measured at NAV				
Other Commingled Funds	$ 27,999,333.30			
Externally Managed Investments - Foundation Managed Pool	52,182,380.98			
Total Investments at the NAV	$ 80,181,714.28			
Total Investments at Fair Value	$ 254,533,879.42			
Investments and Cash Equivalents not Measured at Fair Value				
Repurchase Agreements	$ 13,155,165.99			
Fixed Income Money Market and Bond Mutual Funds	77,524,657.57			
Other Commingled Funds	56,601,229.43			
Other Commingled Funds (TexPool)	19,969,728.91			
Miscellaneous	1,027,529.63			
Total Investments not Measured at Fair Value	$ 168,278,311.53			
Total Investments	**$ 422,812,190.95**			

Investments classified in Level 1 of the fair value hierarchy, totaling $164,786,900.20 for the year ended August 31, 2016, are valued using quoted prices in active markets.

U.S. government agency obligations totaling $9,217,697.50 classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques maintained by pricing vendors. Matrix pricing is used to value securities based on benchmark quoted prices of assets with similar attributes. These prices are obtained from pricing sources by the System's custodial bank.

$177,704,787.68 of the System's externally managed investments are managed by the Foundation in the long term pool. The Foundation pool has the following recurring fair value measurements as of August 31, 2016:

		Fair Value Measurements Using		
	8/31/2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Equity	$ 11,162,036.21	$ 11,044,889.75	$ 117,146.46	$ -
Domestic Mutual Funds	86,793,450.63	86,793,450.63	-	-
International Mutual Funds	68,499,609.68	68,499,609.68	-	-
Fixed Income Money Market and Bond Mutual Fund	31,712,412.35	32,165,443.79	(453,031.44)	-
Total Investments at Fair Value	$ 198,167,508.87	$ 198,503,393.85	$ (335,884.98)	$ -
Investments Measured at NAV				
International Commingled Funds	$ 19,736,516.30			
Other Commingled Funds	13,361,967.15			
Externally Managed Investments (Hedge Funds)	48,977,213.88			
Real Estate Funds (REITs)	72,632.00			
Miscellaneous	133,654.06			
Total Investments at the NAV	$ 82,281,983.39			
Total Investments at Fair Value	**$ 280,449,492.26**			

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Within the pool, financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Fair values for financial assets valued using net asset value ("NAV") are further discussed in the "Investments Reported at NAV" section below. See Foundation Note 11 for further information regarding the fair value of pool investments.

Other commingled funds consists of funds invested with TexPool, TexStar, and TexTERM. These commingled funds were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. They are structured somewhat like money market mutual funds and allow shareholders the ability to deposit or withdraw funds on a daily basis. In addition, interest rates are also adjusted on a daily basis and the funds seek to maintain a constant net asset value of $1.00, although this cannot be fully guaranteed. The System reports its investment with TexStar of $27,999,333.30 at fair value and reports its investment with TexPool and TexTERM of $76,570,958.34 at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Please refer to the "Investments Reported at NAV" section below for further information regarding commingled funds reported at fair value. For commingled funds reported at amortized cost, there are no limitations or restrictions on withdrawals and maximum transaction amounts.

Investments Reported at NAV

Other Commingled funds

The System invests excess working capital in TexStar to maintain sufficient liquidity and increase yields. There are no unfunded commitments. No limitations or restrictions on redemptions exist. Redemptions can occur at any time.

Externally Managed Investments – Foundation managed long term investment pool

The System investments in the long term pool include some investment types that are reported at the NAV. As of August 31, 2016, total investments in the Pool measured at the NAV, including the System portion, consisted of the following investment types:

Investment Type	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice
Commingled Bond Fund (B)	$ 13,361,967.15	-	Daily	1 Day
Private Real Estate Funds (E)	72,632.00	-	N/A Liquidating	N/A Liquidating
Commingled Int'l Equity Funds (C)	8,738,676.00	-	Monthly	10-30 Days
Long/short equity hedge fund (D)	8,159,103.88	-	Monthly	45 - 60 Days
Multi-strategy hedge funds (A)	11,393,435.00	-	Quarterly	95-180 Days
Commingled Int'l Equity Funds (C)	10,997,840.30	-	Monthly	30-60 Days
Commingled U.S. Balanced Fund (F)	16,358,680.00	-	Monthly	1-30 Days
Multi-strategy hedge funds (A)	13,065,995.00	-	Quarterly	100 - 180 Days
Miscellaneous	133,654.06			
Total investments measured at NAV	**$ 82,281,983.39**			

The System's unitized portion of the Foundation's long term pool investments reported at NAV is $52,182,380.98.

(A) Multi-strategy hedge funds. Through two hedge fund of funds structures, this type invests in 60 hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The hedge funds' composite portfolio for this type includes investments in approximately 45% long/short equity strategies, 36 fixed income strategies, 1% diversifying strategies, 11% in special situations equity, and 7% in global macro strategies. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. Investments representing approximately 28% of the value of the investments in this type cannot be redeemed because the investments include restrictions that do not allow for redemption in the first year after acquisition. The remaining restriction period for these investments ranged from one to thirteen months at August 31, 2016.

(B) Commingled bond fund. This type invests in individual fixed income securities across various domestic fixed income asset categories. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments are redeemable on demand within 3-5 business days.

(C) Commingled international equity funds. This type invests in individual international equity securities across various countries and industry sectors. The fair values of the investments in this type have been determined using the NAV per share of the investments.

(D) Long/short equity hedge fund. This type invests both long and short in U.S. and international common stocks. Management has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and domestic to international; while maintaining a net 100% long profile. The fair values of the investments in this type have been determined using the NAV per share of the investments.

(E) Private real estate funds (REITs). The fair values of the investments in this type have been determined using the NAV per share of the investments. This fund is being liquidated. The proceeds from the liquidation are estimated to be received over the next two years.

(F) Commingled U.S. balanced fund. This type invests in a mix of approximately 50% U.S. equities and 50% U.S. treasury bills, and sells U.S. stock market index options. The fair values of the investments in this type have been determined using the NAV per share of the investments.

Note 4: Short-Term Debt

Commercial Paper

According to the Master Resolution establishing the UNT System Revenue Financing System Commercial Paper Program, the issuance of commercial paper notes may not exceed, in aggregate, the principal amount of $100,000,000 of which $25,000,000 may be used as taxable notes. Outstanding commercial paper proceeds may be used for the purpose of financing project costs of eligible projects and to refinance, renew or refund commercial paper notes, prior encumbered obligations, and parity obligations, including interest. Commercial paper notes may not be issued to refinance or refund prior encumbered obligations or parity bonds without the approval of the Board of Regents. Commercial paper activity for the System for the year ended August 31, 2016 is as follows:

	September 1, 2015 (1)	Additions	Reductions	Other Adjustments	August 31, 2016
Commercial Paper	$ 1,807,000.00	$ 20,298,000.00	$ (1,955,000.00)	$ -	$ 20,150,000.00

(1) Beginning balance includes the reclassification of $74,260,000 of commercial paper to long-term liabilities.

The outstanding balance of commercial paper at August 31, 2016 was $20,150,000 at an interest rate of .64%. Interest rates are determined by the investor and broker in the arrangement, where the investor dictates the maturity. Average commercial paper maturity during the year ended August 31, 2016 was approximately 28 days. The System will provide liquidity support for $100,000,000 in commercial paper notes by utilizing available funds of the System in lieu of or in addition to bank liquidity support. The maximum maturity for commercial paper is 270 days. In practice, the System rolls, pays off, and/or issues new commercial paper at each maturity. Commercial paper will continue to be used as interim funding until long-term bonds are approved and issued or gifts or institutional funds are received to retire the commercial paper debt.

The System adheres to the requirements of the Federal Securities Act of 1933, which precludes proceeds from commercial paper issues to be used for financing fixed assets, such as plant and equipment, on a permanent basis. The System, working with bond counsel and its financial advisor, routinely determines alternative long-term funding to ensure that commercial paper is used as interim financing only and will be paid off after completion of construction or equipment acquisition.

Note 5: Long-Term Liabilities

Changes in Long-Term Liabilities

The following changes occurred in long-term liabilities during the year ended August 31, 2016:

	September 1, 2015	Additions	Reductions	August 31, 2016	Amounts Due Within One Year	Amounts Due Thereafter
Bonds Payable:						
Revenue Bonds Payable	$ 368,900,000.00	$ 224,030,000.00	$ 77,625,000.00	$ 515,305,000.00	$ 30,540,000.00	$ 484,765,000.00
Unamortized Net Premiums	20,491,949.43	17,258,428.55	5,165,618.84	32,584,759.14	3,303,393.95	$ 29,281,365.19
Total Bonds Payable	$ 389,391,949.43	$ 241,288,428.55	$ 82,790,618.84	$ 547,889,759.14	$ 33,843,393.95	$ 514,046,365.19
Loans Payable	$ 155,760,000.00	$ -	$ 155,760,000.00	$ -	$ -	$ -
Capital Lease Obligations	4,901,199.22	186,326.30	1,174,998.80	3,912,526.72	1,249,546.84	2,662,979.88
Claims and Judgments	3,578,232.00	423,960.00	2,151,268.00	1,850,924.00	890,607.00	960,317.00
Net Pension Liability	103,405,818.19	49,108,503.00	34,139,723.19	118,374,598.00		118,374,598.00
Compensable Leave	26,141,036.81	2,148,766.11	3,608,086.45	24,681,716.47	4,303,112.53	20,378,603.94
Total Long-Term Liabilities	**$ 683,178,235.65**	**$ 293,155,983.96**	**$ 279,624,695.28**	**$ 696,709,524.33**	**$ 40,286,660.32**	**$ 656,422,864.01**

Revenue Bonds Payable

Scheduled principal and interest payments for revenue bonds issued and outstanding as of August 31, 2016 are as follows:

Year(s)	Principal	Interest	Total
2017	$ 30,540,000.00	$ 22,290,002.23	$ 52,830,002.23
2018	29,400,000.00	21,163,094.46	50,563,094.46
2019	29,840,000.00	20,136,256.81	49,976,256.81
2020	28,530,000.00	19,093,919.91	47,623,919.91
2021	29,610,000.00	18,015,812.32	47,625,812.32
2022-2026	126,205,000.00	72,668,868.75	198,873,868.75
2027-2031	100,590,000.00	52,544,812.50	153,134,812.50
2032-2036	66,665,000.00	27,587,685.00	94,252,685.00
2037-2041	51,675,000.00	12,566,215.70	64,241,215.70
2042-2045	22,250,000.00	2,743,567.00	24,993,567.00
Total	**$ 515,305,000.00**	**$ 268,810,234.68**	**$ 784,115,234.68**

Total interest and fiscal charges incurred for the year ended August 31, 2016 was $20,655,646.82. Of this total, the System capitalized $729,544.22 associated with financing capital projects during the construction phase. In addition, the System recorded $2,599,147.29 as a reduction to this balance relating to the amortization of premiums and deferred outflows of resources resulting from losses on bond refundings. The remaining amount of $17,326,955.31 was reported as interest expense and fiscal charges for the year ended August 31, 2016.

Capital Lease Obligations

See Note 8, *Leases,* for more information on capital lease obligations.

Claims and Judgments

As of August 31, 2016, there was one outstanding claim for which a liability accrual has been recognized. According to authoritative GASB guidance, liabilities should be recognized when the possibility of loss is probable and the amount of loss is reasonably estimable. See Note 15, *Contingencies and Commitments*, for more information on the claims and judgments against the System.

Net Pension Liability

See Note 1, *Summary of Significant Accounting Policies*, and Note 9, *Pensions*, for more information on the Net Pension Liability.

Employees' Compensable Leave

According to the Texas Human Resources Management Statutes Inventory provided by the State Auditor's Office, state agency employees who have accrued six months of continuous state employment are entitled to be paid for the accrued balance of the employee's vacation leave as of the date of separation if the employee is not reemployed by a state agency or institution of higher education in a position which accrues vacation leave during the 30-day period immediately following the date of separation from state employment. Substantially all full-time System employees earn between eight and twenty-one hours of annual leave per month depending upon the respective employee's years of state employment. State law permits employees to carry accrued leave forward from one fiscal year to another, up to a maximum of 532 hours for those employees with 35 or more years of state service. Eligible part-time employees' annual leave accrual rate and maximum carryover are proportional to the number of hours appointed to work. Employees with at least six months of continuous State service who terminate their employment are entitled to payment for all accumulated annual leave. Sick leave, the accumulation of which is unlimited, is earned at the rate of eight hours per month and is paid only when an employee is off due to personal or family illness or to the estate of an employee in the event of his/her death. The maximum sick leave that may be paid to an employee's estate is one-half of the employee's accumulated sick leave or 336 hours, whichever is less. Eligible part-time employees' sick leave accrual rate is proportional to the number of hours they are appointed to work. This obligation is generally paid from the same funding source as the employee's salary or wage compensation is paid. An expense and a liability are recorded as the benefits accrue to employees, and the liability is reduced as the accrued leave is taken. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Note 6: Bonded Indebtedness

At August 31, 2016, the System had principal outstanding related to revenue bonds of $515,305,000. Revenue Financing System ("RFS") debt is secured by and payable from pledged revenues as defined in the Master Resolution establishing the RFS. Pledged revenues consist of all lawfully available revenues, funds and balances, with certain exceptions, pledged to secure revenue-supported indebtedness issued under the Master Resolution as set forth by the State.

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General information related to revenue bonds outstanding as of August 31, 2016, is summarized in the following table:

Bond	Purpose	Issue Date	Interest Rates	Amount Issued	Total Principal Outstanding as of 8/31/16
RFS Bonds, Series 2009	To provide funds for the purposes of refunding commercial paper notes, constructing and equipping buildings, and paying certain costs of issuing the bonds	2/19/2009	3.0000% - 5.2500%	$ 38,650,000.00	$ 25,495,000.00
RFS Bonds, Series 2009A	To provide funds for the purposes of constructing and equipping buildings, and for paying certain costs of issuing the bonds	12/2/2009	3.0000% - 5.0000%	159,310,000.00	130,050,000.00
RFS Refunding Bonds, Series 2009B	To provide funds for the purposes of refunding outstanding Consolidated University Revenue Bonds Series 1994, Revenue Financing System Bonds Series 1999A, and Revenue Financing System Bonds Series 2001 and for paying costs of issuing the bonds	12/2/2009	3.0000% - 4.7500%	15,800,000.00	6,790,000.00
RFS Refunding Bonds, Series 2010	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2001, Revenue Financing System Bonds Series 2002, Revenue Financing System Bonds Series 2002A, and paying certain costs of issuing the bonds	7/23/2010	3.0000% - 5.0000%	57,625,000.00	39,335,000.00
RFS Refunding and Improvement Bonds, Series 2012A	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2003; a portion of the Board's outstanding commercial paper notes; for purchasing, constructing, improving, renovating, enlarging, and equipping property and infrastructure; and paying certain costs of issuing the bonds	6/1/2012	2.0000% - 5.0000%	75,890,000.00	57,420,000.00
RFS Refunding Bonds, Taxable Series 2012B	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2003B and paying certain costs of issuing the bonds	6/1/2012	0.5500% - 3.2000%	4,820,000.00	4,235,000.00
RFS Refunding Bonds, Series 2015	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2003A and 2005 Bonds and paying certain costs of issuing the bonds	4/30/2015	1.9500% - 1.9500%	38,265,000.00	31,425,000.00
RFS Refunding Bonds, Series 2015A	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2014 Private Placement Arrangement, for refunding a portion of the Board's commericial paper notes and provide funding for constructing and equipping buildings, and paying certain costs of issuing the bonds	10/21/2015	2.0000%-5.0000%	105,130,000.00	104,105,000.00
RFS Refunding Bonds, Series 2015B	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2014 Private Placement Arrangement, for refunding a portion of the Board's commericial paper notes, provide	10/21/2015	0.3000%-4.8380%	73,035,000.00	70,585,000.00
RFS Refunding Bonds, Series 2015C	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2007 Bonds and and paying certain costs of issuing the bonds	3/1/2016	2.4460%-10.0000%	45,865,000.00	45,865,000.00
			Total	$614,390,000.00	$ 515,305,000.00

Early Extinguishments in 2016

A portion of RFS Refunding Bonds, Series 2012A, were defeased during 2016, reducing principal by $4,535,000.00 and unamortized premiums of $517,995.43.

- Unrestricted funds in the amount of $5,321,345.18 were used to pay related expenses of $30,057 and deposit $5,290,538.18 into an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds.
- An accounting loss of $237,542.75 resulted from the transaction which was recorded as interest expense.

RFS Refunding Bonds, Series 2015C, were issued on March 1, 2016 to refund the RFS Refunding Bonds, Series 2007 principal amount. The Series 2015C Bonds were issued at par with a face value of $45,865,000. The proceeds were used to pay the costs of issuance of $235,454.75 and to provide for debt service on the refunded bonds which were called on April 15, 2016 and are no longer outstanding. The liability for these bonds has been removed from the consolidated statement of net position.

- An economic gain from the transaction resulted in a net present value savings of $4,469,507.99 between the old and new debt service payments.
- An accounting gain of $1,035,872.52 resulted from the transaction, as the net carrying amount of $46,640,872.52 exceeded the reacquisition price of $45,865,000.00 on the refunded bonds. The carrying value of $46,640,872.52 on the refunded debt consisted of $45,605,000.00 par value, and $1,035,872.52 unamortized premiums.

Funds Available for Debt Service

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues,* as amended, makes a basic distinction between sales of receivables and future revenues, on the one hand, and the pledging of receivables or future revenues to repay a borrowing (a collateralized borrowing) on the other.

Total pledged revenues consist of available pledged revenues, which include the gross revenues of the RFS, the Student Union Fee, pledged general tuition (which includes general use fees), investment income, and funds on deposit in the Interest and Sinking Fund and the Reserve Fund. 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 debt service. System HEAF reserves and Health and Loan Reserves at HSC cannot be included in total pledged revenues. The following table provides the pledged revenue information for the System's revenue bonds:

Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds	$ 784,115,234.68
Term of Commitment Year Ending 8/31	2045
Percentage of Pledged Revenue	100%
Current Year Pledged Revenue	$ 773,097,217.62
Current Year Principal and Interest Paid	$ 47,906,159.96

Note 8: Leases

Operating Leases

The System has entered into various operating leases for buildings, equipment, vehicles and land. Rental expenses for operating leases were $3,581,367.01 in 2016. The lease terms typically range from 12 to 60 months, where some lease terms contain optional renewals. Future minimum lease payments under non-cancelable operating leases having an initial term in excess of one year as of August 31, 2016 were as follows:

Fiscal Year	Lease Payments
2017	$ 3,039,163.13
2018	2,463,894.09
2019	1,778,811.50
2020	1,453,074.38
2021	996,830.64
2022 - 2026	312,499.80
2027 - 2031	312,499.80
2032 - 2036	312,499.80
2037 - 2041	312,499.80
2042 - 2046	312,499.80
2047 and beyond	124,999.92
Total Future Minimum Operating Lease Payments	**$ 11,419,272.66**

The System has also leased buildings, and other capital assets to outside parties under various operating leases. The cost, carrying value and accumulated depreciation of these leased assets as of August 31, 2016 were as follows:

Assets Leased	**2016**
Buildings:	
Cost	$ 12,493,858.73
Less: Accumulated Depreciation	(4,018,756.16)
Carrying Value of Buildings	8,475,102.57
Parking Garage:	
Cost	10,655,156.80
Less: Accumulated Depreciation	(5,616,244.41)
Carrying Value of Parking Garage	5,038,912.39
Total Carrying Value	**$ 13,514,014.96**

There were no contingent rentals for the period ended August 31, 2016. Future minimum lease income under non-cancelable operating leases as of August 31, 2016, was as follows:

Fiscal Year	**Lease Income**
2017	$ 1,525,717.77
2018	1,333,900.95
2019	316,387.80
2020	29,520.56
2021	15,580.00
2022 and beyond	-
Total Future Minimum Operating Lease Income	**$ 3,221,107.08**

Capital Leases

Leases that are purchases in substance are reported as capital lease obligations. The System has entered into long-term leases for financing the purchase of certain capital assets where lease terms contain bargain purchase options. Such leases are classified as capital leases for accounting purposes, and the asset and liability are recorded at the present value of the future minimum lease payments at the inception of the lease. Amortization of the leased assets is included in depreciation expense. A summary of original capitalized costs and accumulated depreciation of all assets under capital lease as of August 31, 2016, is presented below:

Assets Under Capital Lease	**2016**
Furniture and Equipment	
Cost	$ 6,311,696.39
Less: Accumulated Depreciation	(1,873,243.53)
	4,438,452.86
Vehicles, Boats and Aircraft	
Cost	111,858.88
Less: Accumulated Depreciation	(34,375.06)
	77,483.82
Total Carrying Value	**$ 4,515,936.68**

Capital lease obligations are due in monthly, quarterly or annual installments through 2020. Future minimum lease payments for assets under capital lease at August 31, 2016 were as follows:

Fiscal Year	Principal	Interest
2017	$ 1,249,546.84	$ 193,781.84
2018	1,312,299.31	131,022.89
2019	1,336,986.67	65,611.83
2020	13,693.90	220.34
2021	-	-
Total Future Minimum Capital Lease Payments	**$ 3,912,526.72**	**$ 390,636.90**

Note 9: Pension Plans

Teacher Retirement System

Plan Description

The State has joint contributory retirement plans for the majority of its employees. One of the primary plans in which the System participates is the Teacher Retirement System of Texas ("TRS") Plan (the "TRS Plan"). The TRS Plan is a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation administered by TRS. The TRS Plan is established and administered in accordance with the Texas Constitution, Article 16, Section 67 and Texas Government Code, Title 8, Subtitle C. The TRS Plan is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Legislature has the authority to establish and amend benefits and contribution rates within the guidelines of the Texas Constitution. The TRS Plan's Board of Trustees does not have the authority to establish or amend benefit terms.

The employers in the TRS Plan include the state of Texas, TRS, the state's public schools, education service centers, charter schools, and community and junior colleges. Employees of TRS and state of Texas colleges, universities and medical schools are members of the TRS Plan.

Detailed information about the TRS Plan's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

Benefits Provided

The TRS Plan provides retirement, disability annuities and death and survivor benefits. The pension benefit formulas are based on members' average annual compensation and years of service credit. The standard annuity is 2.3% of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered members who were hired on or before August 31, 2005 and meet certain criteria, the standard annuity is based on the average of the three highest annual salaries. The plan does not provide automatic post-employment benefit changes, including automatic cost of living adjustments ("COLAs"). Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Legislature.

All System personnel employed in a TRS-eligible position on a half time or greater basis that is projected to last for 4½ months or more are eligible for membership in the TRS Plan. However, students employed in positions that require student status as a condition of employment do not participate. Members with at least five years of service have a vested right to unreduced retirement benefits at age 65 or provided they have a combination of age plus years of service totaling 80 or more. However, members who began participation in the TRS Plan on or after September 1, 2007 must be age 60 to retire and members who were not vested in the TRS Plan on August 31, 2014, must be age 62 to retire under the second option. Members are fully vested after five years of service and are entitled to any reduced benefits for which the eligibility requirements have been met prior to meeting the eligibility requirements for unreduced benefits. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule.

Contributions

Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution, which requires the Legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation paid to members of the System during the year. Texas Government Code Section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

During the measurement period of 2015 for fiscal 2016 reporting, the amount of the System's contributions recognized by the plan was $9,916,773. The contribution rates are based on a percentage of the monthly gross compensation for each member. Contributions by employees were 6.7% of gross earnings during the measurement period of 2015. Depending upon the source of funding for the employee's compensation, the State or the System contributes a percentage of participant salaries totaling 6.8% of annual compensation for during the measurement period of 2015.

Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

The pension plan's fiduciary net position is determined using economic resources measurement focus and the accrual basis of accounting, which is the same basis used by Teacher Retirement System. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. The framework for measuring fair value is based on a hierarchy that gives the highest priority to the use of observable inputs in an active market and lowest priority to the use of unobservable inputs. More detailed information on the plan's investment policy, assets, and fiduciary net position, may be obtained from TRS' fiscal 2015 Comprehensive Annual Financial Report.

At August 31, 2016, the System reported a liability of $118,374,598 for its proportionate share of the collective net pension liability of the TRS Plan. The collective net pension liability was measured as of August 31, 2015 (the "measurement date"), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The System's proportion of the collective net pension liability at the measurement date was 0.3348771%, which was a decrease of 0.0521666% from the 0.3870437% measured at the prior measurement date. The System's proportionate share was based on its contributions to the pension plan, excluding State on-behalf contributions, relative to the contributions of all employers and non-employer contributing entities to the TRS Plan for the period September 1, 2014 through August 31, 2015 (the "measurement period"). During the measurement period, the amount of the System's contributions recognized by the TRS Plan, including State on-behalf contributions, was $12,757,958.96. The State recognized $33,917,826.43 for its proportionate share of the net pension liability related to its contributions to TRS on behalf of the System. The State's proportionate share for those contributions was 0.0959522%.

For the year ended August 31, 2016, the System recognized pension expense of $9,948,627. At August 31, 2016, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 10,041,557.00	$ -
Changes of assumptions	5,588,903.00	4,223,087.00
Difference between expected and actual experience	1,329,734.00	4,549,241.00
Change in proportion and contribution difference	-	11,931,009.00
Net difference between projected and actual investment return	5,454,081.00	-
Total	$ 22,414,275.00	$ 20,703,337.00

The $10,041,557.00 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Expense
2017	$ (2,718,592.00)
2018	(2,718,592.00)
2019	(2,718,594.00)
2020	5,181,055.00
2021	(2,190,286.00)
Thereafter	(3,165,610.00)

Actuarial Assumptions

The total pension liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2015 measurement date:

Actuarial Methods and Assumptions	TRS Plan
Actuarial Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percent, Open
Actuarial Assumptions:	
Discount Rate	8.0%
Investment Rate of Return	8.0%
Inflation	2.50%
Salary Increase	3.50% to 9.50% including inflation
Mortality:	
Active	90% of the RP 2014 Employee Mortality Tables for males and females
Post-Retirement	2015 TRS Healthy Pensioner Mortality Tables
Ad Hoc Post-Employment Benefit Changes	None

The actuarial assumptions used in valuation were primarily based on the result of an actuarial experience study for the four-year period ending August 31, 2014 and adopted September 2015. There have been changes in inflation, salary increase and mortality assumptions since the prior measurement date. The inflation assumption changed from 3.00% to 2.50%. The salary increase assumption changed from a range of 4.25% to 7.25% to a range of 3.50% to 9.50% including inflation. The mortality assumption changed from the one based on 1994 Group Annuity Mortality Table to the one based on the RP 2014 employee Mortality Tables for the active members. For the retired members, the new 2015 TRS Healthy Pensioner Mortality Tables were used for the mortality assumption.

The long-term expected rate of return on plan investments was developed using a building-block method with assumptions including asset class of investment portfolio, target allocation, real rate of return on investments, and inflation factor. Under this method, best estimate ranges of expected future real rates of return (net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class for the TRS Plan's investment portfolio are presented below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Global Equity		
U.S.	18.0%	4.6%
Non-U.S. Developed	13.0%	5.1%
Emerging Markets	9.0%	5.9%
Directional Hedge Funds	4.0%	3.2%
Private Equity	13.0%	7.0%
Stable Value		
U.S. Treasury	11.0%	0.7%
Absolute Return	0.0%	1.8%
Stable Value Hedge Funds	4.0%	3.0%
Cash	1.0%	-0.2%
Real Return		
Global Inflation Linked Bonds	3.0%	0.9%
Real Assets	16.0%	5.1%
Energy and Natural Resources	3.0%	6.6%
Commodities	0.0%	1.2%
Risk Parity		
Risk Parity	5.0%	6.7%
Total	**100.0%**	

There have been no changes to the benefit provisions of the TRS Plan since the prior measurement date. The discount rate used to measure the total net pension liability was 8.0%. There has been no change in the discount rate since the measurement period. The projected cash flows into and out of the TRS Plan assumed that members, employers, and non-employer contributing entities make their contributions at the statutorily required rates. Under this assumption, the TRS Plan's fiduciary net position is projected to be sufficient to make all future pension benefit payments of current active and inactive plan members. Therefore, the 8.0% long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the System's proportionate share of the net pension liability calculated using the discount rate of 8.0%, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.0%) or 1 percentage point higher (9.0%) than the current rate:

1.0% Decrease (7.0%)	Current Discount Rate (8.0%)	1.0% Increase (9.0%)
$ 185,470,683	$ 118,374,598	$ 62,487,728

Optional Retirement Program

The State has also established the Optional Retirement Program (the "ORP"), a defined contribution plan, for institutions of higher education. Participation in the ORP is in lieu of participation in the TRS Plan and is available to certain eligible employees who hold faculty positions and other professional positions including but not limited to director-level and above, librarians and coaches. The ORP provides for the purchase of annuity contracts and mutual funds and is administered by a variety of investment firms. Employees are immediately vested in their own contributions and earnings on those contributions and become vested in the employer contributions after one year and one day of service.

The employee and employer contribution rates are established by the Legislature each biennium. Depending upon the source of funding for the employee's compensation, the System may be required to make the employer contributions in lieu of the State. Since these are individual annuity contracts, the State and the System have no additional or unfunded liability for this program. The State provides an option for a local supplement in addition to the state base rate. Each institution within the System can decide to adopt and fund a local supplement each year to provide each ORP employee the maximum employer rate. The chancellor then approves the employer rates each fiscal year. The contributions made by participants (6.65% of annual compensation) and the employer (6.60% state base rate for 2016 plus any local supplement for a maximum 8.50% of annual compensation) for the year ended August 31, 2016, is provided in the following table:

ORP Participation	
Member Contributions	$ 9,402,553.64
Employer Contributions	10,093,701.00
Total	**$ 19,496,254.64**

Note 12: Interagency Activity and Transactions

The System experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interagency balances will occur within one year from the date of the financial statement. There were no balances in interagency receivable and payable at August 31, 2016.

Note 14: Adjustments to Net Position

A restatement of $6.3 million was recorded to adjust accumulated depreciation. This was due to improved historical data identified during the implementation of a new capital assets software system in fiscal year 2016. The restatement of beginning net position for fiscal year 2016 is as follows:

	Total
Net Position at August 31, 2015 as Previously Reported	$ 701,801,561.69
Adjustment due to componentization (useful life) corrections	(6,285,369.23)
Total Restatement	**(6,285,369.23)**
Net Position at August 31, 2015 as Restated	**$ 695,516,192.46**

Note, the Net Position at August 31, 2015 as Previously Reported per USAS was $701,742,360.05. After the adjustment due to componentization corrections of ($6,285,369.23), the Net Position at August 31, 2015 as restated is $695,456,990.82. The variance between UNT System's hard copy AFR and USAS Net Position at August 31, 2015 of $59,201.64 is due to the pension contributions subsequent to the measurement date as recorded in fiscal 2015. Due to the late arrival of the pension information in fiscal 2015, UNT System was directed to make an estimate for the FY15 contributions amount, which ended up differing from the Texas Comptroller of Public Accounts' (CPA) estimate by $59,201.64. UNT System elected to adjust for this difference between UNTS' and CPA's fiscal 2015 estimate through current year other operating expense, to ensure ending net position would be in balance between the published AFR and USAS for fiscal 2016.

Note 15: Contingencies and Commitments

The System is involved in several pending and threatened legal actions. Unless otherwise disclosed in this note, the range of potential loss from all such claims and actions, as estimated by the System's legal counsel and management, should not materially affect the System's financial position.

Amounts received or receivable from grantor agencies are subject to audit and adjustments by such agencies, principally the U.S. government. Any disallowed claims may constitute a liability of the System. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the System expects any such amounts to be immaterial.

Contingencies

Design and Construction Contract Dispute

In February 2012, the System entered into a Professional Services Agreement with Perkins + Will, under which Perkins + Will was to perform architectural and engineering services for the UNT University Union renovation and expansion project. In March 2013, the System entered into a Construction Manager-at-Risk Agreement with Beck Warrior, under which Beck Warrior was to perform pre-construction and construction management services for the Union renovation and expansion project. Beck Warrior was to achieve substantial completion of the Union by August 20, 2015; however, substantial completion was not achieved until November 5, 2015. Beck Warrior has submitted, to date, twelve claim letters against UNT System pursuant to Chapter 2260, Texas Government Code, claiming errors and omissions by Perkins + Will and interference by UNT System. Perkins + Will has submitted invoices for additional work required due to Beck Warrior's failure to perform. Incurrence of a loss is reasonably possible. The amount of loss for UNT System is within a range of $0 to $12,193,000, plus interest, and no best estimate of loss within this range can be determined at this time.

Gabrielle Dorais v. University of North Texas Health Science Center

Case No. 048-281181-15, Tarrant County District Court. Sexual harassment and retaliation claims brought pursuant to the Texas Commission on Human Rights Act in which the Plaintiff claims damages in an amount exceeding $100,000 and less than $1,000,000. Incurrence of a loss is probable. The amount of loss for UNTHSC is within a range of $80,000 to $150,000, plus attorney's fees, and no best estimate of loss within this range can be determined at this time.

Dale A. Wilkerson v. University of North Texas, Neal Smatresk, Finley Graves, Warren Burggren, Arthur Goven, and Patricia Glazebrook

Case No. 4:15-cv-00540-ALM, US District Court, Eastern District of Texas. Due process, equal protection and retaliation claims; limited discovery underway during pendency of Defendants' motion to dismiss. Plaintiff seeks an unspecified amount of actual and exemplary damages, plus attorney's fees and costs. Loss is reasonably possible.

Jessica Jimenez, Jennifer Galo, Catherine Frank, in Their Individual Capacities, and William Tyler, II, As Independent Administrator of the Estate of Pamela J. Knight, Deceased v. University of North Texas Health Science Center
Case No. 02-16-00368-CV, Fort Worth Court of Appeals. Health care liability claim; on appeal following the denial of UNTHSC's plea to the jurisdiction. Plaintiff seeks monetary relief over $1,000,000. UNTHSC's damages are statutorily capped at $250,000. Loss is reasonably possible.

Vera L. Moore, Individually and as Representative of the Estate of Clarence Lee Moore, Jr., Deceased v. University of North Texas Health Science Center
Case No. 348-287318-16, Tarrant County District Court. Health care liability claim; case is pending. Plaintiff seeks monetary relief over $200,000, but not more than $1,000,000. UNTHSC's damages are statutorily capped at $250,000. Loss is reasonably possible.

Sherry B. Skinner and Robert W. Skinner v. Robert Nathaniel Reddix, Jr., M.D. and Jonathan David Boyle, M.D.
Case No. 153-288786-16, Tarrant County District Court. Health care liability claim; filed but not served. Plaintiff seeks monetary relief over $1,000,000 for each Plaintiff. UNTHSC's damages are statutorily capped at $250,000. Loss is reasonably possible.

Anthony DeShawn Thomas v. John Mills, M.D., D. Peyton and Tarrant County Hospital District
Case No. 16-10061, U.S. Court of Appeals for the Fifth Circuit. Prisoner's civil rights claim; on appeal following summary judgment for defendants. Plaintiff seeks actual and compensatory damages of $200,000 and punitive damages of $20,000. Loss is reasonably possible.

Research Grant Repayment to National Institutes of Health
UNTHSC recently concluded a compliance review of 114 of its NIH-funded research projects over the last six years. UNTHSC determined that weaknesses exist in its reporting and certification of time and effort performed by researchers on NIH-funded projects, which weaknesses cause UNTHSC to be non-compliant with certain regulatory and/or sponsor-imposed obligations. On or before January 10, 2017, UNTHSC will notify NIH of its intent to: (i) disclose to NIH the results of its review of NIH-funded research projects; and (ii) offer to repay to NIH $8.72 million of previously received research grant funding. UNTHSC accrued a loss of $8.72 million in the current reporting period related to the repayment offer. UNTHSC believes it is reasonably possible that the government will require UNTHSC to pay an additional penalty in the amount of 50% to 100% of the repayment amount to resolve the matter.

Commitments

The System continues to implement capital improvements to upgrade facilities. Approximately $457 million in capital commitments have been entered into for the construction and renovation of various facilities across all of its campuses. These projects are in various stages of completion. The estimated breakdown of funding sources available for this commitment is as follows: 61% Tuition Revenue Bonds, 30% Revenue Financing System Bonds, 6% HEAF, 2% auxiliary revenues, and less than 1% from designated funds. Approximately $230 million of the commitment, or roughly 50%, is expected to be spent in 2017.

On May 20, 2016 the System entered into a Purchase Agreement with JP Morgan to forward refund certain maturities of the Series 2009 Bonds and close and deliver on March 14, 2018. JP Morgan agreed to purchase, at closing, the Revenue Financing System Bonds, Forward Delivery Series 2018 bearing an interest rate of 2.40% annually.

Note 16: Subsequent Events

On November 18, 2016 the Board of Regents approved an Extendible Commercial Paper program ("ECP") with a maximum authorized amount of $75,000,000. Concurrently, the Board of Regents approved a resolution which limits the amount of self-liquidity Commercial Paper ("CP") down to $75,000,000 from $100,000,000, which may be outstanding at any one time. Following the changes adopted on November 18, 2016, the CP and ECP programs have a combined capacity of $150,000,000 up from the previous capacity of $100,000,000.

Note 17: Risk Management

The System is exposed to a variety of civil claims resulting from the performance of its duties. It is System policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed.

The System assumes substantially all risks associated with torts, theft, damage or destruction of assets, business interruption, errors or omissions, and job-related illness or injuries to employees arising out of the performance of the System's mission. Financial risks are transferred through contracts, or financed through commercial insurance or self-insurance plans. Financial exposure from lawsuits for damages and injunctive relief arising from torts and contracts is mitigated by the function of sovereign, Eleventh Amendment and individual immunities and statutory limits on the amount of recovery. In addition, state law limits financial exposure for state law claims made against individual employees and officials. Currently the System does not carry System-wide commercial general liability insurance for any of the institutions; commercial general liability policies are purchased on an as needed basis to address unique exposures. The System is not involved in any risk pools with other government entities.

Liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The System has various insurance and self-insurance arrangements to manage risks of loss that are within the scope of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* as amended. There are no claims pending or significant non-accrued liabilities, except as stated in Note 15, *Contingencies and Commitments*. The System did not have any losses or settlements that exceeded insurance policy limits within the last three years.

Self-Insurance Arrangements

Medical Professional Liability Self-Insurance Plan

HSC manages a medical malpractice self-insurance plan for its physicians. As of August 31, 2016, HSC had sufficient self-insurance reserves for known claims against its health care professionals. The policy limits for this plan are $500,000/$1,500,000. Medical professional liability coverage is purchased for allied health care professionals and medical students with entity coverage, which provides a maximum per incident of $1,000,000 and an aggregate limit of $3,000,000 with no deductible.

The following contingencies and Incurred But Not Reported ("IBNR") activity was determined for the year ended August 31, 2016:

	August 31, 2015	Additions	Reductions	August 31, 2016
Incurred But Not Reported Self-Insurance Claims (HSC) (1)	$ 1,667,984.00	343,960.00	241,020.00	$ 1,770,924.00
Contingent Liabilitites	$ 3,578,232.00	80,000.00	3,578,232.00	$ 80,000.00

(1) The estimated claims payable for medical malpractice IBNR includes estimates of allocated loss adjustment expenses.

Student-Athlete Accident Medical Self-Insurance Plan

The National Collegiate Athletic Association (the "NCAA") requires its member institutions to certify coverage for medical expenses resulting from injuries sustained by student-athletes and certain prospective student-athletes while participating in qualifying NCAA-sanctioned activities. UNT finances this plan to an actuarially determined attachment point and purchases commercial insurance for claims in excess of the attachment point. The attachment point for 2016 was $320,000. For the year ended August 31, 2016, claims paid out were not material.

Incurred But Not Reported Self-Insurance Claims
The System self-insures some physical injury and property damage claims that are not financed through commercial insurance, or are below the retention amounts for claims covered by commercial insurance. The System, as an agency of the State, is protected from risk of loss arising from these tort claims by sovereign immunity, except as such claims are permitted under the Texas Tort Claims Act. In addition to limiting the type of personal injury and damage claims that can be brought against the System, the Texas Tort Claims Act limits the loss that can result from claims that can be made to $250,000 for each person, $500,000 for each single occurrence of bodily injury or death, and $100,000 for each single occurrence of damage or destruction of property.

For the year ended August 31, 2016, claims against the System were below the liability limits established by the Texas Tort Claims Act, and thus immaterial.

Commercial Insurance Arrangements

Directors and Officers/Employment Practices Liability
Directors and Officers (“D&O”)/Employment Practices Liability (“EPL”) coverage insures all institutions in the System as well as all officers, employees and volunteers. The policy provides for a maximum limit of $10,000,000 with a zero deductible per insured individual and $50,000 deductible per insured entity for D&O; and $100,000 deductible per insured individual, $50,000 deductible for the entity, and a $25,000 deductible for volunteers for EPL.

Automobile
The Texas Motor Vehicle Safety Responsibility Act requires that vehicles operated on a state highway be insured for minimum limits of liability in the amount of $30,000/$60,000 for bodily injury and $25,000 for property damage. The System carries liability insurance on its licensed vehicles in the amount of $1,000,000 combined single limit for bodily injury and property damage.

Medical Professional Liability
UNT has medical professional liability insurance coverage for professionals at the Student Health and Wellness Center, Athletic Training and Rehabilitation Center, and the Kristin Farmer Autism Center. Under the coverage, professionals are defined as physicians, nurses, nurse practitioners, physician assistants, pharmacists, and athletic trainers. There is a maximum per incident limit of $250,000 and an aggregate limit of $1,000,000 and an aggregate of $3,000,000 with a $5,000 deductible.

Property
The System carries property insurance to finance losses arising from damage to or destruction of capital assets. The insurance also covers business interruption, which protects against losses resulting from disruption to revenue streams. At the close of the fiscal year, all premium payments had been made and an insurance policy was in effect that carried a $1,000,000,000 shared limit through the State’s state-wide property insurance program.

A property claim was filed in fiscal year 2014 for hail damage to most buildings at the University of North Texas, including the Discovery Park campus. Currently, the claim is still open and the estimated loss is $7,000,000 to $9,000,000, all of which is covered under the policy. Another property claim was filed in fiscal year 2016 for hail damage to buildings at the University of North Texas, including the Discovery Park campus. Currently, the estimated loss is $733,119, all of which is covered under the policy.

Workers’ Compensation
The System is required by state law to participate in the State’s workers’ compensation insurance program administered through the State Office of Risk Management. This program covers risks of loss resulting from job-related illness or injuries to employees while in the course and scope of their work responsibilities. Following a work-related illness or injury, employees enter into a return-to-work program, if necessary, thus reducing indemnity payments for loss compensation.

Separate workers' compensation policies are purchased to cover out-of-state employees as required by the laws of the state in which an employee works. As of August 31, 2016, the System maintains one policy for an out-of-state employee.

Unemployment Compensation
The State provides coverage for unemployment benefits from appropriations made to other state agencies for System employees. The current General Appropriations Act provides that the System must reimburse the General Revenue Fund – Consolidated one-half of the unemployment benefits for former and current employees from System appropriations. The Texas Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. The System has only one appropriated fund type. The System must reimburse the General Revenue Fund 100% of the cost for unemployment compensation for any employees paid from funds held in local bank accounts and local funds held in the State Treasury.

Unemployment compensation is on a pay-as-you-go basis through the State, with the exception of locally funded enterprises that have fund expenses and set-aside amounts based on a percentage of payroll amounts. No material outstanding claims were pending at August 31, 2016.

The System maintains reserves for unemployment compensation and workers' compensation payments made for all claims and settlements not eligible for state funding. There were no material outstanding claims pending as of August 31, 2016. Health benefits are provided through the various state contracts administered by the Employee Retirement System.

Miscellaneous
Other lines of insurance purchased include: contractual bonuses, camp accident/medical, commercial crime, fine arts, inland marine, foreign liability, global medical, kidnap and extortion, specialized general liability and property insurance for the Elm Fork Education Center, and student professional liability.

Note 19: Financial Reporting Entity

The System is composed of the University of North Texas System Administration and three academic institutions as follows: the University of North Texas, the University of North Texas Health Science Center at Fort Worth, and the University of North Texas at Dallas. The System is governed by a nine-member Board of Regents appointed by the Governor of Texas and confirmed by the Texas State Senate. Three members are appointed every odd-numbered year for six-year terms. In addition, the Governor appoints a nonvoting student Regent for a one-year term.

Assets Held By Affiliated Organizations
GASB authoritative guidance provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship to the primary government, the System. This guidance states that a legally separate tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The System has defined significance as 3% of its net position. As of August 31, 2016, only the University of North Texas Foundation met the criteria for inclusion in the System's financial statements.

Discretely Presented Component Unit

University of North Texas Foundation

The University of North Texas Foundation, Inc. (the "Foundation") is reported as a discrete component unit. The Foundation is a separate nonprofit organization that is organized for various purposes, including transferring or using all or any part of the corpus or income for the benefit of the University of North Texas. Such uses are made in accordance with the general or specific purposes stipulated by the donors, grantors or testators, or in the absence of such stipulations, for such uses as may be determined by the Board of Directors of the Foundation; furthermore, the Foundation promptly distributes all net income in excess of operating requirements to promote the educational advancement of UNT. The governing board is self-perpetuating, comprised of elected members separate from the System's Board of Regents. The direction and management of the affairs of the Foundation and the control and disposition of its assets are vested in the Board of Directors of the Foundation. The System has no liability with regard to the Foundation, its operations or liabilities. The majority of endowments supporting university scholarships and other System programs are owned by the Foundation; therefore, including the Foundation's financial reports is important to obtain a full understanding of the System's financial position and resources.

The Foundation is an essential component of UNT's program for university advancement and for the development of private sources of funding for capital acquisitions, operations, endowments, and other purposes relating to the mission of UNT.

In August 2003, UNT entered into an agreement with the Foundation to better define the relationship between the two entities and to comply with the statutory requirements of Chapters 2255 and 2260 of the Texas Government Code. The 2003 agreement provided that the development leadership for UNT would be provided by the Foundation's Chief Executive Officer.

An amended agreement was approved by the Foundation's Board of Directors in their June 2009 meeting, and subsequently approved by the System Board of Regents in August 2009. Under the amended agreement, UNT's Vice President for Advancement will serve as the Foundation's Director of Development and will oversee, coordinate and exercise decision making authority over the fundraising activities of both UNT and the Foundation. In this dual position, the Vice President for Advancement/Foundation's Director of Development (the "VPA/FDD") shall have no decision making authority in regard to governance of the Foundation or expenditure of funds by the Foundation. The VPA/FDD is an employee of UNT, and compensation for the position is the sole obligation of UNT. In consideration of this amended agreement, UNT has consistently reported the Foundation as a discrete component unit in the System's financial statements.

Related Parties

Through the normal course of operations, the System both receives funds from and provides funds to other state agencies in support of sponsored research programs. Funds received and provided during the year ended August 31, 2016 related to pass-through grants were $31,326,811.17 and $206,016.96 respectively.

Other related-party transactions identified in the financial statements include Due From/To Other Agencies, Legislative Appropriations, Capital Appropriations, Legislative Transfers In and Transfers From/To Other State Agencies.

Note 22: Donor Restricted Endowments

The System's spending policy for unitized endowments reflects an objective to distribute as much total return as is consistent with overall investment objectives while protecting the real value of the endowment principal. An endowment is excluded from target distribution until the endowment has been established for one year.

The target distribution of spendable income to each unit of the endowment fund will be between 3% and 6% of the moving average market value of a unit of the endowment fund for the preceding 12 quarters. Unless otherwise determined by the Finance Committee of the Board of Regents, the target annual distribution rate shall be 4% of the average unit market value. Distribution shall be made quarterly, as soon as practicable, after the last calendar day of November, February, May and August. This distribution amount shall be recalculated each quarter based on a 12-quarter rolling average. If, at any point of distribution, the fair market value of the endowment is below the corpus of the endowment, the distribution shall be determined on a sliding scale basis. The distribution is made in accordance with the Texas Uniform Prudent Management of Institutional Funds Act. The quarterly distribution is based on an endowment management model developed by the AICPA. The net appreciation (cumulative and unexpended) on donor-restricted endowments presented below is available for authorization and expenditure by the System.

Endowment Type	Amount of Cumulative Net Appreciation (1)	Reported in Net Position
True Endowments	$ 6,640,513.62	Restricted Expendable

(1) There was a positive fair value adjustment totaling $2,371,831.83 for 2016 related to true endowments. As of August 31, 2016, the System did not have any term endowments to report.

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

A summary of the System's deferred outflows of resources and deferred inflows of resources as of August 31, 2016 is presented below:

	Total
Deferred Outflows of Resources	
Unamortized Losses on Refunding of Debt	$ 3,439,828.09
Deferred Outflows of Resources Related to Pensions (1)	22,414,275.00
Total Deferred Outflows of Resources	**$ 28,854,103.09**
Deferred Inflows of Resources	
Unamortized Gains on Refunding of Debt	$ 1,419,367.99
Deferred Inflows of Resources Related to Pensions (1)	20,703,337.00
Total Deferred Inflows of Resources	**$ 22,122,704.99**

(1) See Note 1, *Summary of Significant Accounting Policies,* and Note 9, *Pension Plans,* for more information regarding deferred outflows of resources and deferred inflows of resources related to debt refunding and pensions.

UNIVERSITY OF NORTH TEXAS SYSTEM
Required Supplementary Information
For the Year Ended August 31, 2016

Required Supplementary Information (RSI)

Schedule of the System's Proportionate Share of the Net Pension Liability

RSI - Pension Proportionate Share

	2016	2015
System's proportion of the net pension liability	0.3348771%	0.3870437%
System's proportionate share of the net pension liability	$ 118,374,598.00	$ 103,405,818.19
System's covered payroll (1)	235,537,989.10	222,501,101.49
System's proportionate share of the net pension liability as a percentage of its covered payroll	50.26%	46.47%
Plan fiduciary net position as a percentage of the total pension liability	78.43%	83.25%

(1) Covered payroll is for the year prior, because the System's net pension liability as of August 31 current year is based on a measurement date of August 31 of the previous year.

Schedule of the System's Contributions

RSI - Pension Contributions

	2016	2015	2014
Statutorily required contributions	$ 10,041,557.00	$ 9,916,773.00	$ 9,812,632.02
Contributions in relation to the statutorily required contributions	10,041,557.00	9,916,773.00	9,812,632.02
Contribution deficiency (excess)	$ -	$ -	$ -
System's covered-employee payroll	$ 248,934,340.22	$ 235,537,989.10	$ 222,501,101.49
Contributions as a percentage of covered-employee payroll	4.03%	4.21%	4.41%

NOTES TO THE

FINANCIAL STATEMENTS

of the

UNIVERSITY OF NORTH TEXAS
FOUNDATION, INC.

DENTON, TEXAS

For the Years Ended August 31, 2015 and 2016

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
Notes to the Financial Statements
For the Year Ended August 31, 2016

Note 1: Purpose and Summary of Significant Accounting Policies

Purpose

The University of North Texas Foundation, Inc. ("the Foundation") is a not-for-profit organization established for the purpose of providing financial support to the University of North Texas. This purpose is accomplished by the Foundation's receipt and management of donations (cash and non-cash) from individuals and organizations.

The Foundation is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting.

Contributions

Contributions are generally temporarily or permanently restricted by the donor to support specific programs within the University of North Texas. Unconditional promises to give are recorded as received. Contributions receivable due in the next year are recorded at their net realizable value. Contributions receivable due in subsequent years are recorded at the present value of their net realizable value, using interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises is provided, based on management's evaluation of contributions receivable at the end of each quarter.

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distribution are recorded in temporarily restricted net assets because of program restrictions.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid short term investments with an initial maturity of eighteen months or less.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses for the Foundation's pro-rata share of the investments are included in the change in net assets in the accompanying Statement of Activities

Real Estate

Real estate consists of property that has been donated to the Foundation. The property is stated at the estimated fair value at the time of the donation.

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UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
Notes to the Financial Statements
For the Year Ended August 31, 2016

Trust Property

Trust Property consists of property that is held in a Charitable Remainder Trust. Periodically the property is appraised and the property is carried at the most current appraised value.

Inventory

Inventory consists of paintings donated to the Foundation and held for sale. The paintings are recorded at their fair value as of the date of donation.

Agency Funds

Agency funds consist of resources held by the Foundation as an agent for resource providers and will be transferred to third-party recipients specified by the resource provider.

Note 2: Investments

Investment securities consists of the following:

	Unaudited August 31, 2016		Audited August 31, 2015	
	Book Value	Fair Value	Book Value	Fair Value
Equities	$ 152,948,084	$ 179,635,369	$ 134,841,162	$ 152,760,713
Bonds	42,739,108	43,222,828	56,916,305	55,425,305
Alternatives	54,016,569	55,029,329	53,987,417	48,054,200
Cash & equivalents	133,654	133,654	230,603	230,603
DFA	1,828,949	2,428,312	2,463,059	2,321,951
	$ 251,666,364	**$ 280,449,492**	**$ 248,438,546**	**$ 258,792,772**

Investment income consists of interest and dividends earned, realized gains and losses plus changes in unrealized appreciation and depreciation.

Note: 3 Contributions and Other Receivables

Contributions and other receivables were as follows:	Unaudited August 31, 2016	Audited August 31, 2015
Contributions Receivable in less than one year	$ 2,514,252	$ 23,861,550
Contributions Receivable in one to five years	2,491,412	1,924,875
Contributions Receivable in six to ten years	220,000	291,245
Contributions Receivable in over ten years	-	-
Total Contributions Receivable	5,225,664	26,077,670
Less discounts to net present value (8% discount rate)	(312,807)	(423,421)
Less Allowance for uncollectible pledges		
(10% of discounted pledge receivables – plus specific reserves)	(522,566)	(8,398,177)
Net Contributions Receivable	4,390,291	17,256,072
Other amounts receivable	2,800	2,855
Total Contributions and Other Receivables	**$ 4,393,091**	**$ 17,258,927**

A significant pledge made in 2011 had stated terms that it was to be paid by December 31, 2015. The pledge payment was not received on that date. The donor verbally renewed the pledge for a payment by March 31, 2016. This date also passed without receiving a payment. The University reached out to the donor and the response was the donor would not be able to honor the pledge at this time, but hoped to make the payment in the future.

As the pledge no longer meets the criteria of an unconditional promise to give, we took steps to systematically reduce the receivable from this pledge by 1/3 for each of the last 3 quarters of fiscal year 2016. The pledge is completely off the books of the Foundation as of the close of the current fiscal year, August 31, 2016.

We have recorded the reversal on the Statement of Financial Position by reducing Contributions Receivable, with the offset to Temporarily Restricted Net Assets. In order to not distort the current year operations. On the Statement of Activities, we have recorded the reversal in the Net Assets schedule as a Change due to Pledge Reversal.

Note 4: Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributions from donors who have specified certain programs or scholarships within the University of North Texas for use of the contributions. Temporarily restricted net assets also include income from endowment funds that is available for distribution upon satisfaction of the specific program restriction stated in the endowment agreement.

Note 5: Permanently Restricted Net Assets

Net assets were permanently restricted for the following purposes:

	Unaudited August 31, 2016	Audited August 31, 2015
Endowments and other permanently restricted funds to support various programs, scholarships, and other activities of the University of North Texas	$ 91,487,153	$ 86,324,889
Cash value of life insurance policies that will provide proceeds, upon the death of the insured, for endowments	513,979	512,137
Total	**$ 92,001,132**	**$ 86,837,026**

Note 6: Real Property

Real property donated to the Foundation is recorded at fair value at the date of the donation. Real property consists of the following at August 31, 2016:

	Fair Value Recorded	Fair Value Current
Mineral Rights	$ 12,860	Not Determined
Minahan Estate Property	29,948	29,948
Total	**$ 42,808**	

Note 7: Life Insurance Policies

Several endowments have been established which are to be funded or partially funded by life insurance policies for which the Foundation has been named owner and beneficiary. Donors of the policies reimburse premium payments made by the Foundation. As of the end of the period, there were a total of 24 such policies with death benefits totaling $3,434,842 and cash values totaling $513,979.

Note 8: Income Tax Status

The Foundation has received a letter of determination from the Internal Revenue Service advising that it qualifies as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to income tax. The Foundation is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

Note 9: Retirement Plan

The Foundation sponsors a defined contribution retirement plan covering all full time employees of the Foundation. The Foundation contributes 8.5% of eligible employees' compensation to the plan, and employees are required to contribute a minimum of 6.65% of eligible compensation to the plan. Employees may make voluntary contributions in addition to the required contribution, up to the limits prescribed by the Internal Revenue Code. The fiscal year to date employer contributions were $73,062.

Note 10: Assets Held Under Split Interest Agreements

The Foundation is the Trustee or Co-Trustee of various charitable remainder trusts and administers numerous gift annuity contracts. The agreements require annuity payments to the income beneficiaries for life, with the remaining assets of the trusts or agreements creating endowments upon the death of the income beneficiary. The Foundation has recorded the present value of the annuity payments as annuity obligations.

The annuity obligations are recorded at the present value of the expected future cash payments based on published life expectancy tables using a discount rate of six percent.

Note 11: Assets Held For Others

The Foundation holds and invests certain funds in trust on behalf of the University of North Texas System ("UNTS"). Pursuant to an investment agreement dated March 15, 2012 and amended and restated on August 16, 2012, certain UNTS long-term assets have been placed with the Foundation and invested in the Foundation's Consolidated Investment Pool. The UNTS investment funds are subject to the same investment management policy as the Foundation's investments, but receive monthly distributions of interest, dividends, and realized gains/losses. The initial term of the agreement effective November 1, 2014 ended August 31, 2015. It contains a provision to automatically renew annually thereafter, as well as a provision for early termination as agreed by the parties.

The Foundation also holds and invests certain funds in trust on behalf of the University of North Texas ("UNT"). Pursuant to an investment management agreement dated August 24, 2012, certain UNT endowment assets have been placed with the Foundation and invested in the Foundation's Consolidated Investment Pool or the Foundation's DFA Short-Term Government fund. The UNT endowment funds residing in the Foundation's Consolidated Investment Pool are subject to the same investment management and distribution policies as the Foundation's investments. The initial term of the agreement ended August 31, 2013, with a provision to automatically renew annually thereafter.

UNTS and UNT are independent of the Foundation in all respects. UNTS and UNT are not subsidiaries or affiliates of the Foundation and are not directly or indirectly controlled by the Foundation. The Board of Regents of UNTS makes all decisions regarding the business and affairs of UNTS and UNT, and their long-term assets and endowment assets managed by the Foundation are the exclusive property of UNTS and UNT respectively. Since the Foundation does not have ownership of any of the UNTS or UNT assets, neither the principal nor income generated by these assets is included in the amount of net assets of the Foundation.

Also, two trusts for which the Foundation serves as Trustee currently name the Foundation as the remainder beneficiary, however, the donors have retained the right to change the remainder beneficiary to other charitable organizations. As a result, the Foundation has recorded the assets held under these trusts as assets held for others.

	Unaudited August 31, 2016	Audited August 31, 2015
UNTS long-term assets managed by Foundation	$ 134,555,295	$ 125,423,568
UNT endowment assets managed by Foundation	43,149,493	39,676,464
Trusts for which beneficiary can be changed	2,651,998	2,696,714
Assets Held for Others	**$ 180,356,786**	**$ 167,796,746**

The assets held under these agreements are included in the Statement of Financial Position at fair value.

Note 12: Deferred Gifts

The Foundation has been advised by many donors of bequests and other deferred gifts to the Foundation and/or the University to be made in the future. The total of such deferred gifts of which the Foundation has been informed was approximately $107.5 million at August 31, 2016.

These gifts do not meet the requirements of unconditional promises to give; therefore they are not recorded in the financial statements of the Foundation.

Note 13: Concentrations of Credit Risk

The Foundation maintains cash balances in excess of $100,000 in banks, which are insured by Federal Deposit Insurance Corporation (“FDIC”) up to $250,000. The total amount of checking account deposits with Wells Fargo Bank as of August 31, 2016 was $956,533, $5,252,806 in a Wells Fargo money market account, and $1,808,781 invested in CD’s in a brokerage account.

The Foundation also maintains short-term cash investments in money-market mutual funds, which are not FDIC insured. The amount held in money market mutual funds was $3,079,799 at August 31, 2016.

CONSOLIDATED

SUPPLEMENTAL SCHEDULES

of the

UNIVERSITY OF NORTH TEXAS SYSTEM

DENTON, TEXAS

For the Year Ended August 31, 2016

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Schedule 2A - Consolidated Miscellaneous Bond Information
For the Year Ended August 31, 2016

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Terms of Variable Interest Rates	Scheduled Maturities First Year	Scheduled Maturities Last Year	First Call Date
RFS Bonds, Series 2009	38,650,000.00	3.0000% - 5.2500%	N/A	2009	2028	4/15/2018
RFS Bonds, Series 2009A	159,310,000.00	3.0000% - 5.0000%	N/A	2010	2040	4/15/2019
RFS Refunding Bonds, Series 2009B	15,800,000.00	3.0000% - 4.7500%	N/A	2010	2019	N/A
RFS Refunding Bonds, Series 2010	57,625,000.00	3.0000% - 5.0000%	N/A	2011	2024	4/15/2020
RFS Refunding and Improvement Bonds, Series 2012A	75,890,000.00	2.0000% - 5.0000%	N/A	2013	2034	4/15/2022
RFS Refunding Bonds, Taxable Series 2012B	4,820,000.00	0.5500% - 3.2000%	N/A	2013	2034	4/15/2022
RFS Refunding Bonds, Series 2015	38,265,000.00	1.9500% - 1.9500%	N/A	2016	2025	4/15/2020
RFS Refunding Bonds, Series 2015A	105,130,000.00	2.0000% - 5.0000%	N/A	2016	2045	4/15/2025
RFS Refunding Bonds, Series 2015B	73,035,000.00	0.3000% - 4.8380%	N/A	2016	2045	4/15/2025
RFS Refunding Bonds, Series 2015C	45,865,000.00	2.4460% - 10.0000%	N/A	2016	2033	12/1/2018
Total	**$ 614,390,000.00**					

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Schedule 2B - Combined Changes in Bonded Indebtedness
For the Year Ended August 31, 2016

Description of Issue	Bonds Outstanding 09/01/15	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/16	Unamortized Premium	Net Bonds Outstanding 08/31/16	Amounts Due Within One Year	Bonds Outstanding 08/31/16
RFS Bonds, Series 2007	$ 46,960,000.00	$ -	$ 1,355,000.00	$ 45,605,000.00	$ -	$ -	$ -	$ -	$ -
RFS Bonds, Series 2009	27,050,000.00	-	1,555,000.00	-	25,495,000.00	-	25,495,000.00	1,635,000.00	$ 23,860,000.00
RFS Bonds, Series 2009A	134,425,000.00	-	4,375,000.00	-	130,050,000.00	6,241,010.77	136,291,010.77	5,188,497.90	$ 131,102,512.87
RFS Refunding Bonds, Series 2009B	8,880,000.00	-	2,090,000.00	-	6,790,000.00	159,075.51	6,949,075.51	2,253,528.79	$ 4,695,546.72
RFS Refunding Bonds, Series 2010	43,190,000.00	-	3,855,000.00	-	39,335,000.00	2,657,015.31	41,992,015.31	4,657,171.38	$ 37,334,843.93
RFS Refunding and Improvement Bonds, Series 2012A	65,720,000.00	-	3,765,000.00	4,535,000.00	57,420,000.00	7,323,607.82	64,743,607.82	4,902,745.95	$ 59,840,861.87
RFS Refunding Bonds, Taxable Series 2012B	4,410,000.00	-	175,000.00	-	4,235,000.00	-	4,235,000.00	180,000.00	$ 4,055,000.00
RFS Refunding Bonds, Series 2015	38,265,000.00	-	6,840,000.00	-	31,425,000.00	-	31,425,000.00	6,930,000.00	$ 24,495,000.00
RFS Refunding Bonds, Series 2015A	-	105,130,000.00	1,025,000.00	-	104,105,000.00	16,204,049.73	120,309,049.73	1,551,449.93	$ 118,757,599.80
RFS Refunding Bonds, Series 2015B	-	73,035,000.00	2,450,000.00	-	70,585,000.00	-	70,585,000.00	4,465,000.00	$ 66,120,000.00
RFS Refunding Bonds, Series 2015C	-	45,865,000.00	-	-	45,865,000.00	-	45,865,000.00	2,080,000.00	$ 43,785,000.00
Total	**$ 368,900,000.00**	**$ 224,030,000.00**	**$ 27,485,000.00**	**$ 50,140,000.00**	**$ 515,305,000.00**	**$ 32,584,759.14**	**$ 547,889,759.14**	**$ 33,843,393.95**	**$ 514,046,365.19**

UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 2C - Consolidated Debt Service Requirements
For the Fiscal Year Ended August 31, 2016

Description of Issue	Year	Principal	Interest*
Revenue Bonds			
RFS Bonds, Series 2009	2017	$ 1,635,000.00	$ 1,256,637.50
	2018	1,685,000.00	1,203,500.00
	2019	1,745,000.00	1,144,525.00
	2020	1,835,000.00	1,052,912.50
	2021	1,930,000.00	956,575.00
	2022-2026	11,295,000.00	3,150,650.00
	2027-2028	5,370,000.00	406,000.00
		$ 25,495,000.00	$ 9,170,800.00
RFS Bonds, Series 2009A	2017	$ 4,585,000.00	$ 6,502,500.00
	2018	4,815,000.00	6,273,250.00
	2019	5,055,000.00	6,032,500.00
	2020	5,305,000.00	5,779,750.00
	2021	5,570,000.00	5,514,500.00
	2022-2026	32,340,000.00	23,103,500.00
	2027-2031	30,610,000.00	14,426,750.00
	2032-2036	20,935,000.00	8,451,750.00
	2037-2040	20,835,000.00	2,667,750.00
		$ 130,050,000.00	$ 78,752,250.00
RFS Refunding Bonds, Series 2009B	2017	$ 2,175,000.00	$ 289,225.00
	2018	2,265,000.00	202,225.00
	2019	2,350,000.00	111,625.00
		$ 6,790,000.00	$ 603,075.00
RFS Refunding Bonds, Series 2010	2017	$ 4,045,000.00	$ 1,813,300.00
	2018	4,200,000.00	1,651,500.00
	2019	4,420,000.00	1,441,500.00
	2020	6,880,000.00	1,264,700.00
	2021-2024	19,790,000.00	2,007,500.00
		$ 39,335,000.00	$ 8,178,500.00

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Description of Issue	Year	Principal	Interest*
Revenue Bonds			
RFS Refunding and Improvement Bonds, Series 2012A	2017	$ 3,940,000.00	$ 2,800,825.00
	2018	4,015,000.00	2,603,825.00
	2019	3,460,000.00	2,420,475.00
	2020	3,920,000.00	2,282,075.00
	2021	4,115,000.00	2,086,075.00
	2022-2026	15,325,000.00	7,774,850.00
	2027-2031	17,095,000.00	4,035,250.00
	2032-2034	5,550,000.00	357,750.00
		$ 57,420,000.00	$ 24,361,125.00
RFS Refunding Bonds, Taxable Series 2012B	2017	$ 180,000.00	$ 145,335.00
	2018	185,000.00	142,635.00
	2019	190,000.00	139,120.00
	2020	195,000.00	134,940.00
	2021	200,000.00	130,065.00
	2022-2026	1,085,000.00	553,657.50
	2027-2031	1,295,000.00	341,695.00
	2032-2034	905,000.00	74,317.50
		$ 4,235,000.00	$ 1,661,765.00
RFS Refunding Bonds, Series 2015	2017	$ 6,930,000.00	$ 612,787.50
	2018	4,795,000.00	477,652.50
	2019	4,885,000.00	384,150.00
	2020	2,350,000.00	288,892.50
	2021	2,390,000.00	243,067.50
	2022-2025	10,075,000.00	495,885.00
		$ 31,425,000.00	$ 2,502,435.00
RFS Refunding Bonds, Series 2015A	2017	$ 505,000.00	$ 5,205,250.00
	2018	530,000.00	5,180,000.00
	2019	560,000.00	5,153,500.00
	2020	585,000.00	5,125,500.00
	2021	665,000.00	5,096,250.00
	2022-2026	16,760,000.00	24,310,500.00
	2027-2031	31,405,000.00	18,025,750.00
	2032-2036	32,830,000.00	9,954,250.00
	2037-2041	12,875,000.00	3,342,250.00
	2042-2045	7,390,000.00	946,250.00
		$ 104,105,000.00	$ 82,339,500.00

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Description of Issue	Year	Principal	Interest*
Revenue Bonds			
RFS Refunding Bonds, Series 2015B	2017	$ 4,465,000.00	$ 2,417,826.42
	2018	4,650,000.00	2,371,345.76
	2019	4,850,000.00	2,307,408.26
	2020	5,075,000.00	2,220,932.76
	2021	5,140,000.00	2,114,205.52
	2022-2026	13,580,000.00	8,763,740.50
	2027-2031	-	7,940,367.50
	2032-2036	-	7,940,367.50
	2037-2041	17,965,000.00	6,556,215.70
	2042-2045	14,860,000.00	1,797,317.00
		$ 70,585,000.00	$ 44,429,726.92
RFS Refunding Bonds, Series 2015C	2017	$ 2,080,000.00	$ 1,246,315.81
	2018	2,260,000.00	1,057,161.20
	2019	2,325,000.00	1,001,453.55
	2020	2,385,000.00	944,217.15
	2021	2,440,000.00	885,574.30
	2022-2026	13,115,000.00	3,498,085.75
	2027-2031	14,815,000.00	7,369,000.00
	2032-2033	6,445,000.00	809,250.00
		$ 45,865,000.00	$ 16,811,057.76
Total		**$ 515,305,000.00**	**$ 268,810,234.68**

Concluded

* In accordance with the State Comptroller's reporting requirements, the interest amounts on this schedule represent interest expense per the bond amortization schedules rather than interest on a full accural basis.

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UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Schedule 2D - Analysis of Funds Available for Debt Service
For the Year Ended August 31, 2016

	Pledged and Other Sources and Related Expenditures			
			Debt Service	
Description of Issue	**Total Pledged and Other Sources**	**Operating Expenses/ Expenditures & Capital Outlay**	**Principal**	**Interest ***
RFS Bonds Series '09A, '09B, '10, '12A, '12B, '15, '15A, '15B & '15C	$ 773,097,217.61	$ 8,812,543.82	$ 27,485,000.00	$ 20,421,159.96
Total	**$ 773,097,217.61**	**$ 8,812,543.82**	**$ 27,485,000.00**	**$ 20,421,159.96**

* In accordance with State Comptroller reporting requirements, the interest amounts on this schedule represent interest expense per the bond amortization schedules rather than interest on a full accrual basis.

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 2E - Defeased Bonds Outstanding
For the Fiscal Year Ended August 31, 2016

Description of Issue	Category	Year Defeased	Par Value Outstanding
Revenue Bonds			
RFS Refunding and Improvement Bonds, Series 2012A	Cash Defeasance	2016	$ 4,535,000.00
Total			$ 4,535,000.00

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Schedule 2F - Early Extinguishment and Refunding
For the Year Ended August 31, 2016

			For Refundings Only		
Description of Issue	**Category**	**Amount Extinguished or Refunded**	**Refunding Issued Par Value**	**Cash Flow Increase (Decrease)**	**Economic Gain/ (Loss)**
Revenue Bonds					
RFS Bonds, Series 2007	Current Refunding	$ 45,605,000.00	$ 45,865,000.00	$ 8,902,792.24	$ 4,469,507.99
RFS Refunding and Improvement Bonds, Series 2012A	Cash Defeasance	4,535,000.00			
Total		**$ 50,140,000.00**	**$ 45,865,000.00**	**$ 8,902,792.24**	**$ 4,469,507.99**

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UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Schedule 3 - Reconciliation of Cash in State Treasury
For the Year Ended August 31, 2016

Cash in State Treasury	Unrestricted	Current Year Total
Local Revenue Fund 0258	$ 4,106,855.72	$ 4,106,855.72
Local Revenue Fund 0280	4,189,136.68	4,189,136.68
Local Revenue Fund 0292	3,589,590.92	3,589,590.92
State Reimbursement- GRD	4,978,881.53	4,978,881.53
Total Cash in State Treasury (Statement of Net Position)	$ 16,864,464.85	$ 16,864,464.85

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION

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

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

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

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

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

(4) Prepaid Debt. Principal of and interest on Parity Obligations, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal or interest are payable from funds on deposit or set aside in trust for the payment thereof at the time of such calculations (including without limitation capitalized interest and accrued interest so deposited or set aside in trust) with a financial institution acting as fiduciary with respect to the payment of such Debt;

(5) Variable Rate. As to any Parity Obligation that bears interest at a variable interest rate which cannot be ascertained at the time of calculation of the Annual Debt Service Requirement then, at the option of the Board, either (1) an interest rate equal to the average rate borne by such Parity Obligations (or by

comparable debt in the event that such Parity Obligations has not been outstanding during the preceding 24 months) for any 24 month period ending within 30 days prior to the date of calculation, or (2) an interest rate equal to the 30-year Tax-Exempt Revenue Bond Index (as most recently published in *The Bond Buyer),* shall be presumed to apply for all future dates, unless such index is no longer published in *The Bond Buyer,* in which case an index of tax-exempt revenue bonds with maturities of at least 20 years which is published in a newspaper or journal with national circulation may be used for this purpose. If two Series of Parity Obligations which bear interest at variable interest rates, or one or more maturities within a Series, of equal par amounts, are issued simultaneously with inverse floating interest rates providing a composite fixed interest rate for such Parity Obligations taken as a whole, such composite fixed rate shall be used in determining the Annual Debt Service Requirement with respect to such Parity Obligations;

(6) Guarantee. In the case of any guarantee, as described in clause (2) of the definition of Debt, no obligation will be counted if the Board does not anticipate in its annual budget that it will make any payments on the guarantee. If, however, the Board is making payments on a guarantee or anticipates doing so in its annual budget, such obligation shall be treated as Parity Obligations and calculations of annual debt service requirements with respect to such guarantee shall be made assuming that the Board will make all additional payments due under the guaranteed obligation. If the entity whose obligation is guaranteed cures all defaults and the Board no longer anticipates making payments under the guarantee, the guaranteed obligations shall not be included in the calculation of Annual Debt Service Requirements;

(7) Commercial Paper. With respect to any Parity Obligations issued in the form of commercial paper with maturities not exceeding 270 days, the interest on such Parity Obligations shall be calculated in the manner provided in clause (5) of this definition and the maturity schedule shall be calculated in the manner provided in clause (2) of this definition; and

(8) Credit Agreement Payments. If the Board has entered into a Credit Agreement in connection with an issue of Debt, payments due under the Credit Agreement (other than payments for fees and expenses), for either the Board or the Credit Provider, shall be included in such calculation, except to the extent that the payments are already taken into account under (1) through (7) above and any payments otherwise included above under (1) through (7) which are to be replaced by payments under a Credit Agreement, from either the Board or the Credit Provider, shall be excluded from such calculation.

With respect to any calculation of historic data, only those payments actually made in the subject period shall be taken into account in making such calculation and, with respect to prospective calculations, only those payments reasonably expected to be made in the subject period shall be taken into account in making the calculation.

"Annual Direct Obligation" means the amount budgeted each Fiscal Year by the Board with respect to each participant in the Financing System to satisfy said Participant's proportion of debt service (calculated based on said Participant's Direct Obligation) due by the Board in such Fiscal Year on Outstanding Parity Obligations.

"Annual Obligation" means, with respect to each Participant in the Financing System and for each Fiscal year, said Participant's Annual Direct Obligation plus the amount budgeted by the Board for such Fiscal Year to allow said Participant to retire its obligation for advances made to it by the Board in the management of the Financing System to satisfy part or all of a previous Annual Direct Obligation payment.

"Board" and *"Issuer"* mean the Board of Regents of the University of North Texas System, acting as the governing body of the University and the Health Science Center, or any successor thereto, and pursuant to authority granted in Section 55.02, Texas Education Code, to act as a board of a university system.

"Bond Counsel" means McCall, Parkhurst & Horton L.L.P., or such other firm of attorneys of nationally recognized standing in the field of law relating to municipal revenue bonds selected by the Board.

"Credit Agreement" means, collectively, a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Parity Obligations, purchase or sale agreements, interest rate swap agreements, currency exchange agreements, interest rate floor or cap agreements, or commitments or other contracts or agreements authorized, recognized and approved by the Board as a Credit Agreement in connection with the authorization, issuance, security, or payment of Parity Obligations and on a parity therewith.

"Credit Provider" means any bank, financial institution, insurance company, surety bond provider, or other entity which provides, executes, issues, or otherwise is a party to or provider of a Credit Agreement.

"Debt" means all:

(1) indebtedness incurred or assumed by the Board for borrowed money (including indebtedness arising under Credit Agreements) and all other financing obligations of the Board that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet;

(2) all other indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations that is guaranteed, directly or indirectly, in any manner by the Board, or that is in effect guaranteed, directly or indirectly, by the Board through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and

(3) all indebtedness secured by any mortgage, lien, charge, encumbrance, pledge or other security interest upon property owned by the Board whether or not the Board has assumed or become liable for the payment thereof.

For the purpose of determining the "Debt" of the Board, there shall be excluded any particular Debt if, upon or prior to the Maturity thereof, there shall have been deposited with the proper depository (a) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (b) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements prepared by or for the benefit of the Board in prior Fiscal Years.

"Designated Financial Officer" shall mean the Vice Chancellor for Finance.

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

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

"Funded Debt" means all Parity Obligations that mature by their terms (in the absence of the exercise of any earlier right to demand), or are renewable at the option of the Board to a date, more than one year after the original creation, assumption, or guarantee of such Debt by the Board.

"Health Science Center" means the University of North Texas Health Science Center at Fort Worth, together with every other agency or health related institution or branch now or hereafter operated by or under the jurisdiction of the Board.

"Holder" or "Bondholder" or *"Owner"* means the registered owner of any Parity Obligation registered as to ownership and the holder of any Parity Obligation payable to bearer.

"Maturity" when used with respect to any Debt means the date on which the principal of such Debt or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption, or otherwise.

"Non-Recourse Debt" means any Debt secured by a lien (other than a lien on Pledged Revenues), liability for which is effectively limited to the property subject to such lien with no recourse, directly or indirectly, to any other property of the Board attributable to the Financing System; provided, however, that such Debt is being incurred in connection with the acquisition of property only, which property is not, at the time of such occurrence, owned by the Board and being used in the operations of a participant.

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

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

"*Outstanding*" when used with respect to Parity Obligations means, as of the date of determination, all Parity Obligations theretofore delivered under this Resolution and any Supplement, except:

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

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

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

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

provided, however, that, unless the same is acquired for purposes of cancellation, Parity Obligations owned by the Board shall be deemed to be Outstanding as though it was owned by any other owner.

"*Outstanding Principal Amount* " means, with respect to all Parity Obligations or to a series of Parity Obligations, the outstanding and unpaid principal amount of such Parity Obligations paying interest on a current basis and the outstanding and unpaid principal and compounded interest on such Parity Obligations paying accrued, accreted, or compounded interest only at maturity as of any Record Date established by a Registrar in connection with a proposed amendment of the Master Resolution or any Supplement.

"*Outstanding Revenue Bonds*" means those bonds which are secured by a lien on and pledge of the Prior Encumbered Revenues charged and collected at the University or the Health Science Center in support thereof. As of the date of issuance of the Bonds, there are no Outstanding Revenue Bonds.

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

"*Participant in the Financing System*" and "*Participant*" means each of the agencies, institutions and branches of the University and the Health Science Center and such agencies, institutions and branches designated by the Board to be a participant in the Financing System. Participants include UNT Dallas.

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

"*Pledged Revenues*" means, subject to the provisions of the Prior Encumbered Obligations, the Revenue Funds, including all of the funds and balances now or hereafter lawfully available to the Board and derived from or attributable to any Participant of the Financing System which are lawfully available to the Board for payments on Parity Obligations; provided, however, that the following shall not be included in Pledged Revenues unless and to the extent set forth in a Supplement: (a) amounts received by the University or the Health Science Center under Article 7, Section 17 of the Constitution of the State of Texas, including the income therefrom 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 (i) the Outstanding Revenue Bonds and (ii) those bonds or other obligations of an institution which becomes a Participant of the Financing System after the date of adoption of this Master Resolution, which are secured by a lien on and pledge of the Prior Encumbered Revenues charged and collected at such institution or agency, and any other bonds or other obligations secured by revenues which are hereafter designated by the Board as a Pledged Revenue.

"Prior Encumbered Revenues" means the revenues pledged to the payment of Prior Encumbered Obligations and the revenues of any revenue producing system or facility of an institution or agency which hereafter becomes a Participant of the Financing System and which are pledged to the payment of bonds or other obligations outstanding on the date such institution becomes a participant of the Financing System.

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

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

"Revenue Financing System" or *"Financing System"* means the "University of North Texas Revenue Financing System" for the benefit of the University and the Health Science Center, and such other institutions and agencies now or hereafter under the control or governance of the Board, and made a participant of the Revenue Financing System by specific action of the Board.

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

"Stated Maturity" when used with respect to any Debtor any installment of interest thereon means any date specified in the instrument evidencing or authorizing such Debt or such installment of interest as a fixed date on which the principal of such Debt or any installment thereof or the fixed date on which such installment of interest is due and payable.

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

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

"Term of Issue" means with respect to any Balloon Debt, including, without limitation, commercial paper, a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Debt and ending on the final maturity date of such Balloon Debt or the maximum maturity date in the case of commercial paper or (ii) twenty-five years.

"University" means the University of North Texas, together with every other agency or general academic institution or branch thereof now or hereafter operated by or under the jurisdiction of the Board acting for and on behalf of the University of North Texas pursuant to law.

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

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

The Master Resolution allows the Board to supplement the security for Parity Obligations. This could take the form of establishing one or more reserve funds or accounts to further secure any Parity Obligations. Currently, the Board has not established a reserve fund to secure the payment of the Parity Obligations.

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

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

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

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

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

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

Certain Covenants.

Rate Covenant. In each Fiscal Year, the Board shall establish, charge, and use its reasonable efforts to collect at each Participant the Pledged Revenues which, if collected, would be sufficient to meet all financial obligations of the Board relating to the Financing System including all deposits or payments due on or with respect to Outstanding Parity Obligations for such Fiscal Year. Subject to the provisions of the resolutions authorizing Prior Encumbered Obligations and to the other provisions of the Master Resolution and any Supplement, the Board covenants and agrees to fix, levy, charge and collect at each Participant student tuition charges required or authorized by law to be imposed on students enrolled at each Participant (excepting, with respect to each series or issue of Parity Obligations, any student in a category which, at the time of adoption of the Supplement relating to such Parity Obligations, is exempt by law or by the Board from paying such tuition charges). Each student (excluding those exempt from payment as provided above), enrolled at each Participant, respectively, at each regular Fall and Spring semester and at each term of each summer session, shall pay tuition charges in such amounts, without any limitation whatsoever, as will be sufficient at all times, together with other legally available funds, including other Pledged Revenues, to provide the money to make or pay the principal of, interest on, and other payments or deposits with respect to Outstanding Parity Obligations when and as required. All changes in the tuition charged students at each Participant shall be made by resolution of the Board, but such procedure shall not constitute or be regarded as an amendment of the Master Resolution or any Supplement, but merely the carrying out of the provisions and requirements hereof. See "SECURITY FOR THE BONDS-Pledge Under Master Resolution."

Other Covenants. The Board has additionally covenanted in the Resolution (i) to faithfully perform all covenants and provisions contained in the Resolution, any Supplement thereto, and in each Parity Obligation; (ii) to call for redemption all Parity Obligations, in accordance with their terms, which are subject to mandatory redemption; (iii) that it lawfully owns, has title to, or is lawfully possessed of the land, buildings, and facilities now constituting the University and the Health Science Center and to defend such title for the benefit of the owners of the Parity Obligations; (iv) that it is lawfully qualified to pledge the Pledged Revenues to the payment of the Parity Obligations; (v) to maintain and preserve the property of the Revenue Financing System; (vi) not to incur any debt secured by the Pledged Revenues except as permitted in the Resolution; (vii) to invest and secure money held in funds and accounts established under the Resolution in accordance with law and written policies of the Board; (viii) to keep proper books and records and accounts for the Revenue Financing System and to cause to be prepared annual financial reports of the Revenue Financing System and to furnish such reports, to appropriate municipal bond rating agencies and, upon request, owners of Parity Obligations; and (ix) to permit any owner or owners of 25% or more of outstanding principal amount of Parity Obligations at all reasonable times to inspect all records, accounts, and data of the Board relating to the Revenue Financing System. Notwithstanding the foregoing, and in addition to the right reserved by the Board to refund any Prior Encumbered Obligations with Parity Obligations, the Board reserves the right to issue obligations to refund any Prior Encumbered Obligations and to secure the refunding obligations with the same source or sources securing the Prior Encumbered Obligations being refunded. Upon the defeasance of the refunded Prior Encumbered Obligations, the refunding obligations will be Prior Encumbered Obligations (unless the refunding obligations are made Parity Obligations in accordance with the terms of this Resolution) under the Master Resolution and any Supplement for all purposes.

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

Amendment of Resolution.

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

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

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

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

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

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

(vi) 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 Parity Obligations.

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

(1) Grant to the owners of any Parity Obligations a priority over the owners of any other Parity Obligations;
(2) Materially adversely affect the rights of the owners of less than all Parity Obligations then outstanding; or
(3) Change the minimum percentage of the Outstanding Principal Amount necessary for consent to such amendment.

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

(1) Make any change in the maturity of the Bonds;
(2) Reduce the rate of interest borne by the Bonds;
(3) Reduce the amount of principal payable on the Outstanding Bonds;
(4) Modify the terms of payment of principal of or interest on the Bonds, or impose any conditions with respect to such payment;
(5) Affect the rights of the owners of less than all Bonds then Outstanding; or
(6) Change the minimum percentage of the Outstanding Principal Amount of Bonds necessary for consent to such amendment.

Defeasance. Any Parity Obligations and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Debt") within the meaning of the Resolution, except to the extent required for payment thereof, when the payment of all principal and interest payable with respect to such Parity Obligations to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption or provision for the giving of same having been made) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such Parity Obligations for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) noncallable Government Obligations which mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, or (3) any combination of (1) and (2) above, and when proper arrangements have been made by the Board with each such Paying Agent for the payment of its services until after all Defeased Debt shall have become due and payable. At such time as Parity Obligations shall be deemed to be Defeased Debt under the terms of the Resolution, such Parity Obligations and the interest thereof shall no longer be secured by, payable from, or entitled to the benefits of, the Pledged Revenues, and such principal and interest shall be payable solely from such money or Government Obligations, and shall not be regarded as outstanding for any purposes other than payment, transfer, and exchange.

APPENDIX D

FORM OF OPINIONS OF BOND COUNSEL

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Series 2017A Bonds, assuming no material changes in facts or law.

BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM
REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS,
SERIES 2017A, $196,165,000

WE HAVE EXAMINED into the validity of the referenced issue of bonds (the "Bonds"), being issued by the Board of Regents (the "Board") of the University of North Texas System (the "Issuer"), which bear interest from the date and mature on the dates specified on the face of the Bonds, all in accordance with the resolutions of the Board authorizing the issuance of the Bonds (collectively, the "Bond Resolution"). Terms used herein and not otherwise defined shall have the meaning given in the Bond Resolution.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Board relating to the authorization, issuance, sale, and delivery of the Bonds, including the Bond Resolution, certificates and opinions of officials of the Board, and other pertinent instruments relating to the issuance of the Bonds. We have also examined one of the executed Bonds which we found to be in due form and properly executed. We express no opinion with respect to any statement of insurance that may appear on the Bonds.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, issued, and delivered in accordance with law; that, except as may be limited by laws applicable to the Board relating to bankruptcy, reorganization, and other similar matters affecting creditors' rights, the covenants and provisions in the Bond Resolution constitute valid and legally binding special obligations of the Board; and that the Bonds constitute valid and legally binding special obligations of the Board secured by and payable from, a first lien on and pledge of the Pledged Revenues.

THE REGISTERED OWNERS of the Bonds shall never have the right to demand payment thereof out of any funds raised or to be raised by taxation.

THE BOARD has reserved the right, subject to the restrictions stated in the resolution authorizing the Bonds, to issue additional parity revenue bonds which also may be secured by and made payable from a lien on and pledge of the Pledged Revenues.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed or refinanced therewith. In addition, we have relied upon the report of Causey Demgen & Moore P.C, independent certified public accountants, with respect to certain arithmetical and mathematical computations relating to the Bonds and the obligations refunded with the proceeds of the Bonds. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not investigated or verified, any records, data or other material relating to the financial condition or capabilities of the Board or the University System, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds, and we have relied solely on representations by officials of the Board or the Issuer as to the availability and sufficiency of the Pledged Revenues. Our role in connection with the Board's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Respectfully,

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Series 2017B Bonds, assuming no material changes in facts or law.

BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM
REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS,
TAXABLE SERIES 2017B, $164,305,000

WE HAVE EXAMINED into the validity of the referenced issue of bonds (the "Bonds"), being issued by the Board of Regents (the "Board") of the University of North Texas System (the "Issuer"), which bear interest from the date and mature on the dates specified on the face of the Bonds, all in accordance with the resolutions of the Board authorizing the issuance of the Bonds (collectively, the "Bond Resolution"). Terms used herein and not otherwise defined shall have the meaning given in the Bond Resolution.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Board relating to the authorization, issuance, sale, and delivery of the Bonds, including the Bond Resolution, certificates and opinions of officials of the Board, and other pertinent instruments relating to the issuance of the Bonds. We have also examined one of the executed Bonds which we found to be in due form and properly executed. We express no opinion with respect to any statement of insurance that may appear on the Bonds.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, issued, and delivered in accordance with law; that, except as may be limited by laws applicable to the Board relating to bankruptcy, reorganization, and other similar matters affecting creditors' rights, the covenants and provisions in the Bond Resolution constitute valid and legally binding special obligations of the Board; and that the Bonds constitute valid and legally binding special obligations of the Board secured by and payable from, a lien on and pledge of the Pledged Revenues, such lien on and pledge of the Pledged Revenues being subordinate only to the lien on and pledge of the Pledged Revenues securing the Outstanding Revenue Bonds.

THE REGISTERED OWNERS of the Bonds shall never have the right to demand payment thereof out of any funds raised or to be raised by taxation.

THE BOARD has reserved the right, subject to the restrictions stated in the resolution authorizing the Bonds, to issue additional parity revenue bonds which also may be secured by and made payable from a lien on and pledge of the Pledged Revenues.

THE BONDS ARE NOT OBLIGATIONS DESCRIBED IN SECTION 103(a) OF THE INTERNAL REVENUE CODE OF 1986. We express no opinion as to any federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not investigated or verified, any records, data or other material relating to the financial condition or capabilities of the Board or the University, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds, and we have relied solely on representations by officials of the Board or the Issuer as to the availability and sufficiency of the Pledged Revenues. Our role in connection with the Board's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective.

Respectfully,

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BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM • REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2017A AND TAXABLE SERIES 2017B

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