HTS Continuing Disclosure Services
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(See "CONTINUING DISCLOSURE OF INFORMATION" herein)

OFFICIAL STATEMENT
Dated August 15, 2018

Moody's: "Aa2"
Fitch: "AA"
NEW ISSUE - BOOK-ENTRY ONLY **See "Ratings"**

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, interest on the Series 2018A Bonds is excludable from gross income for federal income tax purposes under existing statutes, court decisions, regulations and published rulings. See "TAX MATTERS – Series 2018A Bonds" for a discussion of the opinion of Bond Counsel.

$149,425,000
BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM
REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2018A

Dated: August 30, 2018 (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 2018A (the "Series 2018A Bonds") are special obligations of the Board of Regents (the "Board") of the University of North Texas System (the "University System"). The Series 2018A 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-Sixth Supplemental Resolution to the Master Resolution adopted by the Board on May 18, 2018 (the "Twenty-Sixth Supplement"). The Series 2018A 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 2018A Bonds are Parity Obligations (as defined herein). THE SERIES 2018A 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 2018A BONDS. See "SECURITY FOR THE BONDS."

The proceeds from the sale of the Series 2018A 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 Series A and Series B Commercial Paper Notes (as defined herein); and (iii) paying certain costs of issuing the Series 2018A Bonds. See "PLAN OF FINANCING."

Interest on the Series 2018A 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 2018A Bonds is payable on April 15, 2019, and each October 15 and April 15 thereafter until maturity or prior redemption. The Series 2018A 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 2018A Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Series 2018A Bonds will be made to the purchasers thereof. Interest on and principal of the Series 2018A 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 2018A Bonds. See "DESCRIPTION OF THE BONDS - Book-Entry Only System."

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

The Series 2018A Bonds will mature, bear interest, and have initial prices or yields as shown on page ii of this Official Statement.

The Series 2018A Bonds are subject to redemption as provided herein. See "DESCRIPTION OF THE BONDS - Redemption."

Concurrently with the issuance of the Series 2018A Bonds, the Board is issuing its Revenue Financing System Refunding and Improvement Bonds, Taxable Series 2018B (the "Series 2018B Bonds") pursuant to the Master Resolution and the Twenty-Sixth Supplement. A separate cover page for the Series 2018B Bonds follows this cover page. The Series 2018A Bonds and the Series 2018B Bonds are referred to in this Official Statement collectively as the "Bonds."

The Series 2018A 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, Orrick, Herrington & Sutcliffe LLP, Austin, Texas and Mahomes Bolden PC, Dallas, Texas. The Series 2018A Bonds are expected to be available for delivery through DTC on or about September 11, 2018.

J.P. Morgan **Goldman Sachs & Co. LLC**

Blaylock Van, LLC **Raymond James** **Wells Fargo Securities**

MATURITY SCHEDULE **CUSIP PREFIX: 914729[1]**

$149,425,000
Revenue Financing System Refunding and Improvement Bonds,
Series 2018A

$95,815,000 Serial Bonds

Maturity Date 4/15	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix[1]
2020	$60,000	4.000%	1.680%	SX7
2021	100,000	4.000%	1.820%	SY5
2022	380,000	4.000%	1.950%	SZ2
2023	195,000	3.000%	2.080%	TB4
2023	625,000	5.000%	2.080%	TA6
2024	2,250,000	5.000%	2.220%	TC2
2025	2,795,000	5.000%	2.360%	TD0
2026	3,170,000	5.000%	2.510%	TE8
2027	4,315,000	5.000%	2.590%	TF5
2028	5,400,000	5.000%	2.680%	TG3
2029	5,510,000	5.000%	2.760%[2]	TH1
2030	5,785,000	5.000%	2.870%[2]	TJ7
2031	6,080,000	5.000%	2.910%[2]	TK4
2032	6,385,000	5.000%	2.970%[2]	TL2
2033	6,690,000	5.000%	3.020%[2]	TM0
2034	7,030,000	4.000%	3.410%[2]	TN8
2035	7,320,000	4.000%	3.460%[2]	TP3
2036	7,605,000	5.000%	3.140%[2]	TQ1
2037	7,985,000	5.000%	3.180%[2]	TR9
2038	8,385,000	5.000%	3.200%[2]	TS7
2039	7,750,000	5.000%	3.220%[2]	TT5

$22,970,000 5.000% Term Bonds due April 15, 2044 Priced to Yield 3.310%[2]; CUSIP No. 914729TU2[1]

$30,640,000 4.000% Term Bonds due April 15, 2050 Priced to Yield 3.840%[2]; CUSIP No. 914729TV0[1]

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(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the services provided by CGS. CUSIP numbers are included solely for the convenience of the purchasers of the Series 2018A Bonds. The Board, the Financial Advisor and the Underwriters are not responsible for the selection or the correctness of the CUSIP numbers shown herein.
(2) Yield to first optional call date (April 15, 2028).

REDEMPTION. . . The Series 2018A Bonds are subject to optional and mandatory sinking fund redemption prior to stated maturity. (See "DESCRIPTION OF THE BONDS - Redemption").

SEPARATE ISSUES. . . The Series 2018A Bonds and the Series 2018B 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 2018A Bonds and the Series 2018B 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 August 15, 2018

Moody's: "Aa2"
Fitch: "AA"
NEW ISSUE - BOOK-ENTRY ONLY **See "Ratings"**

The Series 2018B Bonds are not obligations described in section 103(a) of the Internal Revenue Code of 1986. See "TAX MATTERS – Series 2018B Bonds."

$22,685,000
BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM
REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, TAXABLE SERIES 2018B

Dated: August 30, 2018 (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 2018B (the "Series 2018B Bonds") are special obligations of the Board of Regents (the "Board") of the University of North Texas System (the "University System"). The Series 2018B 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-Sixth Supplemental Resolution to the Master Resolution adopted by the Board on May 18, 2018 (the "Twenty-Sixth Supplement"). The Series 2018B 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 2018B Bonds are Parity Obligations (as defined herein). THE SERIES 2018B 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 2018B BONDS. See "SECURITY FOR THE BONDS."

The proceeds from the sale of the Series 2018B 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 Series A and Series B Commercial Paper Notes (as defined herein); and (iii) paying certain costs of issuing the Series 2018B Bonds. See "PLAN OF FINANCING."

Interest on the Series 2018B 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 2018B Bonds is payable on April 15, 2019, and each October 15 and April 15 thereafter until maturity or prior redemption. The Series 2018B 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 2018B Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Series 2018B Bonds will be made to the purchasers thereof. Interest on and principal of the Series 2018B 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 2018B Bonds. See "DESCRIPTION OF THE BONDS - Book-Entry Only System."

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

The Series 2018B Bonds will mature, bear interest, and have initial prices or yields as shown on page iv of this Official Statement.

The Series 2018B Bonds are **not** subject to redemption as provided herein.

Concurrently with the issuance of the Series 2018B Bonds, the Board is issuing its Revenue Financing System Refunding and Improvement Bonds, Series 2018A (the "Series 2018A Bonds") pursuant to the Master Resolution and the Twenty-Sixth Supplement. A separate cover page for the Series 2018A Bonds precedes this cover page. The Series 2018A Bonds and the Series 2018B Bonds are referred to in this Official Statement collectively as the "Bonds."

The Series 2018B 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, Orrick, Herrington & Sutcliffe LLP, Austin, Texas and Mahomes Bolden PC, Dallas, Texas. The Series 2018B Bonds are expected to be available for delivery through DTC on or about September 11, 2018.

J.P. Morgan **Goldman Sachs & Co. LLC**

Blaylock Van, LLC **Raymond James** **Wells Fargo Securities**

MATURITY SCHEDULE **CUSIP PREFIX: 914729**[(1)]

$22,685,000
Revenue Financing System Refunding and Improvement Bonds,
Taxable Series 2018B

Maturity Date 4/15	Principal Amount*	Interest Rate	Initial Yield	CUSIP Suffix[(1)]
2019	$975,000	2.300%	2.300%	TW8
2020	2,715,000	2.784%	2.784%	TX6
2021	4,030,000	2.898%	2.898%	TY4
2022	3,870,000	3.069%	3.069%	TZ1
2023	4,300,000	3.169%	3.169%	UA4
2024	2,280,000	3.242%	3.242%	UB2
2025	1,935,000	3.342%	3.342%	UC0
2026	1,755,000	3.450%	3.450%	UD8
2027	825,000	3.550%	3.550%	UE6

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the services provided by CGS. CUSIP numbers are included solely for the convenience of the purchasers of the Series 2018B Bonds. The Board, the Financial Advisor and the Underwriters are not responsible for the selection or the correctness of the CUSIP numbers shown herein.

REDEMPTION. . . The Series 2018B Bonds are not subject to redemption prior to stated maturity. (See "DESCRIPTION OF THE BONDS - Redemption").

SEPARATE ISSUES. . . The Series 2018A Bonds and the Series 2018B 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 2018A Bonds and the Series 2018B 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, 2023
Mary Denny	Denton	May 22, 2023
Carlos Munguia	Dallas	May 22, 2023
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
Amanda Pajares	Houston	May 31, 2019[2]

(1) The expiration date of the term is the earlier of (i) the date a successor is appointed and qualified and (ii) last day of the first regular session of the State Legislature that begins after the expiration of the term.

(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
Lesa Roe	Chancellor (University System)	< 1
Dr. Rosemary R. Haggett	Vice Chancellor for Academic Affairs and Student Success (University System)	8
Gary Rahlfs	Vice Chancellor for Finance (University System)	< 1
Nancy S. Footer	Vice Chancellor and General Counsel (University System)	14
Dr. Neal J. Smatresk	President (University)	4
Dr. Jennifer Cowley	Provost and Vice President for Academic Affairs (University)	1
Bob Brown	Senior Vice President for Finance and Administration (University)	4
Dr. Michael R. Williams	President (Health Science Center)	5
Dr. Charles Taylor	Provost (Health Science Center)	1
Gregory Anderson	Executive Vice President for Finance and Operations (Health Science Center)	2
Bob Mong	President (UNT-Dallas)	2
Betty Stewart	Provost and Executive Vice President for Academic Affairs (UNT-Dallas)	1
James Main	Executive Vice President for Administration and Chief Financial Officer (UNT-Dallas)	< 1

Consultants

Financial Advisor
Hilltop Securities Inc.
Dallas, Texas

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

For additional information regarding the University System, please contact:

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

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

Ms. Ester Flores
Hilltop Securities Inc.
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 by CUSIP Global Services 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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APPENDICES

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

$149,425,000
REVENUE FINANCING SYSTEM
REFUNDING AND IMPROVEMENT BONDS,
SERIES 2018A

$22,685,000
REVENUE FINANCING SYSTEM
REFUNDING AND IMPROVEMENT BONDS,
TAXABLE SERIES 2018B

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 2018A" (the "Series 2018A Bonds") and "Revenue Financing System Refunding and Improvement Bonds, Taxable Series 2018B" (the "Series 2018B Bonds," and together with the Series 2018A 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 Gary Rahlfs, 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 2017 Fall semester, the University had a total enrollment of 38,081 students, UNT-Dallas had a total enrollment of 3,509 students, and the Health Science Center had a total enrollment of 2,285 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 a description 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 2018A 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 Series A and Series B Commercial Paper Notes (hereafter defined); and (iii) paying certain costs of issuing the Series 2018A Bonds. The proceeds from the sale of the Series 2018B 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 Series A and Series B Commercial Paper Notes; and (iii) paying certain costs of issuing the Series 2018B Bonds. See "- Refunded Commercial Paper Notes" and "SOURCES AND USES OF FUNDS." Proceeds of the Bonds will be used to finance or refinance all or portions of the projects described in "CAPITAL IMPROVEMENT PLANS."

Refunded Commercial Paper Notes. A portion of the proceeds of the Bonds will be used to refund and retire $33,120,000 of outstanding Series A Commercial Paper Notes 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.

A portion of the proceeds of the Bonds will be used to refund and retire $48,400,000 of outstanding Series B Commercial Paper Notes issued by the Board under authority of the Twenty-Fourth Supplement (hereafter defined). The Series B 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 B Commercial Paper Notes, and will be held in the "Note Payment Fund" established by the Twenty-Fourth Supplement for the sole purpose of retiring the refunded Series B 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-Sixth Supplemental Resolution to the Master Resolution adopted by the Board on May 18, 2018 (the "Twenty-Sixth Supplement"). The Master Resolution and the Twenty-Sixth Supplement are referred to herein collectively as the "Resolution." As of August 7, 2018 there were $767,630,000 in aggregate principal amount of outstanding Parity Obligations payable from the Pledged Revenues, including Commercial Paper Notes (hereafter defined) outstanding in the principal amount of $83,600,000, of which all were issued as tax-exempt obligations. See "Appendix A, DESCRIPTION OF THE PARTICIPANTS - Outstanding Indebtedness" and "Appendix B, AUDITED CONSOLIDATED ANNUAL FINANCIAL REPORTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM FOR THE YEAR ENDED AUGUST 31, 2017 – Note 6: Bonded Indebtedness."

The Twenty-Sixth Supplement authorized the issuance of bonds, in one or more series, in an aggregate principal amount not to exceed $305,000,000. The Bonds constitute the first and second installments of bonds issued under authority of the Twenty-Sixth Supplement. The authority to execute a bond purchase agreement and sell bonds under the provisions of the Twenty-Sixth Supplement expires August 31, 2018.

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 and the 2018 Resolution (hereafter defined) 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-Fourth 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. On May 18, 2018, the Board approved a resolution (the "2018 Resolution") further restricting the Board's ability to issue Series A Commercial Paper Notes to $50,000,000 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 December 31, 2038, 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. 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 2018A Bonds	Series 2018B Bonds	Total
Par Amount of Bonds	$ 149,425,000.00	$22,685,000.00	$172,110,000.00
Premium	17,518,943.70	--	17,518,943.70
Total Sources of Funds	$166,943,943.70	$22,685,000.00	$189,628,943.70
Applications of Funds			
Deposit to Project Fund	$103,893,269.25	$2,997,997.46	$106,891,266.71
Refunding of Commercial Paper Notes(1)	61,994,003.03	19,525,996.97	81,520,000.00
Costs of Issuance(2)	1,056,671.42	161,005.57	1,217,676.99
Total Applications of Funds	$166,943,943.70	$22,685,000.00	$189,628,943.70

(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 is payable on April 15, 2019, 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

Series 2018A Bonds. The Series 2018A Bonds scheduled to mature on and after April 15, 2029 are subject to redemption prior to maturity at the option of the Board on April 15, 2028 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 Series 2018A 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.

Series 2018B Bonds. The Series 2018B Bonds are not subject to redemption prior to maturity.

Selection of Series 2018A Bonds to be Redeemed

If less than all of the Series 2018A Bonds are to be redeemed, the particular maturities of Series 2018A 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 2018A Bonds is determined by a book entry at a securities depository for the Bonds, if fewer than all of the Series 2018A Bonds of the same maturity and series and bearing the same interest rate are to be redeemed, the particular Series 2018A 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.

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Mandatory Redemption

Series 2018A Bonds. The Series 2018A Bonds maturing on April 15 in the years 2044 and 2050 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 2018A Bonds or portions thereof to be redeemed to be selected and designated by the Board (provided that a portion of a Series 2018A 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
2040	$4,775,000
2041	4,225,000
2042	4,430,000
2043	4,650,000
2044*	4,890,000

Redemption Date (April 15)	Principal Amount
2045	$5,130,000
2046	5,345,000
2047	5,555,000
2048	5,770,000
2049	5,630,000
2050*	3,210,000

* Scheduled Maturity.

The principal amount of the Series 2018A 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 2018A 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 2018A 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 Series 2018A 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 Series 2018A 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 Series 2018A Bonds for redemption 60 days after the redemption date.

All redemption notices shall contain a description of the Series 2018A Bonds to be redeemed including the complete name of the Series 2018A Bonds, the date 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 Series 2018A Bonds may be redeemed including a contact person and telephone number.

With respect to any optional redemption of the Series 2018A Bonds, unless certain prerequisites to such optional redemption required by the Twenty-Sixth Supplement have been met and money sufficient to pay the principal of, premium, if any, and interest on the Series 2018A 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 date 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 Series 2018A 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 Series 2018A Bonds will not be redeemed.

Paying Agent/Registrar. In the Twenty-Sixth 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 and designated the UNT-Dallas College of Law as an additional Participant in the Fifteenth Supplement. Subsequently, UNT-Dallas was given administrative control over UNT-Dallas College of Law, and UNT-Dallas College of Law is no longer a Participant. The Revenue Financing System is intended to facilitate the assembling of all of the Participants' revenue-supported debt capacity into a single financing program in order to provide a cost-effective debt program to Participants and to maximize the financing options available to the Board. The Master Resolution provides that once a university or agency becomes a Participant, the lawfully available revenues, income, receipts, rentals, rates, charges, fees, including interest or other income, and balances attributable to that entity and pledged by the Board become part of the Pledged Revenues; provided, however, that, if at the time an entity becomes a Participant it has outstanding obligations secured by such sources, such obligations will constitute Prior Encumbered Obligations under the Master Resolution and the pledge of such sources as Pledged Revenues will be subject and subordinate to such outstanding Prior Encumbered Obligations. Thereafter, the Board may issue bonds, notes, commercial paper, contracts, or other evidences of indebtedness, including credit agreements, on behalf of such institution, on a parity, as to payment and security, with the Outstanding Parity Obligations, subject only to the outstanding Prior Encumbered Obligations, if any, with respect to such Participant. Upon becoming a Participant, an entity may no longer issue obligations having a lien on Pledged Revenues prior to the lien on the Outstanding Parity Obligations. Generally, Prior Encumbered Obligations are those bonds or other obligations issued on behalf of a Participant which were outstanding on the date such entity became a Participant in the Revenue Financing System. 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 August 7, 2018, there was $767,630,000 in principal amount of Parity Obligations outstanding (including $35,200,000 of Series A Commercial Paper Notes and $48,400,000 of Series B Commercial Paper Notes; $33,120,000 of the Series A Commercial Paper Notes will be refunded by the Bonds and $48,400,000 of the Series B Commercial Paper Notes will be refunded by the 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;[*] 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

[*] 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 2017, the University System applied $2,408,190.63 of HEF appropriations to pay debt service on Parity Obligations.

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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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

	2013	2014	2015	2016	2017
Available Pledged Revenues Not Including Fund Balances [(1)(2)]	$ 411,907,506	$ 457,345,382	$ 526,622,724	$582,918,676	$625,218,365
Pledgeable Unappropriated Funds Fund and Reserve Balances [(2)]	195,968,898	158,516,034	217,474,734	190,178,542	205,913,524
Total Pledged Revenues [(2)]	$ 607,876,404	$ 615,861,416	$ 744,097,458	$773,097,218	$831,131,889

(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 the 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 2017, the University System applied $2,408,190.63 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 (as hereinafter defined) of the University System (equal to $36,214,171 for Fiscal Year 2018); (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 2018); 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 – State Appropriations" 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 2012A Bonds, Series 2012B Bonds, Series 2014 Bonds, Series 2015 Bonds, Series 2015A Bonds, Series 2015B Bonds, Series 2015C Bonds, Series 2017A Bonds, Series 2017B Bonds, Forward Delivery Series 2018 Bonds and the Commercial Paper Notes as Parity Obligations. See "PLAN OF FINANCING – Issuance of Additional Bonds." As of August 1, 2018, the 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, and Series 2014 Bonds were no longer 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]	Series 2018A Bonds			Series 2018B Bonds			Total Annual Debt Service
		Principal	Interest	Total	Principal	Interest	Total	
2019	$ 71,579,095	-	$4,168,274	$4,168,274	$ 975,000	$415,075	$1,390,075	$ 77,137,444
2020	68,935,069	$ 60,000	7,012,050	7,072,050	2,715,000	675,833	3,390,833	79,397,952
2021	68,933,711	100,000	7,009,650	7,109,650	4,030,000	600,247	4,630,247	80,673,608
2022	68,917,893	380,000	7,005,650	7,385,650	3,870,000	483,458	4,353,458	80,657,001
2023	61,495,137	820,000	6,990,450	7,810,450	4,300,000	364,687	4,664,687	73,970,274
2024	61,365,758	2,250,000	6,953,350	9,203,350	2,280,000	228,420	2,508,420	73,077,528
2025	58,139,912	2,795,000	6,840,850	9,635,850	1,935,000	154,503	2,089,503	69,865,265
2026	55,247,726	3,170,000	6,701,100	9,871,100	1,755,000	89,835	1,844,835	66,963,661
2027	55,578,158	4,315,000	6,542,600	10,857,600	825,000	29,288	854,288	67,290,046
2028	53,207,345	5,400,000	6,326,850	11,726,850	-	-	-	64,934,195
2029	52,741,569	5,510,000	6,056,850	11,566,850	-	-	-	64,308,419
2030	47,273,236	5,785,000	5,781,350	11,566,350	-	-	-	58,839,586
2031	46,797,707	6,080,000	5,492,100	11,572,100	-	-	-	58,369,807
2032	43,334,156	6,385,000	5,188,100	11,573,100	-	-	-	54,907,256
2033	28,711,181	6,690,000	4,868,850	11,558,850	-	-	-	40,270,031
2034	16,908,011	7,030,000	4,534,350	11,564,350	-	-	-	28,472,361
2035	16,312,048	7,320,000	4,253,150	11,573,150	-	-	-	27,885,198
2036	15,169,984	7,605,000	3,960,350	11,565,350	-	-	-	26,735,334
2037	14,342,159	7,985,000	3,580,100	11,565,100	-	-	-	25,907,259
2038	14,150,225	8,385,000	3,180,850	11,565,850	-	-	-	25,716,075
2039	13,976,285	7,750,000	2,761,600	10,511,600	-	-	-	24,487,885
2040	13,792,035	4,775,000	2,374,100	7,149,100	-	-	-	20,941,135
2041	6,699,909	4,225,000	2,135,350	6,360,350	-	-	-	13,060,259
2042	6,518,427	4,430,000	1,924,100	6,354,100	-	-	-	12,872,527
2043	6,337,945	4,650,000	1,702,600	6,352,600	-	-	-	12,690,545
2044	6,158,213	4,890,000	1,470,100	6,360,100	-	-	-	12,518,313
2045	5,978,982	5,130,000	1,225,600	6,355,600	-	-	-	12,334,582
2046	-	5,345,000	1,020,400	6,365,400	-	-	-	6,365,400
2047	-	5,555,000	806,600	6,361,600	-	-	-	6,361,600
2048	-	5,770,000	584,400	6,354,400	-	-	-	6,354,400
2049	-	5,630,000	353,600	5,983,600	-	-	-	5,983,600
2050	-	3,210,000	128,400	3,338,400	-	-	-	3,338,400
Total	$978,601,879	$149,425,000	$128,933,724	$278,358,724	$22,685,000	$3,041,346	$25,726,346	$1,282,686,949

(1) Does not include debt service on outstanding Series A Commercial Paper Notes and Series B Commercial Paper Notes, which the Board has authorized to be issued as Parity Obligations in the maximum outstanding aggregate amount of $125,000,000 for both series. As of August 7, 2018, Series A Commercial Paper Notes are outstanding in the amount of $35,200,000 and Series B Commercial Paper Notes are outstanding in the amount of $48,400,000. Proceeds of the Bonds will be used to refund $33,120,000 of the outstanding Series A Commercial Paper Notes and $48,400,000 of the Series B Commercial Paper Notes. See "PLAN OF FINANCING – Authority for Issuance of Commercial Paper Notes."

(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 $36,200,086 during Fiscal Year 2019). 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 – State Appropriations," "- Tuition Revenue Bonds" and "- Outstanding Indebtedness."

CAPITAL IMPROVEMENT PLANS

A few of the projects being funded in whole or in part with proceeds of the Bonds include:

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.

Joe Greene Hall. The University plans a new housing project that will construct 500 new beds on campus. The approximate cost of the project is $58 million. The residence hall is scheduled to open Fall 2019 and will be named after Joe Greene. Greene played football at the University, in the National Football League and was inducted into the Pro Football Hall of Fame in 1987. Additionally, Joe Greene served on the University's Board of Regents.

Interdisciplinary Research and Education Building. The Health Science Center is in the process of constructing 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 $118.5 million, of which $80 million will be funded by Tuition Revenue Bond appropriations.

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.

The University System does not anticipate issuing additional new money bonds in the next two fiscal years. Based on current plans, the University System estimates issuing approximately $70 million of additional bonds in the next three to five fiscal years.

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-Sixth 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 six months after the end of each fiscal year ending in or after 2018. 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 2018, 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 six months 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 the Board; (13) the consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the University System, 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/Registrar or the change of name of the Paying Agent/Registrar, 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.

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, Orrick, Herrington & Sutcliffe 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 RECENTLY ENACTED LEGISLATION OR PURCHASE, OWNERSHIP OR DISPOSITION OF THE BONDS UNDER APPLICABLE STATE OR LOCAL LAWS, OR ANY OTHER TAX CONSEQUENCE.

Certain Federal Income Tax Considerations

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 RECENTLY ENACTED LEGISLATION AND 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 2018A 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 withholding under sections 1471 through 1474 or backup withholding 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 2018A Bonds

Opinion.

On the date of initial delivery of the Series 2018A Bonds, McCall, Parkhurst & Horton L.L.P., Bond Counsel, will render its opinion that, in accordance with Existing Law, (1) for federal income tax purposes, interest on the Series 2018A Bonds will be excludable from the "gross income" of the holders thereof and (2) the Series 2018A 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 2018A Bonds. See APPENDIX D - Form of Opinions of Bond Counsel.

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the Board, including information and representations contained in the Board's federal tax certificate related to the Series 2018A Bonds, and (b) covenants of the Board contained in the 2018A Bond Indenture relating to certain matters, including arbitrage and the use of the proceeds of the Series 2018A 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 2018A 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 2018A Bonds in order for interest on the Series 2018A 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 2018A Bonds to be included in gross income retroactively to the date of issuance of the Series 2018A 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 2018A Bonds.

Bond Counsel's opinion regarding the Series 2018A 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 2018A 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 2018A Bonds.

A ruling was not sought from the IRS by the Board with respect to the Series 2018A Bonds or the property financed or refinanced with proceeds of the Series 2018A Bonds or the obligations refunded with proceeds of the Series 2018A Bonds. No assurances can be given as to whether the IRS will commence an audit of the Series 2018A 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 2018A Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Series 2018A 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 2018A 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 2018A 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.

Under section 6012 of the Code, U.S. Holders of tax-exempt obligations, such as the Series 2018A 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 2018A 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 2018A 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 2018A 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 2018B Bonds

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

Periodic Interest Payments and Original Issue Discount. The Series 2018B Bonds are not obligations described in section 103(a) of the Code. Accordingly, the stated interest paid on the Series 2018B Bonds or original issue discount, if any, accruing on the Series 2018B 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 2018B 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 2018B Bonds. Generally, a U.S. Holder's tax basis in the Series 2018B 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 2018B Bonds has been held for more than one year.

Defeasance of the Taxable Bonds. Defeasance of any Series 2018B 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 2018B Bond, will not be subject to U.S. federal income or withholding tax in respect of such Series 2018B 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 2018B 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.

FINANCIAL ADVISOR

Hilltop Securities Inc. is engaged as Financial Advisor (the "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. Hilltop Securities Inc., 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 Bonds (the "Underwriters"), has agreed, subject to certain customary conditions to delivery, to purchase the Series 2018A Bonds from the Board at a price equal to the principal amount of the Series 2018A Bonds plus a reoffering premium of $17,518,943.70 and less an underwriting discount of $646,920.97. The Underwriters will be obligated to purchase all of the Series 2018A Bonds if any

Series 2018A Bonds are purchased. The Series 2018A Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

JPMS, as Representative of the Underwriters, has agreed, subject to certain customary conditions to delivery, to purchase the Series 2018B Bonds from the Board at a price equal to the principal amount of the Series 2018B Bonds less an underwriting discount of $77,813.40. The Underwriters will be obligated to purchase all of the Series 2018B Bonds if any Series 2018B Bonds are purchased. The Series 2018B Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

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

Blaylock Van, LLC ("Blaylock Van" or "BV") has entered into a distribution agreement (the "Agreement") with TD Ameritrade, Inc. ("TD") for the retail distribution of certain municipal securities offerings underwritten by or allocated to Blaylock Van, including the Bonds. Under the Agreement, Blaylock Van will share with TD a portion of the underwriting compensation paid to BV.

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 underwriters of the Bonds, 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 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 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 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.

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-Sixth 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/ Gary Rahlfs
Vice Chancellor for Finance
The University of North Texas System

APPENDIX A

DESCRIPTION OF THE PARTICIPANTS

<u>General</u>.

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 14 colleges and schools (College of Business; College of Education; College of Engineering; College of Health and Public Service; College of Information; College of Liberal Arts and Social Sciences; College of Merchandising, Hospitality and Tourism; College of Music; College of Science; College of Visual Arts and Design; New College at Frisco; Honors College; Toulouse Graduate School; and the Frank W. and Sue Mayborn School of Journalism).

With 38,000 students, the University serves students from nearly every state in the nation, as well as approximately 3,100 international students representing 145 countries. The University offers diverse degree programs, high-quality research and creative activities, and partnerships with the public and private sectors. The University offers 103 bachelor's, 86 master's and 38 doctoral degree programs. Ranked a Tier One research university by the Carnegie Classification, 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®* for 22 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" school and *Forbes* has listed the University as an America's Top College for nine consecutive years.

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 more than 7.1 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 173 buildings. The University's physical plant and equipment have a book value net of accumulated depreciation in excess of $779,000,000 as of August 31, 2017.

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 across 31 degree programs. 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 28th in the nation by *U.S. News & World Report*, a Top 25 by *The Princeton Review* and ranked 27th as a 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. Its programs have earned 35 designations that are in the top 100 of their peers nationwide.

The College of Education enrolls 4,500 students a year to study teaching and in education-related fields, such as administrators, counselors, child development specialists, professors, educational researchers, play therapists and more. 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 college has an extensive professional development network and offers more than 20 degree programs with numerous concentrations to help students become educators or further their professional development. Its programs have earned 34 designations that are in the top 100 of their peers nationwide.

The College of Engineering, established in Fall 2003, is quickly growing and offers programs designed to meet industry needs while increasing the scope and impact of its research. The college played an integral role in helping the University reach Tier One status. Its computer science degree is ranked 4th in the nation for annual return on investment by *PayScale.com*. The College, and its materials science and engineering graduate program and computer engineering graduate program are all ranked in the top 100 of public universities by *U.S. News & World Report*. The mechanical and energy engineering program continues to be a pioneer in green technologies, and the nationally ranked materials science and engineering graduate program is establishing the college as a pacesetter in the area of surface engineering. Its programs have earned 10 designations that are in the top 100 of their peers nationwide.

The College of Health and Public Service is home to the nation's first undergraduate emergency administration and planning program and other pioneering degrees. Nationally ranked graduate programs include audiology, city management and urban policy, public management administration, rehabilitation counseling, and an online criminal justice program. . Two programs are ranked by *U.S. News & World Report* as 1st in Texas – the graduate rehabilitation counseling program (also ranked 15th in the nation) and the local government management specialty in the public affairs graduate program (also ranked 8th in the nation). Its programs have earned 18 designations that are in the top 50 of their peers nationwide.

The College of Information offers accredited programs in learning technologies, library and information sciences, and linguistics. The college has two Top 10 *U.S. News & World Report* programs: the medical librarianship graduate program ranks 7th and the school library media graduate program ranks 10th. The library and information studies graduate program ranks 20th in *U.S. News & World Report's* listing. The college is one of 25 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. Its programs have earned 11 designations that are in the top 50 of their peers nationwide.

The College of Liberal Arts and Social Sciences, established in May 2017 from the former College of Arts and Sciences, is the largest of the University's 14 Colleges and Schools. Many of the college's programs are among the top ranked programs in the country, with 22 national designations that are top 100 or higher. The College offers 69 undergraduate and graduate degree programs in its 21 departments and programs, including the political science graduate program nationally ranked as one of the best by *U.S. News & World Report*. The college provides numerous and interdisciplinary choices for future careers including custom-tailored undergraduate degrees in integrative studies and social science. Its programs have earned 21 designations that are in the top 100 of their peers nationwide.

The College of Merchandising, Hospitality and Tourism houses the largest merchandising program in the nation and one of the largest hospitality and tourism management programs. Its innovative degrees include the nation's first bachelor's degree in digital retailing, first completely online M.S. in merchandising, first master's degree in international sustainable tourism, and first retail degree integrating courses in merchandising, digital retailing and operations. 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. Its programs have earned 12 designations that are in the top 30 of their peers nationwide.

The College of Music is one of the largest and most comprehensive music schools in the world. Approximately 1,600 music students attend the college each year, participating in 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 presents more than 1,000 concerts and recitals annually. Its programs have earned 17 designations that are in the top 25 of their peers nationwide.

The College of Science, established in May 2017 from the former College of Arts and Sciences, consists of the departments of biological sciences, chemistry, mathematics and physics, and several interdisciplinary educational and research programs. It is the home to 4,000 science and math majors and is a powerhouse for cutting-edge research in natural, physical and mathematical sciences. It houses the University's BioDiscovery Institute and Advanced Environmental Research Institute and is home to Teach North Texas, preparing secondary math and science teachers. Two of its graduate programs, in mathematics and in chemistry, are ranked in the top 100 by *U.S. News & World Report*. Its programs have earned 6 designations that are in the top 100 of their peers nationwide.

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. The arts program is the largest among public universities in the Southern region. It is one of the largest producers of university-certified art educators in Texas and more artists and designers than any other institution. The College offers the first and only Ph.D. program in art education in Texas. Its graduate fine arts program is ranked in the top 60 of the nation by *U.S. News & World Report*. Its programs have earned 13 designations that are in the top 75 of their peers nationwide.

The New College at Frisco, an off-site instructional facility established in January 2016, is providing a workforce of business, tech, and people savvy leaders and problem-solvers who can take their companies to the next level. Students are taught in a collaborative learning environment with classrooms powered by the latest technology used by leading companies – including a dynamic, multi-wall canvas capable of immersing students in live video, applications and document sharing. Programs from across all of the colleges – including business, education, and health and public service – are offered each semester.

The Honors College is an intellectual community of 1,800 students representing all of the University's undergraduate colleges. Talented and motivated students seeking an enriched undergraduate experience, including a growing number of National Merit Finalists, find the academic and intellectual growth they are seeking in the University's Honors College. On average, four out of five Honors students graduate with cum laude or higher honors and at least half go on to conduct graduate-level research. 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 school oversees graduate program development and collaborates with departments across campus for the recruitment, admission and enrollment services provided to the University's 6,700 graduate students. 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 prepares students to work in all communications fields with programs in news, strategic communications, narrative and digital journalism, and offers the only nationally accredited professional journalism master's program in Texas, Oklahoma, Arkansas and New Mexico.

The school is known for producing some of the nation's top storytellers, including the winners of eight Pulitzer Prizes. It also hosts the annual Mayborn Literary Nonfiction Conference, one of the nation's premier writing conferences. Its programs have earned 4 designations that are in the top 50 of their peers nationwide.

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. The hilltop campus offers an astounding 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. UNT-Dallas College of Law is provisionally approved by the American Bar Association's Council of the Section of Legal Education and Admissions to the Bar. Provisional accreditation is effective June 3, 2017. Graduates of a provisionally approved law school are considered by the ABA to be graduates of an ABA-approved law school and are eligible to sit for most state bar exams, including in the State of Texas.

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 1,181 full-time equivalents (FTEs), of which 284 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 public 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. 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 1,000 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. The college was accredited by the Accreditation Council for Pharmacy Education (ACPE) in 2018 for two years, which is the maximum for new schools, allowing the school, comprised of an inaugural 82-member class and 17 faculty members, to begin in August 2013. In May of 2017, the College of Pharmacy graduated its first class of 68 students, now totaling 390 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 $44 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 the Health Science Center's Accelerator Lab Program and 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, health professions, and pharmacy school constitute the UNTHSC Clinical Practice Group, a multi-specialty medical group practice. Over 80 physicians, pharmacists, and advanced practice providers practice in 9 medical and surgical specialties and subspecialties, including allergy/immunology, cardiology, gastroenterology, geriatrics, pediatrics, and dermatology. 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. In June 2018 the Liaison Committee on Medical Education will have its first site visit to the campus as part of the schools accreditation process. Plans for the MD school 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 the earlier of (i) the date a successor is appointed and qualified or (ii) the last day of the first regular session of the State Legislature that begins after the expiration of the term. 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 Interim Provost; the Executive Vice President for Finance and Operations; the Vice President for Institutional Advancement; the Vice President for Governmental Affairs; Senior Vice President for Innovation and Brand; Vice President for Research; Executive Vice President for Health System Partnerships & Clinical Affairs; Chief of Staff Office of the President; Executive Vice President Strategy and Performance; and Chief Compliance and Integrity 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 (v) 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 (v) of this Official Statement:

Lesa Roe was named Chancellor of the University System in October 2017. Chancellor Roe is the chief executive officer and the first woman to lead the University System. She is responsible for all aspects of the University System's operations including general oversight of 10,000+ employees and the three University System campuses – the University in Denton, the Health Science Center in Fort Worth and UNT-Dallas. Prior to her arrival at the University System, Chancellor Roe spent 33 years with the National Aeronautics and Space Administration (NASA) – a federal agency that received $19.6 billion in government funding in 2017 and oversees $31 billion in assets. As acting Deputy Administrator, she was responsible for general oversight of 17,000 NASA employees and 10 field centers across the nation. She also directed program and project teams on product/mission delivery, acquisition strategy, partnership and international strategy, and risk management. Chancellor Roe holds a Bachelor of Science degree in Electrical Engineering from the University of Florida and a Master of Science degree in Electrical Engineering from the University of Central Florida.

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 work at Northwestern University and earned a bachelor's degree in biology from the University of Bridgeport.

Gary W. Rahlfs was named Vice Chancellor for Finance of the University System in March 2018, serving as the organization's chief financial officer. Mr. Rahlfs brings more than 20 years of experience in operating finance roles within PepsiCo, including Vice President of Finance for PepsiCo Global Groups, Chief Financial Officer of PepsiCo Foods Canada, and Division Vice President at Frito-Lay North America, with additional leadership roles in finance and corporate management. Prior to working at PepsiCo, Mr. Rahlfs spent 5 years in the audit function of KPMG Dallas. Mr. Rahlfs earned a Master's of Business Administration from the University of Texas, Austin in 1999 and a bachelor's degree in finance and accounting from West Texas A&M University in 1989.

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.

Jennifer Evans-Cowley began her term as Provost of the University in July 2017. A native of Arlington, Texas, and a University alumna, Evans-Cowley previously served as vice provost for capital planning and regional campuses at The Ohio State University since 2014. Prior to entering the higher education field, Evans-Cowley worked in city government in College Station and Amarillo and also has experience working with the

Environmental Protection Agency. She taught at Texas A&M University and then at Ohio State. While at Ohio State, she chaired City and Regional Planning in the Knowlton School before being promoted to associate dean for academic affairs and administration in the College of Engineering. Evans-Cowley holds a Bachelor of Science in political science, a master's of urban planning and a Ph.D. in urban and regional science from Texas A&M University, and a master's of public administration from the University.

Bob Brown has served as Senior Vice President for Finance and Administration since April 2018. He was hired as Vice President for Finance and Administration in May 2014, leading the University's budget, finance and administrative operations. He is a Certified Public Accountant. Mr. Brown is responsible for ensuring that the University is a good steward of taxpayers' dollars and provides a safe, secure environment for its campus community. He is a University alumnus and has more than 30 years of experience as the chief business officer in various higher education institutions. Mr. Brown received the Nation's Outstanding Chief Business Officer award from the Community College Business Officers organization in 1996; the Distinguished Service Award from the Southern Association of College and University Business Officers in 2008; and was named an Innovator of the Year in 1990 and in 2003 by the League for Innovation in the Community College. He brings a wealth of experience to the University after serving 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 at Dallas County Community College District, North Harris Montgomery Community College District in Houston and Central Piedmont Community College in Charlotte, North Carolina

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.

Charles Taylor was named Provost and Executive Vice President of Academic Affairs at the Health Science Center in July of 2018. He originally joined the Health Science Center in June of 2017 as Dean of the College of Pharmacy. Prior to joining the University of North Texas Health Science Center, Dr. Taylor served as Dean and Vice President of Academic Affairs at Northeast Ohio Medical University, where he was involved in academic leadership, financial planning, philanthropic development, public-private partnerships and diversity initiatives. He also was Associate Dean for Clinical Affairs at the St. Louis College of Pharmacy and Senior Associate Dean at the University of Minnesota College of Pharmacy. He graduated from Auburn University with a Doctor of Pharmacy degree in 1996 and undertook post-graduate residency training at Duke University Medical Center.

Gregory R. Anderson, Executive Vice President for Finance and Operations, joined the Health Science Center in June of 2016 as Interim 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 the University of North Texas at 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.

Betty Stewart began as the provost, executive vice president for academic affairs, and tenured chemistry professor at UNT-Dallas in February 2017. She was selected to attend numerous leadership training programs including the American Association of State Colleges and Universities Millennium Leadership Initiative; Harvard Institutes for Higher Education, Management Development Program; Bryn Mawr College and HERS, Mid-America, Summer Institute for Women in Higher Education Administration; and the Project Kaleidoscope Leadership Institute. Currently, she serves as a member of the HERS Alumnae STEM Advisory Group. Prior to her time with UNT-Dallas, Dr. Stewart served as provost for Midwestern State University (MSU), where a science lab was named in her honor. At MSU, she implemented new core curriculum standards, new academic programs, Commission on Colleges of the Southern Association of Colleges and Schools (SACSCOC) accreditation, and launched a quality enhancement plan. She started a summer research program that paired students with professors, helped institute a mechanical engineering program and oversaw the construction of a new building on campus. She also served as vice president for academic affairs and dean of faculty at Eckerd College in St. Petersburg, Florida; as a dean of the College of Science and Mathematics at Midwestern State University; and as department chair and professor of chemistry at Austin College in Sherman, Texas. Dr. Stewart received her bachelor's degree in biochemistry from Mississippi State University and earned her Ph.D. in biochemistry and biological sciences from Carnegie-Mellon University.

Jim Main joined UNT-Dallas as Executive Vice President for Administration & Chief Financial Officer in June 2018. Prior to joining the University, Main served the University of Nebraska from 1988 to 2005, most recently as Assistant Vice Chancellor for Business and Finance. After leaving Nebraska, subsequent positions included: Vice President Finance/Administration at Southern Oregon University; Vice President Administration/CFO at Cal State Monterrey Bay; and Sr. Vice President Administration, Finance and Chief Operating Officer at the Charles R. Drew University of Medicine and Science. He received both his bachelor's degree in Education and his master's degree in Education Administration from the University of Connecticut.

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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)

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
The University	29,481	29,723	30,503	31,209	31,405
UNT-Dallas	1,845	2,251	1,952	2,295	2,727
The Health Science Center	-	-	-	-	-
Total	31,326	31,974	32,455	33,504	34,132

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)

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
The University	6,687	6,441	6,672	6,770	6,676
UNT-Dallas	295	324	536	735	782
The Health Science Center	2,133	2,227	2,382	2,366	2,270
Total	9,115	8,992	9,590	9,871	9,728

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 Undergraduate and Graduate Enrollment Information (Fall Semester)

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
The University	28,574	28,756	29,882	30,460	30,583
UNT-Dallas	1,192	1,402	1,840	2,287	2,626
The Health Science Center	2,284	2,441	2,612	2,607	2,568
Total	32,050	32,599	34,334	35,354	35,777

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)

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Applications Submitted	16,554	16,851	16,254	16,826	18,560
Applications Accepted	10,642	10,954	11,394	12,053	13,405
Matriculation	4,444	4,372	4,661	4,774	4,905
% Accepted	64.3%	65.0%	70.1%	71.6%	72.2%
% Matriculated	41.8%	39.9%	40.9%	39.6%	36.6%

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

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Applications Submitted	4,867	6,316	6,763	6,886	6,191
Applications Accepted	2,506	2,926	3,326	3,236	3,037
Matriculation	1,750	1,593	1,870	1,698	1,712
% Accepted	51.5%	46.3%	49.2%	47.0%	49.0%
% Matriculated	69.8%	54.4%	56.2%	52.5%	56.3%

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

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
New Undergraduate Transfers	3,851	3,756	4,037	4,032	3,944

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)

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Applications Submitted	952	2,130	2,001	1,863	1,483
Applications Accepted	654	766	1,169	1,270	1,097
Matriculation	126	132	228	280	316
% Accepted	68.7%	36.0%	58.4%	68.2%	74.0%
% Matriculated	19.3%	17.2%	19.5%	22.0%	28.8%

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

	2013-2014	2014-2015	2015-2016(1)	2016-2017(1)	2017-2018
Applications Submitted	409	195	803	1,046	884
Applications Accepted	253	100	365	463	440
Matriculation	169	67	218	249	243
% Accepted	61.9%	51.3%	45.5%	44.3%	49.8%
% Matriculated	66.8%	67.0%	59.7%	53.8%	55.2%

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

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

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
New Undergraduate Transfers	400	445	435	555	568

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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)

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Applications Submitted	5,856	6,545	7,518	8,766	8,765
Applications Accepted	1,383	1,217	1,306	1,283	1,111
Matriculation	805	630	685	651	547
% Accepted	23.6%	18.6%	17.4%	14.6%	12.7%
% Matriculated	58.2%	51.8%	52.5%	50.7%	49.2%

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

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Baccalaureate	6,412	6,291	6,384	6,728	7,133
Masters	1,778	1,604	1,564	1,671	1,767
Doctoral	249	291	280	307	258
Total	8,439	8,186	8,228	8,706	9,185

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

Table A-12
UNT-Dallas Degrees Awarded

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Baccalaureate	347	396	391	489	435
Masters	98	79	84	78	165
Total	445	475	475	567	600

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-13
Health Science Center Degrees Awarded

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Masters	360	388	377	411	418
Doctoral	50	33	64	79	130
Doctor of Osteopathic Medicine	172	245	222	222	218
Total	582	666	663	712	766

Faculty and Employees.

Set forth below are the numbers of full time equivalent faculty and employees employed by the University System as of Fall 2017.

Table A-14
Faculty and Employees (Fall 2017)

	University	UNT-Dallas	Health Science Center	System Administration	Total
Faculty	1,347	194	301	-	1,841
Employees	2,896	183	928	498	4,506
Total	4,243	377	1,229	498	6,347

Accreditation.

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 Pharmacy Education
Accreditation Review Commission on the Education of the Physician Assistant (ARC-PA)
Accrediting Council on Education in Journalism and Mass Communications
American Academy of Forensic Sciences
American Assembly of Collegiate Schools of Business
American Chemical Society
American Library Association
American Osteopathic Association, Bureau of Professional Education
American Psychological Association Commission on Accreditation
American Speech-Language-Hearing Association
ANSI-ASQ National Accreditation Board
Association for Assessment and Accreditation of Laboratory Animal Care International
Association for Behavior Analysis International
Commission on Accreditation in Physical Therapy Education
Commission on Accreditation of Healthcare Management Education
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 the Accreditation of Educator Programs
Council for Interior Design Accreditation
Council on Education for Public Health
Council on Osteopathic Postdoctoral Training Institution
Council on Rehabilitation Education
Council on Social Work Education
Joint Commission on Accreditation of Healthcare Organizations
National Academy of Early Childhood Programs
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
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. 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 or obtained by the Participants.

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 of Public Accounts 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 AUDITED CONSOLIDATED ANNUAL FINANCIAL REPORT OF THE UNIVERSITY OF NORTH TEXAS SYSTEM FOR THE YEAR ENDED AUGUST 31, 2017," are the most recent primary statements of the audited consolidated annual financial reports of the Participants (with Management's Discussion and Analysis and the Notes to the audited consolidated annual financial reports), for the Participants' Fiscal Year ended August 31, 2017, from the 2017 Combined Annual Financial Report of the University of North Texas System. The Participants' consolidated primary financial statements consist of the Statement of Net Assets as of August 31, 2017, the Combined Statement of Revenues, Expenses and Changes in Net Assets for the Year Ended August 31, 2017, and the Combined Statement of Cash Flows for the Year Ended August 31, 2017. 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 AUDITED CONSOLIDATED ANNUAL FINANCIAL REPORT OF THE UNIVERSITY OF NORTH TEXAS SYSTEM FOR THE YEAR ENDED AUGUST 31, 2017."

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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 2017 (audited), 2016 (audited), 2015 (audited), 2014 (audited) and 2013 (unaudited).

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

	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013[(1)]
Assets and Deferred Outflow of Resources:					
Current Assets	$ 733,234	$ 544,986	$ 498,910	$ 464,722	$ 476,116
Capital Assets, Net	1,070,890	1,025,005	1,004,303	930,893	893,379
Other Non-Current Assets	324,759	233,584	223,979	242,983	181,416
Deferred Outflow of Resources: [(2)]	43,570	25,854	22,298	4,768	-
Total Assets and Deferred Outflow of Resources:	2,172,453	1,829,429	1,749,490	1,643,366	1,550,911
Liabilities and Deferred Inflow of Resource:					
Current Liabilities	$ 435,674	$ 407,949	$ 376,985	$ 420,347	$ 324,537
Bonded Indebtedness	731,380	514,046	362,782	389,737	467,917
Other Non-Current Liabilities	144,960	142,377	282,173	37,019	467,917
Deferred Inflow of Resources[(2)]	34,634	22,123	32,034	-	-
Total Liabilities and Deferred Inflow of Resources:	1,346,648	1,086,495	1,053,974	847,103	792,454
Net Position:					
Net Investment in Capital Assets	483,233	465,252	457,329	429,303	395,278
Restricted					
Expendable	26,655	18,161	16,475	21,566	12,195
Non-Expendable	47,683	46,960	45,615	44,639	47,932
Other Restricted	40,247	39,135	33,550	24,463	88,232
Unrestricted	227,987	173,426	142,547	276,292	149,359
Total Net Position	825,805	742,934	695,516	796,263	758,458
Liabilities and Net Position	$ 2,172,453	$ 1,829,429	$ 1,749,490	$ 1,643,366	$ 1,550,911

(1) Unaudited.

For more detailed information, see “APPENDIX B, THE AUDITED CONSOLIDATED ANNUAL FINANCIAL REPORT OF THE UNIVERSITY OF NORTH TEXAS SYSTEM FOR THE YEAR ENDED AUGUST 31, 2017- Combined Statement of Net Assets as of August 31, 2017.”

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 2017 (audited), 2016 (audited), 2015 (audited), 2014 (audited) and 2013 (unaudited).

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

	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013[1]
Operating Revenues	$ 619,860	$ 631,994	$ 600,222	$ 572,322	$ 530,008
Operating Expenses	951,772	934,303	887,364	865,342	823,754
Operating Income (Loss)	(331,912)	(302,309)	(287,142)	(293,020)	(293,746)
Nonoperating Revenues (Expenses)	336,694	308,123	269,198	308,526	255,025
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	4,782	5,814	(17,944)	15,506	(38,721)
Other Revenues, Expenses, Gains, Losses and Transfers	78,089	41,604	34,333	35,132	33,024
Change in Net Assets	82,871	47,418	16,389	50,638	(5,697)
Net Assets, Beginning of Year	742,934	695,516[2]	796,263	758,458	764,154
Restatements	-	-	(117,136)[2]	(12,832)[2]	0
Restated Net Assets, Beginning of Year	742,934	695,516	679,127	745,626	764,154
Net Assets, End of Year	$ 825,805	$ 742,934	$ 695,516	$ 796,263	$ 758,458

(1) Unaudited.
(2) Net Asset 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 Note 8: Adjustments to Net Position in "APPENDIX B, THE AUDITED CONSOLIDATED ANNUAL FINANCIAL REPORT OF THE UNIVERSITY OF

For more detailed information, see "APPENDIX B, THE AUDITED CONSOLIDATED ANNUAL FINANCIAL REPORT OF THE UNIVERSITY SYSTEM FOR THE YEAR ENDED AUGUST 31, 2017 - Combined Statement of Revenues, Expenses and Changes in Net Assets for the Year Ended August 31, 2017."

The table below presents the Condensed Combined Statement of Cash Flows of the University of North Texas System for fiscal years 2017 (audited), 2016 (audited), 2015 (audited), 2014 (audited) and 2013 (unaudited) in thousands of dollars.

	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013[1]
Cash Provided (Used) by:					
Operating Activities	$(247,886)	$(239,775)	$(156,909)	$(202,909)	$(204,124)
Noncapital Financing Activities	315,499	268,445	237,220	264,028	262,785
Capital and Related Financing Activities	177,107	(32,031)	(61,657)	(61,215)	(76,426)
Investing Activities	(137,965)	(40,326)	7,325	5,869	(69,849)
Net Change in Cash and Cash Equivalents	**$106,754**	**$ (43,687)**	**$25,979**	**$ 5,773**	**$ (87,614)**
Cash and Cash Equivalents at Beginning of Year	203,654	247,341	221,361	219,371	307,416
Restatement to Beginning Cash and Cash Equivalents	-	-	-	(3,783)	(431)
Cash, Beginning of Year	203,654	247,341	221,361	215,588	306,985
Cash, End of Year	**$310,409**	**$ 203,654**	**$247,341**	**$ 221,361**	**$219,371**

(1) Unaudited.

For more detailed information, see "APPENDIX B, THE AUDITED CONSOLIDATED ANNUAL FINANCIAL REPORT OF THE UNIVERSITY OF NORTH TEXAS SYSTEM FOR THE YEAR ENDED AUGUST 31, 2017 - 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 May 29, 2017, the State Legislature adopted a budget for the 2018-19 biennium beginning September 1, 2017. Appropriations for the biennium are $211,030,487 for the University, $176,853,423 for the Health Science Center, $44,327,078 for UNT-Dallas and $12,318,004 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 2018-19 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, 43% of the revenues of UNT-Dallas and 47% of the revenues of the Health Science Center.

Included in the 2018-19 biennium appropriation to the University is a Research Development Fund appropriation in the amount of $2,407,395 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 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 $1,019,081 in TRIP funding for 2018-19.

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 Assistance Funds" or "HEF"). The allocation of HEF is made by the State in accordance with an equitable allocation formula. 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. The University System may use the Higher Education Assistance Funds for capital improvements and renovations to the campus facilities, other than auxiliary enterprises. In addition, the University System may issue bonds against such Higher Education Assistance Funds and pledge up to 50% of the appropriation to secure the debt service payments due on such bonds.

The University and the Health Science Center each 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. SB 1191 adjusted the allocations as follows: in fiscal year 2018 the University will receive $37,562,056, the Health Science Center will receive $17,091,856, and UNT-Dallas will receive $2,113,004. 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 and the Health Science Center may issue bonds against such appropriation and pledge up to 50% of the appropriation to secure the debt service payments due on such bonds. See "-Higher Education Fund Bonds" below.

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

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 an amount equal to all or a portion of the debt service on the Revenue Financing System's Tuition Revenue Bonds, including $36,214,171 for fiscal year 2018 and $36,200,086 for fiscal year 2019. 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.

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.

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. The Board received a preliminary briefing from Grant Thornton LLP on May 21, 2015, and the firm presented its final report and Audit Opinion to the Board on July 31, 2015. Grant Thornton informed the Audit Committee Chairman and management that it will issue an unmodified or "clean" opinion. A copy of the external audit of the University System FY14 Consolidated Financial Statements was accepted by the Board on July 31, 2015. See "APPENDIX B, THE AUDITED CONSOLIDATED ANNUAL FINANCIAL REPORT OF THE UNIVERSITY OF NORTH TEXAS SYSTEM FOR THE YEAR ENDED AUGUST 31, 2014 - Combined Statement of Cash Flows."

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 Texas Comptroller of Public Accounts. Information regarding all adjustments and related notes is reflected in the University System's FY14 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 Texas State 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.

<u>State Mandated Tuition</u>. 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 2012-2013 academic year, the Coordinating Board has computed $401 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.

<u>Board Designated Tuition</u>. During the regular session of the 78th Texas Legislature that ended June 2, 2003, the Texas Legislature approved and the Governor signed into law House Bill 3015, which provided for the deregulation of a portion of tuition that a governing board of an institution of higher education, such as the Board, has the authority to charge under Section 54.0513 of the Texas Education Code. Prior to the amendment to Section 54.0513, 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 2012 Fall semester, at $166.24 per semester credit hour for undergraduate students and $191.24 for graduate students enrolled at the University and $185.00 per semester credit hour for all UNT-Dallas students. For Board Designated tuition applicable to Health Science Center students, see Table A-16. No less than 20% 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.

<u>Board Authorized Tuition</u>. 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. For the Fall 2017 term, approximately 22% 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 2018-19 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 2018-2019
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	$ 3,451.65	$ -	$ 1,423.53	$ 5,625.18	$ 515,50
Non-Resident Undergraduate [1]	6,975.00	3,451.65	-	1,423.53	11,850.18	188.33
Resident Masters	450.00	1,825.11	450.00	944.07	3,669.18	272.42
Non-Resident Masters	4,185.00	1,825.11	450.00	944.07	7,404.18	113.00
Resident Doctoral	450.00	1,825.11	450.00	944.07	3,669.18	272.42
Non-Resident Doctoral	4,185.00	1,825.11	450.00	944.07	7,404.18	113.00

(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 20% charged to resident undergraduate students in excess of $46 per semester hour (Section 56.011) and no less than 15% charged to resident graduate students in excess of $46 per semester hour is set aside for financial assistance (Section 56.012).

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 2018-19 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-16
Tuition and Fees for Academic Year 2018-2019
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	$ -	$ 375.00	$ 4,149.45	$ 135.84
Non-Resident Undergraduate [1]	6,975.00	3,024.45	-	375.00	10,374.45	209.25
Resident Masters	450.00	1,814.67	450.00	90.00	2,804.67	90.84
Non-Resident Masters	4,185.00	1,814.67	450.00	90.00	6,539.67	125.55
Resident Doctoral	720.00	1,836.90	2,160.00	303.00	5,019.90	131.72
Non-Resident Doctoral	4,185.00	2,209.50	2,160.00	303.00	8,857.50	125.55

(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 2018-19 academic year.

Table A-17
Tuition and Fees for the Academic Year 2018-2019
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	$ 5,903.75	$ 18,982.75	$ 987,69
Year 2	6,550.00	6,529.00	n/a	3,708.75	16,787.75	988.66
Year 3	6,550.00	6,529.00	n/a	3,038.75	16,117.75	994.80
Year 4	6,550.00	6,529.00	n/a	1,931.25	15,010.25	1,006.20
D.O. Non-Resident						
Year 1	19,650.00	9,117.00	n/a	5,903.75	34,844.50	589.50
Year 2	19,650.00	9,117.00	n/a	3,708.75	32,607.00	589.50
Year 3	19,650.00	9,117.00	n/a	3,038.75	31,894.50	589.50
Year 4	19,650.00	9,117.00	n/a	1,931.25	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	222.00	370.00	10.95
Non-Resident	465.00	156.00	10.00	222.00	853.00	13.95
Biomedical Science - PhD						
Resident	50.00	23.00	29.00	222.00	324.00	7.50
Non-Resident	465.00	35.00	10.00	222.00	732.00	13.95
School of Health Professions						
SHP - MPAS - Resident						
Year 1 (46 SCH)	2,250.00	4,950.00	846.00	5,104.75	13,150.75	347.10
Year 2 (51 SCH)	2,200.00	4,840.00	792.00	3,164.73	10,996.73	339.60
Year 3 (37 SCH)	1,750.00	3,850.00	630.00	2,031.21	8,261.21	272.10
SHP - MPAS - Non Resident						
Year 1 (46 SCH)	20,925.00	8,505.00	n/a	5,104.75	34,534.75	627.75
Year 2 (51 SCH)	20,460.00	8,316.00	n/a	3,164.73	31,940.73	613.80
Year 2 (37 SCH)	16,275.00	6,615.00	n/a	2,031.21	24,921.21	488.25
SHP - DPT - Resident						
Year 1 (43 SCH)	2,250.00	7,830.00	n/a	5,462.25	15,542.25	356.70
Year 2 (39 SCH)	2,000.00	6,960.00	n/a	2,516.75	11,476.75	319.20
Year 3 (17 SCH)	750.00	2,610.00	n/a	1,605.25	4,965.25	116.79
SHP - DPT - Non Resident						
Year 1 (43 SCH)	20,925.00	7,830.00	n/a	5,462.25	34,217.25	627.75
Year 2 (39 SCH)	18,600.00	6,960.00	n/a	2,516.75	28,076.75	558.00
Year 3 (17 SCH)	6,975.00	2,610.00	n/a	1,605.25	11,190.25	209.25

(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. 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 shall cause to be set aside:(1) not less than 15 percent nor more than 20 percent out of each resident student's tuition charge under Section 54.051 as provided by the General Appropriations Act for the applicable academic year; (2) three percent out of each nonresident student's tuition charge under Section 54.051.

Table A-17
Tuition and Fees for the Academic Year 2018-2019
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	222.00	386.00	13.35
Non-Resident	465.00	185.00	11.00	222.00	883.00	13.95
Public Health - PhD						
Resident	50.00	23.00	29.00	222.00	324.00	7.50
Non-Resident	465.00	35.00	11.00	222.00	733.00	13.95
UNT System College of Pharmacy						
Doctor of Pharmacy						
Year 1 Resident (40 SCH)	2,000.00	8,480.00	4,000.00	4,687.28	19,167.28	324.90
Year 1 Non-Resident (40 SCH)	18,600.00	8,480.00	4,000.00	4,687.28	35,767.28	558.00
Year 2 Resident (34 SCH)	1,800.00	7,632.00	3,600.00	2,714.07	15,746.07	295.82
Year 2 Non-Resident (34 SCH	16,740.00	7,632.00	3,600.00	2,714.07	30,686.07	502.20
Year 3 Resident (44 SCH)	2,200.00	9,328.00	4,400.00	3,625.80	19,553.80	354.90
Year 3 Non-Resident (44 SCH)	20,460.00	9,328.00	4,400.00	3,625.80	37,813.80	613.80
Year 4 Resident (34 SCH)	1,800.00	7,632.00	3,600.00	4,951.25	17,983.25	294.90
Year 4 Non-Resident (34 SCH)	16,740.00	7,632.00	3,600.00	4,951.25	32,923.25	502.20

(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.

Investment and Endowment Income. Investment and endowment income is received on both a restricted and unrestricted basis. In the legislative session that ended May 31, 1999, the State Legislature passed, and the Governor signed into law, HB 1945, 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 State Comptroller of Public Accounts (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 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.

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 6 months after taking office or assuming duties. Additionally, the Investment Officers are required to attend training at least once every 2 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 Health Science Center, the University System, 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 foremost objective of the Investment Regulation is safety of principal followed by liquidity, current income, appreciation, and diversification. The Investment Regulation provides that each investment transaction shall seek to first ensure that capital losses are avoided. Investment decisions should not incur unreasonable risks in order to obtain current investment income and the investment portfolio shall remain sufficiently liquid to meet all operating requirements which might be reasonably anticipated. The Investment Regulation also provides that investments will be diversified to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. The investments shall provide liquidity for the University System's commercial paper program as authorized by the Board and outlined in the University System's Failed Remarketing Plan.

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, money market mutual funds, commercial paper that is rated not less than A-1 or P-1 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 target range for the Short Term Pool, as defined in the regulation, is between 10% and 20% of the total balance of Short Term, Intermediate Investment, and Long Term Pools.

Intermediate Investment Pool. Funds that may on occasion be needed for liquidity purposes can be invested in the Intermediate Investment Pool. The objective of this pool is to invest funds in higher yielding investments than the Short Term Pool while still prioritizing safety of principal and liquidity. Investments in this pool shall not have a maturity date that exceeds seven (7) years and the maximum duration of the pool shall not exceed three (3) years. The target range for the Intermediate Investment Pool, is between 20% and 60% of the sum total of the total balance of the Short Term, Intermediate Investment, and Long Term Pools. The University System is transferring the management of the Intermediate Investment Pool to DiMeo Schneider and Associates with an effective date of September 1, 2018. DiMeo Schneider and Associates will manage the Intermediate Investment Pool under an outsourced chief investment officer model and invests the Long Term Pool in accordance with the University System investment policy, which is reviewed and adopted by the Board at least annually.

Long Term Pool. Funds not needed for daily liquidity requirements may be held in the Long Term Pool. The target range for the Long Term Pool is between 25% and 60% of the sum total of the total balance of the Short Term, Intermediate Investment, and Long Term Pools. The University System is transferring the management of the Intermediate Investment Pool to DiMeo Schneider and Associates with an effective date of September 1, 2018. DiMeo Schneider and Associates will manage the Long Term Pool under an outsourced chief investment officer model and invests the Long Term Pool in accordance with the University System investment policy, which is reviewed and adopted by the Board at least annually.

Endowment Funds. Each institution of the 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 May 31, 2018.

Table A-18
Investments
(as of May 31, 2018)[1]

Description	Percentage Allocation	Book Value	Fair Value [2]
Bank Deposits	3.16%	$ 12,542,912	$ 12,542,912
Repurchase Agreement	1.72%	6,847,155	6,847,155
U.S. Government & Agency Securities	3.61%	14,322,624	14,092,996
TexPool Daily Fund	0.92%	3,668,089	3,668,089
Texas Term Daily Fund	1.84%	7,301,684	7,301,684
TexStar Daily Fund	1.90%	7,562,737	7,562,737
Money Market Fund	15.26%	60,618,910	60,618,910
Bond Mutual Fund	16.68%	66,264,180	64,981,328
Long Term Investment Pool	33.66%	133,670,023	155,519,188
Endowments Managed by UNT Foundation	10.65%	42,288,537	54,447,384
UNTH Endowments Managed by J.P.Morgan	7.80%	30,976,756	33,131,317
UNTH Malpractice Fund-Invested with J.P.Morgan	2.79%	11,094,842	11,155,205
Total	100.00%	$397,158,448	$431,868,904

(1) Excludes agency funds. Also, excludes endowments managed by the UNT Student Investment Group, which management views as immaterial.
(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 of Public Accounts of the State (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 March 31, 2012, TexPool's portfolio had a weighted average maturity of forty-six (46) days and total assets of approximately $17.1 billion. As of such date, TexPool Prime had a weighted average maturity of forty-two (42) days and total assets of approximately $1.3 billion.

Endowments.

Although not pledged to the payment of debt obligations, the Board controls or is benefited by endowments at fair value on May 31, 2018 of approximately $157,287,090. 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 2014 through 2018:

Table A-19
Endowments (Fair Value)[1]

	2014	**2015**	**2016**	**2017**	**2018[2]**
Endowments at Fair Value	$197,257,847	$187,794,180	$196,201,039	$221,919,034	$255,202,674

(1) Includes the endowments from UNT Foundation and HSC Foundation.
(2) Fair value of endowments controlled by or benefitting the Board.

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. 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 - *State Appropriations*" 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 - *State Appropriations*."

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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 2009A	$	5,055,000[(1)]
Revenue Financing System Bonds, Series 2009B	$	2,350,000[(1)]
Revenue Financing System Refunding Bonds, Series 2010	$	31,090,000[(1)]
Revenue Financing System Refunding and Improvement Bonds, Series 2012A	$	49,465,000
Revenue Financing System Refunding Bonds, Taxable Series 2012B	$	3,870,000
Revenue Financing System Refunding Bonds, Series 2015	$	19,700,000
Revenue Financing System Refunding and Improvement Bonds, Series 2015A	$	103,070,000
Revenue Financing System Refunding Bonds, Taxable Series 2015B	$	61,470,000
Revenue Financing System Refunding Bonds, Series 2015C	$	41,525,000
Revenue Financing System Refunding and Improvement Bonds, Series 2017A	$	187,785,000
Revenue Financing System Refunding and Improvement Bonds, Taxable Series 2017B	$	156,330,000
Revenue Financing System Refunding Bonds, Forward Delivery Series 2018	$	22,320,000
Revenue Financing System Refunding and Improvement Bonds, Series 2018A	$	149,425,000
Revenue Financing System Refunding and Improvement Bonds, Taxable Series 2018B	$	22,685,000
Sub-total Fixed Rate Parity Obligations	$	856,140,000
Series A Commercial Paper Notes	$	2,080,000[(2)]
Series B Commercial Paper Notes	$	--[(3)]
Sub-total Commercial Paper Notes	$	2,080,000
Grand Total of Parity Obligations	$	858,220,000[(1)]

(1) All or a portion of these bonds constitute Tuition Revenue Bonds. The Fiscal Year 2019 Tuition Revenue Bond appropriation to reimburse Revenue Financing System debt service is $36,200,086. 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").

(2) The Board has authorization to issue Series A Commercial Paper Notes, as Parity Obligations, currently in the maximum amount of $50 million. Excludes $33,120,000 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."

(3) The Board has authorization to issue Series B Commercial Paper Notes, as Parity Obligations, currently in the maximum amount of $75 million. Excludes $48,400,000 of Series B Commercial Paper Notes that will be redeemed with proceeds from the issuance of the Bonds. See "PLAN OF FINANCING - Refunded Commercial Paper Notes."

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 finance 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 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 2019 (policy period April 30, 2018 to May 30, 2019).

It is the general practice of the State Office of Risk Management, 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 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 students at the Health Science Center, including those 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 System; and directors and officers and employment practices liability coverage for System officials, employees, and volunteers. The Health Science Center operates a professional liability self-insurance program that cover its physicians. In addition, the 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 UNT employees and students when traveling outside the United States; accident/medical policies to cover individuals who attend camps sponsored by component institutions; and a worker's 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 the State Office of Risk Management. The University System Administration, University of North Texas, 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. The State Office of Risk Management 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 2018, is expected to be within the historical rates for all components of the University System.

<u>Retirement Plans</u>.

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 multiple-employer defined benefit pension 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 retirement 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 are 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.

TRS contribution rates for both employers and employees are not actuarially determined but are legally established by the State Legislature. Contributions by employees are 7.7 percent of gross earnings for 2017. For 2017, the amount of the System's contributions recognized by the plan was $10,085,190.00. The contribution rates are based on a percentage of the monthly gross compensation for each member. Contributions by employees were 7.2 percent of gross earning for 2017. 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 percent of annual compensation for 2017.

Optional Retirement Program (ORP). The State also has established the Optional Retirement Program (ORP), a defined contribution plan, for institutions of higher education. Participation in ORP is in lieu of participation in the TRS retirement plan and 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 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. 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 percent of annual compensation) and the employer (6.6 percent state base rate for 2017 plus any local supplement for a maximum 8.50 percent of annual compensation) for the fiscal year ended August 31, 2017, is provided in the following table:

ORP Participation	
Member Contributions	$ 8,528,044.23
Employer Contributions	9,231,074.03
Total	**$ 17,759,118.26**

APPENDIX B

THE AUDITED CONSOLIDATED ANNUAL FINANCIAL REPORT
OF THE UNIVERSITY OF NORTH TEXAS SYSTEM
FOR THE YEAR ENDED AUGUST 31, 2017
INCLUDING MANAGEMENT'S DISCUSSION AND ANALYSIS

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Consolidated Annual Financial Report and Independent Auditors' Report

For the Year Ended August 31, 2017

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UNIVERSITY OF NORTH TEXAS
SYSTEM

CONSOLIDATED ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT

For the fiscal year ended August 31, 2017

DALLAS, TEXAS

Lesa Roe, Chancellor

UNT SYSTEM™

TABLE OF CONTENTS

UNT SYSTEM™

UNIVERSITY OF NORTH TEXAS SYSTEM

ORGANIZATIONAL DATA

August 31, 2017

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

Haley Leverett.. (*Term expires 5-31-18)* .... North Richland Hills

OFFICERS OF THE BOARD

Brint Ryan .... Chairman
Laura Wright …………... .... Vice Chairman
Rosemary R. Haggett .... Secretary

ADMINISTRATIVE OFFICERS

Lesa Roe .... Chancellor
Bob Brown .... Interim Vice Chancellor for Finance

** As of the time of print, the Governor of Texas had not yet made new Regent appointments.*

UNT SYSTEM™

UNT SYSTEM

UNT   UNT HEALTH SCIENCE CENTER   UNT DALLAS   UNT SYSTEM ADMINISTRATION

February 22, 2018

Brint Ryan, Chairman, UNT System Board of Regents
Laura Wright, Vice Chairman, UNT System Board of Regents
Glen Whitley, Chairman Audit Committee
Board of Regent Members
University of North Texas System
1901 Main Street
Dallas, Texas 75201

Dear Chairman Ryan, Vice Chairman Wright, Chairman Whitley
and Board of Regents,

We are pleased to submit the audited Consolidated Annual Financial Report (CAFR) of the University of North Texas System (UNTS) for the fiscal year ended August 31, 2017. This report is in compliance with TEX. GOV'T CODE ANN 2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts and Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.*

In fiscal year 2017, the University of North Texas System employed over 10,000 people, had combined enrollment of nearly 44,000 students, and awarded more than 9,200 degrees. With a total annual economic impact of nearly $5.2 billion, the System is a robust contributor to the vitality and growth of the region, and to the prosperity and culture of the state. Rooted in the 125-year history of our flagship institution in Denton, UNTS continues to innovate, excel, and serve.

The University of North Texas, renowned for its arts and music programs and built on a history of teacher training, business education, and liberal arts, is also ranked among the 115 top-tier research universities by the Carnegie Classification. The university has been named one of America's 100 Best College Buys for 20 consecutive years, a ranking based on having a high-achieving freshman class and affordable tuition. *The Princeton Review* continually names UNT as a Best in the West school and Forbes has listed UNT as an America's Top College for eight consecutive years. UNT has 15 programs ranked in the Top 100 in the nation by U.S. News & World Report.

UNT Health Science Center at Fort Worth is one of the nation's premier graduate academic medical centers and is composed of five schools that specialize in patient-centered education, research and health care. UNTHSC's dedication to primary care has received national recognition for the 15th consecutive year in U.S. News & World Report's annual ranking of medical schools. The university invests $40 million in annual research expenditures – a figure that has approximately doubled since 2006.

UNT Dallas, the only public, doctoral granting comprehensive university in the City of Dallas – the hub of the State's most densely populated region – offers bachelors, masters and a juris doctor degree. Enrollment has increased since its inception and now includes the UNT Dallas College of Law, a distinctive new school dedicated to providing affordable access to education with an annual tuition that is significantly lower than all other law schools, public or private, in Texas.

In 2017, while facing a significant budget shortfall due to the downturn in the oil and gas industry, the 85th Texas Legislature passed a budget that included $14.083 million in funding for higher education, a $220 million (1.6%) increase over the 2016-2017 biennium. This increase was primarily the result of increases passed in the prior Legislative session, such as increases to the allocations in Higher Education Assistant Fund (HEAF) that some institutions receive, increases in student enrollment, and increased funding for Health Related Institutions. Formula funding for General Academic Institutions was reduced by $47.7 million from prior biennium levels. Special Items, now known as "Non-formula Support," were a major topic of discussion and were reduced statewide by $261.1 million. The session culminated in a two-year appropriations decrease to the System institutions of $16.7 million from 2016-2017 levels.

We are committed to being good stewards of the resources entrusted to us by the State of Texas and by students and their families, and we hold ourselves accountable for the wise and appropriate use of those resources. UNT System's externally-audited consolidated annual financial report serves as a testament to the work we have done to ensure that our stewardship, accountability, and financial viability are just as strong and important to us as our academic services themselves.

Respectfully,

Bob Brown
Interim Vice Chancellor for Finance, UNT System

cc: Lesa B. Roe, Chancellor
Dr. Neal Smatresk, President UNT
Dr. Michael Williams, President UNTHSC
Robert Mong, President UNT Dallas
Greg Anderson, Executive Vice President and CFO, UNTHSC
Dan Edelman, Executive Vice President and CFO, UNT Dallas
Tracy Grunig, Chief Audit Executive, UNT System
Nancy Footer, Vice Chancellor and General Counsel, UNT System

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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Board of Regents
University of North Texas System

Report on the financial statements
We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the University of North Texas System (the "System") as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the University of North Texas Foundation, Inc. (the "Foundation"), a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the System as of August 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 11 through 21, and Required Supplemental Information on page 67, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated February 22, 2018, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

GRANT THORNTON LLP

Dallas, Texas
February 22, 2018

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 2010.

The System serves the North Texas area, boosting economic activity in the region by over $5.2 billion annually. The UNT System has a $1.2 billion annual consolidated budget and employs roughly 10,000 people at its various locations within the robust North Texas Region. In Fall 2016, over 43,000 students enrolled in undergraduate, graduate and professional programs at UNT System institutions. 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 as of and for the year ended August 31, 2017, with selected comparative information as of and for the year ended August 31, 2016. 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 the MD&A refer to the 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 2017, resulting in a net position of $825.8 million. Unrestricted net position, which may be used to meet the System's future obligations, was $228.0 million, or 27.6% of total net position at year end.

- In 2017, the System concluded the fiscal year with a positive change in net position of $82.9 million, compared to a $47.4 million change in 2016. Major contributing factors related to this $35.5 million increase include a $39.6 million increase in legislative transfers in related to tuition revenue bond funding and capital appropriations from general revenue and the Higher Education Fund ("HEF"). Tuition and fee revenue, net of discounts and allowances, increased by $16.4 million over the prior year. Additionally, the System had a $3.8 million net increase in the fair value of the System's investments in 2017 and an $8.8

million increase in investment income as compared to the prior year. These increases were offset by investments in plant operations that were not capitalizable, reflected in an increase in repairs and maintenance expense of $5.6 million. Further, an increase of $11.0 million in scholarship expenses funded from both internal and external sources increased operating expenses.

- The System continues to make significant investments, $118.5 million in 2017 alone, in numerous capital projects across all institutions to strategically benefit students, faculty, and staff. The System has also committed $407.6 million to fund, with assistance from State supported debt financing and HEF 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, 2017 and 2016:

Condensed Comparative Statement of Net Position
As of August 31, 2017 and 2016
(in thousands of dollars)

	2017	2016	% Increase (Decrease)
Assets and Deferred Outflows of Resources			
Current Assets	$ 733,234	$ 544,986	34.5%
Non-Current Assets:			
Capital Assets, Net	1,070,890	1,025,004	4.5%
Other Non-Current Assets	324,759	233,585	39.0%
Deferred Outflows of Resources	43,570	25,854	68.5%
Total Assets and Deferred Outflows of Resources	**$ 2,172,453**	**$ 1,829,429**	**18.8%**
Liabilities and Deferred Inflows of Resources			
Current Liabilities	$ 435,674	$ 407,949	6.8%
Non-Current Liabilities:			
Bonded Indebtedness	731,380	514,046	42.3%
Other Non-Current Liabilities	144,960	142,377	1.8%
Deferred Inflows of Resources	34,634	22,123	56.6%
Total Liabilities and Deferred Inflows of Resources	**$ 1,346,648**	**$ 1,086,495**	**23.9%**
Net Position			
Net Investment in Capital Assets	$ 483,233	$ 465,252	3.9%
Restricted:			
Funds Held as Permanent Investments:			
Non-Expendable	47,683	46,960	1.5%
Expendable	26,655	18,161	46.8%
Other Restricted	40,247	39,135	2.8%
Total Restricted	114,585	104,256	9.9%
Unrestricted	227,987	173,426	31.5%
Total Net Position	**$ 825,805**	**$ 742,934**	**11.2%**
Total Liabilities and Net Position	**$ 2,172,453**	**$ 1,829,429**	**18.8%**

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 $188.2 million, or 34.5%, in 2017 primarily as a result of a $5.5 million increase in legislative appropriation receivables and a $182.9 million increase in cash equivalents and short-term investments, which are mainly unspent bond proceeds.

Non-Current Assets: Net Capital Assets

Net capital assets increased $45.9 million, or 4.5%, in 2017 as a result of an increase in capital and intangible assets. This increase was primarily attributable to approximately $118.5 million of capital improvements offset by depreciation and amortization expense of $69.1 million. Major capital improvements included $6.9 million in renovation to the UNT Science Research Building, $10.6 million for the UNT College of Visual Arts & Design Building, $35.9 million for the HSC Interdisciplinary Research and Education Building, $6.5 million for the UNT Dallas Wisdom Residence Hall, $2.8 million for the UNT Dallas Student Learning and Success Center, $3.5 million for renovating the Dallas Municipal Building, $18.1 million in equipment, vehicle and library purchases, $1.7 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 $91.2 million, or 39.0%, primarily due to a $72.3 million increase in investments resulting from increases in long-term investment pool over the prior year and the creation of the intermediate investment pool. Additionally, restricted investments increased by $17.3 million due to new investments held in conjunction with the 2017 bond issuance.

Deferred Outflows

Deferred outflows increased $17.7 million, or 68.5%, in 2017, primarily due to the recognition of deferred outflows of resources related to pension obligations, primarily attributable to the difference between projected and actual investment return for the measurement period. The issuance of the 2017A and 2017B refunding bonds in 2017 also resulted in an increase over the prior year.

Total Liabilities and Deferred Inflows

Current Liabilities

The System's current liabilities increased $27.7 million, or 6.8%, in 2017 primarily due to an increase of $5.1 million in short-term commercial paper reported under notes and loans payable and a $13.7 million increase in current revenue bonds payable. Unearned revenue increased $5.1 million, or 2.2%, primarily related to increased tuition and fees associated with student enrollment and increases in tuition and fee rates.

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 $219.9 million, or 33.5%, primarily due to a $217.3 million increase in revenue bonds payable due to issuance of Tuition Revenue Bonds ("TRB") for 2017A and 2017B that also refunded the 2009A bonds and a portion of commercial paper liability. In addition, there was an increase of $1.3 million to net pension liability related to underperformance of actual investment returns as compared to the expected return for the Teacher Retirement System of Texas ("TRS") Plan measurement period ended August 31, 2016. The overall increase in non-current liabilities was also impacted by a $0.2 million increase in employees' compensable leave and a $0.8 million increase in capital lease obligations.

Deferred Inflows

Deferred inflows increased $12.5 million, or 56.6%, in 2017 primarily due to deferred inflows of resources related to pension obligations and the netting requirement to net deferred outflows and inflows across measurement periods arising from the difference between projected and actual investment return.

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 $82.9 million, or 11.2%, in 2017.

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 $18.0 million, or 3.9%, increase in net investment in capital assets in 2017 primarily resulted from an increase of $118.5 million of capital additions, reduced by $69.1 million of depreciation and amortization. The net increase was offset by 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 $10.3 million, or 9.9%, in 2017 primarily due to increased fair market value of restricted investments, investment income, and positive fundraising efforts resulting in an increase in restricted contributions across the System.

Unrestricted Net Position
Unrestricted net position increased by $54.6 million, or 31.5%, primarily due to a $20.1 million increase in legislative appropriations, additional appropriations and capital appropriations from general revenue and HEF. Tuition and fee revenue also increased net of discounts and allowances by $16.4 million. Investment income, gift, and fair market value increase on investments all increased over the prior year by $20.9 million.

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 2017, 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, 2017 and 2016:

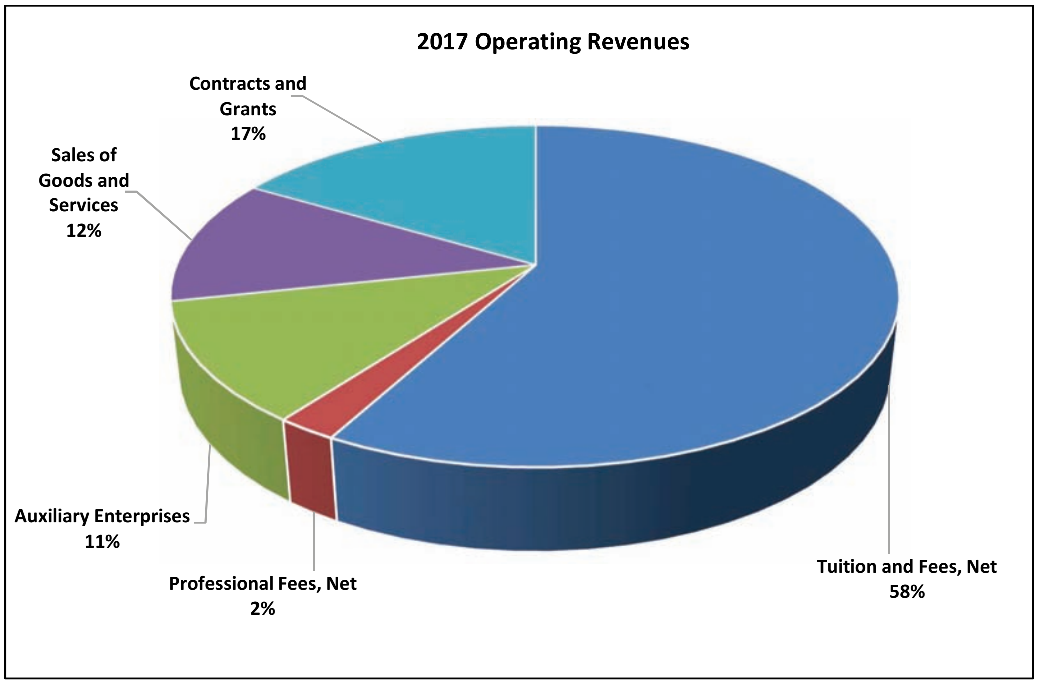
Condensed Comparative Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended August 31, 2017 and 2016
(in thousands of dollars)

	2017	2016	% Increase (Decrease)
Operating Revenues	$ 619,860	$ 631,994	(1.9%)
Operating Expenses	951,772	934,303	1.9%
Operating Income (Loss)	**$ (331,912)**	**$ (302,309)**	**9.8%**
Nonoperating Revenues (Expenses)	336,694	308,123	9.3%
Income (Loss) Before Other Revenues, Expenses and Transfers	**$ 4,782**	**$ 5,814**	**(17.8%)**
Other Revenues, Expenses and Transfers	78,089	41,604	87.7%
Change in Net Position	**$ 82,871**	**$ 47,418**	**74.8%**
Net Position, Beginning of Year	$ 742,934	$ 695,516	6.8%
Net Position, End of Year	**$ 825,805**	**$ 742,934**	**11.2%**

Operating Revenues

Operating revenues totaled $619.9 million in 2017, a decrease of $12.1 million, or 1.9%, over 2016. The System's primary sources of operating revenues are tuition and fees, and federal, state, local, and private grants. Net tuition and fees, representing 58% of operating revenues, are reflected in the financial statements with associated discounts and allowances shown separately. Net tuition and fees increased $16.4 million, or 4.8%, 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 overall operating revenue decrease is primarily attributable to a $27.1 million net decrease in professional fees revenue due to the outsourcing of clinical operations at HSC.

The pie chart below shows operating revenues by major source for the year ended August 31, 2017:



Operating Expenses

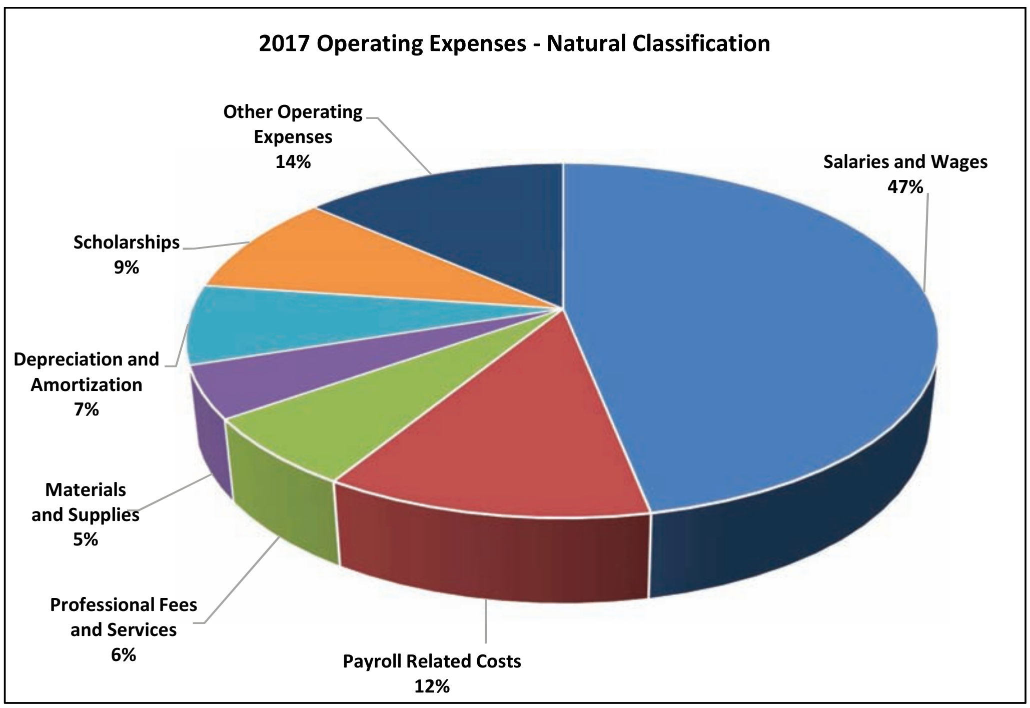
Operating expenses totaled $951.8 million in 2017, an increase of $17.5 million, or 1.9%, over 2016. The increase is primarily due to an $11.0 million, or 14.2%, increase in scholarship expenses from both internal and external sources. Additionally, repairs and maintenance increased by $5.6 million, or 16.7%, due to several renovation projects that were completed in 2017.

The table below shows the amount and percentage change of operating expenses based on natural classification for the year ended August 31, 2017:

Operating Expenses - Natural Classification
For the Years Ended August 31, 2017 and 2016
(in thousands of dollars)

	2017	2016	% Increase (Decrease)
Operating Expenses			
Cost of Goods Sold	$ 7,932	$ 3,813	108.0%
Salaries and Wages	446,122	453,084	(1.5%)
Payroll Related Costs	113,268	109,045	3.9%
Professional Fees and Services	61,124	63,196	(3.3%)
Federal Pass-Through Expenses	976	824	18.5%
State Pass-Through Expenses	212	206	2.7%
Travel	11,971	12,395	(3.4%)
Materials and Supplies	45,309	44,466	1.9%
Communications and Utilities	17,902	19,761	(9.4%)
Repairs and Maintenance	38,981	33,393	16.7%
Rentals and Leases	14,484	14,573	(0.6%)
Printing and Reproduction	6,300	5,556	13.4%
Depreciation and Amortization	69,095	65,900	4.8%
Scholarships	88,420	77,452	14.2%
Claims and Losses	(24)	842	(102.8%)
Other Operating Expenses	29,700	29,797	(0.3%)
Total Operating Expenses	**$ 951,772**	**$ 934,303**	**1.9%**

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, 2017:



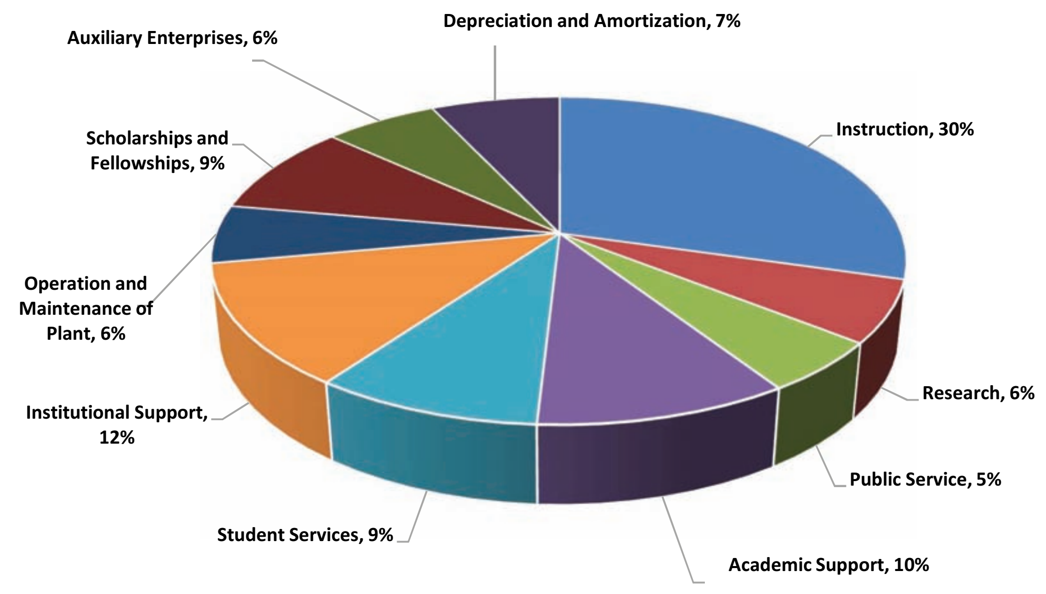
The table below shows the amount and percentage change of operating expenses based on NACUBO functional (programmatic) classification for the year ended August 31, 2017:

Operating Expenses - NACUBO Function
For the Years Ended August 31, 2017 and 2016
(in thousands of dollars)

	2017	2016	% Increase (Decrease)
Operating Expenses			
Instruction	$ 282,720	$ 307,062	(7.9%)
Research	59,115	56,796	4.1%
Public Service	49,278	44,302	11.2%
Academic Support	87,565	90,221	(2.9%)
Student Services	87,264	66,491	31.2%
Institutional Support	116,114	118,619	(2.1%)
Operation and Maintenance of Plant	55,065	55,655	(1.1%)
Scholarships and Fellowships	86,138	74,234	16.0%
Auxiliary Enterprises	59,418	55,023	8.0%
Depreciation and Amortization	69,095	65,900	4.8%
Total Operating Expenses	**$ 951,772**	**$ 934,303**	**1.9%**

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, 2017:

2017 Operating Expenses - NACUBO Function



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 net increase in fair market value of investments. The System's primary nonoperating expenses are interest expense and fiscal charges and other nonoperating expenses. Gift revenue increased $8.3 million, or 71.5%, between 2016 and 2017 due mainly to UNT having a record year in gifts received from donors. Additionally, investment income increased by $8.8 million, or 165.4%, and the fair value of the System's investments increased by $3.8 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 decreased by $2.4 million from $20.7 million in 2016 to $18.3 million in 2017 due to savings realized through advance debt refunding from the 2017 issuances.

Other Revenues, Expenses and Transfers

Other revenues, expenses and transfers is comprised of capital and endowment related additions and transfers, which increased $36.5 million, or 87.7%, in 2017. HEF comprises the majority of the activity. Annual HEF-related revenue totaled $56.8 million, an increase of $18.9 million over prior year. HEF is reported as capital appropriations rather than operating or nonoperating revenue. In addition to HEF, all components received increased legislative transfer in funding to pay for tuition revenue bonds funded by the State of Texas, which resulted in an increase of $20.6 million over the prior year.

Capital Asset and Debt Administration

Investments in capital asset additions were $118.5 million in 2017. Major capital project activity included:

- Building Improvements (UNT) – College of Visual Arts and Design Building and Science Research Building
- Building Improvements (HSC) – Interdisciplinary Research and Education Building
- Building Improvements (UNTD) – Dallas Student Learning and Success Center and Wisdom Residence Hall
- Building Improvements (System Administration) – Dallas Municipal Building

The System has committed $407.6 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, residence and dining halls 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 10, *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 $231.1 million to $778.9 million in 2017. 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 University of North Texas System's (System) primary sources of revenue are tuition and fees and legislative appropriations. Enrollment growth, program expansion, and positive accreditation proceedings contributed to a positive outlook for the System.

For 2018, net tuition and fees revenues are budgeted at an increase of $10.1 million, or 2.8%, over 2017. This revenue increase is the result of full-time student equivalent enrollment growth. Between fall 2015 and fall 2017, enrollment increased 5.0% system-wide.

Facing a significant budget shortfall due to the downturn in the oil and gas industry, the 85th Texas Legislature passed a budget that included $14.1 billion in funding for higher education, a $220 million (1.6%) increase over the 2016-2017 biennium. This increase was primarily the result of increases passed in the prior Legislative session, such as increases to the allocations in HEF that some institutions receive, increases in student enrollment, and increased funding for Health Related Institutions. Formula funding for General Academic Institutions was reduced by $47.7 million from prior biennium levels. Special Items, now known as "Non-formula Support," were a major topic of discussion and were reduced statewide by $261.1 million. The session culminated in a two-year appropriations decrease to the System institutions of $16.7 million from 2016-2017 levels.

Fiscal year 2018 budgeted legislative appropriation revenues for the System are $3.0 million, or 1.1%, higher than 2017. Budgeted amounts include continued funding for specialized initiatives and unique programs recognized as deserving state support. These areas of excellence include the University of North Texas Health Science Center's (HSC) Institute for Patient Safety and Preventable Harm, HSC's Texas Missing Persons and Human Identification Program, University of North Texas's (UNT) Texas Academy of Mathematics and Science, and the University of North Texas Dallas College of Law (College of Law).

Construction projects at System institutions supported by the 84th Legislature are currently underway and include the Interdisciplinary Research Building at the HSC, Student Success and Learning Center at University of North Texas Dallas (UNTD), College of Visual Arts and Design facility at UNT, and the renovation of the historic Dallas Municipal Building in downtown Dallas for the College of Law. These projects have all been supported with State funds to continue growth, educational excellence, and research capacity at System institutions. The System continues to maintain a 'stable' outlook from Fitch and Moody's for debt financing which has enabled these construction projects to progress on schedule.

UNT's four established Research Institutes of Excellence are a pipeline for bringing UNT's research to industry and the marketplace. It is one of the nation's 115 top-tier research universities by the 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. UNT's New College at Frisco, the Collin Higher Education Center in McKinney, the Universities Center in the heart of downtown Dallas, and the North Central Texas College's Gainesville campus are carefully identified locations UNT has chosen 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 2017. The institution's first residence hall, Wisdom Hall, completed construction and opened to students for the Fall 2017 semester. 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. The historic Dallas Municipal Building is currently undergoing an estimated $72 million renovation and is expected to house the College of Law beginning in 2019. In June of 2017, the College of Law was granted provisional accreditation by the American Bar Association.

The HSC continues to expand some of its most recent initiatives including graduating the inaugural cohort of their College of Pharmacy 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 and 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.

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CONSOLIDATED

FINANCIAL STATEMENTS

of the

UNIVERSITY OF NORTH TEXAS SYSTEM

DALLAS, TEXAS

For the Year Ended August 31, 2017

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED
Statement of Net Position
As of August 31, 2017

		August 31, 2017
ASSETS		
Current Assets		
Cash and Cash Equivalents:		
Cash on Hand	$	116,412.14
Cash in Bank		30,214,844.28
Cash in Transit/Reimburse from Treasury		357,067.67
Cash in State Treasury		18,724,496.41
Cash Equivalents		160,662,285.79
Restricted Cash and Cash Equivalents:		
Cash on Hand		7,700.00
Cash in Bank		3,056,481.51
Cash Equivalents		97,269,820.56
Short Term Investments		121,251,019.96
Legislative Appropriations		108,585,408.56
Receivables From:		
Accounts Receivable, net		84,278,663.88
Federal, net		33,336,762.64
Other Intergovernmental		1,005,858.22
Clinical Practice		5,237,351.05
Gifts, Pledges and Donations, net		2,025,717.68
Interest and Dividends		3,065,747.95
Other Receivables, net		2,397,519.59
Due From Other Agencies		9,046,501.14
Consumable Inventories		436,889.96
Merchandise Inventories		2,858,630.27
Prepaid Items		45,648,976.89
Loans and Contracts, net		3,649,715.30
Total Current Assets	**$**	**733,233,871.45**
Non-Current Assets		
Restricted Investments	$	77,639,966.88
Loans and Contracts, net		4,282,540.68
Investments		238,819,166.29
Gifts, Pledges and Donations, net		4,016,977.87
Capital Assets:		
Non-Depreciable or Non-Amortizable		192,428,351.13
Depreciable or Amortizable, Net		878,462,055.87
Total Non-Current Assets	**$**	**1,395,649,058.72**
Total Assets	**$**	**2,128,882,930.17**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources	$	43,569,663.47
Total Deferred Outflows of Resources	**$**	**43,569,663.47**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$**	**2,172,452,593.64**

Continued on Next Page

See Accompanying Notes to the Consolidated Financial Statements

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED
Statement of Net Position
As of August 31, 2017

		August 31, 2017
LIABILITIES		
Current Liabilities		
Payables From:		
Accounts Payable	$	66,624,367.90
Payroll Payable		35,218,564.41
Other Payables		5,396,825.17
Interest		11,414,410.20
Due To Other Agencies		264,244.66
Unearned Revenue		235,123,834.72
Notes and Loans Payable		25,275,000.00
Revenue Bonds Payable		47,563,311.45
Claims and Judgments		556,263.00
Employees' Compensable Leave		4,461,520.24
Capital Lease Obligations		2,044,736.61
Funds Held for Others		1,731,288.81
Total Current Liabilities	**$**	**435,674,367.17**
Non-Current Liabilities		
Revenue Bonds Payable	$	731,379,868.60
Claims and Judgments		1,173,661.00
Employees' Compensable Leave		20,614,399.16
Capital Lease Obligations		3,461,533.05
Net Pension Liability		119,709,644.00
Total Non-Current Liabilities	**$**	**876,339,105.81**
Total Liabilities	**$**	**1,312,013,472.98**
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources	$	34,634,479.70
Total Deferred Inflows of Resources	**$**	**34,634,479.70**
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**$**	**1,346,647,952.68**
NET POSITION		
Net Investment in Capital Assets	$	483,232,746.97
Restricted For:		
Funds Held as Permanent Investments		
Non-Expendable		47,682,581.95
Expendable		26,654,792.36
Other Restricted		40,247,404.24
Unrestricted		227,987,115.44
Total Net Position	**$**	**825,804,640.96**

Concluded

See Accompanying Notes to the Consolidated Financial Statements

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UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

Statement of Financial Position

As of August 31, 2017

		August 31, 2017
ASSETS		
Cash and Cash Equivalents	$	11,937,989
Investments		315,567,378
Contributions and Other Receivables		3,390,557
Prepaid Expenses		92
Real Property		24,839
Other Assets		7,500
Cash Value - Life Insurance Policies		523,376
Assets Held Under Trust and Annuity Agreements		5,422,955
Total Assets	**$**	**336,874,686**
LIABILITIES		
Accounts Payable and Accrued Expenses	$	1,639,105
Agency Funds		398,052
Trust and Annuity Obligations		2,451,999
Assets Held for Others		197,551,807
Total Liabilities	**$**	**202,040,963**
NET ASSETS		
Unrestricted:		
Board Designated for Reserves	$	1,746,303
Fair Value of Endowments Below Historical Cost		(466,529)
Undesignated		1,112,192
Total Unresricted		2,391,966
Temporarily Restricted		29,355,122
Permanently Restricted		103,086,635
Total Net Assets	**$**	**134,833,723**
TOTAL LIABILITIES & NET ASSETS	**$**	**336,874,686**

See Accompanying Notes to the Consolidated Financial Statements

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended August 31, 2017

		August 31, 2017
OPERATING REVENUES		
Tuition and Fees	$	458,534,384.92
Discounts and Allowances		(100,581,327.43)
Professional Fees		31,744,092.55
Discounts and Allowances		(17,538,032.44)
Auxiliary Enterprises		70,279,592.96
Sales of Goods and Services		73,615,297.97
Federal Grant Revenue		51,515,754.67
Federal Pass-Through Revenue		1,470,366.48
State Grant Revenue		2,551,143.19
State Grant Pass-Through Revenue		32,193,654.95
Other Contracts and Grants		14,159,704.93
Other Operating Revenues		1,915,022.93
Total Operating Revenues	**$**	**619,859,655.68**
OPERATING EXPENSES (1)		
Instruction	$	282,719,234.38
Research		59,115,158.74
Public Service		49,277,710.06
Academic Support		87,565,062.37
Student Services		87,264,238.79
Institutional Support		116,113,724.02
Operation and Maintenance of Plant		55,065,031.51
Scholarships and Fellowships		86,138,022.36
Auxiliary Enterprises		59,418,207.81
Depreciation and Amortization		69,095,321.75
Total Operating Expenses	**$**	**951,771,711.79**
Operating Loss	**$**	**(331,912,056.11)**
NONOPERATING REVENUES (EXPENSES)		
Legislative Appropriations (GR)	$	212,805,700.00
Additional Appropriations (GR)		44,945,185.50
Federal Revenue		55,437,966.90
Gifts		19,873,084.70
Investment Income		14,185,392.22
Interest Expense and Fiscal Charges		(18,269,697.39)
Loss on Sale of Capital Assets		(633,441.75)
Net Increase in Fair Value of Investments		14,524,215.97
Other Nonoperating Revenues		440,973.42
Other Nonoperating Expenses		(6,615,541.35)
Total Nonoperating Revenues (Expenses)	**$**	**336,693,838.22**
Income Before Other Revenues, Expenses and Transfers	**$**	**4,781,782.11**
OTHER REVENUES, EXPENSES AND TRANSFERS		
Capital Contributions	$	2,230,608.37
Capital Appropriations (HEF)		56,766,916.00
Contributions To Permanent and Term Endowments		343,127.18
Interagency Transfers of Capital Assets - Decrease		(157,484.73)
Transfers From Other State Agencies		643,771.00
Transfers To Other State Agencies		(4,634.00)
Legislative Transfers In		21,921,015.00
Legislative Transfers Out		(212,784.00)
Legislative Appropriation Lapses		(3,441,293.63)
Total Other Revenues, Expenses and Transfers	**$**	**78,089,241.19**
CHANGE IN NET POSITION	**$**	**82,871,023.30**
Beginning Net Position	$	742,933,617.66
ENDING NET POSITION	**$**	**825,804,640.96**

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

See Accompanying Notes to the Consolidated Financial Statements

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED
Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2017

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 Operating Expenses
Cost of Goods Sold	$ 10,876.43	$ 2,644.74	$ 145,469.86	$ 149,592.45	$ 422,776.03	$ 495,497.57	$ 12,993.58	$ -	$ 6,691,805.83	$ -	$ 7,931,656.49
Salaries and Wages	203,171,729.23	27,686,167.28	17,357,565.31	45,129,739.13	46,103,625.06	69,219,340.73	17,239,010.10	62,760.30	20,152,286.17	-	446,122,223.31
Payroll Related Costs	49,649,491.02	6,205,861.03	4,199,108.56	9,748,319.64	10,912,582.13	21,808,417.27	4,985,615.18	864.32	5,757,699.20	-	113,267,958.35
Professional Fees and Services	6,064,672.83	10,110,201.09	23,038,780.80	6,297,713.53	5,369,832.34	5,695,658.38	1,613,044.81	255,790.84	2,678,539.21	-	61,124,233.83
Federal Pass-Through Expenses	-	935,331.17	40,811.62	-	-	-	-	-	-	-	976,142.79
State Pass-Through Expenses	-	193,865.16	5,497.70	-	-	-	12,150.00	-	-	-	211,512.86
Travel	2,862,359.14	1,659,066.80	404,823.53	2,096,720.40	4,232,862.46	643,198.49	39,774.11	1,538.42	30,380.11	-	11,970,723.46
Materials and Supplies	8,177,886.62	7,251,405.88	1,944,279.33	11,480,687.73	5,815,439.13	1,858,105.72	4,737,147.95	2,835.87	4,040,731.98	-	45,308,520.21
Communications and Utilities	733,252.90	76,931.74	70,746.88	809,816.02	1,535,550.43	2,433,243.73	6,686,329.62	-	5,556,383.25	-	17,902,254.57
Repairs and Maintenance	2,349,157.99	1,344,595.07	246,366.77	4,049,529.39	2,300,157.36	3,507,029.61	15,783,252.67	-	9,401,457.84	-	38,981,546.70
Rentals and Leases	1,478,588.34	385,879.92	310,469.89	2,165,876.13	2,336,720.38	3,424,571.37	3,231,694.77	-	1,150,111.19	-	14,483,911.99
Printing and Reproduction	753,180.25	459,371.89	171,404.99	695,573.26	1,951,218.56	1,687,601.59	167,848.69	113.51	413,403.51	-	6,299,716.25
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	69,095,321.75	69,095,321.75
Scholarships	1,381,216.78	881,434.23	294,490.64	41,829.49	23,195.01	-	1,553.80	85,796,098.98	-	-	88,419,818.93
Claims and Losses	(41,000.00)	-	-	10,123.88	-	(3,779.88)	-	-	10,787.02	-	(23,868.98)
Other Operating Expenses	6,127,822.85	1,922,402.74	1,047,894.18	4,889,541.32	6,260,279.90	5,344,839.44	554,616.23	18,020.12	3,534,622.50	-	29,700,039.28
Total Operating Expenses	**$ 282,719,234.38**	**$ 59,115,158.74**	**$ 49,277,710.06**	**$ 87,565,062.37**	**$ 87,264,238.79**	**$ 116,113,724.02**	**$ 55,065,031.51**	**$ 86,138,022.36**	**$ 59,418,207.81**	**$ 69,095,321.75**	**$ 951,771,711.79**

See Accompanying Notes to the Consolidated Financial Statements

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UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
Statement of Activities
For the Year Ended August 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Year Ended August 31, 2017 Total
REVENUES, GAINS AND OTHER SUPPORT:				
Contributions	$ 42,265	$ 381,760	$ 9,228,203	$ 9,652,228
Investment Income	45,463	1,549,605	-	1,595,068
Grant Revenue	570,000			570,000
Management Fee Income	1,725,431	-	-	1,725,431
Other Income	-	54,891	-	54,891
Realized and Unrealized Gain (Loss) on Market Value of Investments	-	9,891,954	-	9,891,954
Actuarial Gain on Annuity Obligations	-	-	698,633	698,633
Increase in Cash Value - Life Insurance	-	-	9,398	9,398
TOTAL REVENUES, GAINS AND OTHER SUPPORT	**$ 2,383,159**	**$ 11,878,210**	**$ 9,936,234**	**$ 24,197,603**
NET ASSETS RELEASED FROM RESTRICTIONS/TRANSFERS:				
Net Assets Released from Restrictions	$ 6,527,993	$ (6,493,125)	$ (34,868)	$ -
Transfers/Changes in Donor Restrictions	1,411,744	(2,595,881)	1,184,137	-
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS/TRANSFERS	**$ 7,939,737**	**$ (9,089,006)**	**$ 1,149,269**	**$ -**
PROGRAM SERVICES:				
Internal Management Fee	$ 1,202,055	$ -	$ -	$ 1,202,055
Scholarships and Awards	1,931,668	-	-	1,931,668
Grant Support to UNT	570,000			570,000
Expense Reimbursements	8,246	-	-	8,246
Services for Programs	670,516	-	-	670,516
Distributions to UNT	2,681,336	-	-	2,681,336
Grant to University President	70,000	-	-	70,000
Distributions to Other Institutions	23,000	-	-	23,000
Life Insurance Premiums	14,434	-	-	14,434
Total Program Services	**$ 7,171,255**	**$ -**	**$ -**	**$ 7,171,255**
MANAGEMENT AND GENERAL EXPENSES:				
Salaries and Benefits	$ 1,043,307	$ -	$ -	$ 1,043,307
Consulting Fees	47,571	-	-	47,571
Professional Services	50,139	-	-	50,139
Travel	7,095	-	-	7,095
Administrative and Other	27,694	-	-	27,694
Bank and Credit Card Charges	348	-	-	348
Office and Computer Equipment	20,902	-	-	20,902
Insurance	26,781	-	-	26,781
Professional Development and Memberships	21,004	-	-	21,004
Strategic Planning	8,603	-	-	8,603
Total Management and General Expenses	**$ 1,253,444**	**$ -**	**$ -**	**$ 1,253,444**
TOTAL PROGRAM SERVICES AND EXPENSES	**$ 8,424,699**	**$ -**	**$ -**	**$ 8,424,699**
CHANGE IN NET ASSETS	$ 1,898,197	$ 2,789,204	$ 11,085,503	$ 15,772,904
Net Assets, Beginning of Year	**$ 493,769**	**$ 26,565,918**	**$ 92,001,132**	**$ 119,060,819**
NET ASSETS END OF PERIOD	**$ 2,391,966**	**$ 29,355,122**	**$ 103,086,635**	**$ 134,833,723**

See Accompanying Notes to the Consolidated Financial Statements

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED
Statement of Cash Flows
For the Year Ended August 31, 2017

		August 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from Customers	$	94,950,523.94
Proceeds from Tuition and Fees		358,221,873.53
Proceeds from Research Grants and Contracts		101,235,777.72
Proceeds from Loan Programs		191,261.90
Proceeds from Auxiliaries		70,279,592.96
Proceeds from Other Revenues		1,915,022.93
Payments to Suppliers for Goods and Services		(242,826,285.52)
Payments to Employees		(542,140,111.22)
Payments for Loans Provided		(282,820.60)
Payments for Other Expenses		(89,431,431.02)
Net Cash Used by Operating Activities	$	(247,886,595.38)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	$	222,829,080.79
Proceeds from Gifts		17,717,137.91
Proceeds from Endowments		343,127.18
Proceeds from Transfers from Other Agencies		643,771.00
Proceeds from Legislative Transfers		21,921,015.00
Proceeds from Grant Receipts		55,437,966.90
Proceeds from Other Revenues		440,973.42
Payments for Legislative Transfers		(212,784.00)
Payments for Transfers to Other Agencies		(4,634.00)
Payments for Legislative Appropriation Lapses		(3,441,293.63)
Payments for Other Uses		(174,983.30)
Net Cash Provided by Noncapital Financing Activities	$	315,499,377.27
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Sale of Capital Assets	$	121,132.74
Proceeds from State Appropriations		56,766,916.00
Proceeds from Debt Issuance		437,461,220.05
Proceeds from Capital Contributions		1,250,000.00
Payments for Additions to Capital Assets		(103,998,862.17)
Payments for Capital Leases		(1,573,148.45)
Payments of Principal on Debt Issuance		(189,335,000.00)
Payments of Other Costs of Debt Issuance		(2,083,170.64)
Payments of Interest on Debt Issuance		(21,501,175.46)
Net Cash Provided by Capital and Related Financing Activities	$	177,107,912.07
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	$	309,395,776.30
Proceeds from Interest and Investment Income		13,282,149.39
Payments to Acquire Investments		(460,643,855.72)
Net Cash Used by Investing Activities	$	(137,965,930.03)
Net Increase in Cash and Cash Equivalents	$	106,754,763.93
Cash and Cash Equivalents, September 1, 2016	$	203,654,344.43
Cash and Cash Equivalents, August 31, 2017	$	310,409,108.36
Cash and Cash Equivalents	$	210,075,106.29
Restricted Cash and Cash Equivalents		100,334,002.07
	$	310,409,108.36

See Accompanying Notes to the Consolidated Financial Statements

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED
Statement of Cash Flows
For the Year Ended August 31, 2017

		August 31, 2017
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$	(331,912,056.11)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation and Amortization	$	69,095,321.75
Pension Expense		11,267,960.00
Cash Flow Classification Differences from GASB68		(10,659,862.00)
Employee Benefits Paid by State		29,435,889.98
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables		1,638,750.05
(Increase) Decrease in Inventories		(108,482.92)
(Increase) Decrease in Loans and Contracts		(91,558.70)
(Increase) Decrease in Prepaid Expenses		140,337.92
Increase (Decrease) in Payables		(21,334,430.58)
Increase (Decrease) in Unearned Revenue		5,104,385.37
Increase (Decrease) in Other Liabilities		(462,850.14)
Total Adjustments	$	84,025,460.73
Net Cash Used by Operating Activities	$	(247,886,595.38)
NON-CASH TRANSACTIONS		
Net Increase in Fair Value of Investments	$	14,524,215.97
Donation of Capital Assets		980,608.37
Borrowing Under Capital Lease Purchase		2,843,289.75
Loss on Sale of Capital Assets		(633,441.75)
Amortization of Bond Premiums (Discounts)		5,958,245.85
Amortization of Deferred Inflows/Outflows from Refunding Bonds		(610,526.92)
Capital Assets Acquired with Payables		18,435,839.77

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

DALLAS, TEXAS

For the Year Ended August 31, 2017

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") as prescribed by the Governmental Accounting Standards Board ("GASB").

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. The System has one discrete component unit. Information on the component unit can be found in Note 12, *Financial Reporting Entity*.

Basis of Accounting

The consolidated 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 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.

Legislative Appropriations
The appropriation of revenues by the Texas Legislature (the "Legislature") is in the form of general revenue. When the Legislature meets during the odd-numbered years, they approve 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 Funds ("HEF") are general revenue appropriations received from the State designated for the acquisition of certain capital assets and capital projects. As of August 31, 2017, the unexpended amount was approximately $94.8 million.

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 $31.9 million of the outstanding accounts receivable balance at August 31, 2017. 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 comprised of the remaining receivables after the close out of clinical practices at HSC, which were transferred to a third party in fiscal year 2017. UNT System has reduced the accounts receivable balance by the amount deemed not collectible. One hundred percent of the remaining outstanding balance is anticipated to be collected. As such, no allowance is recorded against these receivables as of August 31, 2017.

Gift receivables include amounts pledged to the System by donors, net of allowances. The allowance for gift pledges is approximately $1.6 million at August 31, 2017. 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.

Prepaid Items
Prepaid 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, 2017 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 the refunding of debt and certain pension-related amounts.

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 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.
- Increases 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 greater than its proportionate share of total contributions 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 $226.0 million of tuition revenue related to the semesters that have not been completed as of August 31, 2017. 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 effective 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 10, *Contingencies and Commitments*, and Note 11, *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. Fair value is a market-based measurement, not an entity-specific measurement. TRS utilizes one or more of the following valuation techniques in order to measure fair value: the market approach, the cost approach, and the income approach.

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 expenses.

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 consolidated 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. 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, the System anticipates a significant impact to the financial statements. The statement will be implemented in fiscal year 2018. The System 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. 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 fiscal year 2018. The System anticipates minimal impact to the financial statements, as no System institution has irrevocable split-interest agreements. The System's discretely presented component unit, UNT Foundation, does have such agreements. However, UNT Foundation is a nonprofit entity that reports in accordance with FASB.

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 fiscal year 2018. The System anticipates minimal to no impact to the consolidated financial statements.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, determines the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (ARO) and requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. This statement will be implemented in fiscal year 2019. The System anticipates minimal impact to the consolidated financial statements.

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. This statement will be implemented in fiscal year 2020. The System has not yet evaluated the impact this will have to the consolidated financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, provides guidance for transactions in which cash and other monetary assets acquired with existing resources, other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement will be implemented in fiscal year 2018. The System anticipates minimal impact to the consolidated financial statements.

GASB Statement No. 87, *Leases*, creates a single model for lease accounting. It requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement will be implemented in fiscal year 2021. The System is in process of analyzing current operating leases to assess impact of this statement. Moderate impact to the consolidated financial statements is expected.

UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements
For the Year Ended August 31, 2017

Note 2: Capital Assets

A summary of changes in capital assets for the year ended August 31, 2017 is presented below:

	Balance September 1, 2016	Reclassification of Completed Construction In Progress	Decrease Interagency Transfers	Additions	Deletions	Balance August 31, 2017
Non-Depreciable or Non-Amortizable Assets:						
Land and Land Improvements	$ 79,053,424.89	$ -	$ -	$ 1,734,625.38	$ (112,210.00)	$ 80,675,840.27
Construction in Progress	36,960,540.35	(24,079,788.77)	-	73,651,372.67	-	86,532,124.25
Other Tangible Capital Assets	25,407,425.61	-	-	66,661.00	(253,700.00)	25,220,386.61
Total Non-Depreciable or Non-Amortizable Assets:	**$ 141,421,390.85**	**$ (24,079,788.77)**	**$ -**	**$ 75,452,659.05**	**$ (365,910.00)**	**$ 192,428,351.13**
Depreciable Assets:						
Buildings and Building Improvements	$ 1,104,383,528.60	$ 17,133,036.40	$ -	$ 21,143,890.75	$ (1,224,340.72)	$ 1,141,436,115.03
Infrastructure	65,219,516.61	-	-	1,521,570.62	-	66,741,087.23
Facilities and Other Improvements	124,990,779.81	1,900,306.33	-	535,297.70	-	127,426,383.84
Furniture and Equipment	152,075,681.28	715,489.94	(296,574.43)	16,034,739.60	(6,399,014.56)	162,130,321.83
Vehicles, Boats and Aircraft	13,432,680.84	-	-	1,099,421.88	(770,978.33)	13,761,124.39
Other Capital Assets	97,898,516.56	4,330,956.10	-	1,000,793.60	(78,424.38)	103,151,841.88
Total Depreciable Assets:	**$ 1,558,000,703.70**	**$ 24,079,788.77**	**$ (296,574.43)**	**$ 41,335,714.15**	**$ (8,472,757.99)**	**$ 1,614,646,874.20**
Less Accumulated Depreciation for:						
Buildings and Building Improvements	$ (465,499,436.16)	$ -	$ -	$ (42,826,390.89)	$ 669,697.21	$ (507,656,129.84)
Infrastructure	(18,391,509.46)	-	-	(2,359,224.31)	-	(20,750,733.77)
Facilities and Other Improvements	(27,112,187.43)	-	-	(3,652,876.83)	-	(30,765,064.26)
Furniture and Equipment	(108,171,795.55)	-	139,089.70	(12,538,694.54)	4,357,413.16	(116,213,987.23)
Vehicles, Boats and Aircraft	(8,270,684.72)	-	-	(1,082,482.50)	556,705.22	(8,796,462.00)
Other Capital Assets	(58,615,012.27)	-	-	(4,427,885.67)	-	(63,042,897.94)
Total Accumulated Depreciation	**$ (686,060,625.59)**	**$ -**	**$ 139,089.70**	**$ (66,887,554.74)**	**$ 5,583,815.59**	**$ (747,225,275.04)**
Total Depreciable Assets, Net	**$ 871,940,078.11**	**$ 24,079,788.77**	**$ (157,484.73)**	**$ (25,551,840.59)**	**$ (2,888,942.40)**	**$ 867,421,599.16**
Amortizable Assets - Intangibles:						
Computer Software	$ 29,934,319.63	$ -	$ -	$ 1,696,123.63	$ (415,808.40)	$ 31,214,634.86
Total Amortizable Assets - Intangibles	**$ 29,934,319.63**	**$ -**	**$ -**	**$ 1,696,123.63**	**$ (415,808.40)**	**$ 31,214,634.86**
Less Accumulated Amortization for:						
Computer Software	$ (18,291,371.44)	$ -	$ -	$ (2,207,767.01)	$ 324,960.30	$ (20,174,178.15)
Total Accumulated Amortization	**$ (18,291,371.44)**	**$ -**	**$ -**	**$ (2,207,767.01)**	**$ 324,960.30**	**$ (20,174,178.15)**
Amortizable Assets - Intangibles, Net	**$ 11,642,948.19**	**$ -**	**$ -**	**$ (511,643.38)**	**$ (90,848.10)**	**$ 11,040,456.71**
Total Capital Assets, Net	**$ 1,025,004,417.15**	**$ -**	**$ (157,484.73)**	**$ 49,389,175.08**	**$ (3,345,700.50)**	**$ 1,070,890,407.00**

A summary of interest costs related to Capital Assets for the year ended August 31, 2017 is presented below:

	Interest Charged to Expense	Interest Capitalized	Total Interest Cost Incurred
Non-Depreciable or Non-Amortizable Assets:			
Construction in Progress	$ 4,849,262.21	$ 444,711.71	$ 5,293,973.92
Total Non-Depreciable or Non-Amortizable Assets:	**$ 4,849,262.21**	**$ 444,711.71**	**$ 5,293,973.92**
Depreciable Assets:			
Buildings and Building Improvements	$ 17,918,084.12	$ 1,422,163.39	$ 19,340,247.51
Infrastructure	35,059.21	1,844.20	36,903.41
Facilities and Other Improvements	838,243.52	-	838,243.52
Furniture and Equipment	138,680.10	-	138,680.10
Vehicles, Boats and Aircraft	14,674.82	-	14,674.82
Total Depreciable Assets:	**$ 18,944,741.77**	**$ 1,424,007.59**	**$ 20,368,749.36**
Total Capital Assets, Net:	**$ 23,794,003.98**	**$ 1,868,719.30**	**$ 25,662,723.28**

Note 3: Cash, Cash Equivalents and Investments

Deposits of Cash in Bank

As of August 31, 2017, the carrying amount of deposits was $33,271,325.79 as presented below:

Cash In Bank Carrying Value	$ 33,271,325.79
Cash in Bank per Statement of Net Position	**$** 33,271,325.79
Proprietary Funds Current Assets Cash in Bank	$ 30,214,844.28
Proprietary Funds Current Assets Restricted Cash in Bank	3,056,481.51
Cash in Bank per Statement of Net Position	**$ 33,271,325.79**

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 $257,932,106.35 that is invested in cash equivalents. The remainder of the cash and cash equivalents balance of $19,205,676.22 is comprised of cash on hand, cash in transit or reimbursement from the Treasury, and cash in the State Treasury.

As of August 31, 2017, the total bank balance was $13,511,397.33.

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, 2017, 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, 2017, the System's investments are presented below. Included in this amount is $257,932,106.35 classified as cash equivalents.

Investments and Cash Equivalents	**As of August 31, 2017**
U.S. Government Agency Obligations	$ 22,438,273.27
Equity	438,656.70
Repurchase Agreement	3,102,026.65
Fixed Income Money Market and Bond Mutual Funds	133,754,978.85
Other Commingled Funds	287,304,473.07
Other Commingled Funds (TexPool)	10,258,799.83
Externally Managed Investments – Domestic (1)	238,064,051.28
Miscellaneous (limited partnerships, guaranteed investment contract, political subdivision, bankers' acceptance, negotiable CD)	280,999.83
Total Investments and Cash Equivalents	**$ 695,642,259.48**

(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, 2017, 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	$ -	$ 22,438,273.27	$ -	$ 22,438,273.27
05	0001	Equity	-	-	438,656.70	438,656.70
05	0001	Repurchase Agreement	-	-	3,102,026.65	3,102,026.65
05	0001	Fixed Income Money Market and Bond Mutual Fund	7,455,612.93	-	126,299,365.92	133,754,978.85
05	0001	Other Commingled Funds	287,304,473.07	-	-	287,304,473.07
05	0001	Commingled Funds (TEXPOOL)	10,258,799.83	-	-	10,258,799.83
05	0001	Externally Managed Investments	-	-	238,064,051.28	238,064,051.28
05	0001	Miscellaneous	-	-	280,999.83	280,999.83
05	0001	**Total**	**$ 305,018,885.83**	**$ 22,438,273.27**	**$ 368,185,100.38**	**$ 695,642,259.48**

Concentration of Credit Risk

As of August 31, 2017, 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, 2017, 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, 2017, the System investments subject to interest rate risk – commingled funds, certificates of deposit, repurchase agreements and fixed income money market – have an average maturity of less than one year. The System's investments in U.S. Government Agency Obligations have an average maturity of approximately three years and the investments in bond mutual funds 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, 2017, 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, fixed income and alternative investment 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, 2017, total investments in the Pool, including the System portion, consisted of the following investment types:

Investment	**Fair Value**
Equity	$ 14,073,430.47
Domestic Mutual Funds	101,708.801.39
International Other Commingled Funds	22,673,286.81
International Mutual Funds	69,603,053.49
Other Commingled Funds	15,414,376.82
Fixed Income Money Market & Bond Mutual Funds	46,323,385.96
Alternative Investments	45,288,938.85
Miscellaneous	482,104.14
Total investments	**$ 315,567,377.93**

The System's portion of the Pool's investments as of August 31, 2017 is $196,200,631.04.

The Pool's investments are not rated by Standard & Poor's. As of August 31, 2017, 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 a weighted average maturity of less than one year and approximately eight years, respectively.

As of August 31, 2017, the System's investments in the Pool consisted of the following investment types:

Equity
Equity consists of direct ownership of equity securities in publicly-held corporations. Equity securities are typically managed by an external investment advisor.

Domestic Mutual Funds
Domestic mutual funds are mutual funds that, by policy, invest primarily in U.S. equity securities of publicly-held corporations.

International Other Commingled Funds
International other commingled funds include ownership of unit interests in commingled pools which invest primarily in international equity securities of publicly held corporations.

International Mutual Funds
International mutual funds are mutual funds that, by policy, invest primarily in international equity securities of publicly-held corporations.

Other Commingled Funds
Other commingled funds include ownership of unit interests in commingled pools which invest primarily in publicly-traded fixed income securities of U.S. government, agency and private corporations.

Fixed Income Money Market & Bond Mutual Funds
Money market mutual funds are open-end mutual funds registered with the Securities and Exchange Commission ("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. Bond mutual funds are publicly-traded open-end mutual funds that primarily invest in fixed income securities of the U.S. government and agencies, U.S. corporations, and international fixed income securities.

Alternative Investments
Alternative investments consist of hedge funds, real estate, and other pooled funds that employ various investment strategies that are typically less correlated to the publicly traded investment markets. Investments may be held through a combination of unit interests in limited partnerships, publicly-traded open-end mutual fund vehicles, or unit ownership in other commingled pooled funds.

Fair Value Measurements
The System's investments are recorded at fair value as of August 31, 2017, and have been categorized based upon a fair value hierarchy in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 defines fair value 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 GASB Statement No. 72. 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

The System has the following recurring fair value measurements as of August 31, 2017:

		Fair Value Measurements Using		
	8/31/2017	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	$ 22,438,273.27	$ -	$ 22,438,273.27	$ -
Equity	438,656.70	438,656.70	-	-
Bond Mutual Funds	55,359,697.67	55,359,697.67	-	-
Externally Managed Investments - Other	41,863,420.24	41,767,446.55	-	95,973.69
Total Investments at Fair Value	**$ 120,100,047.88**	**$ 97,565,800.92**	**$ 22,438,273.27**	**$ 95,973.69**
Investments and Cash Equivalents Measured at NAV				
Other Commingled Funds (TexStar)	$ 38,840,174.62			
Externally Managed Investments - Foundation Managed Pool	196,200,631.04			
Total Investments at the NAV	$ 235,040,805.66			
Total Investments at Fair Value	**$ 355,140,853.54**			
Investments and Cash Equivalents not Measured at Fair Value				
Repurchase Agreements	$ 3,102,026.65			
Fixed Income Money Market and Bond Mutual Funds	78,395,281.18			
Other Commingled Funds (TexTERM)	248,464,298.45			
Other Commingled Funds (TexPool)	10,258,799.83			
Miscellaneous	280,999.83			
Total Investments not Measured at Fair Value	**$ 340,501,405.94**			
Total Investments	**$ 695,642,259.48**			

Investments classified in Level 1 of the fair value hierarchy, totaling $97,565,800.92 for the year ended August 31, 2017, are valued using quoted prices in active markets.

U.S. government agency obligations totaling $22,438,273.27 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.

$196,200,631.04 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, 2017:

		Fair Value Measurements Using		
	8/31/2017	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	$ 14,073,430.47	$ 14,033,346.62	$ 40,083.85	$ -
Domestic Mutual Funds	101,702,204.89	101,702,204.89	-	-
International Commingled Funds	22,673,286.81	-	22,673,286.81	-
International Mutual Funds	69,603,053.49	69,603,053.49	-	-
Other Commingled Funds	15,414,376.82	-	15,414,376.82	-
Fixed Income Money Market and Bond Mutual Fund	46,323,385.96	-	46,323,385.96	-
Externally Managed Investments (Hedge Funds)	45,288,938.85	-	18,577,708.65	26,711,230.20
Real Estate Funds (REITs)	6,596.50	-	-	6,596.50
Miscellaneous	482,104.14	-	482,104.14	-
Total Investments at Fair Value	**$ 315,567,377.93**	**$ 185,338,605.00**	**$103,510,946.23**	**$ 26,717,826.70**

Within the pool, financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Fair values for mutual funds valued using Level 2 inputs are based on published daily valuations. Fair values for the Externally Managed Investments (Hedge Funds) and Real Estate Funds (REITs) are determined by third-party valuations of the investments. 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 $38,840,174.62 at fair value and reports its investment with TexPool and TexTERM of $258,723,098.28 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 records its unitized portion of the Foundation's long term pool investments using NAV. As of August 31, 2017, $196,200,631.04 of the System's externally managed investments are managed by the Foundation in the long term pool.

Fair Value	Fair Value	Frequency Range - Low	Frequency Range - High	Notice Range - Low	Notice Range - High	Unfunded Commitment
Alternative	$ 13,749,573.05	N/A	N/A	N/A	N/A	$0
Hedge Funds	22,926,258.86	Quarterly	Quarterly	45 Days	180 Days	$0
Mutual Funds	159,518,202.63	Daily	Monthly	1 Day	60 Days	$0
Real Estate	6,596.50	N/A	N/A	N/A	N/A	$0
Total	**$ 196,200,631.04**					

Note 4: Short-Term Debt

Commercial Paper

At the November 18, 2016 meeting, the University of North Texas System Board of Regents authorized and approved the Twenty-Fourth Supplemental Resolution to the Master Resolution. The Twenty-Fourth Resolution amended the UNT System Revenue Financing System Commercial Paper Program Series A by reducing the maximum amount of Series A commercial paper notes to $75,000,000.00 that may be outstanding at any one time. Additionally, the Twenty-Fourth Resolution established the UNT System Revenue Financing System Commercial Paper Program Series B (Extendible Commercial Paper). The issuance of Series B commercial paper notes may not exceed, in aggregate, the principal amount of $75,000,000.00 at any one time. 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, 2017 is as follows:

	September 1, 2016	Additions	Reductions	August 31, 2017
Series A Commercial Paper	$ 20,150,000.00	$ 31,467,000.00	$ 39,317,000.00	$ 12,300,000.00
Series B Commercial Paper	-	13,168,000.00	193,000.00	12,975,000.00
Total Commercial Paper	**$ 20,150,000.00**	**$ 44,635,000.00**	**$ 39,510,000.00**	**$ 25,275,000.00**

The outstanding balance of commercial paper at August 31, 2017 was $25,275,000.00 at an average interest rate of 0.84%. Average commercial paper maturity during the year ended August 31, 2017 was approximately 37 days. The System will provide liquidity support for $75,000,000.00 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, 2017:

	September 1, 2016	Additions	Reductions	August 31, 2017	Amounts Due Within One Year	Amounts Due Thereafter
Bonds Payable:						
Revenue Bonds Payable	$ 515,305,000.00	$ 360,470,000.00	$ 149,825,000.00	$ 725,950,000.00	$ 42,065,000.00	$ 683,885,000.00
Unamortized Net Premiums	32,584,759.14	32,356,220.05	11,947,799.14	52,993,180.05	5,498,311.45	47,494,868.60
Total Bonds Payable	$ 547,889,759.14	$ 392,826,220.05	$ 161,772,799.14	$ 778,943,180.05	$ 47,563,311.45	$ 731,379,868.60
Claims and Judgments	$ 1,850,924.00	$ 61,194.00	$ 182,194.00	$ 1,729,924.00	$ 556,263.00	$ 1,173,661.00
Compensable Leave	24,681,716.47	2,187,766.33	1,793,563.40	25,075,919.40	4,461,520.24	20,614,399.16
Capital Lease Obligations	3,912,526.72	2,843,289.75	1,249,546.81	5,506,269.66	2,044,736.61	3,461,533.05
Net Pension Liability	118,374,598.00	11,420,236.00	10,085,190.00	119,709,644.00	-	119,709,644.00
Total Long-Term Liabilities	**$ 696,709,524.33**	**$ 409,338,706.13**	**$ 175,083,293.35**	**$ 930,964,937.11**	**$ 54,625,831.30**	**$ 876,339,105.81**

Revenue Bonds Payable

Scheduled principal and interest payments for revenue bonds issued and outstanding as of August 31, 2017 are as follows:

Year	Principal	Interest	Total
2018	$ 42,065,000.00	$ 30,126,903.04	$ 72,191,903.04
2019	42,890,000.00	28,692,940.49	71,582,940.49
2020	41,735,000.00	27,203,701.91	68,938,701.91
2021	43,180,000.00	25,753,726.04	68,933,726.04
2022	44,800,000.00	24,120,743.33	68,920,743.33
2023-2027	194,910,000.00	97,912,232.62	292,822,232.62
2028-2032	186,640,000.00	59,601,514.14	246,241,514.14
2033-2037	67,625,000.00	23,818,384.10	91,443,384.10
2038-2042	45,285,000.00	9,851,879.40	55,136,879.40
2043-2045	16,820,000.00	1,655,140.20	18,475,140.20
Total	**$ 725,950,000.00**	**$ 328,737,165.27**	**$ 1,054,687,165.27**

Interest paid during 2017, net of capitalized interest, amounted to $20,610,264.92. Total interest and fiscal charges incurred for the year ended August 31, 2017 was $31,475,690.00. Of this total, the System capitalized $1,868,719.30 associated with financing capital projects during the construction phase. In addition, the System recorded $11,947,799.14 and ($610,525.83) relating to the amortization of premiums and deferred outflows of resources from bond refundings, respectively. The remaining amount of $18,269,697.39 was reported as interest expense and fiscal charges for the year ended August 31, 2017.

Capital Lease Obligations

See Note 7, *Leases,* for more information on capital lease obligations.

Claims and Judgments

As of August 31, 2017, the Claims and Judgments liability accrual is comprised of incurred but not reported ("IBNR") activity associated with HSC. 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 10, *Contingencies and Commitments*, and Note 11, *Risk Management*, for more information on the claims and judgments against the System.

Net Pension Liability

See Note 1, *Summary of Significant Accounting Policies*, and Note 8, *Defined Benefit Pension Plan, Defined Contribution Plan, and Health Care Benefits,* 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 with no break in state service to a position which accrues vacation leave. 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, 2017, the System had principal outstanding related to revenue bonds of $725,950,000.00. 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.

General information related to revenue bonds outstanding as of August 31, 2017, is summarized in the following table:

Bond	Purpose	Issue Date	Interest Rates	Amount Issued	Total Principal Outstanding as of 8/31/17
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	$ 23,860,000.00
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	9,870,000.00
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	4,615,000.00
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	35,290,000.00
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	53,480,000.00
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% - 4.0500%	4,820,000.00	4,055,000.00
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	24,495,000.00
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	103,600,000.00
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	66,120,000.00
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	43,785,000.00
RFS Refunding Bonds, Series 2017A	To provide funds for the purposes of refunding a portion of the Revenue Financing System Bonds Series 2009A; a portion of the Board's outstanding commercial paper notes; for constructing, improving, renovating, and equipping property; and paying certain costs of issuing the bonds	1/31/2017	1.0000%-5.0000%	196,165,000.00	194,420,000.00
RFS Refunding Bonds, Series 2017B	To provide funds for the purposes of refunding a portion of the Revenue Financing System Bonds Series 2009A; a portion of the Board's outstanding commercial paper notes; for constructing, improving, renovating, and equipping property; and paying certain costs of issuing the bonds	1/31/2017	0.9000%-4.1220%	164,305,000.00	162,360,000.00
			Total	$ 974,860,000.00	$ 725,950,000.00

Early Extinguishments in 2017

The System advance refunded $58,525,000.00 of the RFS Series 2009A bonds with a portion of the RFS Series 2017A bonds:

- RFS Refunding Bonds, Series 2017A, were issued on January 1, 2017 to advance refund $58,525,000.00 of the RFS Series 2009A Bonds; to refund a portion of the Board's outstanding commercial paper notes; to fund construction, improvements, renovations and equipping property; and pay certain costs of issuing the bonds.
- Series 2017A Bonds were issued at a premium of $32,356,220.05 and par value of $196,165,000.00.
- Net proceeds of $64,132,835.57 – after payment of $1,102,495.31 in issuance cost and underwriting fees and $374.97 of cash were used to purchase U.S. Government Securities. The proceeds and cash were deposited in an irrevocable trust with an escrow agent to provide for future debt payments on the 2009A bonds.
- Advance refunding the Series 2009A bonds with a portion of the Series 2017A bonds reduced the System's debt service payments over the next 20 years by approximately $5.7 million.
- Economic gain of $4,567,836.26 is the difference between the net present value of the old and new debt service payments. In addition, the deferred amount of $4,038,659.39 was recorded as deferred outflows from the Series 2017A portion of the advance refunding.

Advance refunded $57,070,000.00 of the RFS Series 2009A bonds with a portion of the RFS Series 2017B bonds:

- RFS Refunding Bonds, Series 2017B, were issued on January 1, 2017 to advance refund $57,070,000.00 of the RFS Series 2009A Bonds; to refund a portion of the Board's outstanding commercial paper notes; to fund construction, improvements, renovations and equipping property; and pay certain costs of issuing the bonds.
- Series 2017B Bonds were issued at a par.
- Net proceeds of $62,538,600.49 – after payment of $918,569.61 in underwriting fees and issuance costs and $106.85 of cash were used to purchase U.S. Government Securities. The proceeds and cash were deposited in an irrevocable trust with an escrow agent to provide for future debt payments on the 2009A bonds.
- Advance refunding the Series 2009A bonds with a portion of the Series 2017B bonds reduced the System's debt service payments over the next 20 years by approximately $3.1 million.
- Economic gain of $2,546,786.99 is the difference between the net present value of the old and new debt service payments. In addition, the deferred amount of $1,048,705.20 was recorded as deferred outflows from the Series 2017B portion of the advance refunding.

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 held for payment of debt service. 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 HEF 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	$ 1,054,687,165.27
Term of Commitment Year Ending 8/31	2045
Percentage of Pledged Revenue	100%
Current Year Pledged Revenue	$ 831,131,888.16
Current Year Principal and Interest Paid	$ 56,708,984.21

Note 7: Leases

Operating Leases

The System has entered into various operating leases for buildings, equipment, vehicles and land. Rental expenses for operating leases were $3,330,152.37 in 2017. 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, 2017, were as follows:

Fiscal Year	Lease Payments
2018	$ 2,874,874.04
2019	2,096,667.73
2020	1,650,397.90
2021	1,061,393.80
2022	62,499.96
2023 - 2027	312,499.80
2028 - 2032	312,499.80
2033 - 2037	312,499.80
2038 - 2042	312,499.80
2043 - 2047	312,499.80
2048 - 2052	62,499.96
Total Future Minimum Operating Lease Payments	**$ 9,370,832.39**

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, 2017, were as follows:

Assets Leased	2017
Buildings:	
Cost	$ 12,496,627.97
Less: Accumulated Depreciation	(4,638,665.79)
Carrying Value	$ 7,857,962.18
Parking Garage:	
Cost	$ 10,655,156.80
Less: Accumulated Depreciation	(6,016,079.19)
Carrying Value	$ 4,639,077.61
Total Carrying Value	**$ 12,497,039.79**

There were no contingent rentals for the period ended August 31, 2017. Rental income for operating leases of $3,290,758.02 in 2017 are included in Auxiliary Enterprises in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. Future minimum lease income under non-cancelable operating leases as of August 31, 2017, was as follows:

Year	Lease Income
2018	$ 3,442,673.69
2019	700,953.15
2020	399,927.67
2021	321,667.36
2022	102,915.16
Total Minimum Lease Income	**$ 4,968,137.03**

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, 2017, is presented below:

Assets Under Capital Lease	August 31, 2017
Equipment:	
Cost	$ 10,396,861.39
Less: Accumulated Depreciation	(3,458,851.46)
Carrying Value	6,938,009.93
Vehicles:	
Cost	450,594.26
Less: Accumulated Depreciation	(84,974.79)
Carrying Value	365,619.47
Total Carrying Value	**$ 7,303,629.40**

Capital lease obligations are due in monthly, quarterly or annual installments. Future minimum lease payments for assets under capital lease at August 31, 2017, were as follows:

Year	Principal	Interest
2018	$ 2,044,736.61	$ 167,304.93
2019	2,066,222.88	93,134.32
2020	556,292.46	20,730.75
2021	278,158.43	14,232.01
2022	252,198.37	8,740.47
2023 - 2027	308,660.91	4,650.48
Total Future Minimum Lease Payments	**$ 5,506,269.66**	**$ 308,792.96**

Note 8: Defined Benefit Pension Plan, Defined Contribution Plan, and Health Care Benefits

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 XVI, 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 XVI, 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 2016 for fiscal 2017 reporting, the amount of the System's contributions recognized by the plan was $10,085,190.00. The contribution rates are based on a percentage of the monthly gross compensation for each member. Contributions by employees were 7.2% of gross earnings during the measurement period of 2016. 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 2016.

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. Fair value is a market-based measurement, not an entity-specific measurement. TRS utilizes one or more of the following valuation techniques in order to measure fair value: the market approach, the cost approach, and the income approach. More detailed information on the plan's investment policy, assets, and fiduciary net position, may be obtained from TRS' fiscal 2016 Comprehensive Annual Financial Report.

At August 31, 2017, the System reported a liability of $119,709,644.00 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, 2016 (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 0.3167884475%, which was a decrease of 0.0180886525% from the 0.3348771% 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, 2015 through August 31, 2016 (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 $12,959,533.75. The State recognized $34,118,016.24 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 0.0902867%.

For the year ended August 31, 2017, the System recognized pension expense of $11,267,960.00. At August 31, 2017, 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	$ 10,631,245.00	$ -
Changes of assumptions	3,648,535.00	3,318,193.00
Difference between expected and actual experience	1,877,025.00	3,574,461.00
Change in proportion and contribution difference	9,462,971.00	26,426,002.00
Net difference between projected and actual investment return	10,136,766.00	-
Total	$ 35,756,542.00	$ 33,318,656.00

The $10,631,245.00 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 2018. 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
2018	$ (2,304,253.00)
2019	(2,304,253.00)
2020	4,161,471.00
2021	(2,800,915.00)
2022	(4,138,202.00)
Thereafter	(807,208.00)
Total	**$ (8,193,360.00)**

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, 2016 measurement date:

Actuarial Methods and Assumptions	**TRS Plan**
Actuarial Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating
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 the valuation were primarily based on the result of an actuarial experience study for the four-year period ended August 31, 2014 and adopted September 2015. The mortality rates were based on 90% of the RP 2014 employee Mortality Tables for the active members. The Post-retirement mortality rates were based on 2015 TRS Healthy Pensioner Mortality Tables.

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 prior 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 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%	

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%)
$ 185,270,202.80	$ 119,709,644.00	$ 64,101,036.70

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 2017 plus any local supplement for a maximum 8.50% of annual compensation) for the year ended August 31, 2017, is provided in the following table:

ORP Participation		
Member Contributions	$	8,528,044.23
Employer Contributions		9,231,074.03
Total	**$**	**17,759,118.26**

Employee Retirement System

The Employee Retirement System (ERS) provides healthcare and survivor benefits for both active and retired employees. The Board of Trustees of the Employees Retirement System of Texas is the administrator of the ERS, which is considered to be a single employer defined benefit healthcare plan. UNTS employees that work at least 20 hours but less than 30 hours per week are eligible for partial health benefits under ERS. UNTS employees that work 30 or more hours are eligible for full health benefits under ERS. Employees may retire at age 65 with 10 years of service or any combination of age plus 10 years of service that is equal to or greater than 80. The premium provisions are determined by the Texas Legislature and require monthly contributions by the State, UNTS and UNTS employees. Contributions to ERS for the year ended August 31, 2017 was as follows:

ERS Participation		
Member Contributions	$	17,783,199.05
State On-Behalf Contributions		22,944,642.49
Employer Contributions		35,742,218.93
Total	**$**	**76,470,060.47**

Additional information can be obtained from the separately issued ERS Comprehensive Annual Financial Report at http://ers.texas.gov/.

Note 9: 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 statements. There were no balances in interfund receivables and payables at August 31, 2017.

Note 10: 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

Construction Litigation

Beck Warrior, a Joint Venture v. University of North Texas System. Docket No. 752-17-4372.CC, State Office of Administrative Hearings. Dispute with general contractor regarding the UNT Union renovation and expansion project. Beck Warrior seeks damages in the amount of $6,633,591 for errors in the project architect's drawings and delays allegedly caused by UNT System. Discovery is beginning and the parties have requested that the final hearing of the matter take place the week of September 24, 2018. The likelihood of an unfavorable outcome is reasonably possible and the range of loss is estimated to be $0 to $250,000. Under existing law, the maximum potential loss is $250,000. Beck Warrior can seek legislative approval to recover a larger damage award should they prevail at trial.

Healthcare Litigation

Beatrice Howard v. Texas Rehabilitation Hospital of Fort Worth, LLC. Case No. 348-294707-17, 348th Judicial District Court, Tarrant County, Texas. Health care liability claim. Plaintiff claims she was injured while in the care of a former student at HSC. HSC has not been served with the lawsuit. Plaintiff seeks damages between $200,000 and $1,000,000. The likelihood of an unfavorable outcome is reasonably possible and the range of loss is estimated to be $0 to $250,000.

Jessica Jimenez, et al. v. UNTHSC, et al. Case No. 352-275721-14, 352nd Judicial District Court, Tarrant County, Texas. Health care liability claim alleging patient died as a result of a perforated esophagus that occurred during surgery. HSC appealed the denial of its motion to dismiss to the court of appeals, which reversed the district court's decision and rendered judgment in HSC's favor. The plaintiffs are now seeking review in the Texas Supreme Court. Plaintiff seeks damages over $1,000,000. The likelihood of an unfavorable outcome is reasonably possible and the range of loss is estimated to be $0 to $250,000.

Research Grant Repayment to National Institutes of Health

In a compliance review of 114 of HSC's NIH-funded research projects, HSC determined that weaknesses existed in its reporting and certification of time and effort performed by researchers on NIH-funded projects, which weaknesses caused HSC to be non-compliant with certain regulatory and/or sponsor-imposed obligations. In January 2017, HSC disclosed to NIH the results of its review of NIH-funded research projects, and offered to repay to NIH $8.72 million of previously received research grant funding. NIH referred the matter to the Department of Justice in Dallas, and the parties have executed a settlement agreement that requires HSC to repay $13,073,000 by February 25, 2018. HSC accrued a loss of $8.72 million in fiscal year 2016 related to the repayment offer.

Commitments

The System continues to implement capital improvements to upgrade facilities. Approximately $408 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: 55% Tuition Revenue Bonds, 31% Revenue Financing System Bonds, 8% HEF, 3% auxiliary revenues, 2% from designated funds, and less than 1% from Commercial Paper. Approximately $295 million of the commitment, or roughly 72%, is expected to be spent in 2018.

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 11: 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 10, *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, 2017, 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, 2017 and August 31, 2016, respectively:

	August 31, 2016	Additions	Reductions	August 31, 2017
Incurred But Not Reported Self-Insurance Claims (HSC) (1)	$ 1,770,924.00	$ 61,194.00	$ 102,194.00	$ 1,729,924.00
Contingent Liabilities	$ 80,000.00	$ 17,131.02	$ 97,131.02	$ -

	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 Liabilities	$ 1,910,248.00	$ 738,965.15	$ 2,569,213.15	$ 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 2017 was $340,000. For the year ended August 31, 2017, 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, 2017, 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. This coverage also extends to Allied Health Care professionals and medical students at HSC. 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 $1,500,000,000 shared limit through the State's state-wide property insurance program.

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, 2017, 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, 2017.

The System maintains reserves for unemployment compensation payments made for all claims and settlements not eligible for state funding. There were no material outstanding claims pending as of August 31, 2017. 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 12: 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, 2017, 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's fiscal year end is August 31, consistent with the System. 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 from endowments 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, 2017 related to pass-through grants were $32,193,654.95 and $211,512.86 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 13: 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 complete quarter.

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 3.75% 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 real value of the endowment principal will be protected. The distribution is made in accordance with the Texas Uniform Prudent Management of Institutional Funds Act. 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	$ 7,545,190.82	Restricted Expendable

(1) There was a positive fair value adjustment totaling $3,485,372.35 for fiscal year 2017 related to true endowments. As of August 31, 2017, the System did not have any term endowments to report.

The University of North Texas Foundation's spending policy for unitized endowments reflects an objective to distribute as much total return as is consistent with overall investment objectives and intergenerational equity, while protecting the real value of the endowment principal. An endowment is excluded from target distribution until the endowment has been established for one quarter.

The target distribution of spendable income to each unit of the endowment fund will be between 3% and 5% of the moving average market value of a unit of the endowment fund for the preceding 12 quarters. Unless otherwise determined by the Foundation's Board of Directors, the target annual distribution rate shall be 4% of the average unit market value: for fiscal year 2017 the distribution rate was 3.75%. 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 distributions 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 net appreciation (cumulative and unexpended) on donor-restricted endowments presented below is available for authorization and expenditure by the Foundation, a discrete component unit of the University of North Texas System.

Endowment Type	Amount of Cumulative Net Appreciation (1)	Reported in Net Position
True Endowments	$ 10,189,083.50	Restricted Expendable

(1) There was a positive fair value adjustment totaling $6,565,412.71 for fiscal year 2017 related to true endowments. As of August 31, 2017, the Foundation did not have any term endowments to report.

Note 14: 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, 2017 is presented below:

	Total
Deferred Outflows of Resources	
Unamortized Losses on Refunding of Debt	$ 7,813,121.47
Deferred Outflows of Resources Related to Pensions (1)	35,756,542.00
Total Deferred Outflows of Resources	**$ 43,569,663.47**
Deferred Inflows of Resources	
Unamortized Gains on Refunding of Debt	$ 1,315,823.70
Deferred Inflows of Resources Related to Pensions (1)	33,318,656.00
Total Deferred Inflows of Resources	**$ 34,634,479.70**

(1) See Note 1, *Summary of Significant Accounting Policies,* and Note 8, *Defined Benefit Pension Plan, Defined Contribution Plan, and Health Care Benefits,* for more information regarding deferred outflows of resources and deferred inflows of resources related to debt refunding and pensions.

Required Supplementary Information (RSI)

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

RSI - Pension Proportionate Share

	2017	2016	2015
System's proportion of the net pension liability	0.3167884%	0.3348771%	0.3870437%
System's proportionate share of the net pension liability	$ 119,709,644.00	$ 118,374,598.00	$ 103,405,818.19
System's covered payroll (1)	$ 248,934,340.22	$ 235,537,989.10	$ 222,501,101.49
System's proportionate share of the net pension liability as a percentage of its covered payroll	48.09%	50.26%	46.47%
Plan fiduciary net position as a percentage of the total pension liability	78.00%	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

	2017	2016	2015	2014
Statutorily required contributions	$ 10,631,245.00	$ 10,085,190.00	$ 9,916,773.00	$ 9,870,977.18
Contributions in relation to the statutorily required contributions	10,631,245.00	10,085,190.00	9,916,773.00	9,870,977.18
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
System's covered payroll	$ 252,852,119.73	$ 248,934,340.22	$ 235,537,989.10	$ 222,501,101.49
Contributions as a percentage of covered payroll	4.20%	4.05%	4.21%	4.44%

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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.

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

"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 and the Law School.

"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.

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APPENDIX D

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the 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 2018A, $149,425,000

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.

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 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. 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, 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,

Proposed 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 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 2018B, $22,685,000

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,

BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM • REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2018A AND TAXABLE SERIES 2018B

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