OFFICIAL STATEMENT
DATED SEPTEMBER 30, 2015

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 2015A Bonds is excludable from gross income for federal income tax purposes under existing statutes, court decisions, regulations and published rulings. See "TAX MATTERS – Series 2015A Bonds" for a discussion of the opinion of Bond Counsel, including a description of alternative minimum tax consequences.

$105,130,000
BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM
REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2015A

Dated: October 1, 2015 (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 2015A (the "Series 2015A Bonds") are special obligations of the Board of Regents (the "Board") of the University of North Texas System (the "University System"). The Series 2015A 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 Restated Sixteenth Supplemental Resolution to the Master Resolution adopted by the Board on August 28, 2015 (the "Sixteenth Supplement"). The Series 2015A 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 2015A Bonds are Parity Obligations (as defined herein). THE SERIES 2015A 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 2015A BONDS. See "SECURITY FOR THE BONDS."

The proceeds from the sale of the Series 2015A 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) currently refunding a portion of the Board's Series 2014 Bonds (defined herein); (iii) refunding a portion of the Board's outstanding commercial paper notes; and (iv) paying certain costs of issuing the Series 2015A Bonds. See "PLAN OF FINANCING."

Interest on the Series 2015A 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 2015A Bonds is payable on April 15, 2016, and each October 15 and April 15 thereafter until maturity or prior redemption. The Series 2015A 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 2015A Bonds may only be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Series 2015A Bonds will be made to the purchasers thereof. Interest on and principal of the Series 2015A Bonds will be payable by The Bank of New York Mellon Trust Company, National Association, 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 2015A Bonds. See "DESCRIPTION OF THE BONDS-Book-Entry Only System."

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

The Series 2015A Bonds will mature, bear interest, and have initial prices or yields as shown on the inside cover page of this Official Statement.

The Series 2015A Bonds are subject to redemption as provided herein. See "DESCRIPTION OF THE BONDS-Redemption."

Concurrently with the issuance of the Series 2015A Bonds, the Board is issuing its Revenue Financing System Refunding Bonds, Taxable Series 2015B (the "Series 2015B Bonds") pursuant to the Master Resolution and the Sixteenth Supplement. A separate cover page for the Series 2015B Bonds follows this cover page. The Series 2015A Bonds and the Series 2015B Bonds are referred to in this Official Statement collectively as the "Bonds."

The Series 2015A Bonds are offered when, as, and if issued, subject to approval of legality by the Attorney General of the State of Texas and the approving opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Andrews Kurth LLP, Austin, Texas and Mahomes Bolden PC, Dallas, Texas. The Series 2015A Bonds are expected to be available for delivery through DTC on or about October 21, 2015.

J.P. Morgan

Barclays **Estrada Hinojosa & Company, Inc.**
Jefferies **Raymond James**

MATURITY SCHEDULE   CUSIP PREFIX: 914729[1]

$105,130,000
Revenue Financing System Refunding and Improvement Bonds
Series 2015A

$90,220,000 Serial Bonds

Maturity Date (4/15)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix[1]
2016	$1,025,000	2.00%	0.17%	PK8
2017	505,000	5.00%	0.59%	PL6
2018	530,000	5.00%	0.88%	PM4
2019	560,000	5.00%	1.12%	PN2
2020	585,000	5.00%	1.37%	PP7
2021	665,000	5.00%	1.62%	PQ5
2022	1,540,000	5.00%	1.84%	PR3
2023	1,575,000	5.00%	2.03%	PS1
2024	1,610,000	5.00%	2.20%	PT9
2025	5,985,000	5.00%	2.32%	PU6
2026	6,050,000	5.00%	2.49%[2]	PV4
2027	6,120,000	5.00%	2.62%[2]	PW2
2028	6,195,000	5.00%	2.72%[2]	PX0
2029	6,280,000	5.00%	2.83%[2]	PY8
2030	6,360,000	5.00%	2.92%[2]	PZ5
2031	6,450,000	5.00%	2.99%[2]	QA9
2032	6,540,000	5.00%	3.05%[2]	QB7
2033	6,635,000	5.00%	3.10%[2]	QC5
2034	6,740,000	5.00%	3.14%[2]	QD3
2035	6,845,000	5.00%	3.19%[2]	QE1
2036	6,070,000	5.00%	3.25%[2]	QH4
2037	5,355,000	5.00%	3.28%[2]	QJ0

$5,885,000 5.00% Term Bonds, due April 15, 2040, Yield 3.37%(2), CUSIP Suffix QF8[1]

$9,025,000 5.00% Term Bonds, due April 15, 2045, Yield 3.44%(2), CUSIP Suffix QG6[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, managed by Standard and Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. CUSIP numbers are included solely for the convenience of the purchasers of the Series 2015A Bonds. Neither the Board, the Financial Advisor nor the Underwriters shall be responsible for the selection or the correctness of the CUSIP numbers shown herein.

[2] Yield calculated to first optional redemption date of April 15, 2025. See "DESCRIPTION OF THE BONDS - Redemption - Optional Redemption".

Redemption. . . The Series 2015A Bonds are subject to optional and mandatory sinking fund redemption prior to stated maturity. (See "DESCRIPTION OF THE BONDS - Redemption").

Separate Issues. . . The Series 2015A Bonds and the Series 2015B 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 2015A Bonds and the Series 2015B 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 SEPTEMBER 30, 2015

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

The Series 2015B Bonds are not obligations described in section 103(a) of the Internal Revenue Code of 1986. See "TAX MATTERS – Series 2015B Bonds".

$73,035,000
BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM
REVENUE FINANCING SYSTEM REFUNDING BONDS, TAXABLE SERIES 2015B

Dated: October 1, 2015 (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 Bonds, Taxable Series 2015B (the "Series 2015B Bonds") are special obligations of the Board of Regents (the "Board") of the University of North Texas System (the "University System"). The Series 2015B 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 Restated Sixteenth Supplemental Resolution to the Master Resolution adopted by the Board on August 28, 2015 (the "Sixteenth Supplement"). The Series 2015B 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 2015B Bonds are Parity Obligations (as defined herein). THE SERIES 2015B 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 2015B BONDS. See "SECURITY FOR THE BONDS."

The proceeds from the sale of the Series 2015B Bonds will be used for the purposes of (i) currently refunding a portion of the Board's Series 2014 Bonds; (ii) refunding a portion of the Board's outstanding commercial paper notes; and (iii) paying certain costs of issuing the Series 2015B Bonds. See "PLAN OF FINANCING."

Interest on the Series 2015B 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 2015B Bonds is payable on April 15, 2016, and each October 15 and April 15 thereafter until maturity or prior redemption. The Series 2015B 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 2015B Bonds may only be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Series 2015B Bonds will be made to the purchasers thereof. Interest on and principal of the Series 2015B Bonds will be payable by The Bank of New York Mellon Trust Company, National Association, 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 2015B Bonds. See "DESCRIPTION OF THE BONDS-Book-Entry Only System."

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

The Series 2015B Bonds will mature, bear interest, and have initial prices or yields as shown on the inside cover page of this Official Statement.

The Series 2015B Bonds are subject to redemption as provided herein. See "DESCRIPTION OF THE BONDS-Redemption."

Concurrently with the issuance of the Series 2015B Bonds, the Board is issuing its Revenue Financing System Refunding and Improvement Bonds, Series 2015A (the "Series 2015A Bonds") pursuant to the Master Resolution and the Sixteenth Supplement. A separate cover page for the Series 2015A Bonds precedes this cover page. The Series 2015A Bonds and the Series 2015B Bonds are referred to in this Official Statement collectively as the "Bonds."

The Series 2015B Bonds are offered when, as, and if issued, subject to approval of legality by the Attorney General of the State of Texas and the approving opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Andrews Kurth LLP, Austin, Texas and Mahomes Bolden PC, Dallas, Texas. The Series 2015B Bonds are expected to be available for delivery through DTC on or about October 21, 2015.

J.P. Morgan
Loop Capital Markets **Morgan Stanley** **Wells Fargo Securities**

MATURITY SCHEDULE CUSIP PREFIX: 914729[1]

$73,035,000
Revenue Financing System Refunding Bonds
Taxable Series 2015B

$40,210,000 Serial Bonds

Maturity Date 4/15	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix[1]
2016	$2,450,000	0.300%	0.300%	QK7
2017	4,465,000	1.041%	1.041%	QL5
2018	4,650,000	1.375%	1.375%	QM3
2019	4,850,000	1.783%	1.783%	QN1
2020	5,075,000	2.103%	2.103%	QQ4
2021	5,140,000	2.467%	2.467%	QR2
2022	4,420,000	2.717%	2.717%	QS0
2023	4,560,000	2.948%	2.948%	QT8
2024	4,600,000	3.148%	3.148%	QU5

$32,825,000 4.838% Term Bonds, due April 15, 2045, Yield 4.838%, CUSIP Suffix QP6[1]

[1] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. CUSIP numbers are included solely for the convenience of the purchasers of the Series 2015B Bonds. Neither the Board, the Financial Advisor nor the Underwriters shall be responsible for the selection or the correctness of the CUSIP numbers shown herein.

Redemption. . . The Series 2015B Bonds are subject to optional and mandatory sinking fund redemption prior to stated maturity. (See "DESCRIPTION OF THE BONDS - Redemption").

Separate Issues. . . The Series 2015A Bonds and the Series 2015B 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 2015A Bonds and the Series 2015B 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]
Brint Ryan (Chair)	Dallas	May 22, 2015[2]
Michael Bradford	Midland	May 22, 2015[2]
Steve Mitchell	Richardson	May 22, 2015[2]
Milton B. Lee	San Antonio	May 22, 2017
Donald Potts	Dallas	May 22, 2017
Al Silva	San Antonio	May 22, 2017
Rusty Reid	Fort Worth	May 22, 2019
Gwyn Shea	Irving	May 22, 2019
B. Glen Whitley	Hurst	May 22, 2019
Courtny Haning	Dallas	May 31, 2016[3]

(1) The actual expiration date of the term depends on the date the successor is appointed, qualified and takes the oath of office.
(2) Mr. Ryan, Mr. Bradford and Mr. Mitchell will continue to serve until the governor appoints new regents to replace them and their successors are qualified and take the oath of office.
(3) Student Regent. Current state law does not allow a Student Regent to vote on any matter before the Board.

Principal Administrators

Name	Title	Years of Service within University System
Lee Jackson	Chancellor (University System)	13
Dr. Rosemary R. Haggett	Vice Chancellor for Academic Affairs and Student Success (University System)	5
Janet Waldron	Vice Chancellor for Finance (University System)	1
Nancy S. Footer	Vice Chancellor and General Counsel (University System)	11
Dr. Neal J. Smatresk	President (University)	1
Dr. Finley Graves	Provost and Vice President for Academic Affairs (University)	13
Bob Brown	Vice President for Finance and Administration (University)	1
Dr. Michael R. Williams	President (Health Science Center)	2
Dr. Thomas Yorio	Provost and Executive Vice President for Academic Affairs (Health Science Center)	38
John A. Harman	Senior Vice President for Finance and Chief Financial Officer (Health Science Center)	8
Bob Mong	President (UNT-Dallas)	0
Dr. Lois Becker	Provost and Senior Vice President for Academic Excellence and Student Success (UNT-Dallas)	2
Dr. Dan Edelman	Chief Financial Officer and Vice President for Finance and Administration (UNT-Dallas)	1

Consultants

Financial Advisor
First Southwest Company, LLC
Dallas, Texas

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

For additional information regarding the University System, please contact:

Ms. Janet Waldron
Vice Chancellor for Finance
University of North Texas System
1901 Main Street, 7th Floor
Dallas, Texas 75201
(214) 752-5541

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

Ms. Ester Flores
First Southwest Company, LLC
325 North St. Paul, Suite 800
Dallas, Texas 75201
(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, OR THE INFORMATION REGARDING THE UNDERWRITERS CONTAINED UNDER THE CAPTION “UNDERWRITING”.

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 SECURITIES AND EXCHANGE COMMISSION (THE “SEC”), NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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

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

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

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OFFICIAL STATEMENT

relating to

BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM

$105,130,000 **REVENUE FINANCING SYSTEM** **REFUNDING AND IMPROVEMENT BONDS,** **SERIES 2015A**	**$73,035,000** **REVENUE FINANCING SYSTEM** **REFUNDING BONDS,** **TAXABLE SERIES 2015B**

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 2015A" (the "Series 2015A Bonds") and "Revenue Financing System Refunding Bonds, Taxable Series 2015B" (the "Series 2015B Bonds," and together with the Series 2015A 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 Resolution (as defined herein), the Bonds, the Board, the University, the Health Science Center, UNT-Dallas and other related matters. All references to and descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Janet Waldron, Vice Chancellor for Finance, University of North Texas System, 1901 Main Street, 7th Floor, 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 2015 Fall semester, the University had a total enrollment of 37,231 students, UNT-Dallas had a total enrollment of 2,469 students, and the Health Science Center had a total enrollment of 2,384 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"). The Tenth Supplement also established the Board's commercial paper program (see "SECURITY FOR THE BONDS-The Revenue Financing System"). The Tenth Supplement was amended and restated by the Board on May 8, 2008, pursuant to which the ability to issue commercial paper notes was expanded. 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."

On August 4, 2015, the University System filed a disclosure statement with the Municipal Securities Rulemaking Board relating to (i) the completion of an external audit of its Consolidated Annual Financial Report for fiscal year ending August 31, 2014 conducted by Grant Thornton LLP and (ii) the results of an internal audit conducted in 2013 and 2014 concerning the receipt of excess state benefits for the period September 1, 2003, through April 30, 2012. See "APPENDIX A - Funding for the Participants - Additional Disclosure."

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 2015A 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) currently refunding a portion of the Board's Revenue Financing System Direct Purchase Bonds, Series 2014 (the "Series 2014 Bonds" or the "Direct Purchase Bonds"); (iii) refunding a portion of the Board's outstanding commercial paper notes; and (iv) paying certain costs of issuing the Series 2015A Bonds. The proceeds from the sale of the Series 2015B Bonds will be used for the purposes of (i) currently refunding a portion of the Board's Series 2014 Bonds; (ii) refunding a portion of the Board's outstanding commercial paper notes; and (iii) paying certain costs of issuing the Series 2015B Bonds. See "- Refunded Direct Purchase Bonds," "Refunded Commercial Paper Notes," and "ESTIMATED SOURCES AND USES OF FUNDS."

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 Restated Sixteenth Supplemental Resolution to the Master Resolution adopted by the Board on August 28, 2015 (the "Sixteenth Supplement"). The Master Resolution and the Sixteenth Supplement are referred to herein collectively as the "Resolution." The Bonds will be the eighteenth and nineteenth series of debt obligations issued as Parity Obligations and payable from the Pledged Revenues. Following the delivery of the Bonds, there will be $46,960,000 in aggregate principal amount of "Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2007" (the "Series 2007 Bonds"), $27,050,000 in aggregate principal amount of "Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2009" (the "Series 2009 Bonds"), $134,425,000 in aggregate principal amount of "Board of Regents of the University of North Texas Revenue Financing System Bonds, Series 2009A" (the "Series 2009A Bonds"), $8,880,000 in aggregate principal amount of "Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Series 2009B" (the "Series 2009B Bonds"), $43,190,000 in aggregate principal amount of "Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Series 2010" (the "Series 2010 Bonds"), $65,720,000 in aggregate principal amount of "Board of Regents of the University of North Texas System Revenue Financing System Refunding and Improvement Bonds, Series 2012A" (the "Series 2012A Bonds"), $4,410,000 in aggregate principal amount of "Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Series 2012B" (the "Series 2012B Bonds"), $38,265,000 in aggregate principal amount of "Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Series 2015" (the "Series 2015 Bonds"), the Series 2015A Bonds, and the Series 2015B Bonds all of which constitute Parity Obligations and are payable from the Pledged Revenues. Following the delivery of the Bonds, Commercial Paper Notes (hereinafter defined) will be outstanding in the principal amount of $1,457,000, none of which are taxable. $55,765,000 of tax-exempt Commercial Paper Notes and $18,495,000 of taxable Commercial Paper Notes will be refunded and defeased with a portion of the proceeds of the Bonds. The Commercial Paper Notes are Parity Obligations under the terms of the Master Resolution and the Tenth Supplement. See "PLAN OF FINANCING—Commercial Paper Notes" below and "Appendix B, AUDITED CONSOLIDATED ANNUAL FINANCIAL REPORT OF THE UNIVERSITY OF NORTH TEXAS SYSTEM – Note 6: Bonded Indebtedness".

The Series 2014 Bonds were issued under authority of the Nineteenth Supplement. The Nineteenth Supplement authorizes the issuance of up to $120,000,000 of bonds. The University System has issued $96,500,000 of the Series 2014 Bonds under authority of the Nineteenth Supplement. The University System does not intend to issue any further bonds authorized under authority of the Nineteenth Supplement. However, approximately $23,500,000 of proceeds of the Series 2015A Bonds are expected to be used to finance projects approved in the Nineteenth Supplement. See "SOURCES AND USES OF FUNDS".

The Sixteenth Supplement authorized the issuance of bonds, in one or more series, in an aggregate principal amount not to exceed $380,000,000. The Bonds constitute the first and second installments of bonds issued under authority of the Sixteenth Supplement. The authority to execute a bond purchase agreement and sell bonds under the provisions of the Sixteenth Supplement expires August 31, 2016.

The Board expects to authorize and deliver on or about March 1, 2016 a series of Parity Obligations to currently refund all of the Series 2007 Bonds maturing on and after April 15, 2017. See "PLAN OF FINANCING – Issuance of Additional Bonds."

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."

Refunded Direct Purchase Bonds. A portion of the proceeds of the Bonds will be used to refund and retire all of the Direct Purchase Bonds issued by the Board under authority of the Nineteenth Supplement and outstanding in the aggregate principal amount of $96,500,000. On the date of delivery of the Bonds, the Board will transfer from the proceeds of the Bonds and other available funds of the University System to The Bank of New York Mellon Trust Company, National Association, the paying agent for the Direct Purchase Bonds, an amount sufficient to pay the principal of and interest on the Direct Purchase Bonds for the sole purpose of retiring in full the Direct Purchase Bonds.

Refunded Commercial Paper Notes. A portion of the proceeds of the Bonds will be used to refund and retire $55,765,000 of outstanding tax-exempt Commercial Paper Notes and $18,495,000 of outstanding taxable Commercial Paper Notes issued by the Board under authority of the Tenth Supplement (as such terms are defined in "PLAN OF FINANCING—Commercial Paper Notes" below). The 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 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 Commercial Paper Notes.

Authority for Issuance of Commercial Paper Notes. The Board has the ability to issue, as Parity Obligations, commercial paper notes (the "Commercial Paper Notes") under the terms of the Master Resolution and the Tenth Supplement. 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, 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 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 Commercial Paper Notes then and thereafter outstanding.

Under the terms of the Tenth Supplement, to the extent that the "Dealer" (as defined in the Tenth Supplement) for the Board's commercial paper program cannot sell Commercial Paper Notes to renew or refund outstanding Commercial Paper Notes on their maturity, the Board covenanted to use lawfully available funds to purchase Commercial Paper Notes issued to renew and refund maturing Commercial Paper Notes. Under the terms of the Tenth Supplement, such payment, issuance and purchase is not intended to constitute an extinguishment of the obligation represented by any Commercial Paper Notes held by the Board, and the Tenth Supplement provides that the Board may issue Commercial Paper Notes to renew and refund the Commercial Paper Notes held by it when the Dealer is again able to sell Commercial Paper Notes. While such Commercial Paper Notes are held by the Board they shall bear interest at the rate being earned by the funds used to purchase such Commercial Paper Notes on the date of purchase. The commercial paper program established under the terms of the Tenth Supplement expires on April 15, 2051.

In connection with providing self-liquidity in support of the Commercial Paper Notes, the Board has established a failed remarketing policy, where the Dealer will provide notice to the Board of its inability to remarket maturing Commercial Paper Notes and the Board will then take steps to provide funds either from available cash or through the liquidation of Short/Intermediate Term Investment Fund assets (see "Appendix A — Description of the Participants - Selected Financial Information—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 expects to execute a purchase agreement on or after October 16, 2015 for the private placement sale of approximately $46,000,000 in additional Parity Obligations for the purpose of refunding outstanding Parity Obligations for debt service savings. Such Parity Obligations are expected to be delivered on March 1, 2016 pursuant to a resolution of the Board that is expected to be approved on October 6, 2015. In addition, the Board may issue additional Parity Obligations, including Commercial Paper Notes, 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 2015A Bonds	Series 2015B Bonds	Total
Par Amount of Bonds	$ 105,130,000.00	$ 73,035,000.00	$178,165,000.00
Net Premium	17,258,428.55	--	17,258,428.55
Total Sources of Funds	$122,388,428.55	$73,035,000.00	$195,423,428.55
Uses of Funds			
Deposit to Project Fund	$ 23,500,000.00	$ --	$ 23,500,000.00
Deposit to Redeem Series 2014 Bonds	55,050,000.00	41,450,000.00	96,500,000.00
Refunding of Commercial Paper Notes	43,145,000.00	31,115,000.00	74,260,000.00
Costs of Issuance(1)	693,428.55	470,000.00	1,163,428.55
Total Uses of Funds	$122,388,428.55	$73,035,000.00	$195,423,428.55

(1) 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, 2016 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 The Bank of New York Mellon Trust Company, National Association, Dallas, Texas (the "Paying Agent/Registrar"), is located, then the date for such payment will be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close (a "Business Day"). Payment on such later date will not increase the amount of interest due and will have the same force and effect as if made on the original date payment was due.

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

Limitation on Transfer of Bonds Called for Redemption. Neither the Board nor the Paying Agent/Registrar shall be required to make any transfer or exchange (i) during a period beginning with the close of business on any Record Date (as hereinafter defined) and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

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

Redemption.

Optional Redemption

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

During any period in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and series and bearing the same interest rate are to be redeemed, the particular 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. Also see "DESCRIPTION OF THE BONDS - Redemption - *Selection of Series 2015B Bonds to be Redeemed*" below.

Selection of Series 2015B Bonds to be Redeemed

If less than all of the Series 2015B Bonds are to be redeemed, the particular maturities of Series 2015B Bonds to be redeemed at the option of the Board will be determined by the Board in its sole discretion.

If the Series 2015B Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of such Series 2015B Bonds, if less than all of the Series 2015B Bonds of a maturity are called for prior redemption, the particular Series 2015B Bonds or portions thereof to be redeemed shall be allocated on a *pro rata pass-through distribution of principal* basis in accordance with DTC procedures, provided that, so long as the Series 2015B Bonds are held in book-entry form, the selection for redemption of such Series 2015B Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Series 2015B Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

The Board intends that redemption allocations made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, neither the Board nor the Underwriters can provide any assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of Series 2015B Bonds on such basis.

For purposes of calculation of the "pro rata pass-through distribution of principal," "pro rata" means, for any amount of principal to be paid, the application of a fraction to each denomination of the respective Series 2015B Bonds where (a) the numerator of which is equal to the amount due to the respective bondholders on a payment date, and (b) the denominator of which is equal to the total original par amount of the respective Series 2015B Bonds.

If the Series 2015B Bonds are no longer registered in book-entry-only form, each owner will receive an amount of Series 2015B Bonds equal to the original face amount then beneficially held by that owner, registered in such investor's name. Thereafter, any redemption of less than all of the Series 2015B Bonds of any maturity will continue to be paid to the registered owners of such Series 2015B Bonds on a pro-rata basis, based on the portion of the original face amount of any such Series 2015B Bonds to be redeemed.

Mandatory Redemption

Series 2015A Bonds: The Series 2015A Bonds maturing April 15 in the years 2040 and 2045 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 2015A Bonds or portions thereof to be redeemed to be selected and designated by the Board (provided that a portion of a Series 2015A 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:

Bonds Maturing April 15, 2040

Redemption Date (April 15)	Principal Amount
2038	$2,845,000
2039	1,485,000
2040*	1,555,000

* Stated Maturity.

Bonds Maturing April 15, 2045

Redemption Date (April 15)	Principal Amount
2041	$1,635,000
2042	1,715,000
2043	1,800,000
2044	1,890,000
2045*	1,985,000

* Stated Maturity.

The principal amount of the Series 2015A 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 2015A 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 2015A Bonds, or (3) have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against mandatory sinking fund redemption.

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Series 2015B Bonds. The Series 2015B Bonds maturing April 15, 2045 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 2015B Bonds or portions thereof to be redeemed to be selected and designated by the Board (provided that a portion of a Series 2015B Bond may be redeemed only in an integral multiple of $5,000), at a redemption price equal to the par or principal amount thereof plus accrued interest to the date of redemption, on the dates, and in the principal amounts set forth below:

Redemption Date (April 15)	Principal Amount
2037	$ 830,000
2038	3,460,000
2039	4,950,000
2040	5,010,000
2041	3,715,000
2042	3,715,000
2043	3,715,000
2044	3,715,000
2045*	3,715,000

* Stated Maturity.

The principal amount of the Series 2015B 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 2015B 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 2015B Bonds, or (3) have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against mandatory sinking fund redemption.

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

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

Paying Agent/Registrar. In the Sixteenth 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, designated the UNT-Dallas College of Law as an additional Participant in the Fifteenth Supplement, and removed the UNT-Dallas College of Law as a Participant in the Nineteenth Supplement, as the UNT-Dallas College of Law became a professional school of UNT-Dallas on September 1, 2015. 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. Following the delivery of the Bonds, there will be $548,522,000 in principal amount of Parity Obligations outstanding (including $1,457,000 of Commercial Paper Notes, all of which were issued as tax-exempt obligations). 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 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; the UNT-Dallas College of Law currently is not eligible to receive amounts under Article VII, Section 17 of the State Constitution), 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 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

	2014	2013	2012[1]	2011	2010
Available Pledged Revenues Not Including Fund Balances	$ 457,345,382	$ 411,907,506	$ 389,866,749	$ 261,130,698	$ 240,586,318
Pledgeable Unappropriated Funds Fund and Reserve Balances	158,516,034	195,968,898	211,971,787	178,746,394	239,963,590
Total Pledged Revenues	$ 615,861,416	$ 607,876,404	$ 601,838,536	$ 439,877,092	$ 480,549,908

(1) The methodology changed in 2012 to include certain fess that were determined to be Available Pledged Revenues.

Pledged Revenues excludes State appropriations for the reimbursement of debt service on certain Tuition Revenue Bonds of the University System. See "APPENDIX A — DESCRIPTION OF THE PARTICIPANTS — Funding for the Participants - *Tuition Revenue Bonds*."

Pledged Revenues do not include: (a) the $36,005,389 FY2016-17 of State appropriations for the reimbursement of debt service on certain Tuition Revenue Bonds currently outstanding or the additional FY2017 $20,805,994 estimated debt service for Tuition Revenue Bonds; (b) amounts appropriated to any Participant from the Higher Education Fund under Article 7, Section 17 of the State Constitution; 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 - *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 Government 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 "FUTURE 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 2012 Bonds, Series 2014 Bonds, Series 2015 Bonds and the Commercial Paper Notes as Parity Obligations. Following the issuance of the Bonds, the Series 1997 Bonds, Series 1999 Bonds, Series 1999A Bonds, Series 2001 Bonds, Series 2002 Bonds, Series 2002A Bonds, Series 2003A Bonds, Series 2003B Bonds, Series 2005 Bonds and Series 2014 Bonds will no longer be outstanding. For more information regarding outstanding Parity Obligations, see "Appendix A, DESCRIPTION OF THE PARTICIPANTS-Outstanding Indebtedness." Also see "PLAN OF FINANCING - Issuance of Additional Bonds."

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 delivery of the Bonds. See "Appendix A, DESCRIPTION OF THE PARTICIPANTS-Higher Education Fund Bonds."

Fiscal Year 8/31	Total Current Debt Service [1][2]	Series 2015A Bonds Principal	Series 2015A Bonds Interest	Series 2015A Bonds Total	Series 2015B Bonds Principal	Series 2015B Bonds Interest	Series 2015B Bonds Total	Total Annual Debt Service
2016	$ 32,287,151	$ 1,025,000	$ 2,525,779	$ 3,550,779	$ 2,450,000	$ 1,172,169	$ 3,622,169	$ 39,460,099
2017	40,706,748	505,000	5,205,250	5,710,250	4,465,000	2,417,826	6,882,826	53,299,824
2018	38,433,925	530,000	5,180,000	5,710,000	4,650,000	2,371,346	7,021,346	51,165,271
2019	38,440,533	560,000	5,153,500	5,713,500	4,850,000	2,307,408	7,157,408	51,311,441
2020	35,633,358	585,000	5,125,500	5,710,500	5,075,000	2,220,933	7,295,933	48,639,790
2021	35,626,983	665,000	5,096,250	5,761,250	5,140,000	2,114,206	7,254,206	48,642,438
2022	35,641,453	1,540,000	5,063,000	6,603,000	4,420,000	1,987,402	6,407,402	48,651,854
2023	27,584,888	1,575,000	4,986,000	6,561,000	4,560,000	1,867,310	6,427,310	40,573,198
2024	27,589,915	1,610,000	4,907,250	6,517,250	4,600,000	1,732,882	6,332,882	40,440,047
2025	24,834,053	5,985,000	4,826,750	10,811,750	-	1,588,074	1,588,074	37,233,876
2026	22,188,235	6,050,000	4,527,500	10,577,500	-	1,588,074	1,588,074	34,353,809
2027	22,200,090	6,120,000	4,225,000	10,345,000	-	1,588,074	1,588,074	34,133,164
2028	22,199,330	6,195,000	3,919,000	10,114,000	-	1,588,074	1,588,074	33,901,404
2029	19,304,705	6,280,000	3,609,250	9,889,250	-	1,588,074	1,588,074	30,782,029
2030	14,097,878	6,360,000	3,295,250	9,655,250	-	1,588,074	1,588,074	25,341,201
2031	14,095,693	6,450,000	2,977,250	9,427,250	-	1,588,074	1,588,074	25,111,016
2032	14,084,103	6,540,000	2,654,750	9,194,750	-	1,588,074	1,588,074	24,866,926
2033	11,546,708	6,635,000	2,327,750	8,962,750	-	1,588,074	1,588,074	22,097,531
2034	11,560,558	6,740,000	1,996,000	8,736,000	-	1,588,074	1,588,074	21,884,631
2035	9,463,225	6,845,000	1,659,000	8,504,000	-	1,588,074	1,588,074	19,555,299
2036	9,456,125	6,070,000	1,316,750	7,386,750	-	1,588,074	1,588,074	18,430,949
2037	5,876,750	5,355,000	1,013,250	6,368,250	830,000	1,588,074	2,418,074	14,663,074
2038	5,875,000	2,845,000	745,500	3,590,500	3,460,000	1,547,918	5,007,918	14,473,418
2039	5,876,250	1,485,000	603,250	2,088,250	4,950,000	1,380,523	6,330,523	14,295,023
2040	5,874,750	1,555,000	529,000	2,084,000	5,010,000	1,141,042	6,151,042	14,109,792
2041	-	1,635,000	451,250	2,086,250	3,715,000	898,659	4,613,659	6,699,909
2042	-	1,715,000	369,500	2,084,500	3,715,000	718,927	4,433,927	6,518,427
2043	-	1,800,000	283,750	2,083,750	3,715,000	539,195	4,254,195	6,337,945
2044	-	1,890,000	193,750	2,083,750	3,715,000	359,463	4,074,463	6,158,213
2045	-	1,985,000	99,250	2,084,250	3,715,000	179,732	3,894,732	5,978,982
Total	$ 530,478,401	$ 105,130,000	$ 84,865,279	$ 189,995,279	$ 73,035,000	$ 45,601,896	$ 118,636,896	$ 839,110,576

(1) Does not include debt service on the outstanding Series 2014 Bonds or outstanding Commercial Paper Notes, which the Board has authorized to be issued as Parity Obligations in the maximum outstanding amount of $100 million. After the delivery of the Bonds, Commercial Paper Notes will be outstanding in the amount of $1,457,000. Proceeds of the Bonds will be used to refund $74,260,000 of the outstanding Commercial Paper Notes and all of the outstanding Series 2014 Bonds. See "PLAN OF FINANCING."

(2) All or a portion of these bonds constitute Tuition Revenue Bonds. Tuition Revenue Bonds qualify the University System to be reimbursed from State appropriations for debt service payments made from Revenue Financing System revenues, on all of the outstanding Tuition Revenue Bonds in the aggregate amount of $36,005,389 during the 2016-17 State biennium. 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 SYSTEM - Selected Financial Information - Funding for the System - State Appropriations - Tuition Revenue Bonds" and "- Outstanding Indebtedness.")

FUTURE CAPITAL IMPROVEMENT PLANS

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

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

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

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 $15.5 million. The University is one of the State's eight emerging research universities pursuing "tier-one" national research university status. This multi-disciplinary research building will meet the requirements of current faculty researchers and provide initial room for growth in a number of research disciplines.

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

Coliseum Concourse Renovation. The University will modify the interior concourse of the 1970's era coliseum. This facility serves as the basketball arena for the university but is also frequently used for auxiliary functions ranging from university student speaker programs to sports camps to high school graduations. Improvements will include not only aesthetics of the concourse but also bathroom upgrades and accessibility improvements. Funding is planned to be revenue financing system capital in 2016 ($5.5 million) and 2017 ($2.5 million).

Interdisciplinary Research Building. The Health Science Center plans to construct an interdisciplinary research building of approximately 150,000 gross square feet to support the growth of clinical and translational research and the associated training programs. This building will catalyze the inter-professional activities required for successful team science and for providing training of students in a translational science environment. The approximate cost of the

Interdisciplinary Research Building is $121 million, of which $80 million will be funded by Tuition Revenue Bond appropriations.

Ambulatory Surgery Center. The Health Science Center intends to purchase a medical building adjacent to the campus. The proximity of the 14,500 GSF building, coupled with the associated 48 parking spaces, makes this real estate opportunity appropriate for acquisition. The approximate cost of the facility is $5.6 million.

Student Services Center Renovation. The Health Science Center plans to renovate a campus facility of approximately 28,700 GSF to support the growth and consolidation of Student Affairs, Student Development and Admissions. The approximate cost of the renovation is $5 million.

Research and Education Building Renovation. The Health Science Center plans to renovate the 4th floor of the Research and Education building, which entails approximately 2,800 GSF of office space and 9,500 GSF of new state-of-the-art lab space to accommodate the new Doctor of Pharmacy program. This renovated space will support the ongoing growth and accreditation requirements of the College of Pharmacy. The approximate cost of the renovation is $4.5 million.

Patient Care Center Renovation. The Health Science Center plans to renovate the 6th floor of the Patient Care Center in order to re-purpose 18,000 GSF of clinical space to support the evolving academies and institutes structure. Clinical practices will be transitioned into space to be leased in the hospital district to better align clinical services with hospital partners and other community providers. The approximate cost of the renovation is $2.5 million.

ABSENCE OF LITIGATION

Neither the Board nor the Participants 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 Sixteenth Supplement, the Board has made the following agreement for the benefit of the holders and beneficial owners of each series of the Bonds. The Board is required to observe its agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the Board will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB").

Annual Reports. The information to be updated includes all quantitative financial information and operating data with respect to the University System of the general type included in this Official Statement under Tables 1 and 2, in Tables A-1 through A-10 and A-13 through A-18, in Appendix A, and in Appendix B. The Board will update and provide this information within 180 days after the end of each fiscal year ending in or after 2015. 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 of such and the audit is not completed within twelve months after the end of each fiscal year ending in or after 2016, the Board will provide unaudited financial statements by the end of the twelve month period and audited financial statements for the applicable fiscal year to the MSRB, when and if they become available. Any such financial statements are to be prepared in accordance with generally accepted accounting principles or such other accounting principles as the Board may be required to employ from time to time pursuant to state law or regulation.

The State's current fiscal year end is August 31. Accordingly, the Board must provide updated information within 180 days following August 31 of each year, unless the State changes its fiscal year. If the State changes its fiscal year, the Board will notify the MSRB of the change.

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

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

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

Limitations and Amendment. The Board has agreed to update information and to provide notices of certain events only as described above. The Board has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Board makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The Board disclaims any contractual or tort liability of damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the Board to comply with its agreement.

The Board may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Board, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with SEC Rule 15c2-12, taking into account any amendments or interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the Board (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Board may also amend or repeal its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of said rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling the Bonds in the primary offering of the Bonds. If the Board so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Agreements. During the past five years, the Board has not failed to comply in any material respect with any continuing disclosure agreement made by it in accordance with SEC Rule 15c2-12.

LEGAL MATTERS

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

TAX MATTERS

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

Certain Federal Income Tax Considerations

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

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

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

THIS SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL ASPECTS OF THE U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF BONDS IN LIGHT OF THE HOLDER'S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION. PROSPECTIVE HOLDERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE BONDS BEFORE DETERMINING WHETHER TO PURCHASE BONDS.

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

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2015A Bonds under federal or state law and could affect the market price or marketability of the Bonds. Any such legislation, action or court decision could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such legislation, action or court decision being enacted or becoming effective cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Information Reporting and Backup Withholding

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

Series 2015A Bonds

Opinion. On the date of initial delivery of the Series 2015A Bonds, McCall, Parkhurst & Horton L.L.P., Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) for federal income tax purposes, interest on the Series 2015A Bonds will be excludable from the "gross income" of the holders thereof and (2) the Series 2015A 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 2015A Bonds. See APPENDIX D - Forms of Bond Counsel's Opinions.

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the Issuer, including information and representations contained in the Board's federal tax certificate related to the Series 2015A Bonds, and (b) covenants of the Board contained in the Sixteenth Supplement relating to certain matters, including arbitrage and the use of the proceeds of the Series 2015A 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 2015A 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 2015A Bonds in order for interest on the Series 2015A 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 2015A Bonds to be included in gross income retroactively to the date of issuance of the Series 2015A 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 2015A Bonds.

Bond Counsel's opinion regarding the Series 2015A 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 2015A 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 2015A Bonds.

A ruling was not sought from the IRS by the Board with respect to the Series 2015A Bonds or the property financed or refinanced with proceeds of the Series 2015A Bonds or the obligations refunded with proceeds of the Series 2015A Bonds. No assurances can be given as to whether the IRS will commence an audit of the Series 2015A 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 2015A Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Series 2015A 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 2015A 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 2015A Bond as an Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below. In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such U.S. Holder in excess of the basis of such Original Issue Discount Bond in the hands of such U.S. Holder (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

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

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

Collateral Federal Income Tax Consequences. Interest on the Series 2015A Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

Under section 6012 of the Code, U.S. Holders of tax-exempt obligations, such as the Series 2015A 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 2015A 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 2015A 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 2015A 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 2015B Bonds

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

Periodic Interest Payments and Original Issue Discount. The Series 2015B Bonds are not obligations described in section 103(a) of the Code. Accordingly, the stated interest paid on the Series 2015B Bonds or original issue discount, if any, accruing on the Series 2015B 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 2015B 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 2015B Bonds. Generally, a U.S. Holder's tax basis in the Series 2015B 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 2015B Bonds has been held for more than one year.

Defeasance of the Taxable Bonds. Defeasance of any Series 2015B 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 2015B Bond, will not be subject to U.S. federal income or withholding tax in respect of such Series 2015B 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 2015B 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 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. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if circumstances so warrant. Any such downward revision or withdrawal of either rating may have an adverse effect on the market price of the Bonds.

FINANCIAL ADVISOR

First Southwest Company, LLC is engaged as Financial Advisor to the Board in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. First Southwest Company, LLC, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, the Financial Advisor may also from time to time sell investment securities to the Board for the investment of Bond proceeds or other funds of the Board upon the request of the Board.

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

UNDERWRITING

J.P. Morgan Securities LLC ("JPMS"), as Representative of the Underwriters of the Series 2015A Bonds, has agreed, subject to certain customary conditions to delivery, to purchase the Series 2015A Bonds from the Board at price equal to $121,951,685.02, which is equal to the principal amount of the 2015A Bonds, plus a reoffering premium of $17,258,428.55, and less an underwriting discount of $436,743.53. The Underwriters will be obligated to purchase all of the Series 2015A Bonds if any Series 2015A Bonds are purchased. The Series 2015A 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 of the Series 2015B Bonds, has agreed, subject to certain customary conditions to delivery, to purchase the Series 2015B Bonds from the Board at price equal to $72,750,314.99, which is equal to the principal amount of the Series 2015B Bonds less an underwriting discount of $284,685.01. The Underwriters will be obligated to purchase all of the Series 2015B Bonds if any Series 2015B Bonds are purchased. The Series 2015B 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, one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, if applicable to this transaction, each of CS&Co. and LPL will purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

J.P. Morgan Chase Bank, N.A. purchased and currently owns 100% in aggregate principal amount of the Series 2014 Bonds. See "PLAN OF FINANCING - Refunded Direct Purchase Bonds." J.P. Morgan Chase Bank, N.A. is an affiliate of JPMS.

Loop Capital Markets LLC ("LCM"), one of the Underwriters of the Series 2015B Bonds, has entered into distribution agreements (each a "Loop Distribution Agreement") with each of UBS Financial Services Inc. ("UBSFS"), Deutsche Bank Securities Inc. ("DBS") and Credit Suisse Securities USA LLC ("CS") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Loop Distribution Agreement, each of UBSFS, DBS and CS will purchase the Series 2015B Bonds from LCM at the original issue prices less a negotiated portion of the selling concession applicable to any Series 2015B Bonds that such firm sells.

Morgan Stanley, parent company of Morgan Stanley & Co LLC., an underwriter of the Series 2015B Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2015B Bonds.

Wells Fargo Bank, National Association ("WFBNA"), one of the Underwriters of the Series 2015B Bonds, has entered into an agreement (the "Wells Fargo Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2015B Bonds. Pursuant to the Wells Fargo Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2015B Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2015B Bonds. In connection with utilizing the distribution capabilities of WFSLLC, 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.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, WFBNA.

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 Sixteenth 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/ Brint Ryan
Chair, Board of Regents of
The University of North Texas System

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APPENDIX A

DESCRIPTION OF THE PARTICIPANTS

General.

University of North Texas System.

The institutions of the University of North Texas System, which is the only public university system located in and primarily serving the North Texas region, serve nearly 40,000 students. 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 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 the nation's 25th largest university and is a student-focused public research university, helping to power the North Texas region as the most comprehensive university in the Dallas-Fort Worth area. The University is divided into 12 colleges and schools (College of Arts and Sciences; College of Business; College of Education; College of Engineering; College of Information; College of Merchandising, Hospitality and Tourism; College of Music; College of Public Affairs and Community Service; College of Visual Arts and Design; Honors College; Toulouse Graduate School; and the Frank W. and Sue Mayborn School of Journalism).

With 36,000 students, the University serves students from nearly every state in the nation and about 2,500 international students representing 129 countries. The University is viewed as a leader among its peers in the United States for its diverse degree programs, high-quality research and creative activities, and partnerships with the public and private sectors. The University offers 99 bachelor's, 83 master's and 36 doctoral degree programs. A growing public research university, the University has a long track record of excellence in education, music, the arts, business and social sciences with growing strengths in science and engineering. Students and faculty earn top awards for their academic, research and civic achievements. The university has been named one of *America's 100 Best College Buys®* by Institutional Research & Evaluation Inc. for 19 consecutive years, a ranking based on having a high-achieving freshman class and affordable tuition. *The Princeton Review* continually names the University as a "Best in the West" college.

The University is located in Denton, Texas, which is part of one of the fastest growing metropolitan areas in the nation, the Dallas-Fort Worth area. With a current population of nearly 7 million, the North Texas Region is one of the nation's largest metropolitan areas. The University has a nearly 900 acre campus with a 300-acre research park, Discovery Park, and over 170 buildings. The University's physical plant and equipment have a book value net of accumulated depreciation in excess of $700,000,000 as of August 31, 2014.

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

The College of Business contributes to the growth and economic development of the Dallas-Fort Worth area, one of the nation's largest economies. It is one of the largest colleges of business in the nation, educating more than 5,000 students annually and offering more than 50 majors and concentrations through five departments. Its programs have been continuously accredited by the Association to Advance Collegiate Schools of Business International since 1961 and many of its programs are nationally recognized, including its logistics and taxation programs. Its online M.B.A. program is ranked 17th in the nation by *U.S. News & World Report*, a Top 25 by *The Princeton Review* and a Top 25 Best Buy by GetEducated.com. The supply chain and logistics program ranks third nationwide, and its aviation logistics program is the first four-year aviation logistics program at a Texas university and only such program in the U.S.

The College of Education is ranked by *U.S. News & World Report* as one of the top 120 education colleges in the nation. The college prepares more than 1,000 teachers a year as well as administrators, counselors, child development specialists, professors, educational researchers, play therapists and other professions related to the education field. Because of its success, the University consistently ranks as one of the top producers in the State of students taking the State teaching certification exam, with an average 97 percent pass rate. The graduate rehabilitation counseling program is ranked 1st in Texas and 15th in the nation by *U.S. News & World Report*. The college has the most extensive professional development network in the Southwest and offers more than 20 degree programs with numerous concentrations to help people become educators or further their professional development.

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

The College of Information, which ranks No. 21 in the *U.S. News & World Report's* latest graduate school rankings for library and information studies, offers accredited programs in learning technologies, library and information sciences, and linguistics. The college has two Top 10 programs: health librarianship program and school library media program. The college is one of twenty-five universities from around the world that comprise the governing body (iCaucus) of the international iSchools consortium and one of only two universities in Texas with that distinction. Working with other prominent universities, the college is helping to lead the development of the new field of information.

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

The College of Music is one of the largest and most respected comprehensive music schools in the world. Approximately 1,600 music students attend the college each year, participating in nearly 70 widely varied ensembles while engaged in specialized studies in performance, composition, conducting, jazz studies, music education, history, theory or ethnomusicology. Music students, alumni and faculty have made appearances on the world's finest stages, have produced numerous recordings, many receiving Grammy awards and nominations, and have written influential texts in a variety of areas in music scholarship. Distinguished University alumni can be found around the globe in top music ensembles, opera companies, universities and schools.

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

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

The Honors College promotes academic excellence, fosters intellectual growth, and enriches the undergraduate experience for talented and motivated students who choose to be members. While academically rigorous course work is at the heart of the Honors College experience, Honors students — now numbering more than 2,000 — also have access to a wide array of support, privileges, and experiences, including cohort living in a dedicated section of a freshman residence hall and a dedicated residence hall for upperclassmen. Open to any undergraduate student, the Honors College allows students to work toward an academic degree in the academic discipline of their choice while earning Honors recognition and graduating with an Honors distinction that lasts for a lifetime. Upon commencement, Honors College graduates are entitled to wear the Honors College Medallion.

The Toulouse Graduate School oversees the graduate admission process for applicants seeking to enroll in one of the University's 36 doctoral or 83 master's degree programs, many of which are nationally and internationally recognized. The Graduate School is integral to the University's efforts to increase master's and doctoral student enrollment and graduation rates while maintaining the quality of graduate programs. The Graduate School works with the University's graduate programs to develop recruitment plans, improve graduation rates, and evaluate graduate programs. Typically, the University awards more than 200 doctoral degrees and 1,600 master's degrees each year.

The Frank W. and Sue Mayborn School of Journalism is synonymous with excellence. It offers the only nationally accredited professional journalism master's program in Texas and is known for producing some of the nation's top storytellers, including eight Pulitzer Prize winners. With programs in news, strategic communications, narrative and digital journalism, the Mayborn School prepares student to work in all communications fields. The Mayborn School also hosts the signature Mayborn Literary Nonfiction Conference each July, one of the nation's premier writing conferences.

University of North Texas at Dallas.

The first and only public university in the City of Dallas, the University of North Texas at Dallas (UNT Dallas) began as an ambitious idea that would take hold and blossom due to the vision and hard work of a diverse group of energetic and tenacious community leaders. After considerable preparation and planning, 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 Houston School Road (now renamed 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. The plan takes full advantage of the site's commanding view of the downtown Dallas skyline. In January 2006, construction was completed on the campus's first structure—a 75,000sq. ft., three-story academic building. A companion building, named Founders Hall, was completed in 2010. It was a grand design that 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, enabling official status as an independent, general academic institution 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. UNT Dallas welcomed its first freshman class in the Fall of 2010, and by May 2013, UNT Dallas presented degrees to its first graduating class.

Also, in 2009, legislation was passed and signed into law establishing the first 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 second cohort Fall 2015 and looks forward to seeking accreditation from the Council of the American Bar Association's Section of Legal Education and Admission to the Bar.

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 will link UNT Dallas to the downtown Dallas corridor and the rest of the city is planned. Every stride is made 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 System College of Pharmacy, as well as a medical practice plan. With employees totaling over 1,583 full-time equivalents (FTEs), of which 488 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 emphasizes an inter-professional approach to education, a collaborative, team-based model where professionals from multiple disciplines work collaboratively to improve healthcare decision-making and delivery of healthcare services to the patient. Students from the medical school, pharmacy school and physical therapy school, as well as other health care professionals, learn and train together to improve patient outcomes.

TCOM is Texas' only college of osteopathic medicine and remains committed to its role in primary care delivery. Among all of Texas' health-related institutions, TCOM has the highest percentage of graduates entering primary care and the second-highest percentage among ranked medical schools in the country. Of particular note is the Rural Osteopathic Medical Education of Texas (ROME) program, which offers innovative medical education that prepares students for life and medical practice in rural environments. 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 School of Public Health (SPH) will prepare the almost 500 enrolled students to be effective public health professionals working in a variety of organizations and agencies that serve to promote and protect overall health. The school's primary research objective is to engage in high quality research related to pressing public health concerns, be it locally, statewide, nationally or internationally.

The School of Health Professions (SHP) provides the training necessary for 350 physical therapists and physician assistants annually to serve in the health care professions. Careers in these fields are among the most sought-after of all the health care professions.

The University System College of Pharmacy, the newest school, is the first pharmacy school in North Texas and the first to be located on an academic health science center campus. Pre-candidate status was granted by the Accreditation Council for Pharmacy Education (ACPE), allowing the school, comprised of an inaugural 82-member class and 17 faculty members, to begin in August 2013. In only its third year, Pharmacy students, now totaling 262, will be emerging as integral providers in the continuum of care following graduation.

To further the commitment to discovery/research, beginning in FY 2016, the Health Science Center will be replacing the University's department-based structure with 10 Health Institutes, which will conduct research that is focused on solving the biggest health problems in Texas. Each institute will have a minimum of 15 faculty members, and some institutes will encompass specialty centers within their structure. Academic programs will be housed in an academy created within each school. This new structure will align the institution's strengths and foster interdisciplinary research and education endeavors, while also helping to capitalize on critical shifts in funding. The first four institutes to be launched in FY 2016 are the Institute for Cardiovascular and Metabolic Disease, the Mental Sciences Institute, the North Texas Eye Research Institute, and the Institute for Healthy Aging, which includes Geriatrics, the Center for Alzheimer's and Neurodegenerative Disease Research, and the Center for Neuroscience Discovery.

Despite considerable national cutbacks in funding by the National Institutes of Health (NIH) and other federal agencies, research activities totaling over $40 million in annual research expenditures was maintained. Furthermore, for the first time, funding was secured for a portfolio of projects from the Centers for Medicare and Medicaid (CMS) 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.

The Health Science Center is an active collaborator with Tech Fort Worth, a business incubator designed to create alliances between innovators in the biotechnology field and businesses and investors who can help not only bring the research brought to them to fruition, but also provide valuable economic development opportunities to Fort Worth. With acceleration labs, academic CRO activities and grant-funded biomedical and translational research, the Health Science Center offers opportunities for extraordinary research.

Faculty members of the Health Science Center's medical school constitute UNT Health, one of Tarrant County's largest multi-specialty medical group practices. Over 220 doctors and midlevel practitioners practice in 22 medical and surgical specialties and subspecialties, including allergy/immunology, cardiology, geriatrics, pediatrics and physical therapy. Approximately 560,000 patient visits are logged each year to the Health Science Center's network of 27 service locations by patients seeking everything from pre-natal to geriatric care. The Health Science Center is exploring opportunities to enhance efficiencies in delivering clinical services through a stronger affiliation with primary teaching hospitals in the region. Some transition of services and personnel between entities may be required to achieve a more seamless integrated delivery system.

Since October 2005, UNT Health has contracted with the Tarrant County Hospital District to provide clinical services to John Peter Smith Hospital and the JPS Health Network. The Health Science Center will continue to work with JPS Health Network to improve alignment and delivery of patient services to the community. Health Science Center students receive many of their clinical experience rotations within the JPS Health Network and the Health Science Center has agreements to provide administrative management of graduate medical education programs and oversight of some clinical research activities.

The Health Science Center focuses on patient safety, aging and Alzheimer's Disease, and forensic genetics. The Institute for Patient Safety and Preventable Harm was created to find solutions to reduce the patient's risk of adverse events while being treated, as well as to mitigate medical errors and related costs attributable to preventable errors. Meanwhile, the institution is a leader in 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 University of North Texas 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

2018-2019 school year. Plans include utilizing existing educational, research and training facilities, along with faculty from both institutions, allowing start-up costs to be minimized and privately funded.

Governance and Administration. The Participants are governed, managed, and controlled by the nine-member University of North Texas System Board of Regents. Each Regent is appointed by the Governor of the State subject to confirmation by the State Senate. Each Regent serves a six-year term, with three new appointments made to the Board every two years. A Regent may be reappointed to serve on the Board and may continue to serve upon the expiration of the Regent's stated term until a successor is appointed. The members of the Board elect one of the Regents to serve as Chair of the Board and may elect any other officers they deem necessary. The Regents serve without pay except for reimbursement for actual expenses incurred in the performance of their duties, subject to the approval of the Chair of the Board.

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

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

The President of the University directs the operations of the University and is assisted by the Provost and Vice President for Academic Affairs; the Vice President for Finance and Administration; the Vice President for Research and Economic Development; the Vice President for Enrollment; the Vice President for Student Affairs; the Vice President for Advancement; the Vice President for University Relations and Planning; the Vice President for Institutional Equity and Diversity; and the Director of Athletics.

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

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

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

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

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

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

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

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

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

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

Michael Williams was named President of the University of North Texas 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.

Thomas Yorio became the Provost and Executive Vice President for Academic Affairs of the Health Science Center in 2008. He first joined the Health Science Center as an Assistant Professor in 1977 and rose in rank to Professor in Pharmacology and Neuroscience. He was selected as the Founding Dean of the Graduate School of Biomedical Sciences in 1993 and also has served as Executive Vice President for Academic Affairs and Research. Dr. Yorio received his Ph.D. in pharmacology from Mount Sinai School of Medicine and his bachelor's degree in biology from Herbert Lehman College. He was also a National Science Foundation Fellow and a National Kidney Foundation Fellow. He currently is a Fellow of the Association for Research in Vision and Ophthalmology (FARVO).

John Harman joined the University of North Texas Health Science Center in December of 2006 and was promoted to Senior Vice President for Finance and Chief Financial Officer in 2012. Mr. Harman is responsible for all aspects of fiscal operations with annual current budgetary responsibility approaching $286 million. Before joining the Health Science Center, Mr. Harman was Executive Vice President and Chief Operating Officer at West Virginia University's clinical enterprise at the Robert C. Byrd Health Sciences Center and spent 5 years at East Tennessee State University's James H. Quillen College of Medicine. Mr. Harman has nearly twenty years of experience in key leadership positions in higher education administration. He earned an MBA and BBA, with a major in Accountancy, from East Tennessee State University in Johnson City, Tennessee. Mr. Harman is a licensed CPA, holds the Chartered Global Management Accountant (CGMA) designation and has earned certification as a medical practice executive (CMPE).

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.

Lois Becker assumed the position of Provost and Vice President for Academic Excellence and Student Success at the University of North Texas at Dallas in August 2013. Prior to joining UNT Dallas, she served at three universities: Portland State University, Nevada State College, and Jacksonville University. Her leadership roles focused on growing and developing institutions through major curricular reforms, the introduction of on-line programs, experiential learning programs and establishing strong assessment programs. During her tenure and under her leadership at Jacksonville University, the university established its first doctoral program, Doctoral of Nursing Practice. She also led accreditation efforts, both regional and professional resulting in reaffirmation from the Southern Association of College and Schools for Jacksonville University. Dr. Becker earned her Ph.D. in History and M.A. in History both from Stanford University and her B.A. in history degree from the University of Illinois at Urbana-Champaign (summa cum laude).

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

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)

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016*
University of North Texas	28,282	28,911	29,481	29,723	30,530
UNT-Dallas	1,716	1,776	1,845	2,251	1,907
Total	29,998	30,687	31,326	31,974	32,437

*Until the Texas Higher Education Coordinating Board verfies enrollment numbers and makes them official later in the fall, all enrollment statistics are unofficial, 12th class day numbers.

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)

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016*
University of North Texas	7,412	6,867	6,687	6,441	6,701
UNT-Dallas	316	324	295	324	562
UNT Health Science Center	1,760	1,949	2,133	2,242	2,384
Total	9,488	9,140	9,115	9,007	9,647

*Until the Texas Higher Education Coordinating Board verfies enrollment numbers and makes them official later in the fall, all enrollment statistics are unofficial, 12th class day numbers. UNT-Dallas Graduate Enrollment includes College of Law students for 2015-2016 but not for 2014-2015.

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

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

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016*
University of North Texas	27,843	28,280	28,574	28,756	29,938
UNT-Dallas	1,090	1,205	1,192	1,402	1,811
UNT Health Science Center	1,933	2,105	2,284	2,441	2,613
Total	30,866	31,590	32,050	32,599	34,362

*Until the Texas Higher Education Coordinating Board verfies enrollment numbers and makes them official later in the fall, all enrollment statistics are unofficial, 12th class day numbers.

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)

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016*
Applications Submitted	14,457	15,977	16,554	16,851	16,254
Applications Accepted	9,445	10,312	10,642	10,954	11,394
Matriculation	4,076	4,451	4,444	4,372	4,663
% Accepted	65.3%	64.5%	64.3%	65.0%	70.1%
% Matriculated	43.2%	43.2%	41.8%	39.9%	40.9%

*UNT enrollment data presented as of September 9, 2015 (12th class day)
*UNT admissions data presented as of September 1, 2015

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

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016*
Applications Submitted	4,967	4,835	4,867	6,316	6,763
Applications Accepted	2,674	2,526	2,506	2,926	3,326
Matriculation	1,802	1,692	1,750	1,593	1,838
% Accepted	53.8%	52.2%	51.5%	46.3%	49.2%
% Matriculated	67.4%	67.0%	69.8%	54.4%	55.3%

*UNT enrollment data presented as of September 9, 2015 (12th class day)
*UNT admissions data presented as of September 1, 2015

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

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016*
New Undergraduate Transfers	3,646	3,821	3,851	3,756	4,040

*UNT enrollment data presented as of September 9, 2015 (12th class day)

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)

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Applications Submitted	280	777	952	2,130	5,602
Applications Accepted	210	585	654	766	1,783
Matriculation	86	175	126	132	688
% Accepted	75.0%	75.3%	68.7%	36.0%	31.8%
% Matriculated	41.0%	29.9%	19.3%	17.2%	38.6%

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

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Applications Submitted	325	391	409	195	277
Applications Accepted	190	198	253	100	127
Matriculation	133	145	169	67	87
% Accepted	58.5%	50.6%	61.9%	51.3%	45.8%
% Matriculated	70.0%	73.2%	66.8%	67.0%	68.5%

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

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
New Undergraduate Transfers	406	399	400	445	451

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)

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Applications Submitted	4,051	4,457	5,171	5,856	6,545	7,545
Applications Accepted	1,379	1,365	1,349	1,383	1,217	1,286
Matriculation	686	670	723	805	630	672
% Accepted	34.0%	30.6%	26.1%	23.6%	18.6%	17.0%
% Matriculated	49.7%	49.1%	53.6%	58.2%	51.8%	52.3%

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

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Baccalaureate	6,575	6,413	6,412	6,291	6,384
Masters	1,820	2,002	1,778	1,604	1,564
Doctoral	217	235	249	291	280
Total	8,612	8,650	8,439	8,186	8,228

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

Table A-11A
UNT-Dallas Degrees Awarded

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Baccalaureate	387	418	347	396	335
Masters	102	70	98	79	62
Total	489	488	445	475	397

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

Table A-12
Health Science Center Degrees Awarded

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Masters	282	303	360	388	347
Doctoral	17	35	50	33	56
Doctor of Osteopathic Medicine	159	166	172	245	222
Total	458	504	582	666	625

Faculty and Employees.

Set forth below are the numbers of full time equivalent faculty and employees employed by the University System as of Fall 2015:

Table A-13
Faculty and Employees (Fall 2015)

	University	UNT Dallas	Health Science Center	System Administration	Total
Faculty	1,413	148	488	4	2,053
Employees	3,062	118	1,095	484	4,759
Total	4,475	266	1,583	488	6,812

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 Cooperative Education
Accreditation Review Commission on the Education of the Physician Assistant (ARC-PA)
Accrediting Council on Education in Journalism and Mass Communications
American Alliance for Health Physical Education Recreation and Dance
American Assembly of Collegiate Schools of Business
American Association of Blood Banks (DNA Identity Lab-Paternity Division)
American Chemical Society
American Library Association
American Osteopathic Association, Bureau of Professional Education
American Psychological Association
American Speech-Language-Hearing Association
Association for Assessment and Accreditation of Laboratory Animal Care International
Association for Behavior Analysis International
Commission on Accreditation of Allied Health Education Programs
Commission on English Language Program Accreditation
Commission on Osteopathic College Accreditation
Computing Accreditation Commission of the Accreditation Board for Engineering and Technology
Council for Accreditation of Counseling and Related Educational Programs
Council for Exceptional Children
Council for Higher Education Accreditation
Council for Interior Design Accreditation
Council of Public University Presidents and Chancellors
Council on Education for Public Health
Council on Osteopathic Postdoctoral Training Institution
Council on Rehabilitation Education
Council on Social Work Education
Educational Leadership Constituent Counsel
Forensic Quality Services
Forensic Science Education Programs Accreditation Commission
Foundation for Interior Design Education Research
International Reading Association
International Society for Technology in Education

Joint Commission on Accreditation of Healthcare Organizations
National Academy of Early Childhood Programs
National Association for Sport and Physical Education
National Association for the Education of Young Children
National Association of Schools of Art and Design
National Association of Schools of Music
National Association of Schools of Public Affairs and Administration
National Commission for Health Education Credentialing
National Council for Accreditation of Teacher Education
National Council of Teachers of English
National Council of Teachers of Mathematics
National Recreation and Park Association/American Association of Leisure and Recreation Council on Accreditation
Southern Association of Colleges and Schools, Commission on Colleges
State Board of for Educator Certification
Technology Accreditation Commission of the Accreditation Board for Engineering and Technology
Texas Department of Public Safety – DPS (Center for Human Identification)
Texas Nurses Association

Financial Statements.

Annually, not later than November 20, an unaudited financial report dated as of August 31, prepared from the books of the Participants, must be delivered to the Governor and the State Comptroller of Public Accounts. 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, 2014," 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, 2014, from the 2014 Combined Annual Financial Report of the University of North Texas System. The 2014 Consolidated Annual Financial Report is in compliance with GASB, was externally audited by Grant Thornton LLP, and accepted by the Board of Regents on July 31, 2015. Grant Thornton is under contract to also audit the annual financial reports for fiscal years 2015 and 2016. The Participants' consolidated primary financial statements consist of the Statement of Net Assets as of August 31, 2014, the Combined Statement of Revenues, Expenses and Changes in Net Assets for the Year Ended August 31, 2014, and the Combined Statement of Cash Flows for the Year Ended August 31, 2014. 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, 2014."

The following table reflects the Condensed Combined Statement of Net Assets of the University of North Texas System (Audited) for 2014 and (Unaudited) for fiscal years 2013, 2012, 2011, and 2010.

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

Assets:	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Current Assets	$ 464,237	$ 476,166	$ 538,474	$ 589,617	$ 550,293
Capital Assets, Net	$ 930,893	$ 893,379	$ 999,323	$ 809,880	$ 631,039
Other Non-Current Assets	$ 249,194	$ 181,416	$ 145,437	$ 126,827	$ 223,241
Total Assets	$ 1,644,324	$ 1,550,911	$ 1,537,798	$ 1,526,324	$ 1,404,573
Liabilities:					
Current Liabilities	$ 420,696	$ 324,537	$ 271,526	$ 313,877	$ 253,729
Non-Current Liabilities	$ 427,365	$ 467,917	$ 502,116	$ 458,968	$ 447,531
Total Liabilities	$ 848,061	$ 792,454	$ 773,644	$ 772,845	$ 701,260
Net Assets:					
Invested in Capital Assets,					
Net of Related Debt	$ 429,303	$ 395,278	$ 348,266	$ 334,393	$ 190,161
Restricted					
Expendable	$ 21,566	$ 12,195	$ 3,011	$ 101,067	$ 207,227
Non-Expendable	$ 44,639	$ 47,932	$ 46,439	$ 44,662	$ 40,604
Other Restricted	$ 24,463	$ 88,232	$ 100,379	$ -	$ -
Unrestricted	$ 276,292	$ 149,359	$ 266,057	$ 273,357	$ 265,321
Net Assets	$ 796,263	$ 758,458	$ 764,154	$ 753,479	$ 703,313
Liabilities and Net Assets	$ 1,644,324	$ 1,550,911	$ 1,537,797	$ 1,526,324	$ 1,404,573

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, 2014- Combined Statement of Net Assets as of August 31, 2014.”

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The table below presents the Condensed Combined Statement of Revenues, Expenses and Changes in Net Assets of the University of North Texas System (Audited) for 2014 and (Unaudited) for fiscal years 2013, 2012, 2011, and 2010.

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

	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Operating Revenues	$ 560,906	$ 530,008	$ 514,440	$ 488,685	$ 508,977
Operating Expenses	861,895	823,754	794,564	760,875	718,388
Operating Income (Loss)	(300,989)	(293,746)	(280,124)	(272,190)	(209,411)
Nonoperating Revenues (Expenses)	316,495	255,025	256,383	286,126	204,735
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	15,506	(38,721)	(23,741)	13,936	(4,677)
Other Revenues, Expenses, Gains, Losses and Transfers	35,132	33,024	34,417	36,321	36,459
Change in Net Assets	50,638	(5,697)	10,675	50,257	31,782
Net Assets, Beginning of Year	758,458	764,154	753,479	703,313	671,573
Restatements	(12,832)(1)	0	0	(91) (2)	(42) (3)
Restated Net Assets, Beginning of Year	745,625	764,154	753,479	703,222	671,531
Net Assets, End of Year	$ 796,263	$ 758,458	$ 764,154	$ 753,479	$ 703,313

(1) 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 NORTH TEXAS SYSTEM FOR THE YEAR ENDED AUGUST 31, 2014"

(2) Net Asset adjustment for fiscal year 2010 error in recording capital equipment; restatement required in fiscal year 2011 to correct error.

(3) Net Asset adjustment for fiscal year 2009 resulted from the implementation of GASB No. 51 and correction of error in recording capital equipment; restatement required in fiscal 2010 to correct error.

For more detailed information, see "APPENDIX B, THE AUDITED CONSOLIDATED ANNUAL FINANCIAL REPORT OF THE UNIVERSITY SYSTEM FOR THE YEAR ENDED AUGUST 31, 2014 - Combined Statement of Revenues, Expenses and Changes in Net Assets for the Year Ended August 31, 2014."

The table below presents the Condensed Combined Statement of Cash Flows of the University of North Texas System (Audited) for 2014 and (Unaudited) for fiscal years 2014, 2013, 2012, 2011 and 2010.

	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Cash Provided (Used) by:					
Operating Activities	$ (202,909)	$ (204,124)	$ (288,406)	$ (199,906)	$ (162,151)
Noncapital Financing Activities	264,028	262,785	286,555	283,890	233,305
Capital and Related Financing Activities	(61,215)	(76,426)	(52,805)	(149,744)	51,802
Investing Activities	5,869	(69,849)	(24,622)	90,101	(60,364)
Net Change in Cash and Cash Equivalents	**$ 5,773**	**$ (87,614)**	**$ (79,278)**	**$ 24,341**	**$ 62,592**
Cash and Cash Equivalents at Beginning of Year	219,371	307,416	386,694	362,352	299,707
Restatement to beginning Cash and Cash Equivalents	(3,783)	(431)	-	-	53
Cash, Beginning of Year	215,588	306,985	386,694	362,352	299,760
Cash, End of Year	**$ 221,361**	**$ 219,371**	**$ 307,416**	**$ 386,693**	**$ 362,352**

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, 2014 - Combined Statement of Cash Flows."

Funding for the Participants.

State Appropriations. The operations of the Participants are heavily dependent upon the continued support of the State through appropriations of general revenue pursuant to the biennial appropriations process initiated by the Texas Legislature. In the last regular session ending on June 1, 2015, the State Legislature adopted a budget for the 2016-17 biennium beginning September 1, 2015. Appropriations for the biennium are $218,205,941 for the University, $166,335,480 for the Health Science Center, $36,506,152 for UNT-Dallas and $3,792,226 for the University System Administration. Future levels of State support are dependent upon the ability and willingness of the State Legislature to make appropriations to the Participants taking into consideration the availability of financial resources and other potential uses of such resources. State appropriations for the University in the 2016-17 biennium, including funds to be received pursuant to Article VII, Section 17 of the Texas Constitution, are expected to comprise approximately 24% of the revenues for the University, 37% of the revenues of UNT-Dallas and 35% of the revenues of the Health Science Center.

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

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

In 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 2016 the University will receive $25,041,370, the Health Science Center will receive $11,394,570, and UNT-Dallas will receive $1,408,669; in fiscal year 2017 the University will receive $37,562,056, the Health Science Center will receive $17,091,856, and UNT-Dallas will receive $2,114,004. 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 revenue funds used for the payment of debt service on Tuition Revenue Bonds does not constitute a debt of the State, and the State is not obligated to continue making any such appropriations in the future. Furthermore, the State Legislature is prohibited by the State Constitution from making any appropriations for a term longer than two years. Accordingly, the State Legislature's appropriations for the reimbursement of revenue funds used to pay debt service on Tuition Revenue Bonds may be reduced or discontinued at any time after the current biennium, and the State Legislature is under no legal obligation to continue such appropriations in any future biennium.

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

The State Legislature has appropriated funds to reimburse the Revenue Financing System in prior year in an amount equal to all or a portion of the debt service on the Revenue Financing System's Tuition Revenue Bonds, including appropriations made during the 2015 legislative session totaling $18,007,951 for fiscal year 2016 and $17,997,438 for fiscal year 2017. The State Legislature approved $269 million of new Tuition Revenue Bonds projects during the last legislative session. The estimated additional Tuition Revenue Bonds appropriation for the Revenue Financing System beginning in fiscal year 2017 is $20,805,994 as directed by House Bill 1 passed by the 84th Legislature. The University System can provide no assurances with respect to any future appropriations by the State Legislature. Future levels of State appropriations are dependent upon the ability and willingness of the State Legislature to make appropriations to the Revenue Financing System taking into consideration the availability of financial resources and other potential uses of such resources.

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.

Board Designated Tuition. 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.

Board Authorized Tuition. Section 54.008 of the Texas Education Code permits the governing board of each institution to set tuition for graduate programs for that institution at a rate that is at least equal to that of the State Mandated tuition, but that is not more than twice that rate. Between the maximum and minimum rates, the Board may set the differential tuition among programs offered by an institution of higher education. The Board has set graduate tuition at an additional $50 per semester hour for both resident and nonresident graduate University and UNT-Dallas students. For Board Authorized tuition applicable to Health Science Center students, see Table A-16.

Beginning in the 2014-15 academic year, the Board adopted guaranteed tuition and fee rates at its academic institutions allowing students to pay the same rate of tuition for up to four years with certain variances for fees approved at individual campuses and tuition requirements for certain programs. In 2014, the Board adopted its guaranteed tuition and fee rates for students entering in the 2015-16 academic year with amounts varying by campus. As of September 14, 2015, roughly 19% 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 2014-15 academic year based on 15 semester credit hours per semester for undergraduate students and 9 semester credit hours per semester for graduate students.

Table A-14
Tuition and Fees for Academic Year 2015-2016
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	$ 3,044.25	$ -	$ 1,250.75	$ 5,045.00	$ 465.64
Non-Resident Undergraduate[(1)]	6,600.00	3,044.25	-	1,250.75	10,895.00	198.00
Resident Masters	450.00	1,825.11	450.00	857.54	3,582.65	279.38
Non-Resident Masters	3,960.00	1,825.11	450.00	857.54	7,092.65	118.80
Resident Doctoral	450.00	1,825.11	450.00	857.54	3,582.65	279.38
Non-Resident Doctoral	3,960.00	1,825.11	450.00	857.54	7,092.65	118.80

(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 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 2014-15 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 2015-2016
UNT-Dallas

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition and Fees	Financial Assistance Set-Aside[(2)]
Resident Undergraduate	$ 750.00	$ 3,024.45	$ -	$ 150.00	$ 3,924.45	$ 112.50
Non-Resident Undergraduate[(1)]	6,600.00	3,024.45	-	150.00	9,774.45	198.00
Resident Masters	450.00	1,814.67	450.00	90.00	2,804.67	67.50
Non-Resident Masters	3,960.00	1,814.67	450.00	90.00	6,314.67	118.80
Resident Doctoral	450.00	1,814.67	450.00	90.00	2,804.67	85.50
Non-Resident Doctoral	3,960.00	1,814.67	450.00	90.00	6,314.67	136.80

(1) A Student Service Fee of $10 per semester credit hour is assessed, to a maximum of $150.

(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, 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 2015-16 academic year.

Table A-16
Tuition and Fees for the Academic Year 2015-2016
the Health Science Center

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition and Fees	Financial Assistance Set-Aside [(1)]
TCOM						
D.O. Resident						
Year 1	$ 6,550.00	$ 6,529.00	n/a	$ 6,077.50	$ 19,156.50	$ 1,113.50
Year 2	6,550.00	6,529.00	n/a	$ 3,840.00	16,919.00	1,113.50
Year 3	6,550.00	6,529.00	n/a	$ 3,127.50	16,206.50	1,113.50
Year 4	6,550.00	6,529.00	n/a	$ 1,995.00	15,074.00	1,113.50
D.O. Non-Resident						
Year 1	$ 19,650.00	$ 9,117.00	n/a	$ 6,077.50	$ 34,844.50	$ 982.50
Year 2	19,650.00	9,117.00	n/a	$ 3,840.00	32,607.00	982.50
Year 3	19,650.00	9,117.00	n/a	$ 3,127.50	31,894.50	982.50
Year 4	19,650.00	9,117.00	n/a	$ 1,995.00	30,762.00	982.50
	Per 1 SCH	**Per 1 SCH**	**Per 1 SCH**	**Per 9 SCH**	**Per 9 SCH**	**Per 9 SCH**
Graduate School of Biomedical Science						
Biomedical Science - MS						
Resident	50.00	69.00	29.00	242.00	390.00	7.50
Non-Resident	440.00	156.00	10.00	242.00	848.00	13.20
Biomedical Science - PhD						
Resident	50.00	23.00	29.00	242.00	344.00	7.50
Non-Resident	440.00	35.00	10.00	242.00	727.00	13.20
School of Health Professions						
SHP - MPAS - Resident						
Year 1 (46 SCH)	2,300.00	5,060.00	828.00	4,937.00	13,125.00	345.00
Year 2 (51 SCH)	2,550.00	5,610.00	918.00	2,306.00	11,384.00	382.50
Year 3 (35 SCH)	1,750.00	3,850.00	630.00	1,286.50	7,516.50	262.50
SHP - MPAS - Non Resident						
Year 1 (46 SCH)	18,952.00	8,694.00	n/a	6,225.00	33,871.00	568.56
Year 2 (51 SCH)	22,440.00	9,639.00	n/a	2,306.00	34,385.00	673.20
Year 3 (35 SCH)	15,400.00	6,615.00	n/a	1,286.50	23,301.50	462.00
SHP - DPT - Resident						
Year 1 (43 SCH)	2,150.00	7,482.00	n/a	5,264.00	14,896.00	322.50
Year 2 (39 SCH)	1,950.00	6,786.00	n/a	2,341.00	11,077.00	292.50
Year 3 (15 SCH)	750.00	2,610.00	n/a	1,167.00	4,527.00	112.50
SHP - DPT - Non Resident						
Year 1 (43 SCH)	18,920.00	7,482.00	n/a	5,264.00	31,666.00	567.60
Year 2 (39 SCH)	17,160.00	6,786.00	n/a	2,341.00	26,287.00	514.80
Year 3 (15 SCH)	6,600.00	2,610.00	n/a	1,167.00	10,377.00	198.00

(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); Medical School set aside of 2% of tuition charges for each student registered in a medical branch, school, or college is deposited in the State Treasury for the purpose of repaying student loans of certain physicians (Section 61.539); designated tuition not less than 20 % of any amount of tuition charged to a resident undergraduate student under Section 54.0513 in excess of $46 per semester credit hour.

Table A-16
Tuition and Fees for the Academic Year 2015-2016
the Health Science Center (cont'd.)

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition and Fees	Financial Assistance Set-Aside (1)
School of Public Health						
Public Health - MS						
Resident	50.00	85.00	29.00	242.00	406.00	7.50
Non-Resident	440.00	185.00	11.00	242.00	878.00	13.20
Public Health - PhD						
Resident	50.00	23.00	29.00	242.00	344.00	7.50
Non-Resident	440.00	35.00	11.00	242.00	728.00	13.20
UNT System College of Pharmacy						
Doctor of Pharmacy						
Year 1 Resident (40 SCH)	2,000.00	8,480.00	4,000.00	4,534.93	19,014.93	300.00
Year 1 Non-Resident (40 SCH)	17,600.00	8,480.00	4,000.00	4,534.93	34,614.93	528.00
Year 2 Resident (34 SCH)	1,700.00	7,208.00	3,400.00	2,193.90	14,501.90	255.00
Year 2 Non-Resident (34 SCH	14,960.00	7,208.00	3,400.00	2,193.90	27,761.90	448.80
Year 3 Resident (44 SCH)	2,200.00	9,328.00	4,400.00	3,431.20	19,359.20	330.00
Year 3 Non-Resident (44 SCH)	19,360.00	9,328.00	4,400.00	3,431.20	36,519.20	580.80

(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); Medical School set aside of 2% of tuition charges for each student registered in a medical branch, school, or college is deposited in the State Treasury for the purpose of repaying student loans of certain physicians (Section 61.539); 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 seek to maintain a yield equal to or greater than the yield on a Treasury Note that has a maturity approximately equal to the average maturity of the investments; provided, however, that the Investment Regulation recognizes that such a yield may not always be met, particularly during periods of rising interest rates. 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. Additionally, the Investment Regulation provides that the investment portfolio should always be structured in a manner to insure that potential unrealized losses are not material relative to the interest rate environment at any time.

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 Working Capital Funds. 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 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 balance required to be maintained in the short term pool (net of bond proceeds held in the account) will always be maintained at a minimum level of 1.2x the amount of outstanding debt issued through the System commercial paper program. The target range for the short term pool, as defined in the regulation, is between 55% and 75% of available cash on hand.

Long Term Cash Reserves. Funds not needed for daily liquidity requirements may be held in the Long-Term Pool ("LTP"), which is managed by the UNT Foundation. The target range defined in the regulation is between 25% and 45% of available cash on hand. The LTP is invested with external investment managers who invest in equity and fixed income funds both domestic and international. The Foundation's investment policy allows for the asset allocation to be maintained within the following tactical ranges: 50-70% Growth Assets (US and international equities), 20-40% Risk Reduction Assets (US and global fixed income funds and cash), and 5-15% Inflation Protection Assets (Real Assets). The Foundation's Investment Committee is responsible for monitoring and rebalancing to the strategic target allocation ranges, and within the tactical ranges, has discretionary authority for setting, monitoring, and making reallocations to the portfolio's specific underlying assets.

Endowment Funds. Each institution of the System adopts an endowment investment policy that must be reviewed and approved by the System Board of Regents 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 July 31, 2015.

Table A-17
Investments
(as of July 31, 2015)[1]

Description	Percentage Allocation	Book Value	Fair Value [2]
Bank Deposits	14.20%	$ 54,011,565.77	$ 54,011,565.77
Repurchase Agreement	3.86%	14,670,351.38	14,670,351.38
Wells Fargo Money Market	6.01%	22,865,239.73	22,865,239.73
Long Term Investment Pool	34.87%	132,670,023.39	132,264,438.94
TexPool Daily	6.76%	25,715,449.30	25,715,449.30
Texas Term Daily	6.23%	23,702,650.10	23,702,650.10
TexStar Daily	9.76%	37,116,058.90	37,116,058.90
Endowments Managed by UNT Foundation	8.37%	31,842,715.55	41,982,064.10
Endowments Managed by UNT SIG	0.06%	222,103.43	436,217.51
HSC Endowments invested with JP Morgan	7.08%	26,941,727.00	29,481,031.00
UNTH Malpractice Fund Invested with JP Morgan	2.81%	10,687,275.00	10,774,824.00
Total	100%	$ 380,445,159.55	$ 393,019,890.73

(1) Excludes agency funds

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

Management of Funds Held in the State Treasury. The Texas Education Code requires that the University, UNT-Dallas and the Health Science Center deposit into the State Treasury all funds except those derived from auxiliary enterprises and noninstructional services, agency funds, designated and restricted funds, endowment and other gift funds, and student loan funds. All such funds held in the State Treasury are administered by the Comptroller 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 August 31, 2014 of approximately $197,257,847. 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 2010 through 2014:

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

	2011	2012	2013	2014	2015 [2]
Endowments at Fair Value	$ 127,802,158	$ 140,468,143	$ 168,853,235	$ 197,257,847	$ 180,376,794

(1) Includes the endowments from UNT Foundation and HSC Foundation.
(2) Value as of July 31, 2015.

Debt Management.

Financial debt management of the Participants is the responsibility of the Vice Chancellor for Finance. Debt is issued pursuant to debt capacity analyses and annual funding requirements in accordance with the capital budgets of the University, UNT-Dallas and the Health Science Center. Issuance of debt requires approval of the Board and the Texas Bond Review 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[(1)]

Revenue Financing System Bonds, Series 2007	$ 46,960,000[(2)]
Revenue Financing System Bonds, Series 2009	$ 27,050,000[(3)]
Revenue Financing System Bonds, Series 2009A	$ 134,425,000[(3)]
Revenue Financing System Bonds, Series 2009B	$ 8,880,000[(3)]
Revenue Financing System Refunding and Improvement Bonds, Series 2010	$ 43,190,000[(3)]
Revenue Financing System Refunding and Improvement Bonds, Series 2012A	$ 65,720,000
Revenue Financing System Refunding Bonds, Series 2012B	$ 4,410,000
Revenue Financing System Refunding Bonds, Series 2015	$ 38,265,000[(3)]
Revenue Financing System Refunding and Improvement Bonds, Series 2015A	$ 105,130,000
Revenue Financing System Refunding Bonds, Taxable Series 2015B	$ 73,035,000
Sub-total Fixed Rate Parity Obligations	$ 547,065,000[(3)]
Commercial Paper[(5)]	$ 1,457,000[(4)]
Grand Total of Parity Obligations	$ 548,522,000[(3)]

(1) Excludes the Series 2014 Bonds in the aggregate principal amount of $96,500,000 being refunded and retired in connection with the issuance of the Bonds. See "PLAN OF FINANCING - Refunded Direct Purchase Bonds."

(2) The Board expects to execute a purchase agreement on or after October 16, 2015 for the sale of approximately $46,000,000 in additional Parity Obligations for the purpose of refunding outstanding Parity Obligations for debt service savings. Such bonds are expected to be delivered on March 1, 2016 pursuant to a resolution of the Board that is expected to be approved on October 6, 2015.

(3) 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 $35,032,907 during the 2016-17 State biennium. 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 SYSTEM - Selected Financial Information - Funding for the System - State Appropriations - Tuition Revenue Bonds").

(4) The Board has authorization to issue Commercial Paper Notes, as Parity Obligations, in the maximum amount of $100 million.

(5) Excludes the Commercial Paper Notes being refunded and retired in connection with 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 FY 2005, and the current property insurance policy is in effect through mid-fiscal year 2016 (policy period May 1, 2015 to April 30, 2016).

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 FY14 - the last year for which date is available. Injury Frequency Rate data for FY15, which will be available in October or November 2015, is expected to be within the historical rates for all components of the University System.

Retirement Plans.

Teacher Retirement System. The State has joint contributory retirement plans for the majority of its employees. One of the primary plans in which the System participates is a cost-sharing multi-employer defined benefit pension plan 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 TRS on August 31, 2014, must be age 62 to retire under the second option. Members are fully vested after five years of service and are entitled to any reduced benefits for which the eligibility requirements have been met prior to meeting the eligibility requirements for unreduced benefits.

TRS contribution rates for both employers and employees are not actuarially determined but are legally established by the State Legislature. Contributions by employees are 6.4 percent of gross earnings for 2014. 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 2014. The System's contributions to TRS for the year ended August 31, 2014, was as follows:

TRS Participation	
Member Contributions	$ 14,239,601.83
State On-Behalf Contributions	5,553,330.11
Employer Contributions	9,549,496.16
Total	**$ 29,342,428.10**

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

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

The employee and employer contribution rates are established by the State Legislature each biennium. The State provides an option for a local supplement on top of 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 2014 plus any local supplement for a maximum 8.50 percent of annual compensation) for the fiscal year ended August 31, 2014, is provided in the following table:

ORP Participation	
Member Contributions	$ 9,311,738.34
Employer Contributions	10,088,532.59
Total	**$ 19,400,270.93**

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APPENDIX B

THE AUDITED CONSOLIDATED ANNUAL FINANCIAL REPORT OF THE UNIVERSITY OF NORTH TEXAS SYSTEM FOR THE YEAR ENDED AUGUST 31, 2014 INCLUDING MANAGEMENT'S DISCUSSION AND ANALYSIS

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UNIVERSITY OF NORTH TEXAS
SYSTEM

CONSOLIDATED ANNUAL FINANCIAL REPORT

AND INDEPENDENT AUDITORS' REPORT

For the fiscal year ended August 31, 2014

DALLAS, TEXAS

Lee Jackson, Chancellor

TABLE OF CONTENTS

UNIVERSITY OF NORTH TEXAS SYSTEM

ORGANIZATIONAL DATA

August 31, 2014

Brint Ryan	(Term expires 5-22-15)	Dallas
Michael R. Bradford	(Term expires 5-22-15)	Midland
Steve Mitchell	(Term expires 5-22-15)	Richardson
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

STUDENT REGENT

Christopher D. Vera	(Term expires 5-31-15)	Victoria

OFFICERS OF THE BOARD

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

ADMINISTRATIVE OFFICERS

Lee F. Jackson	Chancellor
Janet Waldron	Vice Chancellor for Finance

UNT | SYSTEM

UNT
UNT | HEALTH SCIENCE CENTER
UNT | DALLAS
UNT | SYSTEM OFFICE

VICE CHANCELLOR FOR FINANCE

July 31, 2015

Brint Ryan, Chairman, UNT System Board of Regents
Don Potts, Vice Chairman, UNT System Board of Regents
Steve Mitchell, Chairman Audit Committee
Board of Regent Members
University of North Texas System
1901 Main Street
Dallas, Texas 75201

Dear Chairman Ryan, Vice Chairman Potts, Chairman Mitchell
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, 2014. 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 2014, the University of North Texas System employed over 10,500 people, educated over 41,000 students, and awarded more than 9,300 degrees. With a total annual economic impact of over $5 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, to excel, and to 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 expanding its scope with strong programs and research in science and engineering. The UNT Health Science Center at Fort Worth is reorganizing into institutes and academies to educate the next generation of healthcare professionals and provide answers to problems that cross the lines of traditional disciplines. The System's new College of Law – unique in its focus on affordability, quality, and student success – received approval from the accrediting body to merge into the rapidly expanding University of North Texas at Dallas this fall.

During its recently-completed session, the Texas Legislature reaffirmed its commitment to UNTS and its institutions by increasing funding by more than $70 million dollars over the next two years for instruction and operations, infrastructure and capital projects, research, and graduate medical education. Unique strengths of UNT System component institutions are also recognized and funded, including: the UNT Health Science Center's Institute for Patient Safety and Preventable Harm; its forensics program, the most advanced in the country; and the University of North Texas's Texas Academy of Mathematics and Science, an important pipeline for STEM education, and one of the many ways that UNT advances science, math, engineering and technology.

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Dallas, Texas 75201

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940-369-8652 TTY

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janet.waldron@untsystem.edu

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 first externally-audited consolidated annual financial report serves as a testament to the work we've done to ensure that our stewardship, accountability, and financial viability are just as strong and important to us as our academic services themselves.

Respectfully,

Janet Waldron
Vice Chancellor for Finance, UNT System

cc: Lee F. Jackson, Chancellor
Dr. Neal Smatresk, President UNT
Dr. Michael Williams, President UNTHSC
Dr. Ron Brown, President UNT Dallas
Bob Brown, VP Finance and Administration, UNT
John Harman, Senior VP and CFO, UNTHSC
Dan Edelman, CFO, VP of Finance and Administration, UNT Dallas
Steve Goodson, Interim Chief Internal Auditor, UNT System
Nancy Footer, Vice Chancellor 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, 2014, 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.

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

Opinion

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, 2014, 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 8 through 17, 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 July 31, 2015, 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
July 31, 2015

Introduction

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

The System serves the North Texas area, boosting economic activity in the region by over $5 billion annually. Approximately 41,000 students are enrolled in undergraduate, graduate and professional programs. The System awarded more than 9,300 degrees this past academic year, including the largest number of Master's and Doctoral degrees in the region. The System has a network of over 360,000 alumni with more than 237,000 alumni living in the Dallas-Fort Worth region. The System is governed by a nine-member Board of Regents appointed by the Governor of Texas and confirmed by the Texas State Senate. Three members are appointed every odd-numbered year for six-year terms. In addition, the Governor appoints a non-voting Student Regent for a one-year term.

Financial Highlights and Overview of the Financial Statements

The objective of Management's Discussion and Analysis (MD&A) is to provide an overview of the financial position and activities of the System for the year ended August 31, 2014, with selected comparative information for the year ended August 31, 2013. As discussed in Note 8, *Adjustments to Net Position*, in the notes to the Consolidated Financial Statements, the beginning net position for the year ended August 31, 2014 was restated. The comparative information provided in MD&A compares the year ended August 31, 2014 to the year ended August 31, 2013 as originally reported. The MD&A was prepared by management and should be read in conjunction with the accompanying financial statements and notes. The emphasis of discussion about these financial statements will focus on current year data. Unless otherwise indicated, years in this MD&A refer to 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. (Foundation), a discretely presented component unit. The Foundation is a separate nonprofit organization and 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

- Assets and deferred outflows of the System exceeded its liabilities at August 31, 2014, resulting in a net position of $796.3 million for the System. Unrestricted net position, which may be used to meet the System's future obligations, was $276.3 million, or 34.7% of total net position at year end.

- Net position increased by $37.8 million in comparison with fiscal year 2013. Contributing factors related to this change include increases in tuition and fees, state appropriations, and the fair market value of investments resulting from favorable market conditions.

- Net investment in capital assets increased by $34.0 million or 8.6% reflecting significant capital project work to benefit the faculty, staff and students of the System. The "Capital Asset and Debt Administration" section of the MD&A provides more details pertaining to this increase.

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 and the accumulated depreciation and amortization are 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, as amended.

<u>STATEMENT OF NET POSITION</u>

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, 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, and capital asset related bond and other debt items. Restricted Net Position is reported for amounts that are 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, 2014 and 2013:

Condensed Comparative Statements of Net Position
As of August 31, 2014 and 2013
(in thousands of dollars)

	2014	2013	% Increase/ (Decrease)
Assets and Deferred Outflows			
Current Assets	$ 464,237	$ 476,116	(2.5%)
Noncurrent Assets			
Capital Assets, Net	930,893	893,379	4.2
Other Noncurrent Assets	244,426	181,416	34.7
Deferred Outflows	4,768	-	100.0
Total Assets and Deferred Outflows	**$ 1,644,324**	**$ 1,550,911**	**6.0%**
Liabilities			
Current Liabilities	420,696	324,537	29.6
Noncurrent Liabilities			
Bonded Indebtedness	389,737	417,588	(6.7)
Other Noncurrent Liabilities	37,628	50,329	(25.2)
Total Liabilities	**$ 848,061**	**$ 792,454**	**7.0%**
Net Position			
Net Investment in Capital Assets	429,303	395,278	8.6
Restricted:			
Funds Held as Permanent Investments:			
Non-Expendable	44,639	47,932	(6.9)
Expendable	21,566	12,195	76.8
Other Restricted	24,463	88,232	(72.3)
Total Restricted	90,668	148,359	(38.9)
Unrestricted	276,292	214,821	28.6
Total Net Position	**796,263**	**758,458**	**5.0**
Total Liabilities and Net Position	**$ 1,644,324**	**$ 1,550,911**	**6.0%**

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

<u>TOTAL ASSETS AND DEFERRED OUTFLOWS</u>

Current Assets
The System's current assets decreased $11.9 million, or 2.5%, in 2014 primarily as a result of the reclassification of UNT's endowment investments out of current restricted assets into noncurrent restricted assets in the current year, offset by increases in accounts receivable and other receivables. The increase in other receivables relates to the restatement of clinical receivables to include receivables for services provided but not yet billed.

Noncurrent Assets
Capital Assets, Net
Net capital assets increased $37.5 million, or 4.2%, in 2014 as a result of an increase in capital and intangible assets. This increase is attributable to a $69.0 million increase in construction in progress in 2014 relating to the ongoing projects for the Student Union, Discovery Park, and Rawlins Hall at UNT and the purchase of $21.6 million of depreciable capital assets during the year, offset by depreciation and amortization expense of $53.9 million.

Other Noncurrent Assets
The System's other noncurrent assets increased by $63 million, or 34.7%, due to an increase in noncurrent investments in 2014. This increase was caused by a reclassification of endowment investments out of current restricted assets into noncurrent restricted assets and an increase in the fair market value of investments.

Deferred Outflows
Deferred outflows, which consist of unamortized losses on refunding of debt, increased $4.8 million, or 100%, in 2014 due to a restatement in the current year to properly record these amounts in accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

TOTAL LIABILITIES

Current Liabilities
The System's current liabilities increased $96.2 million, or 29.6%, in 2014 primarily due to increases in accounts payable related to restatements and to the various ongoing construction projects throughout the System. Additionally, commercial paper reported as non-current in 2013 was reclassified to current liabilities, resulting in an increase of $49 million to the current liability balance (see Note 4, *Short and Long Term Debt and Liabilities,* in the notes to the Consolidated Financial Statements).

Noncurrent Liabilities
Noncurrent liabilities consist primarily of noncurrent portions of notes and loans; capital lease obligations; revenue bonds payable; and employees' compensable leave. In total, noncurrent liabilities decreased $40.6 million, primarily due to a reclassification of the commercial paper as indicated above. In addition, the System incurred $15 million of private placement debt which offset a portion of this change.

TOTAL NET POSITION

Total net position represents the residual interest in the System's assets and deferred outflows after liabilities and deferred inflows are deducted. Net position increased by $37.8 million, or 5.0%, in 2014.

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 $34.0 million increase in net investment in capital assets in 2014 primarily resulted from a $37.5 million increase in capital assets, net of accumulated depreciation and amortization, and a $4.8 million restatement to record deferred outflows of resources for unamortized losses on refunding bonds. These amounts are offset by a $9.1 million increase in notes, loans, and revenue bonds payable.

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 decreased by $57.7 million, or 38.9%, primarily due to a reclassification of Higher Education Assistance Funds (HEAF) from restricted to unrestricted net position. While the State has designated this amount to be used for capital purposes, the funds are considered unrestricted as the System is part of the State.

Unrestricted Net Position
Unrestricted net position increased by $61.5 million, or 28.6%, due to an increase of $21.4 million in legislative appropriations revenue; a net increase of $15.3 million in net tuition and fees revenue; and the reclassification of HEAF from restricted to unrestricted net position. The increase is offset by an increase in operating expenses of $38.1 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 the 2014 fiscal year, 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 that the System relies on for operations, including State appropriations, gifts, grants and investment income are required by GASB Statement No. 35 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 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 fiscal years ended August 31, 2014 and 2013:

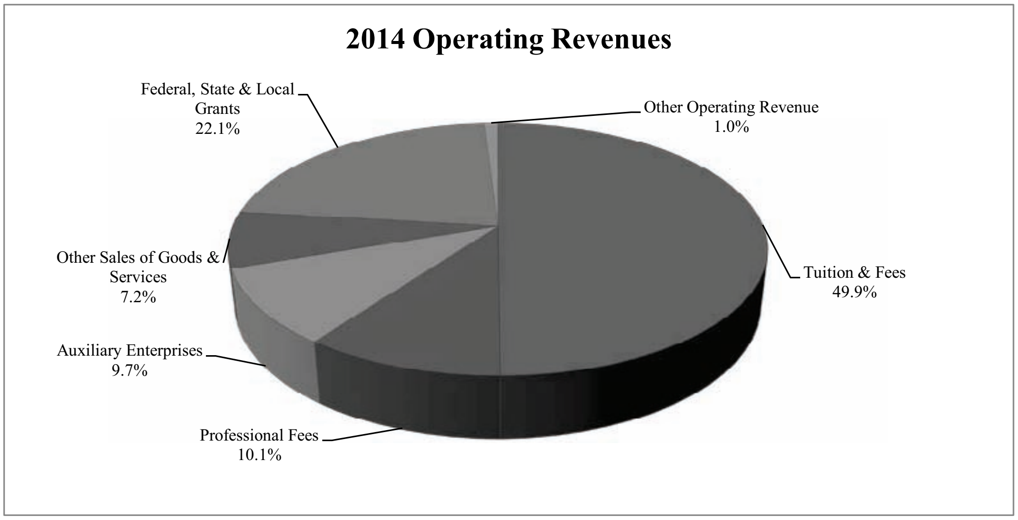
Condensed Comparative Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended August 31, 2014 and 2013
(in thousands of dollars)

	2014	2013	% Increase/ (Decrease)
Total Operating Revenues	$ 560,906	$ 530,008	5.8%
Total Operating Expenses	861,895	823,755	4.6
Operating Income/(Loss)	**(300,989)**	**(293,747)**	**2.5**
Total Nonoperating Revenues/(Expenses)	316,495	255,025	24.1
Income/(Loss) Before Other Revenues, Expenses, Gains, Losses and Transfers	15,506	(38,722)	(140.0)
Other Revenues, Expenses, and Transfers	35,132	33,024	6.4
Change in Net Position	**50,638**	**(5,696)**	**(989.0)**
Net Position, Beginning of Year	758,458	764,154	(0.7)
Restatement	(12,833)	-	100.0
Restated Net Position, Beginning of Year	745,625	764,154	(2.4)
Net Position, End of Year	**$ 796,263**	**$ 758,458**	**5.0%**

OPERATING REVENUES

Operating revenues totaled $560.9 million for the fiscal year ended August 31, 2014, an increase of $30.9 million or 5.8% over 2013. The System's primary sources of operating revenues come from tuition and fees and federal, state, and local grants. Tuition and fees, representing 49.9% of operating revenues, are reflected gross in the financial statements with associated discounts and allowances shown separately. Net tuition and fees increased $15.3 million, or 5.8%, as a result of increased enrollment and increased tuition rates throughout the System. Federal, state, and local grant revenues, representing 22.1% 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. Federal, state, and local grants include revenues from contracts with the Federal Bureau of Prisons for clinical activities. These revenues were formerly reported as professional fee revenue in 2013 and have been reclassified to federal revenue in 2014. These revenues increased by $23.5 million, or 23.3%, in 2014. A portion of this increase is due to an increase in net patient care revenues, which are principally generated through contractual arrangements with governmental payors and private insurers.

The pie chart below shows operating revenue by major source for the year ended August 31, 2014:



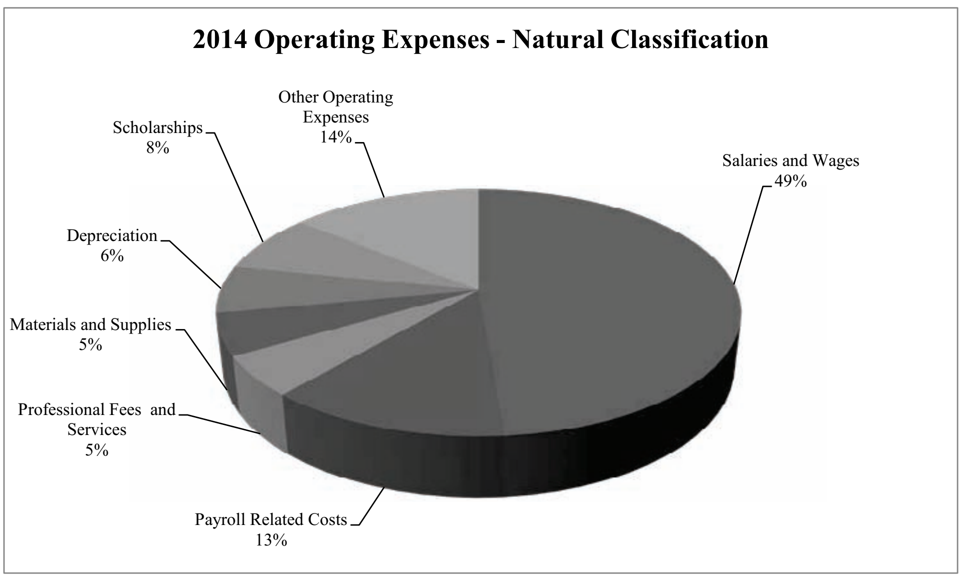
OPERATING EXPENSES

Operating expenses totaled $861.9 million for the fiscal year ended August 31, 2014, an increase of $42.8 million, or 5.2%, over 2013. The increase is due primarily to a $14.5 million increase in salaries and wages and a $9.3 million increase in payroll related costs, driven by an increase in employee-related costs. In addition, professional fees and services increased $11.0 million due primarily to a $6.2 million increase in expenses related to the Federal Bureau of Prisons for clinical activities, in line with an increase in revenue, and a $3.1 million increase in consulting fees for the System's enterprise resource planning upgrade and planned unified controller structure.

The table and pie chart below show the amount and percentage change as well as the percentage of total operating expenses pertaining to each type of operating expense based on natural classification for the year ended August 31, 2014:

Operating Expenses - Natural Classification
For the Fiscal Years Ended August 31, 2014 and 2013
(in thousands of dollars)

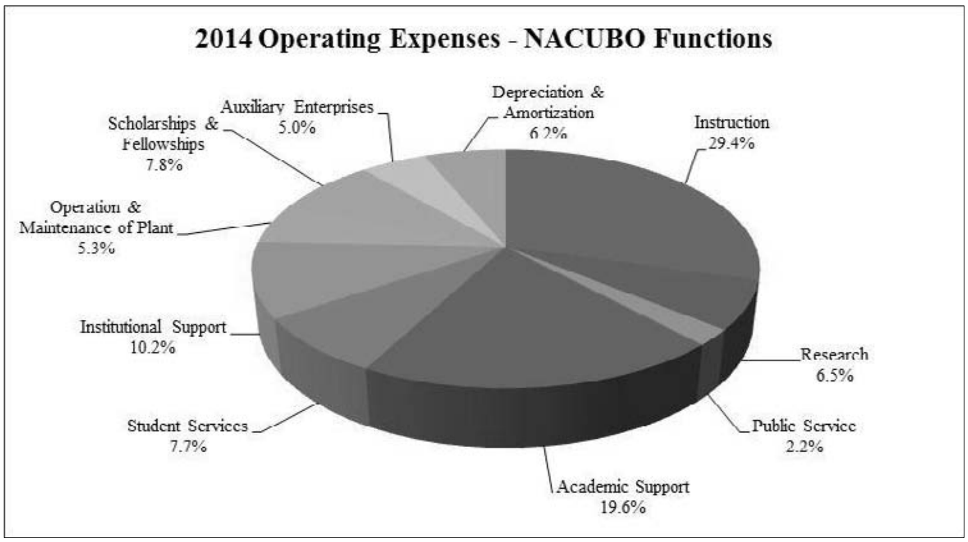
Operating Expenses	2014	2013	% Increase/ (Decrease)
Cost of Goods Sold	$ 5,767	$ 849	579.3%
Salaries and Wages	419,672	405,200	3.6
Payroll Related Costs	108,912	99,629	9.3
Professional Fees and Services	45,155	34,173	32.1
Travel	12,098	11,117	8.8
Materials and Supplies	46,766	49,843	(6.2)
Communication and Utilities	18,747	18,364	2.1
Repairs and Maintenance	21,059	21,674	(2.8)
Rentals and Leases	8,644	7,793	10.9
Printing and Reproduction	3,838	3,473	10.5
Federal Grant Pass-Through Expense	341	896	(61.9)
State Grant Pass-Through Expense	217	157	38.2
Depreciation and Amortization	53,867	52,057	3.5
Scholarships	66,325	69,189	(4.1)
Claims and Judgments	5,267	-	100.0
Other Operating Expenses	45,220	44,645	1.3
Total Operating Expenses	$ 861,895	$ 819,059	5.2%



The table and pie chart below show the amount and percentage change as well as 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, 2014:

Operating Expenses - NACUBO Classification
For the Fiscal Years Ended August 31, 2014 and 2013
(in thousands of dollars)

Operating Expenses	2014	2013	% Increase/ (Decrease)
Instruction	$ 253,667	$ 241,032	5.2%
Research	56,410	57,927	(2.6)
Public Service	18,596	16,124	15.3
Academic Support	169,169	153,635	10.1
Student Services	66,767	62,421	7.0
Institutional Support	87,632	80,841	8.4
Operation and Maintenance of Plant	45,858	45,328	1.2
Scholarships and Fellowships	66,962	66,942	0.0
Auxiliary Enterprises	42,967	42,751	0.5
Depreciation and Amortization	53,867	52,057	3.5
Total Operating Expenses	$ 861,895	$ 819,059	5.2%



NONOPERATING REVENUES AND EXPENSES

Certain significant recurring revenues and expenses are considered nonoperating. The System's primary nonoperating revenues come from legislative appropriations, additional appropriations, federal grants, and net increases in fair value of investments. The System's primary nonoperating expenses are interest expense and fiscal charges. Legislative appropriations increased $21.4 million, or 12.9% between 2013 and 2014. Federal revenues and federal pass-through revenues increased $10.3 million, or 21.7% between 2013 and 2014. The majority of federal revenues and federal pass-through revenues is composed of Federal Pell grant revenues of $57.4 million. The fair value of the System's investments increased by $20.9 million primarily due to favorable market conditions for the Foundation-managed long-term investment pool. Interest expense and fiscal charges on capital asset financings decreased by $1.9 million from $19.3 million in 2013 to $17.3 million in 2014 primarily due to lower weighted average outstanding debt balances and capitalized interest of $0.7 million in the current year.

OTHER REVENUES, EXPENSES, AND TRANSFERS

Other revenues, expenses, and transfers is comprised of capital and endowment related additions and transfers. There were no significant changes to this balance from the prior year. HEAF funds comprise the majority of the balance. Annual HEAF-related revenue totaling $36.6 million is reported as Capital Contribution rather than as operating revenue or nonoperating revenue.

Capital Asset and Debt Administration

Investments in capital asset additions were $93.0 million in 2014. Major capital projects activity in 2014 include:

- Land Acquisitions (UNT) – 1811 Maple Street and 915 North Texas Boulevard
- Land Improvements (UNT) – 2350 North I-35E
- Building Improvements (System Administration) – 1900 Elm Majestic Lofts, 1901 Main (Interim College of Law)
- Building Improvements (UNT) – General Academic Building, Sycamore Hall, Eagle Student Services Center, Chilton Hall, Performing Arts Center, Welch Street Complex One & Two, Life Sciences Complex, Library Annex, Discovery Park, Research Greenhouse, Chestnut Hall, Crumley Hall, Kerr Hall, Maple Street Hall, College Inn, Santa Fe Square Hall, Greek Life Center, Woodhill Square One and Three
- Building Improvements (HSC) – 7th Street Professional Building, Research & Education, Everett Education & Administration, Lewis Library
- Infrastructure Improvements (UNT) – Outdoor Lighting System, Energy Performance Improvements
- Facilities & Other Improvements (UNT) – West Plaza at Wooten Hall and Plazas at I-35E Pedestrian Bridge
- Facilities & Other Improvements (HSC) – Library Courtyard
- Facilities & Other Improvements (UNTD) – Sports Fields

The System has committed $118.6 million to capital asset additions and improvements, and these projects are in various stages of completion. More detailed information regarding the System's capital additions and commitments is provided in Note 2, *Capital Assets*, and Note 9, *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 decreased $25.5 million to $416.1 million at August 31, 2014. All bonds that relate to the financing of current and prior years' construction needs reflect "Aa2", "AA", and "A+" credit ratings from the three major bond-rating agencies, Moody's, Fitch, and S&P, respectively. More detailed information regarding the System's bonded indebtedness is provided in Note 4, *Short and Long Term Debt and Liabilities*, of the accompanying Notes to the Consolidated Financial Statements.

ECONOMIC OUTLOOK

State Funding
Fiscal Year 2015 is the second year of the state's biennial budget cycle. State funding increased 13.5 percent from the previous biennium and will be stable between FY2014 and FY2015. Funding includes support for research and for the creation and growth of new programs, including the College of Pharmacy at HSC. Debt service appropriations for the year total $18.9 million, fully funding debt issued for statutorily authorized construction projects.

Enrollment and Student Charges
Growth in both student headcount and full-time student equivalents across UNT institutions, most significantly at HSC and UNTD, and innovations in tuition rate-setting are expected to drive revenue increases. UNT and UNTD will introduce fixed-rate tuition plans for the first time in fiscal year 2015. These plans will offer new freshmen and transfer students the option of a guaranteed tuition and mandatory fee plan for a fixed timeframe, allowing students and their

families to plan for the cost of a college education, and incentivizing students to complete their degrees in a timely manner. Rate increases in traditional tuition plans have also been approved for UNT and UNTD for fiscal year 2015.

The inaugural class of the UNTD College of Law, operating for the year as a professional school of System Administration before being incorporated into UNTD, will matriculate in fiscal year 2015. The College of Law's first class of 153 students exceeds the expected enrollment by 27.5 percent, reflecting significant interest in its model of affordable law education.

Research
Expanding the research enterprises of UNT and the HSC will continue to be a priority. UNT will launch three institutes in the upcoming year: the Logistics Systems Institute, the BioDiscovery Institute and the Advanced Materials and Manufacturing Processes Institute. Each builds on UNT's existing expertise and is expected to increase UNT's success in competing for large multi-investigator, interdisciplinary awards at the federal level, as well as increase the funding of sponsored research from private sector partners.

Expanding research infrastructure is a key component to UNT's research growth. UNT will build on its excellence in externally funded plant sciences research with additional greenhouses and will continue its renovations at Discovery Park in order to create new research space. UNT expects to add an additional 50,000 square feet of renovated space over the next two years in order to provide space for the recently launched Department of Biomedical Engineering. Efforts are focused on solutions and partnerships for UNT to continue to grow as a research university that is vital to students, industry, and the public.

Expanding the research enterprise and soliciting external funds through grants and contracts continue to be priorities for HSC as well. Although federal funding of scientific projects continues to decline amid increased competition, extramural research awards for fiscal year 2015 are projected to remain stable at $42.7 million. Meanwhile, private sector contracts and research commercialization are being expanded through pre-clinical services, acceleration labs and forensic genetics, which continue to attract entrepreneurial companies for advancements in medicine.

Clinical Practice
HSC is focused on the clinical practice, which is expected to expand and generate additional income in future periods. UNT Health Patient Services is one of the largest multi-specialty physician groups in Tarrant County with approximately 220 healthcare providers, of which 175 are clinical faculty physician full-time equivalents representing 31 different medical specialties. By the end of fiscal year 2015, UNT Health anticipates about $81 million in total revenue.

To further the shared missions of providing medical services and health-related education and research while economizing on resources to benefit the residents of Tarrant County, HSC and JPS Health Network will partner to organize and create the Acclaim Physician Group, Inc., an organization of health care providers that will focus on the clinical practice. Acclaim is expected to be double the size of UNT Health, with additional specialties to serve the needs of the community.

Changing Landscape of Financial Operations
In fiscal year 2015, UNT System will deepen and strengthen its financial operations to bring new rigor to budgeting, accounting, and financial reporting. In addition to realizing a planned unified controller structure, the System's treasury department will be enhanced to include more robust debt and cash management. As part of this transformation, the System will begin to rely more heavily on key financial indicators and ratios for management and governance.

UNIVERSITY OF NORTH TEXAS SYSTEM
Statement of Net Position
As of August 31, 2014

		August 31, 2014
ASSETS		
Current Assets		
Cash and Cash Equivalents	$	211,706,909.51
Restricted Cash and Cash Equivalents		9,654,413.14
Legislative Appropriations		76,323,990.47
Receivables from:		
Federal		32,182,071.55
Other Intergovernmental		776,644.41
Interest and Dividends		1,439,110.13
Accounts Receivable		72,871,593.33
Gifts, Pledges and Donations		3,351,290.12
Other Receivables		17,085,580.24
Due From Other Agencies		6,485,132.50
Consumable Inventories		523,742.58
Merchandise Inventories		1,915,011.62
Loans and Contracts		1,539,430.20
Other Current Assets		28,381,914.29
Total Current Assets		**464,236,834.09**
Non-Current Assets		
Investments		152,315,937.48
Restricted Investments		85,268,043.02
Loans and Contracts		5,152,726.56
Gifts, Pledges and Donations		1,689,198.79
Capital Assets:		
Non-Depreciable or Non-Amortizable		186,836,271.70
Depreciable or Amortizable, Net		744,056,937.73
Total Non-Current Assets		**1,175,319,115.28**
Total Assets		**1,639,555,949.37**
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized Loss on Refunding Debt		4,768,314.00
Total Deferred Outflows of Resources		**4,768,314.00**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$**	**1,644,324,263.37**

See Accompanying Notes to the Consolidated Financial Statements

UNIVERSITY OF NORTH TEXAS SYSTEM
Statement of Net Position (Continued)
As of August 31, 2014

		August 31, 2014
LIABILITIES		
Current Liabilities		
Accounts Payable	$	39,896,190.88
Payroll Payable		43,347,386.72
Other Payables		6,717,585.81
Accrued Interest		5,772,835.15
Due To Other Agencies		229,844.57
Unearned Revenues		193,887,202.14
Notes and Loans Payable - Commercial Paper		76,067,000.00
Revenue Bonds Payable - Current Portion		26,375,415.73
Claims and Judgments		5,845,946.84
Employees' Compensable Leave - Current Portion		2,619,848.00
Capital Lease Obligations		118,483.23
Funds Held for Others		19,441,472.16
Other Current Liabilities		376,575.75
Total Current Liabilities		**420,695,786.98**
Non-Current Liabilities		
Notes and Loans Payable		15,000,000.00
Revenue Bonds Payable		389,737,317.09
Employees' Compensable Leave		20,102,475.12
Capital Lease Obligations		59,984.70
Other Non-current Liabilities		2,465,907.01
Total Non-Current Liabilities		**427,365,683.92**
Total Liabilities		**848,061,470.90**
NET POSITION		
Net Investment in Capital Assets		429,302,977.48
Restricted for:		
Debt Retirement		19,091.81
Funds Held as Permanent Investments		
Non-Expendable		44,639,280.11
Expendable		21,565,998.50
Other Restricted		24,443,352.64
Unrestricted		276,292,091.93
Total Net Position		**796,262,792.47**
TOTAL LIABILITIES AND NET POSITION	**$**	**1,644,324,263.37**

See Accompanying Notes to the Consolidated Financial Statements

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

Statement of Financial Position

As of August 31, 2014

		August 31, 2014
ASSETS		
Cash and Cash Equivalents	$	16,767,831
Investments		280,169,952
Contributions and Other Receivables		17,251,728
Prepaid Expenses		1,941
Real Property		297,362
Other Assets		7,500
Cash Value - Life Insurance Policies		468,248
Assets Held Under Trust and Annuity Agreements		6,731,605
Total Assets		**321,696,167**
LIABILITIES		
Accounts Payable and Accrued Expenses		1,197,991
Agency Funds		148,907
Trust and Annuity Obligations		2,171,340
Assets Held for Others		187,384,849
Total Liabilities		**190,903,087**
NET ASSETS		
Unrestricted:		
Board designated for reserves		1,271,885
Fair value of endowments below historical cost		(234,307)
Undesignated		2,409,400
Total Unresricted		3,446,978
Temporarily restricted		46,280,764
Permanently restricted		81,065,338
Total Net Assets		**130,793,080**
TOTAL LIABILITIES & NET ASSETS	**$**	**321,696,167**

See Accompanying Notes to the Consolidated Financial Statements

UNIVERSITY OF NORTH TEXAS SYSTEM
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended August 31, 2014

	August 31, 2014
OPERATING REVENUES	
Tuition and Fees	$ 364,426,889.56
Discounts and Allowances	(84,646,495.41)
Professional Fees	56,881,870.77
Auxiliary Enterprises	54,350,899.00
Other Sales of Goods and Services	40,269,230.92
Federal Revenue - Operating	68,639,600.39
Federal Pass Through Revenue	5,224,664.34
State Grant Revenue	4,405,340.16
State Grant Pass Through Revenue	25,765,952.08
Other Grants and Contracts - Operating	20,055,874.93
Other Operating Revenues	5,531,880.18
Total Operating Revenues	**560,905,706.92**
OPERATING EXPENSES	
Instruction	253,666,652.57
Research	56,410,372.40
Public Service	18,596,103.66
Academic Support	169,168,658.32
Student Services	66,766,588.43
Institutional Support	87,631,649.05
Operations and Maintenance of Plant	45,858,078.00
Scholarships and Fellowships	66,962,583.25
Auxiliary Enterprises	42,967,115.78
Depreciation and Amortization	53,867,135.71
Total Operating Expenses	**861,894,937.17**
Operating Loss	**(300,989,230.25)**
NONOPERATING REVENUES (EXPENSES)	
Legislative Appropriations	188,082,860.00
Additional Appropriations	46,941,160.52
Federal Revenue	7,962,718.90
Federal Pass Through Revenue	49,779,659.47
Gifts	11,710,405.41
Investment Income	9,789,850.92
Interest Expense and Fiscal Charges	(17,326,955.31)
Loss on Sale of Capital Assets	(834,884.62)
Net Increase in Fair Value of Investments	20,856,989.79
Other Nonoperating Revenues	16,148.30
Other Nonoperating Expenses	(483,112.12)
Total Nonoperating Revenues/(Expenses)	**316,494,841.26**
Income before Other Revenues, Expenses, and Transfers	**15,505,611.01**
OTHER REVENUES, EXPENSES, AND TRANSFERS	
Capital Contributions	1,292,694.05
Capital Appropriations (HEAF)	36,617,741.00
Contributions to Permanent and Term Endowments	233,906.14
Transfers-Out (to Other State agencies)	(5,622,399.71)
Legislative Transfers-In	2,700,000.00
Legislative Appropriation Lapses	(90,000.00)
Total Other Revenue, Expenses, and Transfers	**35,131,941.48**
CHANGE IN NET POSITION	**50,637,552.49**
Net Position, Beginning	758,457,503.26
Restatement	(12,832,263.28)
Net Position, Beginning, as Restated	745,625,239.98
NET POSITION, ENDING	**$ 796,262,792.47**

See Accompanying Notes to the Consolidated Financial Statements

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
Statement of Activities
For the Fiscal Year Ended August 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Year Ended August 31, 2014 Total
REVENUES, GAINS AND OTHER SUPPORT:				
Contributions	$ -	$ 2,677,788	$ 5,692,383	$ 8,370,171
Investment income	(49,773)	2,250,936	-	2,201,163
Management fee income	1,496,108	-	-	1,496,108
Other income	153	241,944	-	242,097
Realized and unrealized gain on market value of investments	74,763	10,774,999	-	10,849,762
Actuarial gain on annuity obligations	-	-	208,211	208,211
Increase in cash value - life insurance	-	-	10,183	10,183
TOTAL REVENUES, GAINS AND OTHER SUPPORT	**1,521,251**	**15,945,667**	**5,910,777**	**23,377,695**
Net assets released from restrictions	5,429,076	(5,401,498)	(27,578)	-
Transfers/changes in donor restrictions	1,476,018	(1,520,205)	44,187	-
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS/TRANSFERS	**6,905,094**	**(6,921,703)**	**16,609**	**-**
PROGRAM SERVICES:				
Internal management fee	1,056,280	-	-	1,056,280
Scholarships and awards	1,272,900	-	-	1,272,900
Expense reimbursement	9,232	-	-	9,232
Services for programs	539,983	-	-	539,983
Distributions to UNT	2,506,421	-	-	2,506,421
Grant to University President	61,750	-	-	61,750
Distributions to other Institutions	32,366	-	-	32,366
Life insurance premiums	11,894	-	-	11,894
Total Program Services	**5,490,826**	**-**	**-**	**5,490,826**
MANAGEMENT & GENERAL EXPENSES:				
Salaries and benefits	822,364	-	-	822,364
Consulting fees	49,790	-	-	49,790
Professional services	48,682	-	-	48,682
Travel	9,287	-	-	9,287
Administrative and other	51,613	-	-	51,613
Bank and credit card charges	14,692	-	-	14,692
Office and computer equipment	13,976	-	-	13,976
Insurance	17,794	-	-	17,794
Professional development and memberships	13,357	-	-	13,357
Strategic planning	10,260	-	-	10,260
Total Management & General Expenses	**1,051,815**	**-**	**-**	**1,051,815**
TOTAL PROGRAM SERVICES AND EXPENSES	**6,542,641**	**-**	**-**	**6,542,641**
CHANGE IN NET ASSETS	1,883,704	9,023,964	5,927,386	16,835,054
Net Assets, Beginning of Year	1,563,274	38,044,127	76,271,952	115,879,353
Restatement		787,327	1,134,000	1,921,327
Net Assets, Beginning, as Restated	1,563,274	37,256,800	75,137,952	113,958,026
NET ASSETS END OF PERIOD	**$ 3,446,978**	**$ 46,280,764**	**$ 81,065,338**	**$ 130,793,080**

See Accompanying Notes to the Consolidated Financial Statements

UNIVERSITY OF NORTH TEXAS SYSTEM
Statement of Cash Flows
For the Year Ended August 31, 2014

	August 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Customers	96,564,011.21
Proceeds from Tuition & Fees	280,829,217.06
Proceeds from Research Grants & Contracts	114,942,584.45
Proceeds from Loan Programs	2,508,386.83
Proceeds from Auxiliaries	53,909,543.93
Proceeds from Other Revenues	20,764,478.22
Payments to Suppliers for Goods and Services	(213,090,190.11)
Payments to Employees	(492,388,370.81)
Payments for Other Expenses	(66,948,808.16)
Net Cash Used for Operating Activities	(202,909,147.38)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from State Appropriations	199,510,234.45
Proceeds from Gifts	9,880,336.22
Proceeds from Endowments	233,906.14
Proceeds from Transfers from Other Agencies	170,807.42
Proceeds from Transfers from System Institutions	7,892,006.67
Proceeds from Legislative Transfers	5,310,000.00
Proceeds from Grant Receipts	57,742,378.37
Proceeds from Other Financing Activities	2,344.51
Payments for Legislative Transfers	(2,700,000.00)
Payments for Transfers to Other Agencies	(5,622,399.71)
Payments for Transfers to System Institutions	(7,892,006.47)
Payments for Other Uses	(499,044.28)
Net Cash Provided by Noncapital Financing Activities	264,028,563.32
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Sale of Capital Assets	72,987.09
Proceeds from State Appropriations	34,421,753.74
Proceeds from Debt Issuance	44,510,000.00
Proceeds from Capital Contributions	183,470.75
Payments for Additions to Capital Assets	(87,801,396.44)
Payments of Principal on Debt Issuance	(32,230,000.00)
Payments for Capital Leases	(119,440.05)
Payments of Interest on Debt Issuance	(20,252,692.90)
Net Cash Used for Capital and Related Financing Activities	(61,215,317.81)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sale of Investments	9,152,667.80
Proceeds from Interest and Investment Income	9,683,205.18
Payments to Acquire Investments	(12,967,116.71)
Net Cash Provided by Investing Activities	5,868,756.27
Net Increase in Cash and Cash Equivalents	5,772,854.40
Cash and Cash Equivalents, September 1, 2013	219,371,026.59
Restatement to Beginning Cash and Cash Equivalents	(3,782,558.34)
Cash and Cash Equivalents, September 1, 2013, as Restated	215,588,468.25
Cash and Cash Equivalents, August 31, 2014	221,361,322.65

See Accompanying Notes to the Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

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

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

The System is composed of The University of North Texas System Administration ("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.

Assets Held By Affiliated Organizations

The authoritative guidance of the Governmental Accounting Standards Board (GASB) 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, 2014, only the University of North Texas Foundation met the criteria for inclusion in the System's financial statements.

The University of North Texas Foundation, Inc. (the "Foundation") is reported as a discrete component unit. It 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 Foundation is a separate nonprofit organization that is organized for various purposes, including transferring or using all or any part of the corpus or income for the benefit of the University of North Texas. Such uses are made in accordance with the general or specific purposes stipulated by the donors, grantors or testators, or in the absence of such stipulations, for such uses as may be determined by the Board of Directors of the Foundation; furthermore, the Foundation promptly distributes all net income in excess of operating requirements to promote the educational advancement of the University of North Texas. 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 information is important to obtain a full understanding of the System's financial position and resources.

The notes to the Foundation's financial statements are included in Note 16; however, complete audited financial statements of the Foundation can be obtained from https://endow.unt.edu.

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, 2014 related to pass-through grants were $25,765,952.08 and $217,375.67 respectively.

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

Basis of Accounting

The financial statements of the System have been prepared using the economic resources measurement focus and the full accrual basis of accounting. The System reports as a business-type activity, as defined by the 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 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 non-exchange transactions are recognized in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The Statement of Revenues, Expenses, and Changes in Net Position is segregated into operating and non-operating sections. Operating activities consist of transactions that are the direct result from the provision of goods and services to customers or directly related to the System's principal ongoing operations.

Assets, Liabilities, Deferred Outflows 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 investments to be disbursed to its institutions to support capital projects.

Legislative Appropriations

The appropriation of revenues by the Texas Legislature ("Legislature") is in the form of general revenue. The Legislature meets every odd numbered year and approves a two-year budget (biennial) for all State agencies. The general revenue appropriation to the System supports the instruction, research, and operation of the System. Appropriations also include payments made by the State on behalf of the System for benefits related to salaries funded by State appropriations. There is no assurance that the Legislature will continue its appropriations to the System in future years; however, the System expects that the Legislature will continue to do so.

Higher Education Assistance Funds ("HEAF funds") are general revenue appropriations that are designated by the State for the acquisition of certain capital assets and capital projects. As of August 31, 2014, the total legislative appropriations receivable was $76,323,990.47, of which the unexpended amount of HEAF funds was $66,232,543.76.

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

Accounts receivable mainly consists of tuition and fee charges to students. Accounts receivable are shown net of an allowance for doubtful accounts of $22.1 million or 7.4% of outstanding student receivables at August 31, 2014. The System reserves for student receivables based on collections history over the previous five years.

Gift receivables include amounts pledged to the System by donors and are presented net of an allowance for doubtful accounts of $1.3 million. 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.

Other Receivables
Other receivables is mostly comprised of clinical accounts receivable, which is presented net of allowances for contractual discounts and bad debts. The bad debt allowance on clinical receivables was approximately $13 million as of August 31, 2014.

Clinical accounts receivable are subject to concentrations of patient accounts receivable credit risk. The mix of receivables from patients and third parties as of August 31, 2014 was as follows:

	2014
County Hospital	19.0 %
Medicaid	22.5
Medicare	20.4
Commercial	10.9
Self-pay	17.5
Other	9.7
Total	**100 %**

Loans and Contracts
Current and noncurrent loans and contracts are receivables, net of allowances, related to student loans. The allowance for doubtful accounts on loans and contracts at August 31, 2014 is approximately $4 million.

Other Current Assets
Other current assets include prepaid scholarship expenses that pertain to the Fall term of the following fiscal year and other prepaid items.

Restricted Assets
Restricted assets include monies or other resources restricted by legal or contractual requirements, including those related to sponsored programs, donors, revenue bonds, and student loan programs.

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*. Changes in unrealized gain (loss) on the carrying value of investments are reported as Net Increase (Decrease) in Fair Value of Investments. Fair value is defined as the amount at which an investment could be exchanged in a current transaction between parties, other than in a forced or liquidation sale. Restricted investments include investments restricted by legal or contractual requirements, including those related to donors and constitutional restrictions.

Capital 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*.

Depreciation and amortization is reported on all exhaustible assets. Inexhaustible assets such as land, works of art, library books included in the permanent collection, 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, 10 to 45 years for infrastructure, 4 to 15 years for equipment, and 15 years for library books not included in the permanent collection.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, 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.

Amortization is reported on intangible assets. Amortization is computed using the straight-line method over five to six years.

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows consist of unamortized losses on refunding of debt. For debt refundings, 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.

LIABILITIES

Accounts, Payroll, 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. Payroll payable includes accrued salary, wages, and benefits.

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 non-exchange transaction. As of August 31, 2014, the total unearned revenue was $193.9 million, of which includes $180.7 million of tuition revenue related to semesters that have not been completed as of August 31, 2014. Tuition revenue for each semester is recognized based on the number of semester class days that fall within the fiscal year as a percentage of total semester class days.

Bonds Payable – Revenue Bonds
The bonds payable are reported at par value, increased by the net unamortized bond discount and premium. Bond discounts and premiums are amortized over the life of the bonds using the interest method. Revenue Bonds Payable is reported separately as either current or non-current in the Statement of Net Position.

Claims and Judgements
Claims and judgements 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 Notes 9, *Contingencies and Commitments*, and 10, *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
Assets held for others represent funds held by the System as custodial or fiscal agent for students, faculty members, foundations, and others.

NET POSITION

Net Investment in Capital Assets
Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization 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 results when constraints placed on net position use are either 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.

Restricted other net position is subject to externally imposed stipulations on assets other than endowment funds. Such assets include externally restricted loan, scholarship, and grant funds.

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 towards restricted resources and then towards unrestricted resources.

REVENUES AND EXPENSES

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

Professional Fees Revenue
Professional fees revenue primarily includes net patient service 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.

Allowances for uncollectible amounts are estimated using historical experience, current trend and policy information, aged account balances, and a collectability analysis. Net patient services revenue in the accompanying Statement of Revenues, Expenses, and Changes in Net Position is shown net of allowance for uncollectible amounts and contractual adjustments totaling approximately $77.1 million for the year ended August 31, 2014.

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 as operating expense or 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 entity-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.

Non-operating Revenues and Expenses
Non-operating revenues include activities such as gifts and contributions, State appropriations, investment income and other revenue sources that do not meet the definition of operating revenue as defined in this note. The System's institutions are the named beneficiaries in certain lawsuits, wills, trusts, and insurance policies. The System does not recognize these potential refunds, gifts, and contributions until realized. Non-operating expenses include activities such as interest expense, and other expenses that do not meet the definition of operating expenses as defined in this note.

Use of Estimates

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

New Accounting Pronouncements

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was effective for the System in fiscal year 2014. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of Statement No. 65 did not have a significant effect on the System's net position for the year ended August 31, 2014; however, deferred losses on refunding bonds were reclassified to deferred outflows of resources.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, are effective for the System in fiscal year 2015. The primary objective of Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The provisions of Statement No. 71 are required to be applied simultaneously with the provisions of Statement No. 68. The objective of Statement No. 71 is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Although management has not yet finalized its determination of the effect of these statements, the impact is expected to be significant as the System will reflect a previously unrecorded liability (estimated to be $143.5 million as of August 31, 2015).

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, is effective for the System in fiscal year 2015. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. This statement requires the use of carrying values to measure the assets and liabilities in a government merger. Government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. The System has not yet evaluated the effect that Statement No. 69 will have on its financial statements.

GASB Statement No. 72, *Fair Value Measurement and Application*, is effective for the System in fiscal year 2016. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. The System has not yet evaluated the effect that Statement No. 72 will have on its financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, is effective for the System in fiscal year 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision – useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The System has not yet evaluated the effect that Statement No. 75 will have on its financial statements.

Note 2: Capital Assets

A summary of changes in capital assets for the year ended August 31, 2014 is presented below:

	Balance 8/31/2013 As Restated (1)	Reclassification Completed Construction In Progress	Additions	Deletions	Balance 8/31/2014
Non-Depreciable or Non-Amortizable Assets:					
Land and Land Improvements	$ 70,386,759.67	$ 278,887.37	$ 1,810,691.07	$ (5,000.00)	$ 72,471,338.11
Construction in Progress	72,952,451.04	(52,451,940.47)	68,950,018.88	(33,617.75)	89,416,911.70
Other Tangible Capital Assets	24,363,426.89	-	584,595.00	-	24,948,021.89
Total Non-Depreciable or Non-Amortizable Assets:	**167,702,637.60**	**(52,173,053.10)**	**71,345,304.95**	**(38,617.75)**	**186,836,271.70**
Depreciable Assets:					
Buildings and Building Improvements	850,676,518.84	50,591,250.27	3,993,129.44	(1,747,624.38)	903,513,274.17
Infrastructure	62,312,195.68	1,254,964.16	724,290.23	-	64,291,450.07
Facilities and Other Improvements	123,266,152.06	237,378.67	2,335,050.28	-	125,838,581.01
Furniture and Equipment	133,994,491.75	89,460.00	8,540,582.14	(7,279,127.11)	135,345,406.78
Vehicles, Boats and Aircraft	11,880,804.40	-	669,612.90	(281,348.66)	12,269,068.64
Other Capital Assets	87,120,171.70	-	5,311,707.12	(1,023,935.93)	91,407,942.89
Total Depreciable Assets:	**1,269,250,334.43**	**52,173,053.10**	**21,574,372.11**	**(10,332,036.08)**	**1,332,665,723.56**
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(372,776,874.71)	-	(31,065,289.18)	1,201,956.54	(402,640,207.35)
Infrastructure	(11,606,645.02)	-	(2,210,654.46)	-	(13,817,299.48)
Facilities and Other Improvements	(16,996,485.47)	-	(3,609,885.43)	-	(20,606,370.90)
Furniture and Equipment	(88,250,199.74)	-	(11,284,368.22)	6,367,958.66	(93,166,609.30)
Vehicles, Boats and Aircraft	(6,499,995.90)	-	(1,006,641.14)	241,871.05	(7,264,765.99)
Other Capital Assets	(48,722,305.33)	-	(4,183,084.55)	1,023,982.45	(51,881,407.43)
Total Accumulated Depreciation	**(544,852,506.17)**	**-**	**(53,359,922.98)**	**8,835,768.70**	**(589,376,660.45)**
Depreciable Assets, Net	**724,397,828.26**	**52,173,053.10**	**(31,785,550.87)**	**(1,496,267.38)**	**743,289,063.11**
Amortizable Assets - Intangible:					
Computer Software	22,950,607.14	-	121,600.00	(279,420.16)	22,792,786.98
Total Amortizable Assets - Intangibles	**22,950,607.14**	**-**	**121,600.00**	**(279,420.16)**	**22,792,786.98**
Less Accumulated Amortization for:					
Computer Software	(21,797,119.79)	-	(507,212.73)	279,420.16	(22,024,912.36)
Total Accumulated Amortization	**(21,797,119.79)**	**-**	**(507,212.73)**	**279,420.16**	**(22,024,912.36)**
Amortizable Assets - Intangibles, Net	**1,153,487.35**	**-**	**(385,612.73)**	**-**	**767,874.62**
Total	**$ 893,253,953.21**	**$ -**	**$ 39,174,141.35**	**$ (1,534,885.13)**	**$ 930,893,209.43**

(1) The amounts listed in this column are restated balances, which include adjustments to prior year ending balances. See Note 8, *Adjustments to Net Position*, for more information regarding restatements of capital asset and accumulated depreciation amounts.

Note 3: Cash, Cash Equivalents, and Investments

Deposits of Cash in Bank

As of August 31, 2014, the carrying amount of cash and cash equivalents was $38,559,007.18, and the bank reported a balance of $47,103,102.90. 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 $162,662,016 that is invested in cash equivalents. The remainder of the cash and cash equivalent balance of $20,140,299.48 is comprised of cash on hand, cash in transit or reimbursement from the Treasury, and cash in the State Treasury.

Custodial Credit Risk

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, shall at all times be collateralized with government securities.

As of August 31, 2014, 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 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 Subsection 51.0031(c) of the Education Code. As such, 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. 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.

As of August 31, 2014, the fair values of investments are presented below. Included in this amount is $162,662,016 classified as cash equivalents.

Investment	Fair Value
U. S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, Sallie Mae, etc.)	$ 50.17
Repurchase Agreement	43,115,509.84
Domestic Mutual Funds	17,248,629.27
International Mutual Funds	8,893,310.22
Fixed Income Money Market and Bond Mutual Fund	54,272,701.78
Other Commingled Funds	60,398,322.91
Other Commingled Funds (TexPool)	25,404,758.85
Real Estate	339,943.10
Alternative Investments	3,548,140.24
Externally Managed Investments (1)	184,697,670.88
Misc (limited partnerships, guaranteed investment contract, political subdivision, bankers' acceptance, negotiable CD)	2,326,959.23
Total Investments	**$ 400,245,996.49**

(1) Externally managed investments represent the System's share of the Foundation-managed long-term investment pool. See the "Internal Investment Pool" section of this note for more information.

Fair values of investments that are not managed by the Foundation are primarily based on market valuations provided by external managers. For fair value information with respect to System funds invested in the Foundation-managed long-term investment pool, see Note 16.D. *Fair Value Measurement*.

Credit Risk
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 (NRSRO). The System utilizes ratings assigned by Standard and 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, 2014, the System's credit quality distribution for securities with credit risk exposure was as follows:

	Standard and Poor's			
Investment Type	**AAA**	**A**	**Unrated**	**Total**
U.S. Government Agency Obligations	$ -	$ -	$ 50.17	$ 50.17
Repurchase Agreement		43,115,509.84		43,115,509.84
Domestic Mutual Funds			17,248,629.27	17,248,629.27
International Mutual Funds			8,893,310.22	8,893,310.22
Fixed Income Money Market and Bond Mutual Fund	26,342,165.77		27,930,536.01	54,272,701.78
Other Commingled Funds	60,398,322.91			60,398,322.91
Commingled Funds (TEXPOOL)	25,404,758.85			25,404,758.85
Real Estate			339,943.10	339,943.10
Alternative Investments			3,548,140.24	3,548,140.24
Externally Managed Investments (1)			184,697,670.88	184,697,670.88
Miscellaneous			2,326,959.23	2,326,959.23
Total	**$ 112,145,247.53**	**$43,115,509.84**	**$ 244,985,239.12**	**$ 400,245,996.49**

Concentration of Credit Risk
As of August 31, 2014, 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
The 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 do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments. As of August 31, 2014, the System did not have deposits or 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, 2014, the System investments subject to interest rate risk – commingled funds, repurchase agreements, fixed income money market and bond mutual funds – have an average maturity of less than one year. The System is also exposed to certain redemption risks pertaining to its investments in the Foundation-managed long-term investment pool. Please see the "Alternative Investments" discussion below for information regarding those redemption risks.

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, 2014, the System's investments were all denominated in U.S. dollars. The System's investment policy does not provide specific requirements and limitations regarding investments in foreign currency.

Internal Investment Pool

Certain investments of the System are managed by the Foundation in its internal long-term investment pool (the "Pool"). The Pool is invested with external investment managers who invest in equity and fixed income funds both domestic and international. The Foundation's investment policy allows for the asset allocation to be maintained within the following tactical ranges: 50-70% Growth Assets (US and international equities), 20-40% Risk Reduction Assets (US and global fixed income funds and cash), and 5-15% Inflation Protection Assets (Real Assets). The Foundation's Investment Committee is responsible for monitoring and rebalancing to the strategic target allocation ranges, and within the tactical ranges, has discretionary authority for setting, monitoring, and making reallocations to the portfolio's specific underlying assets. Complete audited financial statements of the Foundation can be obtained from https://endow.unt.edu/. The notes to the Foundation's financial statements are included in Note 16.

As of August 31, 2014, total investments in the Pool, including the System portion, consisted of the following investment types:

Investment	Fair Value
Common Stock	$ 12,208,620.44
Equity Mutual Funds	140,633,258.92
Alternative Investments	63,723,211.47
Fixed Income Money Market and Bond Mutual Fund	61,393,475.97
Other Commingled Funds	2,211,385.20
Total Investments	**$280,169,952.00**

The System's unitized portion of the Pool's investments as of August 31, 2014 is $184,697,670.88.

As of August 31, 2014, the System's investments in the Pool consisted of the following long-term investment types:

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

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

Alternative Investments
Alternative investments consist of hedge funds, real estate, private equity, and other pooled funds that are not registered with the SEC. See “Alternative Investments – Risks and Redemption Limitations” discussion below for more information on risks and redemption restrictions pertaining to alternative investments.

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

As of August 31, 2014, the System’s investments in the Pool consisted of the following short-term investment types:

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

Other Commingled Funds
Short-term mutual funds other than money market mutual funds are mutual funds that specialize in short-term debt instruments, but which do not meet the strict criteria required to be called "money market" mutual funds.

The Pool’s investments are not rated by Standard & Poor’s. As of August 31, 2014, 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 – commingled funds and fixed income money market and bond mutual funds – have an average maturity of less than one year; however, the Pool’s alternative investments are subject to certain redemption limitations. Please see the “Alternative Investments” discussion below for information regarding those redemption limitations. The Pool is not subject to foreign currency risk, as its international investments are all denominated in U.S. dollars.

Alternative Investments – Risks and Redemption Limitations
Alternative investments within the Pool are invested with external investment managers who invest in equity and fixed income funds both domestic and international. These investment managers may invest both long and short in securities and may utilize leverage in their portfolios. They may also utilize credit default swaps and total return swaps as part of their investment strategies. The funds invested may be subject to a lock-up restriction of one or more years before the investment may be withdrawn from the manager without significant penalty. There are certain risks associated with these investments, some of which include investment manager risk, market risk and liquidity risk, as well as the risk of utilizing leverage in the portfolios. When credit default swaps or total return swaps are used, there is additional risk of counterparty non-performance and unanticipated movements in the fair value of the underlying securities. As of August 31, 2014, the Pool’s investment in alternative assets was $63,723,211.47, which represents 22% of the Pool’s total investments. Of this total, $17,245,206.37, or 6% of the Pool’s total investments, is subject to redemption limitations.

As of August 31, 2014, the following redemption terms that pertain to the long-term alternative investments susceptible to liquidation restrictions are outlined in the table below.

Market Value	Redemption Limitations
$ 5,927,396.09	Monthly redemption available beginning October 31, 2014
5,339,939.00	25% redemption available on a quarterly basis; full redemption available at calendar year-end with 100 days notice.
5,169,871.00	Full redemption available on a quarterly basis with 60 days notice
670,599.58	Full redemption in progress through a liquidation plan ending in calendar year 2015
137,400.70	Full redemption in progress through a liquidation plan ending in calendar year 2015
$ 17,245,206.37	**Total**

Note 4: Short- and Long-Term Debt and Liabilities

Commercial Paper

According to the Master Resolution establishing the UNT System Revenue Financing System Commercial Paper Program, the issuance of commercial paper notes may not exceed, in aggregate, the principal amount of $100,000,000 of which $25,000,000 may be used as taxable notes. Outstanding commercial paper proceeds may be used for the purpose of financing project costs of eligible projects and to refinance, renew, or refund commercial paper notes, prior encumbered obligations, and parity obligations, including interest. Commercial paper notes may not be issued to refinance or refund prior encumbered obligations or parity bonds without the approval of the Board of Regents. The System considers all commercial paper to be short-term debt.

University of North Texas System Revenue Financing System Commercial Paper Notes, Series A in the amount of $29,510,000 were issued during the fiscal year to finance various capital projects, and notes in the amount of $9,965,000 matured. The outstanding balance at August 31, 2014, is $76,067,000 with interest rates ranging from .03% to .50% and an average interest rate of .21% for the outstanding issues. Interest rates are determined by the investor and broker in the arrangement, where the investor dictates the maturity. Average commercial paper maturity during the year ended August 31, 2014 was approximately 45 days. The System will provide liquidity support for $100,000,000 in commercial paper notes by utilizing available funds of the System in lieu of or in addition to bank liquidity support. The maximum maturity for commercial paper is 270 days. In practice, the System rolls, pays off, and/or issues new commercial paper at each maturity. Commercial paper will continue to be used as interim funding until long-term bonds are approved and issued or gifts are received to retire the commercial paper debt.

UNTS 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. UNTS, working with Bond Counsel and its financial advisor, routinely determines alternative long-term funding to ensure that commercial paper is used as interim financing and will be paid off after completion of construction or equipment acquisition.

Long-Term Liabilities

Changes in Long-Term Liabilities
During the year ended August 31, 2014, the following changes occurred in long-term liabilities:

	8/31/2013 As Restated (1)	Additions	Reductions	8/31/2014	Amounts Due Within One Year	Amounts Due Thereafter
Revenue Bonds Payable	$ 414,180,000.00	$ -	$ 22,265,000.00	$ 391,915,000.00	$ 23,395,000.00	$ 368,520,000.00
Unamortized Net Premiums	27,415,223.60	-	3,217,491.29	24,197,732.82	2,980,415.73	21,217,317.09
Total Bonds Payable	**441,595,223.60**	**-**	**25,482,491.29**	**416,112,732.82**	**26,375,415.73**	**389,737,317.09**
Loans Payable	-	15,000,000.00	-	15,000,000.00	-	15,000,000.00
Capital Lease Obligations	2,911.15	294,996.83	119,440.05	178,467.93	118,483.23	59,984.70
Claims & Judgments	1,214,520.01	5,845,946.84	1,214,520.01	5,845,946.84	5,845,946.84	-
Compensable Leave	21,531,376.71	2,116,418.80	925,472.39	22,722,323.12	2,619,848.00	20,102,475.12
Total Long-Term Liabilities	**$ 464,344,031.47**	**$ 23,257,362.47**	**$ 27,741,923.74**	**$ 459,859,470.71**	**$ 34,959,693.80**	**$ 424,899,776.91**

(1) See Note 8, *Adjustments to Net Position*, for more information on restatement of fiscal year 2013 balances.

Revenue Bonds Payable
At August 31, 2014, the System had principal outstanding related to bonds of $391,915,000.00. Revenue Financing System (RFS) debt is secured by and payable from Pledged Revenues as defined in the Master Resolution establishing the Revenue Financing System. 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 of Texas.

General information related to bonds outstanding as of August 31, 2014, is summarized in the following table.

Bond	Purpose	Issue Date	Interest Rate	Amount Issued	Total Principal Outstanding as of 8/31/14
RFS Refunding Bonds, Series 2003A	To provide funds for the purposes of refunding portions of Consolidated University Revenue Bonds Series 1994, Health Science Center Tuition Revenue Bonds Series 1994, Consolidated University Revenue Bonds Series 1996, Revenue Financing System Tuition Revenue Bonds Series 1999, and Revenue Financing System Tuition Revenue Bonds Series 2002, and for paying costs of bond issuance	9/1/2003	5.3750% - 5.5000%	$ 6,185,000.00	$ 6,185,000.00
RFS Refunding and Improvement Bonds, Series 2005	To provide funds for the purposes of advance refunding a portion ($37.7 million par value) of the Board's outstanding bonds, for refunding a portion of the Board's outstanding commercial paper notes, for constructing and equipping a student wellness and career center, for paying a portion of accrued interest, and for paying certain costs of bond issuance	10/1/2005	3.2500% - 5.2500%	76,795,000.00	38,700,000.00
RFS Bonds, Series 2007	To provide funds for the purposes of refunding a portion of the Board's outstanding commercial paper notes, for constructing and equipping two residence halls, for paying a portion of accrued interest, and for paying certain costs of bond issuance	1/1/2007	4.0000% - 5.0000%	56,050,000.00	48,260,000.00
RFS Bonds, Series 2009	To provide funds for the purposes of refunding a portion ($18.175 million par value) of the Board's outstanding commercial paper notes; constructing and equipping a Public Health Education Building; paying a portion of the interest accruing on the bonds; and paying certain costs of issuing the bonds	2/19/2009	3.0000% - 5.2500%	38,650,000.00	28,560,000.00
RFS Bonds, Series 2009A	To provide funds for the purposes of constructing and equipping the Business Leadership Building, for constructing and equipping Apogee Stadium for paying a portion of accrued interest and for paying certain costs of bond issuance	12/2/2009	3.0000% - 5.0000%	159,310,000.00	138,585,000.00
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 bond issuance	12/2/2009	3.0000% - 4.7500%	15,800,000.00	10,885,000.00
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, and Revenue Financing System Bonds Series 2002A	7/23/2010	3.0000% - 5.0000%	57,625,000.00	46,850,000.00
RFS Refunding and Improvement Bonds, Series 2012A	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2003, for refunding a portion of the Board's outstanding commercial paper notes and for purchasing, constructing, improving, renovating, enlarging, and equipping property, buildings, structures, facilities, roads, or infrastructure related to the UNT ESCO project and UNT Woodhill Square acquisition	6/1/2012	2.0000% - 5.0000%	75,890,000.00	69,300,000.00
RFS Refunding Bonds, Taxable Series 2012B	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2003B	6/1/2012	0.5500% - 3.2000%	4,820,000.00	4,590,000.00
			Total	$ 491,125,000.00	$ 391,915,000.00

As of August 31, 2014, all refunded bonds have been paid off by funds held in escrow.

The principal and interest expense for the next five years and beyond are below for bonds issued and outstanding. The debt service requirements for revenue bonds are as follows:

Year	Principal	Interest	Total
2015	$23,395,000.00	$19,021,270.00	$42,416,270.00
2016	23,470,000.00	17,934,722.50	$41,404,722.50
2017	24,615,000.00	16,774,472.50	$41,389,472.50
2018	23,375,000.00	15,632,835.00	$39,007,835.00
2019	24,475,000.00	14,540,920.00	$39,015,920.00
2020-2024	108,110,000.00	55,877,217.50	$163,987,217.50
2025-2029	78,570,000.00	32,535,957.50	$111,105,957.50
2030-2034	49,370,000.00	16,014,937.50	$65,384,937.50
2035-2039	30,940,000.00	5,607,350.00	$36,547,350.00
2040	5,595,000.00	279,750.00	$5,874,750.00
Total	**$391,915,000.00**	**$194,219,432.50**	**$586,134,432.50**

Total interest and fiscal charges incurred for the year ended August 31, 2014 was $20,655,646.82. Of this total, the System capitalized $729,544.22 associated with financing projects during the construction phase. In addition, the System recorded $2,599,147.29 as a reduction to this balance relating to the amortization of premiums and deferred outflows of resources resulting from losses on bond refundings. The remaining amount of $17,326,955.31 was reported as interest expense and fiscal charges for the year ended August 31, 2014.

Revenues Pledged for Debt Service

Total pledged revenues consist of available pledged revenues, which 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 moneys on deposit in the Interest and Sinking Fund, and in the Reserve Fund. In addition to current year pledged revenues, any unappropriated or reserve fund balances remaining at year-end are available for payment of the subsequent year's debt service. System HEAF reserves and Health and Loan Reserves at HSC cannot be included in Total Pledged Revenues. The following table provides the pledged future revenue information for the System's revenue bonds.

Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds	$586,134,432.50
Term of Commitment Year Ending 8/31	2040
Percentage of Pledged Revenue	100%
Current Year Pledged Revenue and Fund Balance	$615,861,416.01
Current Year Principal and Interest Paid	$42,248,545.00

Notes & Loans Payable

On June 18, 2014, the System entered into a Private Placement Bond Purchase arrangement with J.P. Morgan for installment deliveries of bonds (Authorized Installments) up to $120 million that matures in 2016. Draw requests are submitted to the Bond Purchaser and the System's bond counsel, and the Bond Purchaser's obligation to purchase each Authorized Installment is conditioned upon fulfillment of specified conditions, which include that all of the opinions, letter, certificates, instruments and other documents described in the Private Placement Bond Purchase Agreement are deemed to be in compliance with the provisions set forth therein and that they are in form and substance satisfactory to the Bond Purchaser and Bond Counsel. Such provisions include the requirement for the System to maintain a Debt-to-Capitalization Ratio of sixty percent (60%) or less.

As of August 31, 2014, the System arranged for $15 million in Authorized Installment deliveries, and made total interest payments of $10,701.63. The bonds are secured by the System's pledged revenues. Principal is not due until maturity on June 30, 2016. Interest is variable rate. It is calculated using a formula rate of 67% of the one month

LIBOR rate on the reset date plus .48%. The variable interest rate at August 31, 2014 was .58%. Interest is reset monthly.

Capital Lease Obligations
See Note 5, *Leases,* for more information on lease obligations.

Claims and Judgments
As of August 31, 2014, there are two outstanding material claims for which a liability accrual has been recognized. According to authoritative GASB guidance, liabilities should be recognized when the possibility of loss is probable and the amount of loss is reasonably estimable. See Note 9, *Contingencies and Commitments*, for more information on the claims and judgments against the System.

Employees' Compensable Leave
According to the *Texas Human Resources Management Statutes Inventory* provided by the State Auditor's Office, State agency employees, who have accrued six months of continuous state employment, are entitled to be paid for the accrued balance of the employee's vacation leave as of the date of separation, if the employee is not reemployed by a state agency or institution of higher education in a position which accrues vacation leave during the 30-day period immediately following the date of separation from State employment.

Substantially all full-time System employees earn annual leave from eight to twenty-one hours 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 fiscal year with a maximum number of hours up to 532 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(s) as the employee's salary or wage compensation.

Expenditures for accumulated annual leave balances are recognized in the period paid or taken. Both an expense and a liability are recorded as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Note 5: Leases

Operating Leases

The System has entered into various operating leases for buildings, equipment, vehicles and land. Rental expenses for operating leases were $2,213,023.39 in 2014. The lease terms typically range from 12 to 60 months, where some lease terms contain optional renewals. Future minimum lease rental payments under noncancelable operating leases having an initial term in excess of one year as of August 31, 2014 were as follows:

Fiscal Year	Lease Payments
2015	$ 2,209,775.08
2016	1,613,558.50
2017	609,354.28
2018	249,118.04
2019	62,499.96
2020 and beyond	1,812,498.84
Total Minimum Future Payments	**$ 6,556,804.70**

The System has also leased buildings, land, 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, 2014 were as follows:

Assets Leased		**2014**
Buildings:		
Cost	$	41,775,784.93
Less: Accumulated Depreciation		(16,601,377.08)
Carrying Value of Buildings		25,174,407.85
Parking Garage		
Cost		10,655,156.80
Less: Accumulated Depreciation		(4,830,063.74)
Carrying Value of Parking Garage		5,825,093.06
Total Carrying Value	**$**	**30,999,500.91**

There were no contingent rentals for the period ended August 31, 2014. Minimum future lease rental income under noncancelable operating leases as of August 31, 2014, was as follows:

Fiscal Year		**Lease Income**
2015	$	565,746.61
2016		307,354.29
2017		235,567.15
2018		135,946.40
2019		73,187.26
2020 and beyond		31,160.00
Total Minimum Future Lease Rentals	**$**	**1,348,961.71**

Capital Leases

Leases that are purchases in substance are reported as capital lease obligations. The capital assets are recorded at the full value of the lease payments. The System 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 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 of all such property under lease in addition to the accumulated depreciation as of Aug. 31, 2014, is presented below:

Assets Under Capital Lease		**2014**
Furniture and Equipment	$	577,979.15
Less: Accumulated Depreciation		(288,989.40)
Total	**$**	**288,989.75**

Capital lease obligations are due in quarterly installments through 2016. The following is a schedule of the future minimum lease payments for leased property and the present value of the net minimum lease payments at August 31, 2014:

Fiscal Year		**Principal**		**Interest**
2015	$	118,483.23	$	12,880.77
2016		59,984.70		5,697.30
Total Minimum Lease Payments	**$**	**178,467.93**	**$**	**18,578.07**

Note 6: Pension Plans

Teacher Retirement System (TRS)

The State has joint contributory retirement plans for the majority of its employees. One of the primary plans in which the System participates is a cost-sharing multi-employer defined benefit pension plan administered by the TRS. TRS is primarily funded through State and employee contributions. 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 TRS on August 31, 2014, must be age 62 to retire under the second option. Members are fully vested after five years of service and are entitled to any reduced benefits for which the eligibility requirements have been met prior to meeting the eligibility requirements for unreduced benefits.

TRS contribution rates for both employers and employees are not actuarially determined but are legally established by the State Legislature. Contributions by employees are 6.4 percent of gross earnings for 2014. 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 2014. The System's contributions to TRS for the year ended August 31, 2014, was as follows:

TRS Participation		
Member Contributions	$	14,239,601.83
State On-Behalf Contributions		5,553,330.11
Employer Contributions		9,549,496.16
Total	**$**	**29,342,428.10**

TRS currently does not separately account for each of its component government agencies because TRS itself bears sole responsibility for retirement commitments beyond contributions fixed by the State Legislature. Further information regarding actuarial assumptions and conclusions, together with audited financial statements are included in TRS's annual financial report, which may be found on the TRS website at www.trs.state.tx.us.

Optional Retirement Program (ORP)

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

The employee and employer contribution rates are established by the State Legislature each biennium. The State provides an option for a local supplement on top of 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 2014 plus any local supplement for a maximum 8.50 percent of annual compensation) for the fiscal year ended August 31, 2014, is provided in the following table:

ORP Participation		
Member Contributions	$	9,311,738.34
Employer Contributions		10,088,532.59
Total	**$**	**19,400,270.93**

Note 7: Employees Retirement System (ERS)

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 35 hours per week are eligible for partial health benefits under ERS. UNTS employees that work 35 or more hours are eligible for full health benefits under ERS. Benefits vest after five years of credited service. 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, 2014 was as follows:

ERS Participation		
Member Contributions	$	18,356,455.94
State On-Behalf Contributions		27,778,235.50
Employer Contributions		27,911,724.37
Total	**$**	**74,046,415.81**

Additional information can be obtained from the separately issued ERS *Comprehensive Annual Financial Report* at http://www.ers.state.tx.us/home.aspx.

Note 8: Adjustments to Net Position

Subsequent to the filing of the 2013 financial statements, the System identified a number of errors as noted below. These errors were corrected by restating the beginning net position as follows:

		Total
Net Position at August 31, 2013 as previously reported	$	758,457,503.26
Adjustments for capital assets		(7,461,034.52)
Adjustments for contingencies and claims		(1,261,128.01)
Adjustments for debt related items		5,271,119.57
Adjustments for payroll related items		(7,668,856.91)
Adjustments for revenue related items		3,533,330.54
Adjustments for vendor payable related items		(5,245,693.95)
Total Restatements		**(12,832,263.28)**
Net Position at August 31, 2013 as restated	**$**	**745,625,239.98**

Adjustments for Capital Assets

Capitalized interest on capital assets constructed with proceeds of tax exempt debt was not previously capitalized as required by GAAP. In addition, certain library subscriptions, with useful lives of less than one year, and therefore did not meet the policy for capitalization, should not have been capitalized.

Adjustments for Contingencies and Claims

These adjustments were made to record a liability for the medical malpractice self-insurance program and to increase payables related to student insurance.

Adjustments for Debt Related Items

The System changed its amortization method for premiums from the straight line method to the effective interest method and recorded deferred outflow of resources for unamortized losses on debt refunding.

Adjustments for Payroll Related Items

The System corrected reconciling items related to accounting errors in cash, clearing, compensated absences, and other payroll accrual accounts.

Adjustments for Revenue Related Items

These adjustments represent tuition and fees related to the Fall 2013 semester revenue for services rendered in fiscal year 2013 based on the number of class days as a percentage of total class days occurring in the fiscal year. The System also increased its estimated allowance for doubtful accounts for student receivables and wrote-off other uncollectible receivables. In addition, accounting errors in clinical receivables, grant receivables, prison contract receivables, and appropriation entries were also corrected.

Adjustments for Vendor Payable Related Items

These adjustments were made to record liabilities incurred for goods or services received in fiscal year 2013 and not paid until fiscal year 2014.

Note 9: 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 United States 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

Proportional Benefits

In the fall of 2013, UNT System Internal Audit began an investigation of obtaining payment of state-funded benefits associated with certain salaries at the System which were funded by local funds, as opposed to state appropriations. The investigation determined that the System received excess state benefits during the period September 1, 2003 through April 30, 2012. The System provided the results of the UNT System Internal Audit analysis to the Texas State Comptroller and the State Auditor in May of 2014. During the fiscal year ended August 31, 2014, incurrence of a loss in the amount of $4.7 million, representing fiscal years 2012, 2013, and 2014, was considered probable and this amount was accrued as a liability for this loss contingency in the System's financial statements for that fiscal year. The System voluntarily repaid $4.7 million to the Texas State Comptroller on February 11, 2015.

Subsequent to the fiscal year end on August 31, 2014, and prior to this financial report being completed, the FY16-17 General Appropriations Act for the State of Texas (the "Appropriations Act") was enacted. 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 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 UNT System Internal Audit, in conjunction with an external consulting firm, has satisfied the intent of the benefit proportionality internal audit requirement in the Article III rider for the fiscal years 2012, 2013, and 2014, and therefore the State Auditor's Office waived the requirement for the System to conduct an additional internal audit related to these fiscal years. Based on these events, management believes that the System's $4.7 million repayment made on February 11, 2015, satisfies the repayment requirements.

Medicaid Immunization Program

The System Office of General Counsel conducted a healthcare compliance investigation regarding billing under a Medicaid immunization program. Claims and payments were examined for the entire period that HSC billed under the program – 2005-2014. The Office of General Counsel determined that duplicate Medicaid payments for the administration of vaccinations were received by HSC. During the fiscal year ending August 31, 2014, incurrence of a loss in the amount of $1,116,243 was considered probable and this amount was accrued as a liability for this loss contingency in UNT System's financial statements for that fiscal year. Upon processing all charges, the amount of $1,128,102 was voluntarily refunded to or recouped by Medicaid or Medicaid payors. By making this voluntary refund, HSC does not admit it submitted improper bills or false or fraudulent claims. Rather, HSC made a refund in compliance with Medicaid requirements and procedures. Incurrence of additional loss is remote.

While conducting the Medicaid immunization compliance investigation, an additional question was raised regarding whether certain medical record documentation was sufficient to support billing for the professional fee in connection with the vaccination program. It was determined that further sampling should be conducted to review HSC claims from May 2012 through August 2014, which is the limited time period entries in the electronic medical records system potentially created a documentation question. Incurrence of a loss is reasonably possible. The amount of loss for the System would be within a range of $0 to $2,455,874, and no best estimate of loss within this range can be determined at this time, so no amount has been accrued for.

UPL Audit

The U.S. Dept. of Health and Human Services, Office of Inspector General (OIG) conducted an audit of the Texas Upper Payment Limits (UPL) program and the methodology Texas Health and Human Services Commission (HHSC) used for calculating reimbursements to Texas medical schools' clinical practices under the UPL program. In completing this audit, the OIG recommended to the federal Centers for Medicare & Medicaid Services (CMS) that HSC refund a federal share of UPL payments in the total amount of $746,461. This amount is attributable to two separate issues: (1) billing for which OIG did not have documentation of the providers' eligibility; and (2) the methodology used to calculate reimbursements to HSC under the UPL program. HHSC and HSC have responded to each of these issues as explained below.

As part of its response to the OIG audit, HHSC, with HSC's concurrence, agreed that any fees paid for services performed by ineligible providers should be refunded. CMS has accepted the OIG's determination of amounts attributable to ineligible providers, and HHSC has requested that HSC refund the overpayment amount. Incurrence of a loss is probable. The amount of loss for the System will be $261,738.

As part of its response to the OIG audit, HHSC, with HSC's concurrence, disagreed with the OIG finding related to methodology and asserted that reimbursements were calculated in accordance with the methodology approved by CMS at the time the billing was submitted. HHSC and HSC will work with CMS to resolve the issue. Incurrence of a loss is reasonably possible. The amount of loss for the System would be within a range of $0 to $484,723, and no best estimate of loss within this range can be determined at this time.

Commitments

The System continues to implement capital improvements to upgrade facilities. Approximately $118.6 million in capital commitments have been entered into or was outstanding as of year-end for the construction and renovation of various facilities. These projects are in various stages of completion.

Note 10: 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; as well as Acts of God/natural perils. Financial risks are transferred through contracts or agreements; or financed through commercial insurance or self-insurance plans. Financial exposure from lawsuits for damages and injunctive relief related torts (excluding employment and civil rights claims) and contracts, is reduced by the function of sovereign and Eleventh Amendment immunities. In addition, State and Federal law impose financial exposure limits on certain state-law claims made against individual employees and officials, and on personal injury and the more commonly filed employment related lawsuits. Currently the System does not carry System-wide commercial general liability insurance for any of the institutions; commercial general liability policies are purchased only 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.* There are no claims pending or significant non-accrued liabilities, except as stated in Note 9, *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, 2014, HSC had sufficient self-insurance reserves for known claims against its health care professionals. 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, 2014:

	8/31/2013 As Restated	Additions	Reductions	August 31, 2014
Incurred But Not Reported Self-Insurance Claims (HSC) (1)	$ 632,520.00	316,786.00	(31,260.00)	$ 918,046.00

(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 (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. The University of North Texas 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 fiscal year 2014 was $305,000.

For the year ended August 31, 2014, 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 that are below the retention amounts for claims covered by commercial insurance. The System, as an agency of the State of Texas, 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, 2014, 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 System employees and volunteers including coverage for the entity. The policy provides for a maximum limit of $5,100,000 with a $100,000 deductible per insured individual for EPL and $50,000 deductible per insured individual for D&O, a $50,000 deductible for the entity, and a $25,000 deductible for volunteers.

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 bodily injury and $25,000 property damage. In addition, System has chosen to carry 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 coverage for professionals at the Student Health and Wellness Center, Athletic Training and Rehabilitation Center, and Kristin Famer Autism Center. Professionals can be classified as physicians, nurses, nurse practitioners, physician assistants, pharmacists, and athletic trainers. There is a maximum per incident limit of $250,000 and an aggregate of $500,000 with a $5,000 deductible.

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

A property claim was filed in fiscal year 2014 for hail damage to most buildings at the University of North Texas, including the Discovery Park campus. Currently, the estimated loss is $6,900,000 to $9,000,000, all of which is covered under the policy.

Workers' Compensation
The System is required by State law to participate in the State of Texas 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 when 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, 2014, the System maintains one policy for an out-of-state employee.

Unemployment Compensation
The State of Texas 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 General Revenue Fund – Consolidated, from System appropriations, one-half of the unemployment benefits for former and current employees. The Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. The System Administration has only one appropriated fund type. The System must reimburse the General Revenue Fund 100 percent 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 of Texas, 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 are pending at August 31, 2014.

The System maintains reserves for unemployment compensation and workers' compensation payments made for all claims and settlements not eligible for state funding. There were no material outstanding claims pending as of August 31, 2014. Health benefits are provided through the various state contracts administered by the Employee Retirement System (ERS).

Miscellaneous
Other lines of insurance purchased include: contractual bonuses, camp and day care 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 intern professional liability.

Note 11: Matrix of Operating Expenses Reported by Function

For the year ended August 31, 2014, the following table represents operating expenses for both natural and functional classifications for the System:

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	$ 20,298.67	$ 1,829.00	$ -	$ 32,616.92	$ 141,044.29
Salaries and Wages	176,837,263.88	29,371,917.38	9,145,487.56	90,054,872.66	31,831,744.28
Payroll Related Costs	49,793,166.00	6,471,310.05	2,165,921.23	20,714,537.92	7,154,014.40
Professional Fees and Services	3,152,717.18	6,582,406.97	3,035,790.02	25,087,559.20	946,498.14
Federal Pass-Through Expenses	5,490.85	336,975.12	(1,454.27)	-	-
State Pass-through Expenses	-	217,375.67	-	-	-
Travel	2,433,573.78	1,869,436.96	276,354.88	3,026,375.54	3,472,341.46
Materials and Supplies	8,842,176.34	6,407,203.58	1,654,646.94	11,484,025.72	6,878,190.31
Communications and Utilities	668,970.47	55,120.34	89,011.12	1,414,437.08	1,295,944.54
Repairs and Maintenance	837,949.80	838,580.43	122,453.42	4,774,798.65	1,087,491.24
Rentals and Leases	1,878,994.52	292,877.58	692,971.84	2,110,711.50	1,410,824.87
Printing and Reproduction	933,857.57	88,601.02	136,923.37	668,990.71	790,317.83
Depreciation and Amortization	-	-	-	-	-
Scholarships	313,725.53	91,776.72	-	49,619.71	101,170.58
Claims and Losses	3,159,495.42	25,924.64	8,066.68	764,511.67	246,712.68
Other Operating Expenses	4,788,972.56	3,759,036.94	1,269,930.87	8,985,601.04	11,410,293.81
Total Operating Expenses	**$ 253,666,652.57**	**$ 56,410,372.40**	**$ 18,596,103.66**	**$ 169,168,658.32**	**$ 66,766,588.43**

Note 11: Matrix of Operating Expenses Reported by Function (Continued)

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenditures
$ 704,521.23	$ 13,236.16	$ -	$ 4,853,628.63	$ -	$ 5,767,174.90
49,445,442.02	14,850,930.82	896,612.69	17,238,050.22	-	419,672,321.51
11,879,127.61	5,088,743.29	115,135.48	5,529,924.11	-	108,911,880.09
4,802,255.44	681,942.68	74,939.70	790,827.51	-	45,154,936.84
-	-	-	-	-	341,011.70
-	-	-	-	-	217,375.67
794,797.58	84,640.23	8,553.94	131,623.12	-	12,097,697.49
4,372,803.03	3,398,340.14	50,576.99	3,677,608.64	-	46,765,571.69
1,014,831.28	9,470,229.84	137.60	4,737,918.42	-	18,746,600.69
4,049,888.58	6,128,041.83	-	3,220,287.23	-	21,059,491.18
1,082,546.48	242,534.01	4,885.04	927,574.68	-	8,643,920.52
926,287.45	9,661.65	1,236.50	281,815.50	-	3,837,691.60
-	-	-	-	53,867,135.71	53,867,135.71
61,982.90	-	65,707,036.36	-	-	66,325,311.80
672,636.66	382,741.61	-	6,414.72	-	5,266,504.08
7,824,528.79	5,507,035.74	103,468.95	1,571,443.00	-	45,220,311.70
$ 87,631,649.05	**$ 45,858,078.00**	**$ 66,962,583.25**	**$ 42,967,115.78**	**$ 53,867,135.71**	**$ 861,894,937.17**

Note 12: Donor Restricted Endowments

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

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

Endowment Types		Amount of Net Appreciation	Reported in Net Position
True Endowments - Corpus	$	44,639,280.11	Restricted Nonexpendable
True Endowments - Appreciation		14,390,655.51	Restricted Expendable
Restricted Quasi-Endowments		7,175,342.99	Restricted Expendable
Unrestricted Quasi-Endowments		22,937,953.69	Unrestricted
	$	**89,143,232.30**	

The amount of net appreciation on the System's donor-restricted endowments managed by the Foundation that was available for distribution and expenditure during the fiscal year was $1,459,995.01. These distributions had been made as of the end of the fiscal year. In addition, at HSC, net appreciation for authorization for expenditure was $303,797 at August 31, 2014. HSC credits all investment earnings to corresponding operation accounts of the endowments unless directed otherwise by the donor. Currently, only one endowment requires a portion of earnings to be returned to the corpus. Spending authority of the operations accounts is limited to the present available balance. This authority cannot be exceeded based on future projections.

Note 13: Other Receivables

Net other receivables at August 31, 2014 are detailed by type as follows:

Net Other Receivables		2014
Related to patient accounts	$	15,559,674.00
Related to payroll		1,044,078.02
Related to rent		481,828.22
Total	**$**	**17,085,580.24**

Note 14: Deferred Outflows of Resources

In fiscal 2014, the System started reporting as deferred outflows of resources the loss on refunding of long-term debt. For the loss on 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.

Note 15: Subsequent Events

Subsequent events were evaluated through July 31, 2015. The System drew $6.5 million, $30 million, $15 million, and $15 million from its private bond purchase arrangement on September 2, 2014, January 2, 2015, May 1, 2015, and July 2, 2015, respectively. See Note 4, *Short- and Long-Term Debt and Liabilities*, for more information about the private bond purchase agreement. Proceeds from the debt were used toward construction and renovation of the Union building as well as Rawlins Hall, UNT's newest honors residential hall. In addition, on April 30, 2015, the System issued $38,265,000 in Refunding Bonds, Series 2015, which refunded the remaining principal on both the Series 2003A and Series 2005 bonds.

Note 16: Foundation Footnotes

The following footnotes are excerpted from the Foundation's audited financial statements for the year ended August 31, 2014.

16.A. Purpose and Summary of Significant Accounting Policies

1. Purpose
The Foundation is a nonprofit organization with the purpose of providing financial support to the University of North Texas. This purpose is accomplished by the Foundation receiving and managing donations (cash and non-cash) from individuals and organizations.

The Foundation is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

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

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

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

Endowment contributions and investments are permanently restricted by the donor. Investment income available for distribution is recorded in temporarily restricted net assets because of program restrictions. The portion of the fair value of endowment funds which is below the endowment fund's historical cost is recorded as a reduction in unrestricted net assets.

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

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

5. Cash and Cash Equivalents
Cash equivalents consist of highly liquid investments with an initial maturity at the time of purchase of three months or less. At August 31, 2014 there was $7,273,320 of cash equivalents in the Foundation's investment accounts awaiting investment.

6. Investments
The Foundation carries investments in marketable securities and other common stocks with readily determinable fair values at their fair values based on quoted prices in active markets (Level 1 measurements) in the statements of financial position. Investments in mutual funds are carried at their fair value based on published per share valuations (Level 2 measurements). Investments in non-publicly traded Real Estate Investment Trust and Hedge Fund of Funds are carried at their fair value as determined using significant unobservable inputs (Level 3 measurements). Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities

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

8. Other Assets
Other assets consist of paintings donated to the Foundation and held for sale. The paintings are recorded at their fair value as of the date of donation.

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

10. Date of Management's Review
Subsequent events were evaluated through February 10, 2015, which is the date the financial statements were available to be issued.

16.B. Investments
Investment securities consisted of the following at August 31, 2014:

	August 31, 2014	
	Cost	Fair Value
U.S. and International Stocks and Equity Mutual Funds	$120,953,761	$152,843,338
U.S. and International Fixed Income Securities and Mutual Funds	61,937,198	63,603,402
Real Estate Investment Trust and Mutual Funds	6,404,972	6,269,780
Natural Resource Exchange Traded Fund/Global Hard Assets Mutual Fund	17,478,565	23,032,042
Hedge Fund of Funds/Loan Fund/ Mutual Funds	31,784,678	34,421,390
	$238,559,174	$280,169,952

Investment income consists of interest and dividends on investment securities and is shown net of investment fees and expenses of $63,599 for the year ended August 31, 2014.

16.C. Fair Value of Financial Instruments

Generally accepted accounting principles requires disclosure of an estimate of fair value of certain financial instruments. The Foundation's significant financial instruments other than investments are cash and cash equivalents, contributions and other receivables, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

16.D. Fair Value Measurements

Fair values of assets measured on a recurring basis at August 31, 2014 are as follows:

		Fair Value Measurements at August 31, 2014 Using		
	Fair Value at August 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities/Mutual Funds	$ 268,852,142	$ 12,491,087	$ 256,361,055	$ -
Real Estate Investment Trust	670,599	-	-	670,599
Hedge Fund of Funds	5,477,340	-	-	5,477,340
Loan Funds	5,169,871	-	-	5,169,871
Total	$ 280,169,952	$ 12,491,087	$ 256,361,055	$ 11,317,810

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Real Estate Investment Trust	Hedge Funds Mutual Funds	Loan Fund	Total
August 31, 2013	$ 625,646	$ 8,288,236	$ -	$ 8,913,882
Total gains/(losses) (realized/unrealized)	44,953	483,509	169,871	698,333
Purchases, issuance, and settlements	-	(3,294,405)	5,000,000	1,705,595
August 31, 2014	$ 670,599	$ 5,477,340	$ 5,169,871	$ 11,317,810

The gains and losses for each year are included in the statements of activities under realized and unrealized gain (loss) on market value of investments.

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 Real Estate Investment Trust, Hedge Funds of Funds, and Loan Fund are determined by third-party valuations of the investments. There were no changes in valuation methods during fiscal year 2014.

16.E. Contributions and Other Receivables

Contributions and other receivables as of August 31, 2014 are as follows:

	August 31, 2014
Contributions receivable in less than one year	$ 1,781,869
Contributions receivable in one to five years	23,644,108
Contributions receivable in six to ten years	410,850
Contributions receivable in over ten years	55,000
Total Contributions Receivables	25,891,827
Less allowance for uncollectible amounts	(6,011,920)
Less discounts to net present value	(2,630,602)
Net Contributions Receivable	17,249,305
Other amounts receivable	2,423
Total Contributions and Other Receivables	$ 17,251,728

Contributions receivable in more than one year have been discounted to net present value using an interest rate of eight percent. Contributions receivable in one to five years include one promise to give of $22,000,000 from Mr. Charn Uswachoke. The contribution is expected to be collected by December 31, 2015, and has been recorded at a net present value of $19,853,046.

16.F. – Permanently Restricted Net Assets

Net assets were permanently restricted for the following purposes at August 31, 2014:

	August 31, 2014
Endowments to support various programs, scholarships and other activities of the University of North Texas	$ 80,597,090
Cash value of life insurance policies that will provide proceeds upon death of insured for endowments	468,248
Total	$ 81,065,338

16.G. Life Insurance Policies

Several endowments have been established which are to be funded or partially funded by life insurance policies for which the Foundation has been named owner and beneficiary. Premium payments made by the Foundation are reimbursed by the donors of the policies. As of August 31, 2014, there were a total of 24 such policies, with death benefits totaling $1,687,240 and cash values totaling $468,248.

16.H. – Income Tax Status

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

16.I. Assets Held Under Split Interest Agreements

The Foundation is the Trustee or Co-Trustee of various charitable remainder trusts and administers several gift annuity contracts. The agreements require annuity payments to the income beneficiaries for life, with the remaining assets of the trusts or agreements creating endowments upon the death of the income beneficiary. The annuity obligations are recorded at the present value of the expected future cash payments to the beneficiaries based on published life expectancy tables using a discount rate of six percent.

The assets held under these agreements are included in the statement of financial position at fair value.

16.J. Assets Held For Others

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

The Foundation holds and invests certain funds in trust on behalf of the University of North Texas System (UNTS). Pursuant to an investment agreement dated March 15, 2012, certain UNTS long-term assets have been placed with the Foundation and invested in the Foundation-managed long-term investment pool. The UNTS investment funds are subject to the same investment management policy as the Foundation's investments, but receive monthly distributions of interest, dividends, and realized gains/losses. The initial term of the agreement ended February 28, 2013, with a provision to automatically renew annually thereafter.

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

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

Assets held under these arrangements are included in the Statement of Financial Position at fair value, and the Foundation realized net management fee income of $439,828 during the year ended August 31, 2014 for its services.

A summary of the assets held for others is as follows:

	August 31, 2014
Trusts for which beneficiary can be changed	$ 2,687,973
UNTS assets managed by Foundation	140,443,804
UNT endowment assets managed by Foundation	44,253,072
Total Assets Held for Others	$ 187,384,849

16.K. Concentrations of Credit Risk

The Foundation maintains cash balances at times in excess of $250,000 in its depository bank, which are insured by Federal Deposit Insurance Corporation up to $250,000. The Foundation's depository bank, Wells Fargo Bank N.A., has pledged government backed securities with a par value of $6,637,194 at August 31, 2014 to secure Foundation deposits in excess of $250,000. The pledged securities are held by a third-party safekeeping bank under a pledged collateral agreement. The market value of the pledged securities at August 31, 2014 was $6,760,806. The total amount of checking account deposits with Wells Fargo Bank N.A. as of August 31, 2014 was $472,332. In addition to the checking account balances, the Foundation had cash balances of $4,605,259 at August 31, 2014 invested with Wells Fargo Bank N.A. under a fully collateralized repurchase agreement.

The Foundation also maintains short-term cash investments in money-market mutual funds, which are not insured. The amount held in money market mutual funds was $11,715,150 at August 31, 2014.

16.L. Adjustments to Net Assets

Subsequent to the filing of the 2013 financial statements, the Foundation identified errors as noted below. These errors were corrected by restating the beginning net assets as follows:

Net Assets at August 31, 2013 as previously reported	$	115,879,353
Adjustments to accounts receivable		(69,121)
Adjustments to prepaid expenses		69,094
Gift revenue-related adjustments		(1,921,300)
Total Restatement		(1,921,327)
Net Assets at August 31, 2013 as restated	**$**	**113,958,026**

Adjustments for Gift Revenue

These adjustments were made to correct overstated contribution receivable and gift revenue balances due to certain donations being misclassified as new gifts rather than as receipt of pledges.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION

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

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

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

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

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

(4) Prepaid Debt. Principal of and interest on Parity Obligations, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal or interest are payable from funds on deposit or set aside in trust for the payment thereof at the time of such calculations (including without limitation capitalized interest and accrued interest so deposited or set aside in trust) with a financial institution acting as fiduciary with respect to the payment of such Debt;

(5) Variable Rate. As to any Parity Obligation that bears interest at a variable interest rate which cannot be ascertained at the time of calculation of the Annual Debt Service Requirement then, at the option of the Board, either (1) an interest rate equal to the average rate borne by such Parity Obligations (or by

comparable debt in the event that such Parity Obligations has not been outstanding during the preceding 24 months) for any 24 month period ending within 30 days prior to the date of calculation, or (2) an interest rate equal to the 30-year Tax-Exempt Revenue Bond Index (as most recently published in *The Bond Buyer),* shall be presumed to apply for all future dates, unless such index is no longer published in *The Bond Buyer,* in which case an index of tax-exempt revenue bonds with maturities of at least 20 years which is published in a newspaper or journal with national circulation may be used for this purpose. If two Series of Parity Obligations which bear interest at variable interest rates, or one or more maturities within a Series, of equal par amounts, are issued simultaneously with inverse floating interest rates providing a composite fixed interest rate for such Parity Obligations taken as a whole, such composite fixed rate shall be used in determining the Annual Debt Service Requirement with respect to such Parity Obligations;

(6) Guarantee. In the case of any guarantee, as described in clause (2) of the definition of Debt, no obligation will be counted if the Board does not anticipate in its annual budget that it will make any payments on the guarantee. If, however, the Board is making payments on a guarantee or anticipates doing so in its annual budget, such obligation shall be treated as Parity Obligations and calculations of annual debt service requirements with respect to such guarantee shall be made assuming that the Board will make all additional payments due under the guaranteed obligation. If the entity whose obligation is guaranteed cures all defaults and the Board no longer anticipates making payments under the guarantee, the guaranteed obligations shall not be included in the calculation of Annual Debt Service Requirements;

(7) Commercial Paper. With respect to any Parity Obligations issued in the form of commercial paper with maturities not exceeding 270 days, the interest on such Parity Obligations shall be calculated in the manner provided in clause (5) of this definition and the maturity schedule shall be calculated in the manner provided in clause (2) of this definition; and

(8) Credit Agreement Payments. If the Board has entered into a Credit Agreement in connection with an issue of Debt, payments due under the Credit Agreement (other than payments for fees and expenses), for either the Board or the Credit Provider, shall be included in such calculation, except to the extent that the payments are already taken into account under (1) through (7) above and any payments otherwise included above under (1) through (7) which are to be replaced by payments under a Credit Agreement, from either the Board or the Credit Provider, shall be excluded from such calculation.

With respect to any calculation of historic data, only those payments actually made in the subject period shall be taken into account in making such calculation and, with respect to prospective calculations, only those payments reasonably expected to be made in the subject period shall be taken into account in making the calculation.

"Annual Direct Obligation" means the amount budgeted each Fiscal Year by the Board with respect to each participant in the Financing System to satisfy said Participant's proportion of debt service (calculated based on said Participant's Direct Obligation) due by the Board in such Fiscal Year on Outstanding Parity Obligations.

"Annual Obligation" means, with respect to each Participant in the Financing System and for each Fiscal year, said Participant's Annual Direct Obligation plus the amount budgeted by the Board for such Fiscal Year to allow said Participant to retire its obligation for advances made to it by the Board in the management of the Financing System to satisfy part or all of a previous Annual Direct Obligation payment.

"Board" and *"Issuer"* mean the Board of Regents of the University of North Texas System, acting as the governing body of the University and the Health Science Center, or any successor thereto, and pursuant to authority granted in Section 55.02, Texas Education Code, to act as a board of a university system.

"Bond Counsel" means McCall, Parkhurst & Horton L.L.P., or such other firm of attorneys of nationally recognized standing in the field of law relating to municipal revenue bonds selected by the Board.

"Credit Agreement" means, collectively, a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Parity Obligations, purchase or sale agreements, interest rate swap agreements, currency exchange agreements, interest rate floor or cap agreements, or commitments or other contracts or agreements authorized, recognized and approved by the Board as a Credit Agreement in connection with the authorization, issuance, security, or payment of Parity Obligations and on a parity therewith.

"Credit Provider" means any bank, financial institution, insurance company, surety bond provider, or other entity which provides, executes, issues, or otherwise is a party to or provider of a Credit Agreement.

"Debt" means all:

> (1) indebtedness incurred or assumed by the Board for borrowed money (including indebtedness arising under Credit Agreements) and all other financing obligations of the Board that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet;
>
> (2) all other indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations that is guaranteed, directly or indirectly, in any manner by the Board, or that is in effect guaranteed, directly or indirectly, by the Board through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and
>
> (3) all indebtedness secured by any mortgage, lien, charge, encumbrance, pledge or other security interest upon property owned by the Board whether or not the Board has assumed or become liable for the payment thereof.

For the purpose of determining the "Debt" of the Board, there shall be excluded any particular Debt if, upon or prior to the Maturity thereof, there shall have been deposited with the proper depository (a) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (b) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements prepared by or for the benefit of the Board in prior Fiscal Years.

"Designated Financial Officer" shall mean the Vice Chancellor for Finance.

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

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

"Funded Debt" means all Parity Obligations that mature by their terms (in the absence of the exercise of any earlier right to demand), or are renewable at the option of the Board to a date, more than one year after the original creation, assumption, or guarantee of such Debt by the Board.

"Health Science Center" means the University of North Texas Health Science Center at Fort Worth, together with every other agency or health related institution or branch now or hereafter operated by or under the jurisdiction of the Board.

"Holder" or "Bondholder" or *"Owner"* means the registered owner of any Parity Obligation registered as to ownership and the holder of any Parity Obligation payable to bearer.

"Maturity" when used with respect to any Debt means the date on which the principal of such Debt or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption, or otherwise.

"Non-Recourse Debt" means any Debt secured by a lien (other than a lien on Pledged Revenues), liability for which is effectively limited to the property subject to such lien with no recourse, directly or indirectly, to any other property of the Board attributable to the Financing System; provided, however, that such Debt is being incurred in connection with the acquisition of property only, which property is not, at the time of such occurrence, owned by the Board and being used in the operations of a participant.

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

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

"*Outstanding*" when used with respect to Parity Obligations means, as of the date of determination, all Parity Obligations theretofore delivered under this Resolution and any Supplement, except:

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

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

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

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

provided, however, that, unless the same is acquired for purposes of cancellation, Parity Obligations owned by the Board shall be deemed to be Outstanding as though it was owned by any other owner.

"*Outstanding Principal Amount* " means, with respect to all Parity Obligations or to a series of Parity Obligations, the outstanding and unpaid principal amount of such Parity Obligations paying interest on a current basis and the outstanding and unpaid principal and compounded interest on such Parity Obligations paying accrued, accreted, or compounded interest only at maturity as of any Record Date established by a Registrar in connection with a proposed amendment of the Master Resolution or any Supplement.

"*Outstanding Revenue Bonds*" means those bonds which are secured by a lien on and pledge of the Prior Encumbered Revenues charged and collected at the University or the Health Science Center in support thereof. As of the date of issuance of the Bonds, there are no Outstanding Revenue Bonds.

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

"*Participant in the Financing System*" and "*Participant*" means each of the agencies, institutions and branches of the University and the Health Science Center and such agencies, institutions and branches designated by the Board to be a participant in the Financing System. UNT-Dallas also is a Participant.

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

"*Pledged Revenues*" means, subject to the provisions of the Prior Encumbered Obligations, the Revenue Funds, including all of the funds and balances now or hereafter lawfully available to the Board and derived from or attributable to any Participant of the Financing System which are lawfully available to the Board for payments on Parity Obligations; provided, however, that the following shall not be included in Pledged Revenues unless and to the extent set forth in a Supplement: (a) amounts received by the University or the Health Science Center under Article 7, Section 17 of the Constitution of the State of Texas, including the income therefrom and any fund balances relating thereto; and (b) except to the extent so specifically appropriated, general revenue funds appropriated to the Board by the Legislature of the State of Texas.

"*Prior Encumbered Obligations*" means (i) the Outstanding Revenue Bonds and (ii) those bonds or other obligations of an institution which becomes a Participant of the Financing System after the date of adoption of this Master Resolution, which are secured by a lien on and pledge of the Prior Encumbered Revenues charged and collected at such institution or agency, and any other bonds or other obligations secured by revenues which are hereafter designated by the Board as a Pledged Revenue.

"Prior Encumbered Revenues" means the revenues pledged to the payment of Prior Encumbered Obligations and the revenues of any revenue producing system or facility of an institution or agency which hereafter becomes a Participant of the Financing System and which are pledged to the payment of bonds or other obligations outstanding on the date such institution becomes a participant of the Financing System.

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

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

"Revenue Financing System" or *"Financing System"* means the "University of North Texas Revenue Financing System" for the benefit of the University and the Health Science Center, and such other institutions and agencies now or hereafter under the control or governance of the Board, and made a participant of the Revenue Financing System by specific action of the Board.

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

"Stated Maturity" when used with respect to any Debtor any installment of interest thereon means any date specified in the instrument evidencing or authorizing such Debt or such installment of interest as a fixed date on which the principal of such Debt or any installment thereof or the fixed date on which such installment of interest is due and payable.

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

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

"Term of Issue" means with respect to any Balloon Debt, including, without limitation, commercial paper, a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Debt and ending on the final maturity date of such Balloon Debt or the maximum maturity date in the case of commercial paper or (ii) twenty-five years.

"University" means the University of North Texas, together with every other agency or general academic institution or branch thereof now or hereafter operated by or under the jurisdiction of the Board acting for and on behalf of the University of North Texas pursuant to law.

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

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

The Master Resolution allows the Board to supplement the security for Parity Obligations. This could take the form of establishing one or more reserve funds or accounts to further secure any Parity Obligations. Currently, the Board has not established a reserve fund to secure the payment of the Parity Obligations.

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

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

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

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

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

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

Certain Covenants.

Rate Covenant. In each Fiscal Year, the Board shall establish, charge, and use its reasonable efforts to collect at each Participant the Pledged Revenues which, if collected, would be sufficient to meet all financial obligations of the Board relating to the Financing System including all deposits or payments due on or with respect to Outstanding Parity Obligations for such Fiscal Year. Subject to the provisions of the resolutions authorizing Prior Encumbered Obligations and to the other provisions of the Master Resolution and any Supplement, the Board covenants and agrees to fix, levy, charge and collect at each Participant student tuition charges required or authorized by law to be imposed on students enrolled at each Participant (excepting, with respect to each series or issue of Parity Obligations, any student in a category which, at the time of adoption of the Supplement relating to such Parity Obligations, is exempt by law or by the Board from paying such tuition charges). Each student (excluding those exempt from payment as provided above), enrolled at each Participant, respectively, at each regular Fall and Spring semester and at each term of each summer session, shall pay tuition charges in such amounts, without any limitation whatsoever, as will be sufficient at all times, together with other legally available funds, including other Pledged Revenues, to provide the money to make or pay the principal of, interest on, and other payments or deposits with respect to Outstanding Parity Obligations when and as required. All changes in the tuition charged students at each Participant shall be made by resolution of the Board, but such procedure shall not constitute or be regarded as an amendment of the Master Resolution or any Supplement, but merely the carrying out of the provisions and requirements hereof. See "SECURITY FOR THE BONDS-Pledge Under Master Resolution."

Other Covenants. The Board has additionally covenanted in the Resolution (i) to faithfully perform all covenants and provisions contained in the Resolution, any Supplement thereto, and in each Parity Obligation; (ii) to call for redemption all Parity Obligations, in accordance with their terms, which are subject to mandatory redemption; (iii) that it lawfully owns, has title to, or is lawfully possessed of the land, buildings, and facilities now constituting the University and the Health Science Center and to defend such title for the benefit of the owners of the Parity Obligations; (iv) that it is lawfully qualified to pledge the Pledged Revenues to the payment of the Parity Obligations; (v) to maintain and preserve the property of the Revenue Financing System; (vi) not to incur any debt secured by the Pledged Revenues except as permitted in the Resolution; (vii) to invest and secure money held in funds and accounts established under the Resolution in accordance with law and written policies of the Board; (viii) to keep proper books and records and accounts for the Revenue Financing System and to cause to be prepared annual financial reports of the Revenue Financing System and to furnish such reports, to appropriate municipal bond rating agencies and, upon request, owners of Parity Obligations; and (ix) to permit any owner or owners of 25% or more of outstanding principal amount of Parity Obligations at all reasonable times to inspect all records, accounts, and data of the Board relating to the Revenue Financing System. Notwithstanding the foregoing, and in addition to the right reserved by the Board to refund any Prior Encumbered Obligations with Parity Obligations, the Board reserves the right to issue obligations to refund any Prior Encumbered Obligations and to secure the refunding obligations with the same source or sources securing the Prior Encumbered Obligations being refunded. Upon the defeasance of the refunded Prior Encumbered Obligations, the refunding obligations will be Prior Encumbered Obligations (unless the refunding obligations are made Parity Obligations in accordance with the terms of this Resolution) under the Master Resolution and any Supplement for all purposes.

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

Amendment of Resolution.

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

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

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

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

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

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

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

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

(1) Grant to the owners of any Parity Obligations a priority over the owners of any other Parity Obligations;
(2) Materially adversely affect the rights of the owners of less than all Parity Obligations then outstanding; or
(3) Change the minimum percentage of the Outstanding Principal Amount necessary for consent to such amendment.

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

(1) Make any change in the maturity of the Bonds;
(2) Reduce the rate of interest borne by the Bonds;
(3) Reduce the amount of principal payable on the Outstanding Bonds;
(4) Modify the terms of payment of principal of or interest on the Bonds, or impose any conditions with respect to such payment;
(5) Affect the rights of the owners of less than all Bonds then Outstanding; or
(6) Change the minimum percentage of the Outstanding Principal Amount of Bonds necessary for consent to such amendment.

Defeasance. Any Parity Obligations and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Debt") within the meaning of the Resolution, except to the extent required for payment thereof, when the payment of all principal and interest payable with respect to such Parity Obligations to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption or provision for the giving of same having been made) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such Parity Obligations for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) noncallable Government Obligations which mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, or (3) any combination of (1) and (2) above, and when proper arrangements have been made by the Board with each such Paying Agent for the payment of its services until after all Defeased Debt shall have become due and payable. At such time as Parity Obligations shall be deemed to be Defeased Debt under the terms of the Resolution, such Parity Obligations and the interest thereof shall no longer be secured by, payable from, or entitled to the benefits of, the Pledged Revenues, and such principal and interest shall be payable solely from such money or Government Obligations, and shall not be regarded as outstanding for any purposes other than payment, transfer, and exchange.

APPENDIX D

FORMS 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,
SERIES 2015A, $105,130,000

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 or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed or refinanced therewith. 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,

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 BONDS,
TAXABLE SERIES 2015B, $73,035,000

WE HAVE EXAMINED into the validity of the referenced issue of bonds (the "Bonds"), being issued by the Board of Regents (the "Board") of the University of North Texas System (the "Issuer"), which bear interest from the date and mature on the dates specified on the face of the Bonds, all in accordance with the resolutions of the Board authorizing the issuance of the Bonds (collectively, the "Bond Resolution"). Terms used herein and not otherwise defined shall have the meaning given in the Bond Resolution.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Board relating to the authorization, issuance, sale, and delivery of the Bonds, including the Bond Resolution, certificates and opinions of officials of the Board, and other pertinent instruments relating to the issuance of the Bonds. We have also examined one of the executed Bonds which we found to be in due form and properly executed. We express no opinion with respect to any statement of insurance that may appear on the Bonds.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, issued, and delivered in accordance with law; that, except as may be limited by laws applicable to the Board relating to bankruptcy, reorganization, and other similar matters affecting creditors' rights, the covenants and provisions in the Bond Resolution constitute valid and legally binding special obligations of the Board; and that the Bonds constitute valid and legally binding special obligations of the Board secured by and payable from, a lien on and pledge of the Pledged Revenues, such lien on and pledge of the Pledged Revenues being subordinate only to the lien on and pledge of the Pledged Revenues securing the Outstanding Revenue Bonds.

THE REGISTERED OWNERS of the Bonds shall never have the right to demand payment thereof out of any funds raised or to be raised by taxation.

THE BOARD has reserved the right, subject to the restrictions stated in the resolution authorizing the Bonds, to issue additional parity revenue bonds which also may be secured by and made payable from a lien on and pledge of the Pledged Revenues.

THE BONDS ARE NOT OBLIGATIONS DESCRIBED IN SECTION 103(a) OF THE INTERNAL REVENUE CODE OF 1986. We express no opinion as to any federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not investigated or verified, any records, data or other material relating to the financial condition or capabilities of the Board or the University, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds, and we have relied solely on representations by officials of the Board or the Issuer as to the availability and sufficiency of the Pledged Revenues. Our role in connection with the Board's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective.

Respectfully,

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