OFFICIAL STATEMENT DATED AUGUST 25, 2016

NEW ISSUES - BOOK-ENTRY-ONLY

RATINGS:
Fitch: "AA-"
Moody's: "A1"
(See "RATINGS" herein)

In the opinion of Bond Counsel, interest on the Series 2016A Bonds will be excludable from gross income for federal income tax purposes under existing law and is not includable in the alternative minimum taxable income of individuals. See "TAX MATTERS FOR THE SERIES 2016A BONDS" herein for a discussion of Bond Counsel's opinion, including the alternative minimum tax consequences for corporations.

In the opinion of Bond Counsel, interest on the Series 2016B Bonds is not excludable from gross income for federal income tax purposes. See "TAX MATTERS FOR THE SERIES 2016B BONDS."

$72,250,000
TEXAS PUBLIC FINANCE AUTHORITY
MIDWESTERN STATE UNIVERSITY
REVENUE FINANCING SYSTEM
REVENUE AND REFUNDING BONDS,
SERIES 2016A

$11,790,000
TEXAS PUBLIC FINANCE AUTHORITY
MIDWESTERN STATE UNIVERSITY
REVENUE FINANCING SYSTEM
REVENUE REFUNDING BONDS,
TAXABLE SERIES 2016B

Interest Accrues: Date of Delivery **Due: December 1, as shown on pages ii and iii**

The Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue and Refunding Bonds, Series 2016A (the "Series 2016A Bonds") and the Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue Refunding Bonds, Taxable Series 2016B (the "Series 2016B Bonds" and, together with the Series 2016A Bonds, the "Bonds") are issued by the Texas Public Finance Authority (the "Authority") on behalf of the Board of Regents (the "Board of Regents") of Midwestern State University (the "University"). The Bonds are payable from and secured by a lien on "Pledged Revenues" (as defined herein) of the University. **THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE BOARD, THE AUTHORITY, THE UNIVERSITY OR ANY PART THEREOF, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION OF THE STATE. NEITHER THE BOARD OF REGENTS NOR THE AUTHORITY HAS ANY 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 (AS DEFINED HEREIN) WILL NOT IMPOSE OR RESULT IN GENERAL LIABILITY ON OR A CHARGE AGAINST THE GENERAL CREDIT OF THE BOARD, THE AUTHORITY, OR THE UNIVERSITY. THE OWNERS OF THE BONDS WILL NEVER HAVE THE RIGHT TO DEMAND PAYMENT OF THE BONDS FROM ANY SOURCE OTHER THAN PLEDGED REVENUES. See "SECURITY FOR THE BONDS."**

The proceeds from the sale of the Series 2016A Bonds will be used for the purpose of (i) acquiring, purchasing, constructing, improving, renovating, enlarging and/or equipping property, buildings, structures, facilities, roads or related infrastructure for an academic expansion and revitalization; (ii) refunding certain outstanding Parity Obligations set forth on SCHEDULE I hereto (the "Series 2016A Refunded Bonds"); and (iii) paying the costs related to issuing the Series 2016A Bonds. The proceeds from the sale of the Series 2016B Bonds will be used for the purpose of (i) refunding certain outstanding Parity Obligations set forth on SCHEDULE I hereto (the "Series 2016B Refunded Bonds" and, together with the Series 2016A Refunded Bonds, the "Refunded Bonds"); and (ii) paying the costs related to issuing the Series 2016B Bonds. See "PLAN OF FINANCING – Purpose."

Interest on the Bonds will accrue from the date of delivery, and is payable on December 1, 2016, and each June 1 and December 1 thereafter, calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds are initially issuable only to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the purchasers thereof. Interest on and principal of the Bonds will be payable by Wilmington Trust, 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 bonds. See "DESCRIPTION OF THE BONDS – Book-Entry-Only System."

MATURITY SCHEDULES, INTEREST RATES, YIELDS AND
OTHER TERMS FOR EACH SERIES OF BONDS (See pages ii and iii)
CUSIP Prefix: 882756

The Bonds are subject to redemption prior to maturity as described herein. See "DESCRIPTION OF THE BONDS – Redemption."

The Bonds are offered when, as and if issued, subject to approval of legality by the Attorney General of the State of Texas and the opinion of Andrews Kurth LLP, Austin, Texas, as to the validity of the issuance of the Bonds under the Constitution and the laws of the State of Texas. See "APPENDIX E – FORMS OF BOND COUNSEL OPINIONS." Certain legal matters will be passed upon for the Underwriters by their counsel, Mahomes Bolden PC. Certain legal matters will be passed upon for the Authority by the General Counsel to the Authority and by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Disclosure Counsel to the Authority. The Bonds are expected to be available for delivery through DTC on or about September 15, 2016 the ("Date of Delivery").

LOOP CAPITAL MARKETS

RBC CAPITAL MARKETS **RAYMOND JAMES**

CUSIP No. Prefix[1]: 882756

MATURITY SCHEDULES, INTEREST RATES, YIELDS AND OTHER TERMS FOR EACH SERIES OF BONDS

$72,250,000
TEXAS PUBLIC FINANCE AUTHORITY
MIDWESTERN STATE UNIVERSITY
REVENUE FINANCING SYSTEM
REVENUE AND REFUNDING BONDS, SERIES 2016A

Maturity Date (December 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix[1]
2016	$2,115,000	2.000%	0.670%	7J2
2017	1,685,000	2.000	0.670	7K9
2018	1,730,000	3.000	0.770	7L7
2019	2,570,000	4.000	0.940	7M5
2020	2,695,000	5.000	1.060	7N3
2021	3,065,000	5.000	1.250	7P8
2022	3,215,000	5.000	1.420	7Q6
2023	3,375,000	5.000	1.590	7R4
2024	3,545,000	5.000	1.710	7S2
2025	3,735,000	5.000	1.830	7T0
2026	3,920,000	5.000	1.960	7U7
2027	4,115,000	5.000	2.040[2]	7V5
2028	4,315,000	4.000	2.240[2]	7W3
2029	4,395,000	4.000	2.330[2]	7X1
2030	4,570,000	4.000	2.450[2]	7Y9
2031	4,755,000	4.000	2.540[2]	7Z6
2032	4,950,000	4.000	2.590[2]	8A0
2033	5,155,000	4.000	2.660[2]	8B8
2034	4,385,000	4.000	2.720[2]	8C6
2035	3,960,000	4.000	2.780[2]	8D4

The Series 2016A Bonds are subject to redemption as set forth herein in the section "DESCRIPTION OF THE BONDS – Redemption."

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

(2) Yield shown is calculated based on the assumption that the Series 2016A Bonds denoted and sold at a premium will be redeemed on the first optional redemption date for such Series 2016A Bonds, at a redemption price of par, plus accrued interest to the redemption date.

CUSIP No. Prefix[1]: 882756

$11,790,000
TEXAS PUBLIC FINANCE AUTHORITY
MIDWESTERN STATE UNIVERSITY
REVENUE FINANCING SYSTEM
REVENUE REFUNDING BONDS, TAXABLE SERIES 2016B

Maturity Date (December 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix[1]
2019	$660,000	1.426%	1.426%	8E2
2020	670,000	1.754	1.754	8F9
2021	680,000	1.904	1.904	8G7
2022	695,000	2.154	2.154	8H5
2023	715,000	2.304	2.304	8J1
2024	735,000	2.466	2.466	8K8
2025	750,000	2.566	2.566	8L6
2026	770,000	2.666	2.666	8M4
2027	790,000	2.836	2.836	8N2
2028	815,000	3.016	3.016	8P7
2029	780,000	3.166	3.166	8Q5
2030	805,000	3.266	3.266	8R3
2031	835,000	3.416	3.416	8S1
2032	865,000	3.516	3.516	8T9
2033	895,000	3.616	3.616	8U6
2034	330,000	3.716	3.716	8V4

The Series 2016B Bonds are subject to redemption as set forth herein in the section "DESCRIPTION OF THE BONDS – Redemption."

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

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TEXAS PUBLIC FINANCE AUTHORITY

Board of Directors

Billy M. Atkinson, Jr., Chair	Walker N. Moody, Member
Ruth C. Schiermeyer, Vice Chair	Rodney K. Moore, Member
Gerald B. Alley, Secretary	Robert T. Roddy, Jr., Member
Ramon Manning, Member	

Certain Officers

Lee Deviney, Executive Director	Pamela Scivicque, Director, Business Administration
John Hernandez, Deputy Director	Kevin Van Oort, General Counsel

Consultants

Financial Advisor	Bond Counsel	Disclosure Counsel
FirstSouthwest, a Division of Hilltop Securities Inc.	Andrews Kurth LLP	McCall, Parkhurst & Horton L.L.P.
Austin, Texas	Austin, Texas	Austin, Texas

MIDWESTERN STATE UNIVERSITY

Board of Regents

Name	Residence	Term Expiration
Mr. Shawn G. Hessing, Chairman	Fort Worth	February 25, 2020
Mr. Warren Ayres	Wichita Falls	February 25, 2022
Ms. Tiffany Burks	Grand Prairie	February 25, 2022
Mr. R. Caven Crosnoe	Wichita Falls	February 25, 2020
Mr. Fenton Lynwood Givens, Ph.D.	Plano	February 25, 2018
Mr. Jeff Greg	Seymour	February 25, 2018
Ms. Nancy Marks	Wichita Falls	February 25, 2020
Mr. Samuel M. Sanchez	Fort Worth	February 25, 2018
Ms. Shelley Sweat, Ed.D.	Wichita Falls	February 25, 2022
Ms. Lindsey Shelley (Student Regent)	Fort Worth	May 31, 2017[1]

[1]State law does not authorize a student regent to vote on matters before the Board of Regents.

Certain Officials

Name	Title
Dr. Suzanne Shipley	President
Dr. Marilyn Fowlé	Vice President, Business Affairs and Finance
Chris Stovall	Controller
Barry Macha	General Counsel

For additional information regarding Midwestern State University, please contact:

Dr. Marilyn Fowlé	Mr. Chris W. Allen
Vice President, Business Affairs and Finance	Managing Director
Midwestern State University	FirstSouthwest, a Division of Hilltop Securities Inc.
3410 Taft Boulevard	300 West 6th Street, Suite 1940
Wichita Falls, Texas 76308-2099	Austin, Texas 78701
(940) 397-4105	(512) 481-2013

SALE AND DISTRIBUTION OF THE BONDS

General

This Official Statement, which includes the cover pages, schedules and the appendices attached hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale. The cover pages contain certain information for general reference only and are not intended as a summary of this offering. Investors should read the entire Official Statement, including all schedules and appendices attached hereto, to obtain information essential to making an informed investment decision.

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 the Vice President, Business Affairs and Finance, Midwestern State University, 3410 Taft Boulevard, Wichita Falls, Texas 76308-2099, (940) 397-4105. Copies of documents relating to the Authority may be obtained from the Executive Director, Texas Public Finance Authority, 300 West 15th Street, Suite 411, Austin, Texas 78701, (512) 463-5544.

Use of Official Statement

No dealer, broker, salesman or other person has been authorized by the Authority 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 Authority or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create the implication that there has been no change in the affairs of the Authority or the State of Texas since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds and in no instance may this Official Statement be reproduced or used for any other purpose.

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.

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

NONE OF THE AUTHORITY, ITS FINANCIAL ADVISOR, THE UNIVERSITY, THE BOARD OF REGENTS OR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM AS PROVIDED FOR IN "APPENDIX B — BOOK-ENTRY-ONLY SYSTEM," AS SUCH INFORMATION HAS BEEN FURNISHED BY DTC.

Marketability

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH 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

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, in reliance upon 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 Authority assumes no responsibility for 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.

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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 "LEGAL MATTERS — Forward-Looking Statements" herein.

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relating to

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MIDWESTERN STATE UNIVERSITY	**MIDWESTERN STATE UNIVERSITY**
REVENUE FINANCING SYSTEM	**REVENUE FINANCING SYSTEM**
REVENUE AND REFUNDING BONDS,	**REVENUE REFUNDING BONDS,**
SERIES 2016A	**TAXABLE SERIES 2016B**

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover pages, schedule and the appendices hereto, is to provide certain information regarding the issuance by the Texas Public Finance Authority (the "Authority"), on behalf of the Board of Regents (the "Board of Regents") of Midwestern State University (the "University"), of its "Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue and Refunding Bonds, Series 2016A" (the "Series 2016A Bonds") and "Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue Refunding Bonds, Taxable Series 2016B" (the "Series 2016B Bonds," and, together with the Series 2016A Bonds, the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in "APPENDIX C – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION," except as otherwise indicated herein.

The University

The University was established pursuant to the provisions of the Constitution and the laws of the State of Texas (the "State") as an institution of higher education. For the 2015 Fall Semester, the University had a total enrollment of approximately 6,043 students. The Board of Regents is the governing body of the University and its members are officers of the State, appointed by the Governor with the advice and consent of the State Senate. For a general description of the University, see "APPENDIX A – MIDWESTERN STATE UNIVERSITY" herein.

The Authority is authorized to issue bonds on behalf of the University pursuant to Chapter 1232 of the Texas Government Code, as amended. This Official Statement contains summaries and descriptions of the plan of financing, the Bonds, the University, the Authority 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 the Vice President, Business Affairs and Finance, Midwestern State University, 3410 Taft Boulevard, Wichita Falls, Texas 76308-2099; (940) 397-4105. Copies of documents relating to the Authority may be obtained from the Executive Director, Texas Public Finance Authority, 300 West 15th Street, Suite 411, Austin, Texas 78701, (512) 463-5544.

Security

The Bonds, the Outstanding Parity Obligations and any additional obligations issued on a parity with the Bonds and the Outstanding Parity Obligations (referred to herein collectively as "Parity Obligations") are special obligations of the Board of Regents equally and ratably secured by and payable solely from a pledge of and lien on the Pledged Revenues. Pledged Revenues consist of the Revenue Funds which includes the revenues, incomes, receipts, rentals, rates, charges, fees, grants, and tuition levied or collected from any public or private source by the Participants, including interest or other income from those funds, derived by the Board of Regents from the operations of each of the Participants.

Revenue Funds do not include, with respect to each series or issue of Parity Obligations, any tuition, rentals, fees, or other charges attributable to any student in a category that, at the time of the adoption by the Board of Regents of a resolution relating to such Parity Obligations, is exempt by law or by the Board of Regents from paying such tuition, rentals, fees, or other charges. See "SECURITY FOR THE BONDS."

PLAN OF FINANCE

Purpose

The proceeds from the sale of the Series 2016A Bonds will be used for the purpose of (i) acquiring, purchasing, constructing, improving, renovating, enlarging and/or equipping property, buildings, structures, facilities, roads or related infrastructure for an academic expansion and revitalization; (ii) refunding certain outstanding Parity Obligations set forth on SCHEDULE I hereto (the "Series 2016A Refunded Bonds"); and (iii) paying the costs related to issuing the Series 2016A Bonds.

The proceeds from the sale of the Series 2016B Bonds will be used for the purpose of (i) refunding certain outstanding Parity Obligations set forth on SCHEDULE I hereto (the "Series 2016B Refunded Bonds" and, together with the Series 2016A Refunded Bonds, the "Refunded Bonds"); and (ii) paying the costs related to issuing the Series 2016B Bonds.

Authority for Issuance of the Bonds

The Bonds are being issued in accordance with the general laws of the State of Texas, including Chapters 54 and 55, Texas Education Code, as amended, including particularly section 55.1787, and Chapters 1207, 1232 (the "Authority Act") and 1371, Texas Government Code, as amended (collectively, the "Authorizing Law"), and additionally pursuant to a resolution adopted by the Board of Directors of the Authority (the "Authority Board") on August 4, 2016, and by the Board of Regents on August 5, 2016, and a Pricing Certificate executed by the Authority's Pricing Committee on the date of the sale of the Bonds (collectively, the "Resolution"). Section 55.1787 of the Texas Education Code was enacted by the 84th Texas Legislature (the "Texas Legislature") and authorizes the University to issue the Bonds which qualify for reimbursement of annual debt service from the State pursuant to the Texas Legislature's biennial appropriation for tuition revenue bond retirement. See "APPENDIX A – MIDWESTERN STATE UNIVERSITY – SELECTED FINANCIAL INFORMATION – Funding for the University – *Tuition Revenue Bonds*."

Pursuant to the Authorizing Law, the Authority has the exclusive authority to issue bonds on behalf of the University and to exercise the authority of the Board of Regents to issue bonds on behalf of the University. The Authority is subject to all rights and duties granted or assigned to and is subject to, the same conditions as, the Board of Regents under the statute authorizing issuance previously applicable to the Board of Regents under the Authorizing Law. The Board of Regents submitted and the Authority approved a request for financing relating to the issuance of the Bonds pursuant to the authority granted under the Authorizing Law.

Refunded Bonds

The Refunded Bonds, and interest due thereon, are to be paid on the scheduled interest payment and redemption dates of each such bond, from funds to be deposited with Wilmington Trust, National Association, Dallas, Texas as escrow agent (the "Escrow Agent"), pursuant to an escrow agreement among the Authority, the Board and the Escrow Agent to be effective as of the date of delivery of the Bonds (the "Escrow Agreement").

The Resolution provides that from a portion of the proceeds of the sale of the Bonds to the Underwriters, together with other lawfully available funds of the University, if any, the University and the Authority will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Escrow Agent in a special escrow account (the "Escrow Fund") and used to purchase some or all of the following investment securities: (a) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States, (b) non-callable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Authority adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and (c) non-callable obligations of a state or an agency or a county, municipality or other political subdivision of a state that have been refunded and that, on the date the Authority adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent (the "Escrow Securities"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Bonds. The Escrow Fund will not be available to pay principal of or interest on the Bonds.

Grant Thornton LLP, a nationally-recognized accounting firm, will verify at the time of delivery of the Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate that the Escrow Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay, when due, the principal of, premium, if any, and interest on the Refunded Bonds on their scheduled redemption dates. Grant Thornton LLP will also verify the yields relied on by Bond Counsel to support its opinion that none of the Series 2016A Bonds is an arbitrage bond under section 148 of the Internal Revenue Code of 1986, as amended (the "Code"). Such verification report will be based on information and assumptions supplied by FirstSouthwest, a Division of Hilltop Securities Inc. (the "Financial Advisor") and reviewed by the Authority and the University and such verifications, information and assumptions will be relied upon by Bond Counsel in rendering its opinions described herein. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" and "TAX MATTERS FOR THE SERIES 2016A BONDS."

By the deposit of the Escrow Securities and cash with the Escrow Agent pursuant to the Escrow Agreement, the University and the Authority will have effected the defeasance of the Refunded Bonds pursuant to the terms of the resolutions authorizing their issuance. It is the opinion of Bond Counsel that, as a result of such defeasance, the Refunded Bonds will no longer be payable from Pledged Revenues, but will be payable solely from the principal of and interest on the Escrow Securities and cash held for such purpose by the Escrow Agent, and that the Refunded Bonds, as defeased obligations, are not to be included in or considered to be indebtedness of the Authority or the University for any other purpose.

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

Sources and Uses of Funds

The proceeds of the Bonds will be applied approximately as follows:

Sources of Funds	**Series 2016A Bonds**	**Series 2016B Bonds**	**Total**
Principal Amount of Bonds	$72,250,000.00	$11,790,000.00	$84,040,000.00
Original Issue Premium	11,717,736.50	-	11,717,736.50
Total	$83,967,736.50	$11,790,000.00	$95,757,736.50
Uses of Funds			
Deposit to Project Account	$58,400,000.00	-	$58,400,000.00
Deposit to Escrow Fund	24,922,225.48	$11,683,951.33	36,606,176.81
Costs of Issuance*	640,573.98	103,148.35	743,722.33
Additional Proceeds	4,937.04	2,900.32	7,837.36
Total	$83,967,736.50	$11,790,000.00	$95,757,736.50

*Includes Underwriters' discount

DESCRIPTION OF THE BONDS

General

The Bonds will be issued only as fully registered bonds, without coupons, in any integral multiple of $5,000 principal amount within a stated maturity, will be dated and will accrue interest from the date of delivery, and will bear interest at the per annum rates shown on the inside cover pages hereof. Interest on the Bonds is payable on June 1 and December 1 of each year, commencing December 1, 2016, and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds mature on December 1, in the years and in the principal amounts set forth on the inside cover pages hereof.

If the specified date for any payment of principal of or interest on the Bonds is a Saturday, Sunday, or legal holiday or equivalent (other than a moratorium) for banking institutions in the City of New York, New York or in the city of the Designated Trust Office for the Paying Agent/Registrar for the Bonds, such payment may be made on the next succeeding day that is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payment.

Transfer, Exchange, and Registration

Upon surrender for transfer of any Bond at the Designated Trust Office described herein, the Authority will execute, and the Paying Agent/Registrar, initially Wilmington Trust, National Association, Dallas, Texas, will authenticate and deliver, in the name of the designated transferee, one or more new fully registered Bonds of the same Stated Maturity, of any authorized denomination, and of a like aggregate principal amount. At the option of the Holder, Bonds may be exchanged for other Bonds of the same Stated Maturity, of any authorized denomination, and of like aggregate principal amount, upon surrender of the Bonds to be exchanged at the place of payment for the Bonds. Whenever any Bonds are so surrendered for exchange, the Authority and the Board of Regents will execute, and the Paying Agent/Registrar will authenticate and deliver, the Bonds that the Holder of Bonds making the exchange is entitled to receive. Every Bond presented or surrendered for transfer or exchange will be duly endorsed, or accompanied by a written instrument of transfer in form satisfactory to the Authority and the Paying Agent/Registrar duly executed, by the Holder thereof or the Holder's attorney duly authorized in writing. No service charge will be made to the Holder for any registration, transfer, or exchange of Bonds, but the Authority or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Paying Agent/Registrar

In the Resolution, the Board of Regents covenants to provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar at all times while the Bonds are outstanding.

The Paying Agent/Registrar may be removed from its duties at any time with or without cause by action of the Board of Regents and not less than 30 days' notice to each Holder specifying the substitution of another Paying Agent/Registrar, the effective date thereof, and the address of such successor Paying Agent/Registrar, but no such removal is effective until such successor has accepted the duties of the Paying Agent/Registrar. The Designated Trust Office for the initial Paying Agent/Registrar is in Dallas, Texas (the "Designated Trust Office").

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 15th calendar day of the month preceding each interest payment date.

Redemption

Optional Redemption of Series 2016A Bonds. The Series 2016A Bonds scheduled to mature on and after December 1, 2027 are subject to optional redemption prior to maturity at the option of the Authority, upon the request of the Board of Regents, on December 1, 2026 or on any date thereafter, in whole or in part in principal amounts of $5,000 or any integral multiple thereof at a price of par plus accrued interest from the most recent interest payment date to the redemption date. If less than all the Series 2016A Bonds of any maturity are to be redeemed, the Paying Agent/Registrar shall determine by lot, or other customary random method, the Series 2016A Bonds, or portions thereof, within such maturity to be redeemed. If a Series 2016A Bond (or any portion of the principal sum thereof) has been called for redemption and notice of such redemption has been given, such Series 2016A Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

Optional Redemption of Series 2016B Bonds. The Series 2016B Bonds scheduled to mature on and after December 1, 2027 are subject to optional redemption prior to maturity at the option of the Authority, upon the request of the Board of Regents, on December 1, 2026 or on any date thereafter, in whole or in part in principal amounts of $5,000 or any integral multiple thereof at a price of par plus accrued interest from the most recent interest payment date to the redemption date. If less than all the Series 2016B Bonds of any maturity are to be redeemed, the Paying Agent/Registrar shall determine by lot, or other customary random method, the Series 2016B Bonds, or portions thereof, within such maturity to be redeemed. If a Series 2016B Bond (or any portion of the principal sum thereof) has been called for redemption and notice of such redemption has been given, such Series 2016B Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

Notice of Redemption. At least 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity, a written notice of such redemption will be sent by the Paying Agent/Registrar to the registered owner of each Bond to be redeemed at its address as it appeared on the Registration Books on the 45th day prior to such redemption date; provided, however, that the failure to send, mail, or receive such notice, or any defect therein or in the sending or mailing thereof, will not affect the validity or effectiveness of the proceedings for the redemption of any Bond, and the Resolution specifically provides that the publication of such notice as required above is the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds or portions thereof.

In addition, the Paying Agent/Registrar will give notice of redemption of Bonds by mail, first-class postage prepaid at least 30 days prior to a redemption date to each registered securities depository and to any national information service that disseminates redemption notices. In the event of an advance refunding, the Paying Agent/Registrar will send a second notice of redemption at least 30 days but not more than 90 days prior to the actual redemption date. The Paying Agent/Registrar will also send a notice of prepayment or redemption to the registered owner of any Bond who has not sent the Bonds in for redemption 60 days after the redemption date.

Each notice of redemption will contain a description of the Bonds to be redeemed, including the complete name of the Bonds, the Series, the date of issue, the interest rate, the maturity date, the CUSIP number, a reference to the principal amounts of each maturity called for redemption, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar, and the address at which the Bonds may be redeemed, including a contact person and telephone number.

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

Redemption Through The Depository Trust Company. The Paying Agent/Registrar and the Authority, so long as a book-entry-only system is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Resolution, or other notices with respect to the Bonds only to The Depository Trust Company ("DTC"). Any failure by DTC to advise any Direct Participant (defined herein), or of any Direct Participant or Indirect Participant (defined herein) to notify the Beneficial Owner (defined herein), will not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the Authority will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Bonds held for the account of Direct Participants in accordance with its rules or other agreements with Direct Participants and then Direct Participants and Indirect Participants may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of Bonds to be redeemed will not be governed by the Resolution and will not be conducted by the Authority, the Board of Regents, or the Paying Agent/Registrar. Neither the Authority nor the Paying Agent/Registrar will have any responsibility to Direct Participants, Indirect Participants, or the persons for whom Direct Participants act as nominees, with respect to the payments on the Bonds or the providing of notice to Direct Participants, Indirect Participants, or Beneficial Owners of the selection of portions of the Bonds for redemption. See "APPENDIX B – BOOK-ENTRY-ONLY SYSTEM" herein.

Defeasance

The Resolution provides for defeasance of the Bonds under certain circumstances. See "APPENDIX C – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

SECURITY FOR THE BONDS

Pledge Under Resolution

The Bonds and any additional obligations previously or hereafter issued on parity with the Bonds (referred to herein collectively as "Parity Obligations") are special obligations of the Board of Regents equally and ratably secured solely by and payable solely from a pledge of and lien on the Pledged Revenues as described below.

The Resolution presently provides that the Pledged Revenues consist of, subject to the provisions of the Prior Encumbered Obligations, the Revenue Funds, including all of the revenues, funds, and balances now or hereafter lawfully available to the Board of Regents and derived from or attributable to any Participant of the Revenue Financing System that are lawfully available to the Board of Regents for the payment of Parity Obligations; provided, however, that the following are not included in Pledged Revenues unless and to the extent set forth in a resolution authorizing the issuance of Parity Obligations; (a) amounts received on behalf of any Participant under Article VII, 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 of Regents by the Legislature of the State of Texas (the "Texas Legislature"). Revenue Funds include the revenues, incomes, receipts, rentals, rates, charges, fees, grants, and tuition levied or collected from any public or private source by the Participants, including interest or other income from those funds, derived by the Board of Regents from the operations of each of the Participants. To the extent authorized by law, the term "Revenue Funds" includes student recreational and health facilities fees authorized by Section 54.5441, Texas Education Code, as amended; provided that such fees may be used only for recreation, health and wellness facilities and programs at the University. To the extent authorized by law, the term "Revenue Funds" includes an intercollegiate athletics fee authorized by Section 54.5442, Texas Education Code, as amended; provided however, that such fee may be used only to develop and maintain an intercollegiate athletics program at the University, including providing funds to finance, construct, improve, renovate, enlarge or equip property, buildings, structures, facilities or infrastructure related to such program. 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 that, at the time of the adoption by the Board of Regents of a resolution relating to such Parity Obligations, is exempt by law or by the Board of Regents from paying such tuition, rentals, rates, fees, or other charges. All legally available funds of the University, including unrestricted fund and reserve balances, are pledged to the payment of the Parity Obligations. A more detailed description of the types of revenues and expenditures of the Revenue Financing System and their availability to the Board of Regents for various purposes may be found under "TABLE 1 – Pledged Revenues" and "APPENDIX A – MIDWESTERN STATE UNIVERSITY – SELECTED FINANCIAL INFORMATION." See "APPENDIX C – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

The Board of Regents has covenanted in the Resolution that in each Fiscal Year it will use its reasonable efforts to collect revenues sufficient to meet all financial obligations of the Board of Regents 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 of Regents has also covenanted in the 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 of Regents intends to issue most of its revenue-supported debt obligations that benefit components of the University as Parity Obligations under the Resolution.

THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE BOARD OF REGENTS, THE AUTHORITY, THE UNIVERSITY OR ANY PART THEREOF, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION OF THE STATE. NEITHER THE BOARD OF REGENTS NOR THE AUTHORITY HAS ANY 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 OF REGENTS, THE AUTHORITY, OR THE UNIVERSITY. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT

TO DEMAND PAYMENT OF THE BONDS FROM ANY SOURCE OTHER THAN PLEDGED REVENUES. See "SECURITY FOR THE BONDS."

The Revenue Financing System

The Resolution confirms the creation of the Midwestern State University Revenue Financing System (the "Revenue Financing System") to provide a financing structure for revenue-supported indebtedness of the University and any research and service agencies or other components of the University that may be included thereunder, by Board of Regents action, as participants in the Revenue Financing System ("Participants"). The Revenue Financing System is intended to facilitate the assembling of all of the University's 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 of Regents. Presently, only the University is a Participant. The Resolution provides that once a university or agency becomes a Participant, its Revenue Funds become part of the Pledged Revenues; provided, however, that, if at the time an entity becomes a Participant it has outstanding obligations secured by any or all of its Revenue Funds, such obligations will constitute Prior Encumbered Obligations under the Resolution and the pledge of such sources as Pledged Revenues will be subject and subordinate to such outstanding Prior Encumbered Obligations. Thereafter, the Board of Regents or the Authority on behalf of the Board of Regents, 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 that were outstanding on the date such entity became a Participant in the Revenue Financing System. See "APPENDIX C – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

Table 1 - Pledged Revenues

The following table sets forth the Pledged Revenues for the Fiscal Years ending August 31, 2011 through August 31, 2015, including pledged unappropriated fund balances available at the beginning of the year. The Pledged Revenues consist of Unrestricted Current Funds Revenues but do not include: remissions, governmental appropriations and gifts, grants, and contracts within the Educational and General Fund Group; Higher Education Assistance Funds; and, student service fees and private gifts in the Auxiliary Fund Group, as such terms are used in "APPENDIX D – UNAUDITED FINANCIAL REPORT OF MIDWESTERN STATE UNIVERSITY." See "SECURITY FOR THE BONDS" and "APPENDIX A – MIDWESTERN STATE UNIVERSITY – SELECTED FINANCIAL INFORMATION – Funding for the University."

	2011	2012	2013	2014	2015
Available Pledged Revenues Not Including Fund Balances(1)	$ 51,690,611.72	$ 51,780,185.20	$ 43,441,504.49	$ 47,889,234.55	$ 43,538,155.85
Pledged Unappropriated Funds and Reserve Balances(2)	$ 16,067,454.18	$ 20,090,113.21	$ 21,684,371.23	$ 25,334,973.94	$ 14,743,679.45(3)
Total Pledged Revenues(4)	$ 67,758,065.90	$ 71,870,298.41	$ 65,125,875.72	$ 73,224,208.49	$ 58,281,835.30

(1) The Available Pledged Revenues shown above consist of tuition, designated tuition, student center fees, and recovery of indirect costs for federal grants and contracts, federal pass-through grants from other agencies and State grants and contracts. Excludes state appropriations for reimbursement of debt service on Tuition Revenue Bonds. See "APPENDIX A – MIDWESTERN STATE UNIVERSITY – SELECTED FINANCIAL INFORMATION – Funding for the University – Tuition Revenue Bonds."

(2) In addition to current year Pledged Revenues, any unappropriated or reserve fund balances remaining at year-end are available for payment of the subsequent year's debt service.

(3) Reduction in Pledged Unappropriated Funds and Reserve Balances from 2014 to 2015 are due to unrealized investment losses and the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* which resulted in a reduction of approximately $8 million to the University's unappropriated funds and reserve balances.

(4) Total Pledged Revenues described in Table 1 do not match amounts for certain years within "APPENDIX D – UNAUDITED FINANCIAL REPORT OF MIDWESTERN STATE UNIVERSITY – Schedule 2D - Analysis of Funds Available for Debt Service" due to inclusion of other sources not part of Pledged Revenues.

Prior to the issuance of the Bonds, the maximum annual debt service over the life of the Outstanding Parity Obligations is $8,719,955.

Additional Obligations

Parity Obligations. The Board of Regents reserves the right to issue or incur, or request that the Authority on its behalf, issue or incur additional Parity Obligations for any purpose authorized by law pursuant to the provisions of the Resolution. The Board of Regents or the Authority acting on behalf of the Board of Regents may incur, assume, or guarantee, or cause to be incurred, assumed or guaranteed, or otherwise become liable with respect to any Parity Obligations if (i) the Board of Regents will have determined (A) that it will have sufficient funds to meet the financial obligations of the University, 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 of Regents relating to the Revenue Financing System and (B) the Participant or Participants for whom the Parity Obligations are being issued or incurred possess the financial capacity to satisfy their respective Direct Obligations, after taking into account the then proposed additional Parity Obligations, and (ii) a Designated Financial Officer delivers to the Board of Regents and the Authority a certificate stating that, to the best of his or her knowledge, the Board of Regents is in compliance with all covenants contained in the Resolution and any resolution adopted authorizing the issuance of Parity Obligations, and is not in default in the performance and observance of any of the terms, provisions, and conditions thereof. See "APPENDIX A – MIDWESTERN STATE UNIVERSITY – SELECTED FINANCIAL INFORMATION – Debt Management" and "APPENDIX C – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

Nonrecourse Debt and Subordinate Debt. Nonrecourse Debt and Subordinated Debt may be incurred by the Board of Regents, or the Authority on behalf of the Board of Regents, without limitation.

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DEBT SERVICE SCHEDULE

Fiscal Year Ending 8/31	Outstanding Parity Debt Service [(1)]	Less: Refunded Debt Service	Series 2016A Principal	Series 2016A Interest	Series 2016A Total	Series 2016B Principal	Series 2016B Interest	Series 2016B Total	Total Debt Service
2017	$ 8,639,722	$ 1,573,514	$ 2,115,000	$ 2,164,343	$ 4,279,343	$ -	$ 231,102	$ 231,102	$ 11,576,653
2018	8,680,503	1,573,514	1,685,000	3,014,200	4,699,200	-	324,987	324,987	12,131,176
2019	8,719,955	1,573,514	1,730,000	2,971,400	4,701,400	-	324,987	324,987	12,172,828
2020	8,072,094	2,881,814	2,570,000	2,894,050	5,464,050	660,000	320,281	980,281	11,634,611
2021	8,011,819	2,885,121	2,695,000	2,775,275	5,470,275	670,000	309,699	979,699	11,576,672
2022	7,431,623	3,108,529	3,065,000	2,631,275	5,696,275	680,000	297,350	977,350	10,996,719
2023	7,468,802	3,106,716	3,215,000	2,474,275	5,689,275	695,000	283,391	978,391	11,029,752
2024	7,498,223	3,104,466	3,375,000	2,309,525	5,684,525	715,000	267,669	982,669	11,060,951
2025	7,540,574	3,107,509	3,545,000	2,136,525	5,681,525	735,000	250,370	985,370	11,099,960
2026	6,940,708	3,105,351	3,735,000	1,954,525	5,689,525	750,000	231,685	981,685	10,506,566
2027	6,979,976	3,104,245	3,920,000	1,763,150	5,683,150	770,000	211,798	981,798	10,540,679
2028	7,017,723	3,099,116	4,115,000	1,562,275	5,677,275	790,000	190,332	980,332	10,576,213
2029	6,306,525	3,103,544	4,315,000	1,373,100	5,688,100	815,000	166,839	981,839	9,872,921
2030	6,199,681	2,955,200	4,395,000	1,198,900	5,593,900	780,000	142,202	922,202	9,760,583
2031	6,239,172	2,949,941	4,570,000	1,019,600	5,589,600	805,000	116,709	921,709	9,800,540
2032	6,276,800	2,949,044	4,755,000	833,100	5,588,100	835,000	89,301	924,301	9,840,157
2033	5,906,388	2,956,106	4,950,000	639,000	5,589,000	865,000	59,833	924,833	9,464,114
2034	5,545,025	2,955,719	5,155,000	436,900	5,591,900	895,000	28,444	923,444	9,104,651
2035	4,035,481	1,404,475	4,385,000	246,100	4,631,100	330,000	6,131	336,131	7,598,238
2036	3,133,381	450,175	3,960,000	79,200	4,039,200	-	-	-	6,722,406
2037	2,725,706	-	-	-	-	-	-	-	2,725,706
2038	2,778,306	-	-	-	-	-	-	-	2,778,306
2039	2,830,606	-	-	-	-	-	-	-	2,830,606
2040	2,877,506	-	-	-	-	-	-	-	2,877,506
2041	2,928,806	-	-	-	-	-	-	-	2,928,806
2042	2,977,603	-	-	-	-	-	-	-	2,977,603
2043	3,038,291	-	-	-	-	-	-	-	3,038,291
2044	3,091,966	-	-	-	-	-	-	-	3,091,966
2045	3,143,525	-	-	-	-	-	-	-	3,143,525
Total	$163,036,490	$51,947,612	$72,250,000	$34,476,718	$106,726,718	$11,790,000	$3,853,108	$15,643,108	$233,458,704

(1) A portion of the Series 2016A Bonds and outstanding Previously Issued Parity Obligations constitutes Tuition Revenue Bonds that currently qualify the University to be reimbursed from State appropriations for debt service payments made by the University on such obligations. Future reimbursement by the State for such debt service payments is entirely subject to future appropriations by the State Legislature in each subsequent State biennium. See "SELECTED FINANCIAL INFORMATION – Funding for the University – Tuition Revenue Bonds." See "Appendix A – Table 5 – Outstanding Indebtedness – Revenue Financing System" for a summary of the Outstanding Parity Obligations.

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THE AUTHORITY

General

Under the Authority Act, the Authority's power is limited to financing and refinancing project costs for State agencies and institutions of higher education and does not affect the power of the relevant State agency or institution to carry out its statutory authority, including the authority of such agency or institution to construct buildings. The Authority Act directs State agencies and institutions to carry out their authority regarding projects financed by the Authority as if the projects were funded by legislative appropriation.

Pursuant to the Authority Act, and Chapters 1401 and 1403, Texas Government Code, as amended, the Authority issues general obligation bonds and revenue bonds for designated State agencies (including certain institutions of higher education). In addition, the Authority currently administers four commercial paper programs, namely: the Master Lease Purchase Program, which is primarily for financing equipment acquisitions; a general obligation commercial paper program for certain State government construction projects; a general obligation commercial paper program for the Cancer Prevention and Research Institute of Texas; and a revenue commercial paper program for the Texas Facilities Commission. In addition, in 2003, the Authority created a nonprofit corporation to finance projects for eligible charter schools pursuant to Chapter 53, Texas Education Code.

The Authority has issued revenue bonds on behalf of the Texas Parks & Wildlife Department, the Texas Facilities Commission, the Texas State Preservation Board, the Texas Department of Criminal Justice, the Texas Health & Human Services Commission (which includes the Texas Department of State Health Services), the Texas Workforce Commission, the Texas State Technical College System, the Texas Military Department, the Texas Historical Commission, Midwestern State University, Texas Southern University, Stephen F. Austin State University and the Texas Windstorm Insurance Association. It has also issued general obligation bonds for the Texas Parks & Wildlife Department, the Texas Facilities Commission, the Texas Department of State Health Services, the Texas Department of Criminal Justice, the Texas Department of Aging and Disability Services, the Texas Department of Public Safety, the Texas Juvenile Justice Department (formerly Texas Youth Commission and Texas Juvenile Probation Commission), the Texas National Research Laboratory Commission, the Texas Historical Commission, the Texas School for the Blind and Visually Impaired, the Texas School for the Deaf, the Texas Department of Agriculture, the Texas Military Department (formerly Adjutant General's Department), the Texas Department of Transportation, the Texas Military Preparedness Commission, and the Cancer Prevention and Research Institute of Texas.

Before the Authority may issue bonds for the acquisition or construction of a building, the Texas Legislature must have authorized the specific project for which the bonds or other obligations are to be issued and the estimated cost of the project or the maximum amount of bonded indebtedness that may be incurred by the issuance of bonds. The Texas Supreme Court, in *Texas Public Building Authority v. Mattox*, 686 S.W. 2d 924 (1985), ruled that revenue bonds issued by the Authority do not constitute debt of the State within the meaning of the State Constitution. As set forth in the Authority Act, revenue obligations issued thereunder are not a debt of the State or any State agency, political corporation or political subdivision of the State and are not a pledge of the full faith and credit of any of them.

Authority Executives

The Authority is currently governed by the Authority Board, which is composed of seven members appointed by the Governor of the State with the advice and consent of the State Senate. The Governor designates one member to serve as Chair at the will of the Governor. Authority Board members whose terms have expired continue to serve on the Authority's Board until a successor therefor has qualified for office. The current members of the Authority's Board, the office held by each member and the date on which each member's term expires are as follows:

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Name	Position	Term Expires (February 1)
Billy M. Atkinson, Jr.	Chair	2017
Ruth C. Schiermeyer	Vice-Chair	2019
Gerald B. Alley	Secretary	2019
Ramon Manning	Member	2021
Walker N. Moody	Member	2019
Rodney K. Moore	Member	2021
Robert T. Roddy, Jr.	Member	2017

The Authority generally employs approximately 14 employees, including an Executive Director, a General Counsel, a Deputy Director, and a Director of Business Administration. The Executive Director is charged with managing the affairs of the Authority, subject to and under the direction of the Authority's Board.

Lee Deviney, Executive Director. The Authority's Board appointed Mr. Deviney as the Executive Director of the Texas Public Finance Authority on June 5, 2014. Mr. Deviney previously served as the Chief Financial Officer of the Texas Economic Development and Tourism Office within the Office of the Governor since September 1, 2011. He has previously held the position of chief financial officer or similar positions at the Texas Lottery and the Texas Education Agency and he previously served as Assistant Commissioner for Finance and Agribusiness Development for the Texas Department of Agriculture ("TDA"). Prior to his appointment as an Assistant Commissioner at TDA, Mr. Deviney served as Interim Executive Director and Director of Operations for the Texas Public Finance Authority and he was a Budget Examiner for the Texas Legislative Budget Board. Mr. Deviney has a Bachelor's degree in Economics from The University of Texas at Austin and a Master's degree in Business Administration from St. Edwards University.

John Hernandez, Deputy Director. Mr. Hernandez leads the Finance and Accounting Team, which is responsible for debt service budgeting, arbitrage rebate compliance, the State of Texas Master Lease Program, general ledgers, financial reporting, and information technology. Mr. Hernandez and his team also provide support for new debt issuance of fixed rate and variable rate debt. Mr. Hernandez holds a B.A. in finance from St. Edwards University in Austin.

Pamela Scivicque, Director, Business Administration. Ms. Scivicque joined the staff of the Authority in 1990. She is currently responsible for legislative reporting, procurement, accounting, budgeting and risk and property management. Ms. Scivicque attended Texas State University, Texas Tech's Southwest School of Governmental Finance, the Texas Fiscal Officers' Academy ("TFOA") and the Governor's Executive Development Program. She has served on numerous statewide committees, including TFOA's curriculum committee, and is a member of the Texas State Business Administrators' Association where she previously served as President in 2006.

Kevin Van Oort, General Counsel. Mr. Van Oort was hired as the Authority's General Counsel on September 2, 2014. Previously, Mr. Van Oort served as Senior Tax Counsel for the Office of the Texas Attorney General, Deputy General Counsel for the Texas Comptroller of Public Accounts and General Counsel for the Texas Legislative Budget Board. Mr. Van Oort took his bachelor's degree in Economics at the University of Nebraska and his J.D. at The University of Texas.

Sunset Review

In 1977, the State Legislature enacted the Texas Sunset Act (Chapter 325, Texas Government Code, as amended), which provides that virtually all agencies of the State, including the Authority, are subject to periodic review of the Texas Legislature and that each agency subject to sunset review will be abolished unless the Texas Legislature specifically determines to continue its existence. The next sunset review of the Authority is scheduled to occur in 2023. The Authority Act, as amended by the 82nd Legislature, provides that if the Authority is not continued in existence, the Authority will cease to exist as of September 1, 2023; however, the Texas Sunset Act also provides, unless otherwise provided by law, that the Authority will exist until September 1 of the following year (September 1, 2024) in order to conclude its business.

Pursuant to the Texas Sunset Act, the Texas Legislature specifically recognizes the State's continuing obligation to pay bonded indebtedness and all other obligations incurred by various State agencies, including the Authority. Accordingly, in the event that a future sunset review were to result in the Authority being abolished, the Governor would be required by law to designate an appropriate State agency to continue to carry out all covenants contained in the Bonds and in all other obligations, including lease, contract and other written obligations of the Authority. The designated State agency would provide payment from the sources of payment of the Bonds in accordance with the terms of the Bonds and would provide payment from the sources of payment of all other obligations in accordance with their terms, whether from a State general obligation pledge, revenues or otherwise, until the principal of and interest on the Bonds are paid in full and all other obligations, including lease, contract and other written obligations, are performed and paid in full.

State Audits

General. The State Auditor's Office ("SAO") is the independent auditor for Texas state government. The SAO operates with oversight from the Legislative Audit Committee, a six-member permanent standing committee of the Texas Legislature, jointly chaired by the Lieutenant Governor and the Speaker of the House of Representatives.

The SAO is authorized, by Chapter 321, Texas Government Code, to perform financial audits, compliance audits, investigations and other special audits of any entity receiving State funds, including State agencies and higher education institutions. Audits are performed in accordance with generally accepted government auditing standards, which include standards issued by the American Institute of Certified Public Accountants, Governmental Accounting Standards Board, United States General Accounting Office or other professionally recognized entities that prescribe auditing standards.

Routine SAO Audit. The SAO performed a routine audit of the Authority's operational procedures and financial management practices in May of 2016 (SAO Report No. 16-029). Nothing in SAO Report No. 16-029 would have an adverse impact on the Bonds, the Authority's outstanding bonds or the operations of the Authority. For additional information regarding the SAO and audits published by the SAO, visit http://www.sao.texas.gov/.

Retirement Plan of the Authority

The Authority participates in joint contributory retirement system of the State administered by the Employees Retirement System of Texas ("ERS"), which is operated by the State and which covers State employees and the Law Enforcement and Custodial Officers System.

The Authority's Act; Payment and Approval of the Bonds

Under the Authority's Act, the Authority's power is limited to financing projects and does not affect the power of the Board of Regents to carry out its statutory authority, including its authority to construct buildings. The Authorizing Law directs State agencies and institutions to carry out their authority regarding projects financed by the Authority as if the projects were financed by legislative appropriation. Accordingly, the Authority will not be responsible for supervising the construction and maintenance of any of the projects of the University.

Payments on the Bonds are expected to be made solely from the Pledged Revenues. See "SECURITY FOR THE BONDS." Any default in payments on the Bonds will not affect the payment of any other obligations of the Authority.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1993, 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 other jurisdiction. The Authority 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.

LEGAL MATTERS

The delivery of the Bonds is subject to the approval of the Attorney General of Texas to the effect that the Bonds are valid and legally binding special obligations of the Board issued by the Authority on behalf of the University secured by and payable from the Pledged Revenues, such lien on and pledge of the Pledged Revenues being subordinate only to the lien on and pledge of certain of the Pledged Revenues securing any outstanding Prior Encumbered Obligations, and the approving legal opinion of Andrews Kurth LLP, Austin, Texas, Bond Counsel, to like effect and to the effect that the interest on the 2016A Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. The forms of Bond Counsel's opinion are attached hereto as Appendix E. In its capacity as Bond Counsel, such firm has reviewed the statements and information appearing under captions "PLAN OF FINANCE" (except under the subcaption "Sources and Uses of Funds"), "DESCRIPTION OF THE BONDS" (except under the subcaption "Redemption Through the Depository Trust Company"), "SECURITY FOR THE BONDS," (except under the subcaption "Table 1 – Pledged Revenues"), "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "LEGAL MATTERS," (except under the subcaption "Forward-Looking Statements") "TAX MATTERS FOR THE SERIES 2016A BONDS," "TAX MATTERS FOR THE SERIES 2016B BONDS," "LEGAL INVESTMENTS IN TEXAS," "CONTINUING DISCLOSURE OF INFORMATION" (except under the subcaption "Compliance with Prior Agreements"), and "APPENDIX C – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION," and such firm is of the opinion that the statements and information contained under such captions and subcaptions provides an accurate and fair description of the Bonds and the Resolution and are correct as to matters of law. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. The legal opinion of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the definitive Bonds in the event of the discontinuance of the book-entry-only system. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the Authority.

Certain legal matters will be passed upon for the Authority by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Disclosure Counsel to the Authority whose legal fee is contingent on the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Mahomes Bolden PC whose legal fee is contingent on the sale and delivery of the Bonds. Bond Counsel and Disclosure Counsel periodically serve in other capacities on other separate and unrelated offerings of securities by the Authority.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Forward-Looking Statements

The statements contained in this Official Statement, and in any other information provided by the University, that are not purely historical, are forward-looking statements, including statements regarding the University'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 University on the date hereof, and the University and the Authority assume no obligation to update any such forward-looking statements.

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

TAX MATTERS FOR THE SERIES 2016A BONDS

General

In the opinion of Andrews Kurth LLP, Austin, Texas, Bond Counsel, interest on the Series 2016A Bonds will be (1) excludable from gross income of the owners thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (2) not includable in the alternative minimum taxable income of individuals or, except as described below, corporations.

The foregoing opinions of Bond Counsel are based on the Code and the regulations, rulings and court decisions thereunder in existence on the date of issue of the Series 2016A Bonds. Such authorities are subject to change and any such change could prospectively or retroactively result in the inclusion of the interest on the Series 2016A Bonds in gross income of the owners thereof or change the treatment of such interest for purposes of computing alternative minimum taxable income.

In rendering its opinions, Bond Counsel has assumed continuing compliance by the Authority and the Board with certain covenants contained in the Resolution and has relied on representations by the Authority and the Board with respect to matters solely within the knowledge of the Authority and the Board, which Bond Counsel has not independently verified. The covenants and representations relate to, among other things, the use of Series 2016A Bond proceeds and any facilities financed therewith, the source of repayment of the Series 2016A Bonds, the investment of Series 2016A Bond proceeds and certain other amounts prior to expenditure, and requirements that excess arbitrage earned on the investment of Series 2016A Bond proceeds and certain other amounts be paid periodically to the United States and that the Authority file an information report with the Internal Revenue Service. If the Authority and the Board should fail to comply with the covenants in the Resolution or if the representations relating to the Bonds that are contained in the Resolution should be determined to be inaccurate or incomplete, interest on the Series 2016A Bonds could become taxable from the date of delivery of the Series 2016A Bonds, regardless of the date on which the event causing such taxability occurs.

Interest on the Series 2016A Bonds owned by a corporation, other than an S corporation, a regulated investment company, a real estate investment trust (REIT), a real estate mortgage investment conduit (REMIC) or a financial asset securitization investment trust (FASIT), will be included in such corporation's adjusted current earnings for purposes of calculating such corporation's alternative minimum taxable income. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by the Code is computed.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt or accrual of interest on or acquisition or disposition of the Series 2016A Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Authority and the Board of Regents described above. No ruling has been sought from the Internal Revenue Service (the "Service") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service. The Service has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Series 2016A Bonds is commenced, under current procedures the Service is likely to treat the Authority as the "taxpayer," and the owners of the Series 2016A Bonds may have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Series 2016A Bonds, the Authority and the Board may have different or conflicting interests from the owners of the Series 2016A Bonds. Public awareness of any future audit of the Series 2016A Bonds could adversely affect the value and liquidity of the Series 2016A Bonds during the pendency of the audit, regardless of its ultimate outcome.

Under the Code, taxpayers are required to provide information on their returns regarding the amount of tax-exempt interest, such as interest on the Series 2016A Bonds, received or accrued during the year.

Prospective purchasers of the Series 2016A Bonds should be aware that the ownership of tax-exempt obligations, such as the Series 2016A Bonds, may result in collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who are deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. Such prospective purchasers should consult their tax advisors as to the consequences of investing in the Series 2016A Bonds.

Proposed Tax Legislation

Tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Series 2016A Bonds to be subject, directly or indirectly, to federal income taxation or state income taxation, or otherwise prevent the beneficial owners of the Series 2016A Bonds from realizing the full current benefit of the tax status of such interest. For example, future legislation to resolve certain federal budgetary issues may significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax purposes of interest on all state and local obligations, including the Series 2016A Bonds. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) could affect the market price or marketability of the Series 2016A Bonds. Prospective purchasers of the Series 2016A Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and its impact on their individual situations, as to which Bond Counsel expresses no opinion.

Tax Accounting Treatment of Original Issue Premium Bonds

Some of the Series 2016A Bonds may be offered at an initial offering price which exceeds the stated redemption prices payable at the maturity of such Bonds. If a substantial amount of any maturity of the Series 2016A Bonds is sold to members of the public (which for this purpose excludes bond houses, brokers and similar persons or entities acting in the capacity of wholesalers or underwriters) at such initial offering price, each of the Series 2016A Bonds of such maturity (the "Premium Bonds") will be considered for federal income tax purposes to have "bond premium" equal to such excess. The basis for federal income tax purposes of a Premium Bond in the hands of an initial purchaser who purchases such Series 2016A Bond in the initial offering must be reduced each year and upon the sale or other taxable disposition of the Bond by the amount of amortizable bond premium with respect to a Premium Bond. This reduction in basis will increase the amount of any gain (or decrease the amount of any loss) recognized for federal income tax purposes upon the sale or other taxable disposition of a Premium Bond by the initial purchaser. Generally, no corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium with respect to a Premium Bond. The amount of bond premium on a Premium Bond which is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined under special tax accounting rules which use a constant yield throughout the term of the Premium Bond based on the initial purchaser's original basis in such Series 2016A Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition by an owner of Series 2016A Bonds that are not purchased in the initial offering or which are purchased at an amount representing a price other than the initial offering price for the Series 2016A Bonds of the same maturity may be determined according to rules which differ from those described above. Moreover, all prospective purchasers of Series 2016A Bonds should consult their tax advisors with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of Premium Bonds.

TAX MATTERS FOR THE SERIES 2016B BONDS

General

The following is a general summary of United States federal income tax consequences of the purchase and ownership of the Series 2016B Bonds. The discussion is based upon laws, Treasury Regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect) or possibly differing interpretations. No assurances can be given that future changes in the law will not alter the conclusions reached herein. The discussion below does not purport to deal with United States federal income tax consequences applicable to all categories of investors. Further, this summary does not discuss all aspects of United States federal income taxation that may be relevant to a particular investor in the Series 2016B Bonds in light of the investor's particular personal investment circumstances or to certain types of investors subject to special treatment under United States federal income tax laws (including insurance companies, tax exempt organizations, financial institutions, broker-dealers, and persons who have hedged the risk of owning the Series 2016B Bonds). The summary is therefore limited to certain issues relating to initial investors who will hold the Series 2016B Bonds as "capital assets" within the meaning of section 1221 of the Code, and acquire such Series 2016B Bonds for investment and not as a dealer or for resale. This summary addresses certain federal income tax consequences applicable to beneficial owners of the Series 2016B Bonds who are United States persons within the meaning of section 7701(a)(30) of the Code ("United States persons") and, except as discussed below, does not address any consequences to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and the discussion below is not binding on the IRS.

INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES 2016B BONDS.

Stated Interest On The Series 2016B Bonds

The stated interest on the Series 2016B Bonds will be included in the gross income, as defined in section 61 of the Code and in the net investment income, for purposes of the 3.8% Medicare tax imposed by Section 1411 of the Code, of the beneficial owners thereof and be subject to U.S. federal income taxation when paid or accrued, depending on the tax accounting method applicable to the beneficial owners thereof.

Disposition Of Series 2016B Bonds

A beneficial owner of Series 2016B Bonds will generally recognize gain or loss on the redemption, sale or exchange of a Series 2016B Bond equal to the difference between the redemption or sales price (exclusive of the amount paid for accrued interest) and the beneficial owner's adjusted tax basis in the Series 2016B Bond. Generally, the beneficial owner's adjusted tax basis in a Series 2016B Bond will be the beneficial owner's initial cost, increased by any original issue discount previously included in the beneficial owner's income to the date of disposition and reduced by any amortized bond premium. Any gain or loss generally will be capital gain or loss and will be long-term or short-term, depending on the beneficial owner's holding period for the Series 2016B Bond.

Backup Withholding

Under section 3406 of the Code, a beneficial owner of the Series 2016B Bonds who is a United States person, as defined in section 7701(a)(30) of the Code, may, under certain circumstances, be subject to "backup withholding" with respect to current or accrued interest on the Series 2016B Bonds or with respect to proceeds received from a disposition of Series 2016B Bonds. This withholding applies if such beneficial owner of Series 2016B Bonds: (i) fails to furnish to the payor such beneficial owner's social security number or other taxpayer identification number ("TIN"); (ii) furnishes the payor an incorrect TIN; (iii) fails to report properly interest, dividends, or other "reportable payments" as defined in the Code; or (iv) under certain circumstances, fails to provide the payor with a certified statement, signed under penalty of perjury, that the TIN provided to the payor is correct and that such beneficial owner is not subject to backup withholding.

Backup withholding will not apply, however, with respect to payments made to certain beneficial owners of the Series 2016B Bonds. Beneficial owners of the Series 2016B Bonds should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption.

Withholding On Payments To Nonresident Alien Individuals And Foreign Corporations

Under sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the current rate of 30% (subject to change) on periodic income items arising from sources within the

United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest income of such beneficial owners of Series 2016B Bonds is not treated as effectively connected income within the meaning of section 864 of the Code, such interest will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as portfolio interest. Interest will be treated as portfolio interest if: (i) the beneficial owner provides a statement to the payor certifying, under penalties of perjury, that such beneficial owner is not a United States person and providing the name and address of such beneficial owner; (ii) such interest is treated as not effectively connected with the beneficial owner's United States trade or business; (iii) interest payments are not made to a person within a foreign country which the IRS has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable with respect to the Series 2016B Bonds is not deemed contingent interest within the meaning of the portfolio debt provision; (v) such beneficial owner is not a controlled foreign corporation, within the meaning of section 957 of the Code; and (vi) such beneficial owner is not a bank receiving interest on the Series 2016B Bonds pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business.

Assuming payments on the Series 2016B Bonds are treated as portfolio interest within the meaning of sections 871 and 881 of the Code, then no withholding under section 1441 and 1442 of the Code and no backup withholding under section 3406 of the Code is required with respect to beneficial owners or intermediaries who have furnished Form W-8 BEN, Form W-8 EXP or Form W-8 IMY, as applicable, provided the payor does not have actual knowledge or reason to know that such person is a United States person.

Reporting Of Interest Payments

Subject to certain exceptions, interest payments made to beneficial owners with respect to Series 2016B Bonds will be reported to the IRS. Such information will be filed each year with the IRS on Form 1099 which will reflect the name, address, and TIN of the beneficial owner. A copy of Form 1099 will be sent to each beneficial owner of a Series 2016B Bond for U.S. federal income tax purposes.

LEGAL INVESTMENTS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments and investment securities governed by Chapter 8, Texas Business & Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking fund of municipalities or other political subdivisions or public agencies of the State of Texas. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the state, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas that have adopted investment policies and guidelines in accordance with the Public Funds Investments Act, Chapter 2256, Texas Government Code, as amended, the Bonds may have to be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds.

Neither the Authority nor the University has made any investigation of other laws, rules, regulations or investment criteria that might apply to such institutions or entities or that might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. Neither the Authority nor the University has made any review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

RATINGS

The Bonds were assigned ratings by Fitch Ratings and Moody's Investors Service, Inc. of "AA-" and "A1" respectively. 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 and the Authority make 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.

CONTINUING DISCLOSURE OF INFORMATION

In the Resolution, the Board of Regents, as the obligated party on the Bonds, has made the following agreement for the benefit of the Authority and the holders and beneficial owners of the Bonds. The Board of Regents 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 of Regents will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain events, to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available free of charge via the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org.

Annual Reports

The Board of Regents will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the University of the general type included in this Official Statement under the heading(s) "SECURITY FOR THE BONDS – Table 1 – Pledged Revenues," "APPENDIX A – MIDWESTERN STATE UNIVERSITY – Table 2," "–Table 3," "–Table 4" and "–Table 5," and "APPENDIX D – UNAUDITED FINANCIAL REPORT OF MIDWESTERN STATE UNIVERSITY." The Board of Regents will update and provide this information within six months after the end of each Fiscal Year. The Board of Regents will provide the updated information to the Authority and the MSRB.

The Board of Regents may provide updated information in full text or may incorporate by reference to documents available on EMMA or with the SEC. The updated information will include annual audited financial statements of the University, if the Board of Regents commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Board of Regents will provide unaudited statements and audited financial statements when and if such audited financial statements become available. Any such financial statements of the University will be prepared in accordance with the accounting principles described in "APPENDIX D – UNAUDITED FINANCIAL REPORT OF MIDWESTERN STATE UNIVERSITY" hereof or such other accounting principles as the Board of Regents may be required to employ from time to time pursuant to state law or regulation. It is not expected that the Board of Regents will commission an audit. Hence, unaudited financial statements, as shown in "APPENDIX D – UNAUDITED FINANCIAL REPORT OF MIDWESTERN STATE UNIVERSITY," are expected to be provided. The University is audited as part of the State of Texas audit, but separate financial statements are not available.

The Board of Regent's current Fiscal Year end is August 31. Accordingly, the Board of Regents must provide updated information within six months following August 31 of each year, unless the Board changes its Fiscal Year. If the Board changes its Fiscal Year, the Board of Regents will notify the MSRB via EMMA of the change.

Event Notices

The Board of Regents also will provide timely notices of any of the following events with respect to the Bonds (not in excess of ten (10) business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the Board of Regents; (13) the consummation of a merger, consolidation, or acquisition involving the Board of Regents or the sale of all or substantially all of the assets of the Board of Regents, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) the appointment of a successor or additional trustee or change of name of the trustee, if material.

Neither the Bonds nor the Resolution make any provision for liquidity enhancement or require the funding of debt service reserves. In addition, the Board of Regents will provide timely notice of any failure by the Board of Regents to provide annual financial information, data or financial statements in accordance with its agreement described above under "Annual Reports." The Board of Regents will provide each notice described in this paragraph to the MSRB in an electronic format, as prescribed by the MSRB.

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 University 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 University, 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 University.

Availability of Information

The Board of Regents has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB via EMMA.

Limitations and Amendments

The Board of Regents has agreed to update information and to provide notices of events only as described above. The Board of Regents 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 of Regents 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 of Regents 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 of Regents to comply with its agreement.

The Board of Regents 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 of Regents, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule 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 of Regents (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 of Regents may also amend or repeal its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule 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 of Regents 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 of Regents has complied in all material respects with its continuing disclosure agreements in accordance with the Rule, except as follows: an insured rating downgrade for the Series 2008 Bonds was not properly filed on EMMA due to an administrative oversight and an insured rating downgrade on the Series 2010 Bonds was not filed on EMMA. Additionally, certain information regarding tuition and fees was not included in the Board of Regent’s annual disclosure filing for the University’s Previously Issued Parity Obligations. All required information has since been filed.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions set forth in a bond purchase agreement with the Authority, to purchase the Series 2016A Bonds at a purchase price of $83,620,162.52 (which represents the par amount of the Series 2016A Bonds, plus an original issue premium of $11,717,736.50 and less an underwriting discount of $347,573.98) and the Series 2016B Bonds at a purchase price of $11,735,851.65 (which represents the par amount of the Series 2016B Bonds of $11,790,000.00 and less an underwriting discount of $54,148.35).

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

RBC Capital Markets, LLC ("RBCCM") has provided the following information for inclusion in this Official Statement. RBCCM is a full-service financial institution engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBCCM may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBCCM may engage in transactions for its own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the Authority. RBCCM may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Authority. RBCCM may make a market in credit default swaps with respect to municipal securities in the future.

FINANCIAL ADVISOR

FirstSouthwest, a Division of Hilltop Securities Inc., has acted as Financial Advisor to the Authority 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.

Although the Financial Advisor has read and participated in the preparation of this Official Statement, such firm has not independently verified any of the information set forth herein. The information contained in this Official Statement has been obtained primarily from the Authority's and the University's records and from other sources that are believed to be reliable. No guarantee is made as to the accuracy or completeness of any such information. No person, therefore, is entitled to rely upon the participation of the Financial Advisor as an implicit or explicit expression of opinion as to the completeness and accuracy of the information contained in this Official Statement.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The mathematical accuracy of certain computations included in the schedules provided by the Financial Advisor and reviewed by the Authority and the University relating to the computation of forecasted receipts of principal and interest on the Escrow Securities held in the Escrow Fund for the Refunded Bonds and the forecasted payments of principal, premium, if any, and interest to pay the Refunded Bonds were verified by Grant Thornton LLP, certified public accountants. Such computations were based solely on assumptions and information supplied by the Financial Advisor and reviewed by the Authority and the University. Grant Thornton LLP has restricted its procedures to verifying the mathematical accuracy of certain computations and has not made any study or evaluation of the assumptions and information on which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome. Such verification will be relied upon by Bond Counsel in rendering its opinions with respect to the exclusion from gross income of interest on the Series 2016A Bonds for federal income tax purposes and with respect to defeasance of the Refunded Bonds. See "TAX MATTERS FOR THE SERIES 2016A BONDS."

LITIGATION

The University is not a party to any litigation or other proceeding pending or to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) that, if decided adversely to the University, would have a material adverse effect on the financial statements or operations of the University.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The information contained herein has been obtained from sources believed by the Authority and the University to be reliable; however, the information regarding the University, the Pledged Revenues and the financial condition of the University, including "SECURITY FOR THE BONDS – Table 1 – Pledged Revenues," "APPENDIX A – MIDWESTERN STATE UNIVERSITY" and "APPENDIX D – UNAUDITED FINANCIAL REPORT OF MIDWESTERN STATE UNIVERSITY" has been provided by the University and has not been independently verified by the Authority and information regarding the Authority has been provided by the Authority and has not been independently verified by the University. 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 the original document in all respects.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, the Rule.

/s/ Lee Deviney
Lee Deviney, Executive Director
Texas Public Finance Authority

/s/ Dr. Marilyn Fowlé
Dr. Marilyn Fowlé, Vice President,
Business Affairs and Finance
Midwestern State University

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SCHEDULE I

SCHEDULE OF REFUNDED BONDS

Series 2016A Refunded Bonds

The following Outstanding Parity Obligations are being defeased and refunded with a portion of the Series 2016A Bonds:

TEXAS PUBLIC FINANCE AUTHORITY MIDWESTERN STATE UNIVERSITY REVENUE FINANCING SYSTEM REVENUE BONDS, SERIES 2008

Maturity Date	Interest Rate	Principal Amount	Redemption Date	CUSIP No. *
12/01/2019	4.000%	$830,000	12/01/2018	882756B40
12/01/2020	4.300	870,000	12/01/2018	882756B57
12/01/2021	4.400	905,000	12/01/2018	882756B65
12/01/2022	4.500	945,000	12/01/2018	882756B73
12/01/2023	4.500	985,000	12/01/2018	882756B81
12/01/2024	4.600	1,035,000	12/01/2018	882756B99
12/01/2025	4.625	1,085,000	12/01/2018	882756C23
12/01/2026	4.700	1,135,000	12/01/2018	882756C31
12/01/2027	4.700	1,190,000	12/01/2018	882756C49
12/01/2028	4.750	1,250,000	12/01/2018	882756C56
12/01/2029	4.750	1,090,000	12/01/2018	882756C64
*****	*****	*****	*****	*****
12/01/2034	5.250	6,225,000	12/01/2018	882756D30
		$17,545,000		

TEXAS PUBLIC FINANCE AUTHORITY MIDWESTERN STATE UNIVERSITY REVENUE FINANCING SYSTEM REVENUE BONDS, SERIES 2010

Maturity Date	Interest Rate	Principal Amount	Redemption Date	CUSIP No. *
12/01/2021	4.000%	$235,000	12/01/2020	882756L80
*****	*****	*****	*****	*****
12/01/2025	5.000	1,045,000	12/01/2020	882756M48
12/01/2026	4.125	290,000	12/01/2020	882756M55
12/01/2027	4.250	300,000	12/01/2020	882756M63
12/01/2028	4.250	315,000	12/01/2020	882756M71
12/01/2029	4.375	330,000	12/01/2020	882756M89
12/01/2030	4.375	345,000	12/01/2020	882756M97
*****	*****	*****	*****	*****
12/01/2032	4.500	740,000	12/01/2020	882756N39
*****	*****	*****	*****	*****
12/01/2035	4.625	1,260,000	12/01/2020	882756N62
		$4,860,000		
Total		**$22,405,000**		

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the Authority, the Financial Advisor or the Underwriters shall be responsible for the selection or the correctness of the CUSIP numbers shown herein.

Series 2016B Refunded Bonds

The following Outstanding Parity Obligations are being defeased and refunded with a portion of the Series 2016B Bonds:

TEXAS PUBLIC FINANCE AUTHORITY MIDWESTERN STATE UNIVERSITY REVENUE FINANCING SYSTEM REVENUE BONDS, SERIES 2008

Maturity Date	Interest Rate	Principal Amount	Redemption Date	CUSIP No.*
12/01/2019	4.000%	$505,000	12/01/2018	882756B40
12/01/2020	4.300	525,000	12/01/2018	882756B57
12/01/2021	4.400	545,000	12/01/2018	882756B65
12/01/2022	4.500	570,000	12/01/2018	882756B73
12/01/2023	4.500	600,000	12/01/2018	882756B81
12/01/2024	4.600	630,000	12/01/2018	882756B99
12/01/2025	4.625	655,000	12/01/2018	882756C23
12/01/2026	4.700	690,000	12/01/2018	882756C31
12/01/2027	4.700	720,000	12/01/2018	882756C49
12/01/2028	4.750	755,000	12/01/2018	882756C56
12/01/2029	4.750	660,000	12/01/2018	882756C64
*****	*****	*****	*****	*****
12/01/2034	5.250	3,775,000	12/01/2018	882756D30
		$10,630,000		
Total		**$10,630,000**		

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the Authority, the Financial Advisor or the Underwriters shall be responsible for the selection or the correctness of the CUSIP numbers shown herein.

APPENDIX A*

MIDWESTERN STATE UNIVERSITY

THE UNIVERSITY

History and Organization

Midwestern State University is a public co-educational institution. It originated in 1922 as Wichita Falls Junior College, the first municipal junior college in Texas. In 1937, in honor of a gift to the institution by Mr. and Mrs. John G. Hardin, Wichita Falls Junior College was renamed Hardin Junior College. When the senior college division was established in 1946, the name of the institution became Hardin College. In January 1950, the name was changed to Midwestern University. On September 1, 1961, Midwestern University became a part of the Texas colleges and universities system and the junior college division was dissolved. The institution became Midwestern State University in 1975.

The University is organized into six colleges of academic structure. These colleges are Business Administration, Education, Fine Arts, Health Sciences and Human Services, Science and Mathematics, and Engineering. In addition to the academic divisions, the university graduate council administers graduate programs of the university. The graduate council is composed of the graduate program coordinators of each academic division. The council is chaired by a Graduate Dean. The university's colleges offer 49 undergraduate degrees in 40 majors and master's degrees in 27 majors.

Location and Physical Facilities

The University is located in Wichita Falls, Texas, which is a city approximately 120 miles northwest of the Dallas/Ft. Worth metroplex. The original campus consisted of 40 acres of land given to the institution by W.B. Hamilton and Anne H. Martin. Later, the University campus was expanded to 100 acres by the addition of a 60-acre tract, and a 1970 acquisition added approximately 67 acres directly south of the campus. An additional 4.5 acres were acquired as a part of the purchase of the property on the southwest corner of the campus in 1989. An approximate ½-acre tract was included in the purchase of the Bridwell Court Apartments in 1991.

Today's campus includes 277 acres and 68 buildings, in addition to 32 acres not in the immediate vicinity of the campus, and 3,000 acres in West Texas at the Dalquest Research Center. All buildings on the main campus have a planned architectural harmony. All classes are held in air-conditioned facilities. Residence halls consist of modern facilities for both men and women. In addition to the instructional buildings and residence halls, other University facilities include the Clark Student Center, the Daniel Building, which houses maintenance shops, the Central Power Plant, a Wellness Center, Wichita Fall Museum of Art, Ligon Coliseum and several athletic venues and associated facilities.

Control

The University is governed by a board of nine Regents (including one student regent who is not authorized to vote on matters before the Board of Regents) who serve without pay and are appointed by the Governor with the advice and consent of the Texas Senate. The Board of Regents appoints the president and is legally responsible for the establishment and control of the University's policies. The current President of the University is Dr. Suzanne Shipley.

Accreditation

The University is fully accredited by its national accrediting body, the Council of Public Liberal Arts Colleges, as well as its regional accrediting body, the Southern Association of Colleges and Schools Commission on Colleges. All academic programs of the University are fully accredited. Various departments of the university are fully accredited with their respective professional associations.

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* The information set forth in this APPENDIX A has been provided by the University.

Retirement Systems

Teacher Retirement System. The State has joint contributory retirement plans for substantially all its employees. One of the primary plans in which the University participates is administered by the Teacher Retirement System of Texas ("TRS"). During the 83rd Legislative Session, the Texas Legislature passed Senate Bill 1458 (the "Legislation") which adjusted contribution rates under TRS for both the State and TRS members. As a result of such legislation, the contributory percentage of participant salaries currently provided by the University is 6.8% of annual compensation in Fiscal Year 2016. The Legislation also established a stair step increase in the member contribution rate from 6.4% in Fiscal Year 2014 to 7.7% in Fiscal Year 2017.

TRS does not separately account for each of its component government agencies, because the Retirement System 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 the Retirement System's annual financial report.

The State has also established an Optional Retirement Program ("ORP") for institutions of higher education. Participation in the optional retirement program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts. The contributory percentages on salaries for participants entering the program prior to September 1995 are 8.5% and 6.65% by the State and each participant, respectively. The State's contribution is comprised of 6.58% from the ORP's appropriation and 1.92% from other funding sources. The State's contribution as a percentage of salary for Fiscal Year 2016 is 6.65% for employees and 6.6% for the State. The 6.58% contribution is mandatory with the other contributions being at the discretion of the Board of Regents. The Board of Regents has approved the additional contributions for employees of the University. Because these are individual annuity contracts, the State has no additional or unfunded liability for this program.

The retirement contribution expense to the State for the University was $1,389,876 for the Fiscal Year ended August 31, 2015. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the University. The retirement contribution expenses from the University's institutional funds were $1,046,032.

Pension Fund Liability: In Fiscal Year 2015, the University implemented accounting standard GASB Statement No. 68 ("GASB 68"), *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. GASB 68 establishes accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Additionally, GASB Statement No. 71 ("GASB 71"), *Pension Transition for Contributions Made Subsequent to the Measurement Date*, amends the transition provisions of GASB 68 by requiring the University, at transition, to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability.

Partially due to GASB 68 and GASB 71, for Fiscal Year ended August 31, 2015, the total net position decreased a total of $19,393,782.45, from $107,486,220.84 in 2014 to $88,092,438.39 in 2015. For additional information regarding pension liability on the University's financials see "APPENDIX D – UNAUDITED FINANCIAL REPORT OF MIDWESTERN STATE UNIVERSITY – Notes to the Financial Statements – Unaudited – Note 1: Summary of Significant Accounting Policies."

Financial Support

As a State institution, the University receives approximately 24% of its total revenue from State appropriations. Other operating funds are derived from student tuition and fees, and auxiliary enterprises such as dormitories and dining halls. See "APPENDIX A – MIDWESTERN STATE UNIVERSITY – Funding for the University."

Table 2 - Enrollment Data

Headcount enrollment at the University has been as follows:

Scholastic Year	Fall Semester	Spring Semester	Summer Session First Term	Summer Session Second Term
2011-12	6,181	5,710	2,257	1,580
2012-13	5,916	5,437	2,015	1,383
2013-14	5,870	5,470	2,080	1,438
2014-15	5,874	5,574	2,150	1,346
2015-16	6,043	5,736	2,145	1,429*

* Projected Summer Session Second Term enrollment. The University's census day takes place on August 3, 2016 and finalized enrollment data is not available as of the date of this Official Statement.

Deposits and Investments

The University invests its funds under authority of provisions of the Texas Education Code, the Uniform Prudent Management of Institutional Funds Act, Chapter 163, Texas Property Code and the Public Funds Investment Act, Chapter 2256, Texas Government Code. As of May 31, 2016, the carrying amount of the University's deposits was $10,216,422 and the University's bank balance equaled $6,497,369. $250,000 of this amount was covered by FDIC insurance and $6,247,369 was collateralized with securities pledged by the bank granting the University a first priority security interest in the collateral which was held by the Federal Reserve Bank of New York (the Bank) acting as custodian for the University and the bank. The University also invests short-term cash holdings in Tex-Pool, Logic, and Texas CLASS, all of which approved short-term investment vehicles. As of May 31, 2016, the University had $5,027,369 in these investment vehicles. The University has contracted with Texas A&M University System (the "A&M System") to invest its long-term cash holdings as permitted by Texas Education Code 51.0031, as amended. The University's long-term cash holdings are invested by the A&M System under the prudent person standard described in Article 7, Section 11b of the State Constitution. As of May 31, 2016, the A&M System was holding $26,119,441 in its long-term cash concentration pool on behalf of Midwestern State University. See "APPENDIX D – UNAUDITED FINANCIAL REPORT OF MIDWESTERN STATE UNIVERSITY" for a more detailed discussion of the University's investment of long-term cash holdings.

Compliance Audits

Pursuant to Section 2256 of the Texas Government Code (the Public Funds Investment Act, hereinafter referred to as the "PFIA"), the University is required, at least once every two years, to arrange for a compliance audit of management controls on investments and adherence to the University's investment policies. Such results of the compliance audit are required, not later than January 1 of each even-numbered year, to be provided to the State's Auditor. Additionally, pursuant to Rider 5, page III-241, General Appropriations Act of the 83rd Texas Legislature, the Board of Regents is required to file with the State Auditor, Comptroller of Public Accounts, the Legislative Budget Board and the Governor an annual report of all investment transactions involving endowment funds, short-term and long-term investment funds, and all other securities transactions, in a method prescribed by the State's Auditor.

Under the authority referenced above, the University self-reported to the State Auditor, from compliance audit reports as of August 31, 2015, certain areas of noncompliance for contracting and reporting under the PFIA. Specifically, the University self-reported that certain investment policies did not address the required components of the PFIA (particularly Section 2256.005(b)(4)(C) of the PFIA) and that the proper reviews of the University's investment policies for Fiscal Year 2015 did not occur. Additionally, the University self-reported insufficient contract oversight with respect to utilization of certain external advisors and review of benchmarks for engaged advisors during the 2015 Fiscal Year. Based on the information provided by the University (and not independently verified by the State Auditor), the University was categorized as being in substantial compliance with the PFIA in the State Auditor's Report No. 16-027 for Fiscal Year 2015. A copy of the State Auditor Report can be found at http://www.sao.texas.gov/.

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Investments. As of August 31, 2015 and August 31, 2014, the fair market value of the University's investments was as follows:

	2015	**2014**
U.S. Government Agency Obligations	$ 2,088,654.43	$ 5,994,155.58
Corporate Bonds	2,303,962.20	2,093,482.10
Municipal Bonds		
Equities	4,922,707.70	14,426,387.89
Other Fixed Income Mutual Funds	205,861.11	3,518,790.73
Other Commingled Funds – Texas A&M System Investment Pool	34,428,500.70	20,885,258.26
Other Commingled Funds – Texpool	501,723.91	3,001,080.35
Other Commingled Funds – LOGIC	505,118.88	6,001,425.05
Other Commingled Funds – Goldman Sachs	569,336.46	400,271.49
Other Certificates of Deposit		490,000.00
Money Market – JP Morgan Chase		10,662.41
Money Market – Wells Fargo Bank	7,003,677.18	
Other Money Market funds		51,049.11
Flexible Repurchase Agreements	37,888,721.09	
Alternative Investment (including hedge funds)	566,784.57	620,585.24
Total Investments	$ 90,985,048.23	$ 57,493,148.21
Current Assets – Short-Term Investments	$ 9,173,213.92	$ 9,990,287.80
Non-Current Assets – Restricted Short-Term Investments	37,295,363.60	(35,068.37)
Non-Current Assets – Restricted Investments	5,865,167.62	7,042,125.19
Non-Current Assets – Other Long Term Investments	38,651,303.09	40,495,803.59
Total Investments	$ 90,985,048.23	$ 57,493,148.21

Source: Unaudited Annual Financial Report for the year ended August 31, 2015.

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Credit Risk. The University invests public funds in its custody with primary emphasis on the preservation and safety of the principal amount. Secondarily, investments must be of sufficient liquidity to meet the day-to-day cash requirements of the University. Finally, the University invests to maximize yield within the two previously indicated standards. All investments within this scope conform to applicable State statutes and local rules governing the investment of public funds. Deposits and investments in other than United States Treasury or Agency securities or money market funds invested in United States Treasury or Agency securities are secured by depository pledges of collateral with market value no less than 100% of the value of the deposits and investments. As of August 31, 2015, the University's credit quality distribution for securities with credit risk exposure was as follows:

Investment Type	**AAA**	**AA**	**A**	**BBB**
U.S. Government Agency Obligations (FNMA, FHLB, FFCB, FHLMC)	$2,088,654.43			
Corporate Bonds			$807,913.20	$1,496,049.00
Commingled Funds - Texpool & LOGIC	1,006,842.79			

Investment Type	**BB**	**B**	**Collateralized**	**Not Rated**
Other Commingled Funds - Goldman Sachs				$569,336.46
Money Market - Wells Fargo			$7,003,677.18	
Flexible Repurchase Agreements			37,888,721.09	
Other Fixed Income Mutual Funds				205,861.11
Equities				4,922,707.70
Alternative Investments (including hedge funds)				566,784.57

Source: Unaudited Annual Financial Report for the year ended August 31, 2015.

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SELECTED FINANCIAL INFORMATION

Unaudited Annual Financial Reports

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 University. 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.

Annually, not later than November 20, an unaudited financial report dated as of August 31, prepared from the books of the University, 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 University, and in so doing examines the financial records at each of the University's component institutions. No outside audit in support of this detailed review is required or obtained by the University.

The financial statements of the University are prepared on a modified accrual basis consistent with principles recommended in College and University Business Administration, Fourth Edition (1982).

The Fiscal Year of the State and the University begins on September 1 of each year. The University is an agency of the State and its financial records reflect compliance with applicable State statutes and regulations. The significant accounting policies followed by the University in maintaining accounts and in the preparation of the combined primary financial reports are in accordance with the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements. Historically, these requirements follow, as near as practicable, the generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, and Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis of Public Colleges and Universities, issued in June and November, 1999. See "APPENDIX D – UNAUDITED FINANCIAL REPORT OF MIDWESTERN STATE UNIVERSITY."

Reconciliation of Total Pledged and Other Sources

After reconciling the University's methodology for calculating Total Pledged and Other Sources for Fiscal Year 2015 within "APPENDIX D – UNAUDITED FINANCIAL REPORT OF MIDWESTERN STATE UNIVERSITY – Schedule 2D - Analysis of Funds Available for Debt Service," the University noted that certain fund balances were not included in the calculation of Total Pledged and Other Sources within Schedule 2D which were included in the unaudited financial report for Fiscal Years 2013 and 2014. As such, the amount of Total Pledged and Other Sources within such Schedule 2D for Fiscal Year 2015 was understated in the amount of $15,948,631.79 and should have stated a Total Pledged and Other Sources balance of $54,957,744.61.

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Table 3 - Statement of Revenues, Expenses and Changes in Net Position

The table below presents the Statement of Revenues, Expenses and Changes in Net Position (Unaudited) for Fiscal Years 2015, 2014 and 2013.

REVENUES	2015	2014	2013 Restated
Operating Revenues:			
Student Tuition fees (net of scholarship allowances of 11,906,532.28, $10,812,824 and $9,889,867, respectively)	$32,477,812.01	$31,281,819.39	$31,369,150.56
Federal Grants	613,880.35	533,422.28	701,779.95*
Federal Pass-Through Grants	120,828.05	127,044.31	106,468.65
State Grants Pass-Through from Other State Agencies	3,326,187.85	3,552,864.18	3,113,927.27
Other Grants and Contracts	549,977.56	975,811.17	774,545.71
Sales and Services of Educational Activities	1,541,883.97	1,517,370.52	1,218,120.57
Sales and Services of Auxiliary Enterprises	9,988,279.06	9,165,772.35	8,511,928.88
Other Operating Revenue	1,322,818.00	1,413,256.24	1,544,533.19*
Total Operating Revenues	49,941,666.85	48,567,360.44	47,340,454.78
EXPENSES			
Operating Expenses:			
Salaries and Wages	39,781,931.21	37,387,992.74	37,531,979.16
Payroll Related Costs	12,089,905.23	11,283,877.96	10,468,569.45
Professional Fees and Services	5,136,289.17	4,831,819.16	4,014,944.70
Travel	1,752,044.43	1,742,968.00	1,455,146.53
Materials and Supplies	5,751,701.44	5,894,134.71	5,441,691.94
Communications and Utilities	2,659,866.40	2,692,743.63	2,690,544.13
Repairs and Maintenance	3,483,818.91	4,651,994.95	2,507,546.87
Rentals and Leases	1,470,843.76	707,362.64	521,174.59
Printing and Reproduction	197,216.53	121,852.08	161,578.65
Depreciation and Amortization	13,102,589.95	11,717,162.53 (1)	9,995,431.04
Bad Debt Expense	286,150.73	324,984.94	454,862.25
Interest	1,378.62	1,331.88	1,756.05
Scholarships	10,330,531.01	10,457,932.61	9,662,749.55*
Total Operating Expenses	96,044,267.39	91,816,157.83	84,907,974.91
Operating Income (Loss)	(46,102,600.54)	(43,248,797.39)	(37,567,520.13)
NON-OPERATING REVENUES (EXPENSES)			
State Appropriations	17,012,175.00	17,039,451.35	16,619,208.00
Additional State Appropriations	5,052,929.85	4,901,343.38	4,535,980.58
Federal Pass-Through Grants	7,552.94	2,000.00	
Federal Grants	8,474,924.37	8,316,438.01	8,014,771.20*
State Pass-Through Grants from Other State Agencies	99,871.00	270,071.00	
Gifts	5,091,510.26	7,380,693.44	8,829,212.02
Insurance Recovery in Subsequent Year		1,795,531.14	
Other Non-Operating Revenues (Expenses)	22,030.48	(15,357.50)	5,543.41
Investment income	1,622,537.91	1,618,380.81	684,673.14
Net Increase (Decrease) in Fair Value of Investments	(2,423,268.69)	3,434,194.59	567,653.01
Debt Issuance Costs	(510,499.52)		
Net Book Value of Capital Asset Disposals	(1,589.78)	(134,005.13)	(385,589.60)
Interest Expense on Capital Asset Financing	(3,060,795.48)	(3,247,235.29)	(3,701,517.09)
Total Non-Operating Revenues	31,387,378.34	41,361,505.80	35,169,934.67
Income (loss) Before Capital Contribution, Additions to Endowments, and Special Items	(14,715,222.20)	(1,887,291.59)	(2,397,585.46)
Capital Contributions	759,760.00	9,268,395.65	755,000.00
HEAF Appropriation	3,559,433.00	3,559,433.00	3,559,433.00
Additions to Endowments	465,998.96	337,110.60	165,595.50
Transfers In	84,890.00	0.99	1,747.95
Transfers Out	(840,840.94)	(777,587.85)	(945,166.41)
Increase (Decrease) in Net Position	(10,685,981.18)	10,500,060.80	1,139,024.58
Net Position, Beginning of Year	107,486,220.84	97,003,660.04	95,864,635.46
Restatements	(8,707,801.27)	(17,500.00)	
Net Position, Beginning of Year, Restated	98,778,419.57	96,986,160.04	
Net Assets, End of Year	$88,092,438.39 (2)	$107,486,220.84	$97,003,660.04

*Restated Federal Pell, Supplemental Educational Opportunity and Teacher Education Assistance for College and Higher Education grant revenues. Also restated Pell administrative overhead from federal non-operating grants to other operating income.

(1) Represents a one-time in-kind donation of software.

(2) The implementation of GASB 68 resulted in a restatement in the amount of $8,707,801.27 to previous net position as determined to be the University's proportionate share of the overall restatement by the Texas Comptroller's Office using the University's contribution to TRS as a basis for the calculation. In total, the University's net position decreased a total of $19,393,782.45 from Fiscal Year 2014. For additional information regarding the changes in accounting principles resulting from GASB 68, see "APPENDIX D – UNAUDITED FINANCIAL REPORT OF MIDWESTERN STATE UNIVERSITY – Notes to the Financial Statements – Note 9."

Funding for the University

Funding for the University for the Fiscal Year ended August 31, 2015 consisted of State appropriations, tuition and student fees, gifts, grants, scholarships, sales, services, other sources, designated funds, and auxiliary enterprises. As shown below, the amounts and the sources of such funding vary from year-to-year; there is no guarantee that the source or amounts of such funding will remain the same in future years.

State Appropriations. The operations of the University are heavily dependent upon the continued support of the State through biennial appropriations of general revenues. The University receives a significant portion of its operating funds from State appropriations. The Board of Regents has no assurance that the Texas Legislature will continue to appropriate to the University the general revenue funds of the State at the same levels as in previous years. Future levels of State support are dependent upon the ability and willingness of the Texas Legislature to make appropriations to the University taking into consideration the availability of financial resources and other potential uses of such resources.

For Fiscal Years 2015 and 2014, State appropriations comprised approximately 24% and 23%, respectively, of the total revenues of the University. See "Table 3 – Statement of Revenues, Expenses and Changes in Net Position." The State Legislature appropriated the following amounts for Fiscal Years 2016 and 2017: $31,557,059 and $32,007,796, plus other miscellaneous allocations, including that for Higher Education Assistance Funds. The Texas Legislature meets in regular session for a 140-day period every two years on each odd-numbered year.

In addition to the appropriation of general revenues of the State, the University 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"). The allocation of Higher Education Assistance Funds is made by the State in accordance with an equitable allocation formula. In 2005, the State Legislature approved a 10 year annual allocation (beginning in Fiscal Year 2006) to the University and in 2009 the State Legislature adjusted such allocation as permitted by the State Constitution such that for Fiscal Years 2011 through 2015 the annual allocation to the University was $3,559,433. For Fiscal Year 2016, the annual allocation of Higher Education Assistance Funds to the University is $3,374,275.

During the 84th Legislative Session, the Texas Legislature passed Senate Bill 1191 (the "Act") which increased the total annual Higher Education Assistance Funds for all eligible institutions (includes the University) to $393.75 million from $262.5 million annually beginning on September 1, 2016. For the one-year period that began on September 1, 2015, the Act allocated $3,374,275 of the total constitutional appropriation to the University and beginning on September 1, 2016 the Act allocates $5,061,412 each fiscal year. Beginning in the State's fiscal year commencing September 1, 2020, the Texas Legislature must review, or provide for a review, of the allocation formula used to determine the annual appropriations made under the Constitutional Provision, and, at that time, adjustments may be made in the allocation formula; provided, that no adjustment may be made if such adjustment will prevent the payment of principal and interest on the Bonds.

The University may use the Higher Education Assistance Funds for capital improvements and renovations to the campus facilities, other than auxiliary enterprises. In addition, the University 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.

On June 30, 2016, the State's Governor, Lieutenant Governor and Speaker of the House of Representatives issued a letter directing the process by which the heads of state agencies, including chancellors, presidents, and directors of institutions and agencies of higher education (collectively referred to as "agencies"), including the University, would develop its legislative appropriations request ("LAR") for the 2018-2019 biennial budget (the "LAR Letter"). The LAR Letter required that an agency's baseline appropriation incorporate a 4% reduction from the agency's baseline appropriation level provided by the Governor's Office and the Legislative Budget Board. The LAR Letter also specified that appropriation requests that exceed the baseline spending level may not be included in an agency's baseline request, but may be submitted as exceptional items within an agency's LAR. The University submitted its 2018-2019 LAR on August 5, 2016 in accordance with the LAR Letter. The University has no assurance that the Texas Legislature will implement the LAR Letter's 4% reduction.

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

State Mandated Tuition. Section 54.051, Texas Education Code, currently requires (i) undergraduate tuition applicable to state residents to be charged at $50 per semester credit hour; and (ii) tuition of a nonresident student at a general academic teaching institution or medical and dental unit to be an amount per semester hour equal to the average of the nonresident undergraduate tuition charged to a resident of the State at a public state university in each of the five most populous states other than the State (the amount of which would be computed by the Texas Higher Education Coordinating Board for each academic year). For the 2015-2016 academic years the Texas Higher Coordinating Board has computed $440 per semester credit hour for nonresident undergraduate tuition. The tuition rates described above are referred to in this Official Statement as "State Mandated Tuition."

Board Designated Tuition. In 2003, the Texas Legislature approved and the Governor signed into law House Bill 3015, which provided for the deregulation of a portion of tuition that a governing board of an institution of higher education, such as the Board of Regents, has the authority to charge under Section 54.0513 of the Texas Education Code. Prior to the amendment to Section 54.0513 of the Texas Education Code the amount of tuition that a governing board of an institution of higher education could independently charge students was capped at the State Mandated Tuition. Effective with the tuition that is charged for the fall 2003 semester, a governing board of an institution of higher education may charge any student an amount (referred to herein as "Board Designated Tuition") that it considers necessary for the effective operation of the institution. The legislation also granted authority to a governing board of an institution of higher education to set a different tuition rate for each program and course level offered by the institution. This authority has offered more opportunity for the Board of Regents to develop a tuition schedule that assists in meeting its strategic objectives in terms of access, affordability, effective use of campus resources and improvement of graduation rates.

In the Fall of 2014, the University established a fixed rate tuition plan for students pursuant to section 54.017 of the Texas Education Code, as amended. When the fixed rate tuition plan began in Fall of 2014, the University's existing students were phased into the program by the following group classifications, a number of guaranteed fixed rate semesters and fixed tuition rates: seniors and graduates (Group 201510SR, 6 consecutive semesters at a Board Designated Tuition rate of $114.00 per semester credit hour); juniors (Group, 201510J, 9 consecutive semesters at Board Designated Tuition rate of $116.50 per semester credit hour); and freshmen and sophomores (Group 201510S, 12 consecutive semesters at Board Designated Tuition rate of $119.00 per semester credit hour).

For newly enrolled or transferring students attending the University after the Fall of 2014, students are given new group classifications, a number of guaranteed fixed rate semesters and fixed tuition rates. For the Fall of 2016, newly enrolled and transfer students were given the following fixed rate tuition characteristics: Group 201710, 12 consecutive semesters at a Board Designated Tuition rate of $123.85.

No less than 20% of the Board Designated Tuition charged in excess of $46 per semester hour shall be set aside to provide financial assistance to resident undergraduate students, consistent with the provisions of Subchapter B, Chapter 56, Texas Education Code, which were contained in House Bill 3015.

Both the State Mandated Tuition and the Board Designated Tuition are included in Revenue Funds and are pledged for the benefit of Parity Obligations.

Board Authorized Tuition. Section 54.008 of the Texas Education Code permits the governing board of each institution of higher education to set tuition for graduate programs for that institution at a rate that is at least equal to that of the State Mandated Tuition, but that is not more than twice that rate. Between the maximum and minimum rates, the Board of Regents may set the differential tuition among programs offered by an institution of higher education. For its graduate programs, the Board has set tuition at the same level as undergraduate students, which is a fixed rate based on their entering cohort, in addition to the State mandated tuition, which is $50 per semester credit hour for such graduate programs.

The Board of Regents approved a fixed rate designated tuition plan ("FRDT plan") effective Fall of 2014. The FRDT plan guarantees rates for designated tuition will not increase for students for set time periods. All students at the

University, continuing or new, are assigned to a FRDT plan cohort which provides a set time period for their tuition to be fixed.

After the time period for the fixed rate expires, students are placed in the applicable entering rate for purposes of calculating tuition. The FRDT plan is valid for 12 consecutive semesters (fall, spring, summer) for new incoming and sophomore students (and transfer students) enrolled for the first time in Fall of 2014. Juniors in Fall 2014 will have nine consecutive semesters and senior/graduate student will be allowed six consecutive semesters of fixed rate tuition.

Table 4 – Tuition and Fees

Fall 2016 State Mandated Tuition, Board Designated Tuition, Board Authorized Tuition, Mandatory Fees, and Financial Set-Aside per Semester (Based on 15 Credit Hours per Semester for New Undergraduates and Transfers and 9 Credit Hours per Semester for Graduates)*

	State Mandated Tuition	Board Designated Tuition*	Board Authorized Tuition	Mandatory Fees	Total Tuition and Fees	Financial Assistance Set-Aside(1)
Resident Undergraduate	$750.00	$1,857.75	N/A	$1,538.75	$4,146.50	$287.66
U.S Non-Resident Undergraduate	1,725.00	1,857.75	N/A	1,538.75	5,121.50	51.75
International Non-Resident Undergraduate	6,870.00	1,857.75	N/A	1,538.75	10,266.50	206.10
Resident Masters	450.00	1,114.65	N/A	1,014.70	2,579.35	172.60
U.S. Non-Resident Masters	1,035.00	1,114.65		1,014.70	3,164.35	31.05
International Non-Resident Masters	4,122.00	1,114.65	N/A	1,014.70	6,251.35	123.66
Resident Doctoral	N/A	N/A	N/A	N/A	N/A	N/A
Non-Resident Doctoral	N/A	N/A	N/A	N/A	N/A	N/A

(1) Total tuition and fees includes amounts required to be set aside for financial assistance according to 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 Education Grants (Section 56.033); $2 for each semester hour for which a doctoral student is enrolled is set aside for the Doctoral Loan Incentive Program (Section 56.095); from Board Designated Tuition no less than 15% charged to resident undergraduate students in excess of $46 per semester hour (Section 56.011) and no less than 15% charged to resident graduate students in excess of $46 per semester hour is set aside for financial assistance (Section 56.012).

* Based on the FRDT plan for Fall of 2016: students who are enrolled for the first time as of Fall 2016 are eligible to receive the FRDT plan until Fall of 2019 on Board Designated Tuition.

Notwithstanding the foregoing, the Texas Higher Education Coordinating Board has authorized the University to charge all residents of Oklahoma the in-state tuition rate, plus an additional $30.00 per semester credit hour, provided that residents of Oklahoma counties that border Texas may be charged in-state tuition without such additional $30.00 per semester credit hour.

The University also has obtained permission from the Texas Higher Education Coordinating Board pursuant to section 54.0601 of the Texas Education Code, as amended, to charge non-resident U.S. undergraduate students a statutory rate of $115 per semester credit hour. Non-resident non-U.S. student are charged a statutory rate of $458 per semester credit hour.

The Board of Regents is authorized by Chapter 55 of the Texas Education Code, as amended to set the Pledged Revenues and any other necessary fees, rentals, rates, or other revenue funds of the Board at the level necessary, without limit, to enable the Board of Regents to meet its obligations with respect to the payment of debt service on the Parity Obligations. See "APPENDIX C – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

Tuition Revenue Bonds. Pursuant to Chapter 55, Texas Education Code, revenue bonds issued by an institution of higher education, such as the University, may be equally secured by and payable from a pledge of all or a portion of certain revenue funds of the institution and all of the Parity Obligations of the University, including the Bonds, are secured solely by and payable solely from a pledge of and lien on the Pledged Revenues. See "SECURITY FOR THE BONDS".

Historically, the Texas Legislature has appropriated general revenue funds in the State's budget each biennium to reimburse institutions of higher education for an amount equal to all or a portion of the debt service on certain revenue bonds ("Tuition Revenue Bonds") issued pursuant to specific statutory authorizations for individual institutions and projects identified in Chapter 55 of the Texas Education Code.

The reimbursement of the payment of debt service on such Tuition Revenue Bonds does not constitute a debt of the State, and the State is not obligated to continue making any such appropriations in the future. Furthermore, the Texas Legislature is prohibited by the State Constitution from making any appropriations for a term longer than two years. Accordingly, the Texas Legislature's appropriations for the reimbursement of debt service on Tuition Revenue Bonds may be reduced or discontinued at any time after the current biennium, and the State Legislature is under no legal obligation to continue such appropriations in any future biennium.

A portion of the Parity Obligations of the University constitutes Tuition Revenue Bonds. See "Table 5 – Outstanding Indebtedness." Tuition Revenue Bonds issued by the University carry no additional pledge or security and constitute Parity Obligations of the University which are equally and ratably secured by and payable from a pledge of and lien on Pledged Revenues on parity with all other Parity Obligations of the University.

The Texas Legislature has appropriated funds to reimburse the University in prior years in an amount equal to all or a portion of the debt service on the University's Tuition Revenue Bonds, including appropriations made during the 2015 session of the Texas Legislature in the amount of $2,152,643 for Fiscal Year 2016 and $6,672,969 for Fiscal Year 2017, which includes $4,516,989 of appropriations to pay debt service on the $58,400,000 new Tuition Revenue Bond project approved in House Bill 100 during the 84th Legislative Session.

Neither the University nor the Authority can provide any assurances with respect to any future appropriations by the Texas Legislature. Future levels of State appropriations are dependent upon the ability and willingness of the Texas Legislature to make appropriations to the University taking into consideration the availability of financial resources and other potential uses of such resources.

Endowments. Although not pledged to the payment of debt obligations, the University controls or is benefited by endowments totaling approximately $8,139,427.69, as of August 31, 2015, which are invested under a separate investment policy that permits equities as well as fixed income and alternative assets. Additionally, the University entered into a contract with the A&M System in September of 2013 to manage University investments in the A&M System Cash Concentration Pool. A second contract with the A&M System was executed in December 2014 that allows investment of endowment assets in the A&M System Endowment Fund. The fair value of the investments in the Cash Concentration Pool and the A&M System Endowment Fund managed by the A&M System at August 31, 2015 was $22,719,066.89 and $11,709,433.81, respectively.

Debt Management

Debt management of the University is the responsibility of the Dr. Marilyn Fowlé, Vice President, Business Affairs and Finance. The University evaluates its financing needs pursuant to a debt capacity analysis and annual funding requirements determined by the capital budget. It then submits a request for financing to the Authority. Issuance of debt requires approval of the Board of Regents, the Authority, the Texas Bond Review Board, the Texas Attorney General and approval or review by the Coordinating Board.

Future Debt

The University does not anticipate issuing additional debt within the next 12 months.

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Table 5 - Outstanding Indebtedness

As of August 31, 2016, the University will have outstanding the following described indebtedness:

Revenue Financing System	Principal
Revenue Financing System Revenue and Refunding Bonds, Series 2007[1]	$ 1,515,000
Revenue Financing System Revenue Bonds, Series 2008	2,860,136
Revenue Financing System Revenue Bonds, Series 2010	1,025,000
Revenue Financing System Revenue Refunding Bonds, Series 2012A	3,210,000
Revenue Financing System Revenue Refunding Bonds, Taxable Series 2012B	5,085,000
Revenue Financing System Revenue and Refunding Bonds, Series 2015A[1]	52,705,000
Revenue Financing System Revenue Refunding Bonds, Taxable Series 2015B[1]	3,715,000
Revenue Financing System Revenue and Refunding Bonds, Series 2016A[1]	72,250,000
Revenue Financing System Revenue Refunding Bonds, Taxable Series 2016B	11,790,000
TOTAL REVENUE FINANCING SYSTEM BONDS	$154,155,136

[1] All or a portion of such issue constitutes Tuition Revenue Bonds that currently qualify the University to be reimbursed from State appropriations for debt service payments made by the University on such obligations. Future reimbursement by the State for such debt service payments is entirely subject to future appropriations by the State Legislature in each subsequent State biennium. See "APPENDIX A – MIDWESTERN STATE UNIVERSITY – SELECTED FINANCIAL INFORMATION — Funding for the University — *Tuition Revenue Bonds*."

APPENDIX B

BOOK-ENTRY-ONLY SYSTEM

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 credited 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 Authority, the Financial Advisor and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof and such information is not to be construed as a representation by any of the Authority, the Financial Advisor or the Underwriters.

The Authority and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or 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 United States 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) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond will be issued for each maturity of the Bonds, as set forth on the inside of the cover pages hereof, in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds 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, unless a pro rata pass-through distribution of principal basis is selected in accordance with DTC's procedures.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent/Registrar on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the Commission or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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 Bond Resolution will be given only to DTC.

APPENDIX C

DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following terms and expressions shall have the meanings set forth below, unless the text hereof 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, or the Authority on behalf of 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 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 and the Authority 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 that 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 that 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, or the Authority on behalf of 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 Authority on behalf of the Board, as the case may be, 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) that 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.

"Authority" means the Texas Public Finance Authority, or any successor thereto.

"Authorized Denomination" means any authorized denomination established in the Pricing Certificate.

"Board" means the Board of Regents of Midwestern State University, acting as the governing body of the University, or any successor thereto.

"Bond Counsel" means Andrews Kurth LLP or such other firm of attorneys of nationally recognized standing in the field of law relating to municipal revenue bonds selected by the Authority.

"Bond Purchase Agreement" shall mean an agreement between the Authority and the Underwriter referred to in Section 22 of the Resolution.

"Bonds" means the Bonds issued pursuant to the terms of the Resolution and the Pricing Certificate, and all substitute bonds exchanged therefor, and all other substitute and replacement bonds issued pursuant to the Resolution; and the term "Bond" means any of the Bonds.

"Business Day" means any day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in the City of New York, New York or in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

"Code" means the Internal Revenue Code of 1986, as amended.

"Credit Agreement" means, collectively, a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Parity 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 or the Authority on behalf of 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.

"DTC" means The Depository Trust Company, New York, New York, or any successor securities depository thereto.

"DTC Participant" means the securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC participants.

"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.

"Defeasance Securities" means (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the Authority adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Authority adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent.

"Designated Financial Officer" means the Vice President, Business Affairs and Finance of the University, or such other official of the University appointed by the Board to carry out the functions of the Designated Financial Officer specified herein.

"Designated Trust Office" shall have the meaning ascribed to said term in Section 12(b) of the Resolution.

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

"Executive Director" means the duly acting Executive Director of the Authority, and any person authorized by the Board of Directors of the Authority to serve in the capacity of and perform the duties and obligations of the Executive Director.

"Federal Securities" as used herein means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America.

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

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

"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.

"Initial Bond" means the Bond authorized, issued, and initially delivered as provided in Section 12(l) of the Resolution.

"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.

"MSRB" means the Municipal Securities Rulemaking Board.

"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 the Designated Financial Officer.

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

"Outstanding" when used with respect to Parity Obligations means, as of the date of determination, all Parity Obligations theretofore delivered under the Resolution and any resolution hereafter adopted authorizing the issuance of Parity Obligations, 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 19 of the Resolution or any comparable section of any resolution hereafter adopted authorizing the issuance of Parity Obligations;

(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

(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 Resolution.

"Parity Obligations" means all Debt of the Board that may be issued or assumed in accordance with the terms of the Resolution and any resolution authorizing the issuance of Debt that remains outstanding and on a parity with the Bonds, secured by a pledge of the Pledged Revenues subject only to the liens securing Prior Encumbered Obligations. For purposes of this definition, the Previously Issued Parity Obligations and the Bonds constitute Parity Obligations.

"Parity Obligation Resolution" means a resolution authorizing the issuance of Parity Obligations.

"Participant in the Financing System" and "Participant" means each of the agencies, institutions, and branches of the University and such agencies, institutions, and branches hereafter designated by the Board to be a participant in the Financing System. Currently, the University is the only Participant in the Financing System.

"Paying Agent/Registrar," or "Paying Agent" or "Registrar" means each of the agents (one or more) selected pursuant to Section 12 of the Resolution, or any successor to any such agent.

"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 that 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 resolution authorizing the issuance of Parity Obligations: (a) amounts received by the University under Article VII, 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.

"Previously Issued Parity Obligations" means the following outstanding bonds: the Series 2007 Bonds, the Series 2008 Bonds, the Series 2010 Bonds, the Series 2012A Bonds, the Series 2012B Bonds, the Series 2015A Bonds and the Series 2015B Bonds.

"Pricing Certificate" means the Pricing Certificate of the Pricing Committee to be executed and delivered pursuant to the Resolution in connection with each series of the Bonds.

"Pricing Committee" means Ruth C. Schiermeyer, Ramon Manning and Robert T. Roddy, Jr., the members of the Authority's Board of Directors who are authorized to act on behalf of the Authority in selling and delivering the bonds, with Billy M. Atkinson, Gerald Alley, Walker N. Moody and Rodney K. Moore designated as the alternates.

"Prior Encumbered Obligations" means those outstanding bonds or other obligations of an institution that becomes a Participant of the Financing System after the date of adoption of the Resolution, that 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 that are hereafter designated by the Board as a Pledged Revenue.

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

"Record Date" means, with respect to the Bonds, the fifteenth day of the month next preceding each interest payment date or such other date specified in the Pricing Certificate.

"Registration Books" means the books or records relating to the registration, payment, and transfer or exchange of the Bonds maintained by the Paying Agent/Registrar pursuant to Section 12 of the Resolution.

"Resolution" means the Resolution authorizing the sale of the Bonds.

"Revenue Financing System" or "Financing System" means the "Midwestern State University Revenue Financing System", currently for the benefit of the University, 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. To the extent authorized by law, the definition for "Revenue Funds" includes student recreational and health facilities fees authorized by Section 54.5441, Texas Education Code; provided that such fees may be used only for recreation, health and wellness facilities and programs at the University. To the extent authorized by law, the definition for "Revenue Funds" includes an intercollegiate athletics fee authorized by Section 54.5442, Texas Education Code; provided however, that such fee may be used only to develop and maintain an intercollegiate athletics program at the University, including providing funds to finance, construct, improve, renovate, enlarge or equip property, buildings, structures, facilities or infrastructure related to such program. 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 by the Board of a resolution relating to such Parity Obligations, is exempt by law or by the Board from paying such tuition, rentals, rates, fees, or other charges.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

"Series 2007 Bonds" means the Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue and Refunding Bonds, Series 2007, issued in the original aggregate principal amount of $28,855,000.

"Series 2008 Bonds" means the Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue Bonds, Series 2008, issued in the original aggregate principal amount of $38,300,136.10.

"Series 2010 Bonds" means the Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue Bonds, Series 2010, issued in the original aggregate principal amount of $6,700,000.

"Series 2012A Bonds" means the Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue Refunding Bonds, Series 2012A, issued in the original aggregate principal amount of $4,710,000.

"Series 2012B Bonds" means the Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue Refunding Bonds, Taxable Series 2012B, issued in the original aggregate principal amount of $5,415,000.

"Series 2015A Bonds" means the Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue and Refunding Bonds, Series 2015A, issued in the aggregate principal amount of $53,335,000.

"Series 2015B Bonds" means Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue Refunding Bonds, Taxable Series 2015B, issued in the aggregate principal amount of $3,755,000.

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

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

"Tax-Exempt Bonds" means any Bonds designated by the Pricing Committee in the Pricing Certificate as a Tax-Exempt Bond, the interest on which is excludable from the gross income of the owner thereof for federal income tax purposes, pursuant to section 103 of the Code.

"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.

"TPFA Act" means Chapter 1232, Texas Government Code, as amended.

"Underwriter" shall have the meaning ascribed to said term in Section 22 of the Resolution.

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

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The information contained in this section is a summary of certain provisions of the Resolution and is in addition to other information in such documents which is summarized elsewhere in this Official Statement under the captions "PLAN OF FINANCE," "DESCRIPTION OF THE BONDS" and "SECURITY FOR THE BONDS." This information is intended as a summary only and is qualified in its entirety by reference to the complete Resolution, copies of which may be obtained from the office of the Vice President, Business Affairs and Finance of Midwestern State University.

Establishment of Revenue Financing System

The Revenue Financing System has been established 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 that are or will be included as part of the Revenue Financing System. The University is the only current Participant, but the Revenue Financing System may include other agencies, institutions and branches that are hereafter designated by the Board to be a participant in the Revenue Financing System. Each issue or series of Parity Obligations is to be provided for under a separate resolution consistent with the provisions of the Resolution.

Security and Pledge; Membership in the Revenue Financing System

Subject to the provisions of the resolutions authorizing Prior Encumbered Obligations, Parity Obligations issued under the Resolution are payable from and secured by a lien on all Pledged Revenues. The Authority (on behalf of the Board) has assigned and pledged the Pledged Revenues to the payment of the principal of and interest on Parity Obligations and to the establishment and maintenance of any funds that may be created under the Resolution or a supplemental resolution to secure the repayment of Parity Obligations. The Authority, upon approval and consent of the Board, may execute and deliver one or more Credit Agreements to additionally secure Parity Obligations. Credit Agreements may also be secured by a pledge of Pledged Revenues on a parity with or subordinate to Parity Obligations.

If an additional institution hereafter comes under the management and control of the Board, the Board may include the institution as a Participant of the Revenue Financing System. In that event, the lien on and pledge of Pledged Revenues established pursuant to the Resolution and effective when such institution becomes a Participant of the Revenue Financing System will apply to the revenues, funds, and balances of such Participant that constitute Pledged Revenues; provided, however, that if at the time a new Participant is admitted, it has outstanding debt obligations secured by any of such sources, such obligations will constitute Prior Encumbered Obligations secured by a lien on the portion of the Pledged Revenues providing such security that is superior to the lien established by the Resolution on behalf of Parity Obligations. The Board has reserved the right to refund Prior Encumbered Obligations with the proceeds of refunding bonds issued as Prior Encumbered Obligations secured by the same sources as the sources securing the refunded Prior Encumbered Obligations. Otherwise, while any Parity Obligations are outstanding, the Board has agreed not to issue additional obligations on a parity with any Prior Encumbered Obligations.

Annual and Direct Obligation of Participants

The Resolution provides that each Participant of the Revenue Financing System is responsible for its Direct Obligation. The Board covenants in the Resolution that in establishing the annual budget for each Participant of the Revenue Financing System, it will provide for the satisfaction by each Participant of its Annual Obligation.

Pledged Revenues

Tuition and Other Pledged Revenues. Subject to the provisions of the resolutions authorizing the Prior Encumbered Obligations and to the other provisions of the Resolution and any resolution authorizing the issuance of Parity Obligations, the Board has covenanted and agreed at all times to fix, levy, charge, and collect at each Participant from each student enrolled at each Participant, respectively, at each regular fall and spring semester and at each term of each summer session, for the use and availability of such institution or branch thereof, respectively, tuition charges in such amounts, without any limitation whatsoever, as will be at least sufficient at all times, together with other legally available funds, including other Pledged Revenues, to provide the money to make or pay the principal of, interest on, and other payments or deposits with respect to the Parity Obligations then outstanding when and as required. Students exempt by law or the Board may be excluded from the requirement to pay student tuition. Tuition and the other rentals, rates, fees, and charges included in Pledged Revenues will be adjusted, if and when permitted or required by the Resolution, to provide Pledged Revenues sufficient to make when due all payments and deposits in connection with the Parity Obligations then outstanding. The Board may fix, levy, charge, and collect the Pledged Revenues in any manner it may determine within its discretion, and in different amounts from students enrolled in different Participants, respectively, and in addition it may totally suspend the collection of any item included in Pledged Revenues from the students enrolled in any Participant, so long as total Pledged Revenues are sufficient, together with other legally available funds, to meet all financial obligations of the Board relating to the Revenue Financing System including all payments and deposits in connection with the Parity Obligations then outstanding. All changes in the tuition charged students at each Participant must be made by a resolution of the Board, but such procedure will not constitute or be regarded as an amendment of the Resolution, but merely the carrying out of the provisions and requirements thereof.

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

Anticipated Deficit. If the Board determines, for any reason whatsoever, (i) that there are not anticipated to be sufficient legally available funds, including Pledged Revenues, to meet all financial obligations of the Board relating to the Revenue Financing System, including the deposits and payments due on or with respect to the Parity Obligations outstanding at that time as the same mature or come due or (ii) that any Participant will be unable to pay its Annual

Direct Obligation in full, then the Board must fix, levy, charge, and collect such rentals, rates, fees, tuition, or other charges, at each Participant with enrolled students, effective at the next succeeding regular semester or semesters or summer term or terms, in such amounts, without any limitation whatsoever (other than as provided below), as will be at least sufficient to provide, together with other legally available funds, including other Pledged Revenues, the money for making when due all financial obligations of the Board relating to the Revenue Financing System including all payments and deposits due on or with respect to outstanding Parity Obligations when and as required by the Resolution.

Economic Effect of Adjustments. Any adjustments in the rate or manner of charging for any rentals, rates, fees, tuition, or other charges included in Pledged Revenues at any of the Participants pursuant to the provisions described above will be based upon a certificate and recommendation of a Designated Financial Officer, delivered to the Board, as to the rates and anticipated collection of the Pledged Revenues at the various Participants (after taking into account the anticipated effect the proposed adjustments in such rentals, rates, fees, tuition, or other charges would have on enrollment and the receipt of Pledged Revenues and other funds at each Participant) that are anticipated to result in (i) Pledged Revenues attributable to each Participant being sufficient (to the extent possible) to satisfy the Annual Obligation of such Participant and (ii) Pledged Revenues being sufficient, together with other legally available funds, to meet all financial obligations of the Board relating to the Revenue Financing System including all deposits and payments due on or in connection with outstanding Parity Obligations when and as required by the Resolution.

Payment and Funds

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

The Resolution allows the Board to establish 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.

Additional Parity Obligations; Non-Recourse Debt and Subordinated Debt

In the Resolution, the Board reserves the right to issue or incur additional Parity Obligations for any purpose authorized by law. The Board may incur, assume, guarantee, or otherwise become liable in respect of additional Parity Obligations if the Board determines that it will have sufficient funds to meet the financial obligations of the University, 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.

In addition, the Board covenants not to issue or incur Parity Obligations unless (i) it determines that the Participant or Participants for whom Parity Obligations are being issued or incurred possesses the financial capacity to satisfy their respective Direct Obligations, after taking into account the then proposed additional Parity Obligations, and (ii) a Designated Financial Officer delivers to the Board a certificate stating that, to the best of his or her knowledge, the Board is in compliance with all covenants contained in the Resolution and any supplemental resolution authorizing outstanding Parity Obligations, and is not in default in the performance and observance of any of the terms, provisions and conditions thereof.

The Board has reserved the right to issue without limit debt secured by a lien other than a lien on Pledged Revenues and debt that expressly provides that all payments thereon will be subordinated to the timely payment of all Parity Obligations.

Participants

Combination or Release of Participants. The Resolution recognizes that the State may combine or divide Participant institutions and provides that so long as the combined or divided institutions continue to be governed by the Board such action must not violate the Resolution or require any amendment thereof. The Resolution also provides that subject to the conditions set forth below, any Participant or portion thereof may be closed and abandoned by law or may be removed from the Revenue Financing System (thus deleting the revenues, income, funds, and balances attributable to said Participant or portion thereof from the Pledged Revenues) without violating the terms of the Resolution provided:

(1) the Board approves and delivers to the Authority an Officers' Certificate to the effect that, to the knowledge thereof, after the release of the Participant or portion thereof, the Board will have sufficient funds during each Fiscal Year in which Parity Obligations will thereafter be outstanding to meet the financial obligations of the Board, 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 and the Authority have received an Opinion of Counsel that states that such release will not affect the status for federal income tax purposes of interest on any Outstanding Parity Obligations and that all conditions precedent provided in the Resolution or any supplement relating to such release have been complied with; and

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

Disposition of Assets. In the Resolution, the Board has reserved the right to convey, sell, or otherwise dispose of any properties of the Board attributable to a Participant of the Revenue Financing System, provided that:

(1) such disposition must occur in the ordinary course of business of the Participants of the Revenue Financing System responsible for such properties; or

(2) the Board determines that after the disposition, the Board has sufficient funds during each Fiscal Year during which Parity Obligations are to be Outstanding to meet the financial obligations of each Participant in the Revenue Financing System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Revenue Financing System and to meet all other financial obligations of the Board relating to the Revenue Financing System.

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 an amendment to the Resolution.

Certain Covenants

Rate Covenant. In each Fiscal Year, the Board must establish, charge, and use its reasonable efforts to collect at each Participant the Pledged Revenues that, if collected, would be sufficient to meet all financial obligations of the Board for such Fiscal Year relating to the Revenue Financing System including all deposits or payments due on or with respect to (i) the Prior Encumbered Obligations and (ii) all Outstanding Parity Obligations.

Tuition. The Board covenants and agrees in the Resolution 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 a resolution 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, must 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 must be made by resolution of the Board, but such procedure will not constitute or be regarded as an amendment of the Resolution, but merely the carrying out of the provisions and requirements thereof.

General Covenants. The Board has additionally covenanted in the Resolution (i) to faithfully perform all covenants and provisions contained in the Resolution, 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 that comprise the University 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 additional 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 account for the Revenue Financing System and to cause to be prepared annual financial reports of the Revenue Financing System and to furnish such report to the Authority, appropriate municipal bond rating agencies and, upon request, owners of Parity Obligations; and (ix) to permit any owner or owners of 25% or more of Outstanding Principal Amount of Parity Obligations at all reasonable times to inspect all records, accounts, and data of the Board relating to the Revenue Financing System.

Special Obligations

The Resolution provides that all Parity Obligations and the interest thereon constitute special obligations of the Board payable from the Pledged Revenues, and the owners thereof never have the right to demand payment out of funds raised or to be raised by taxation, or from any source other than specified in the Resolution. The obligation of the Board to pay or cause to be paid the amounts payable under the Resolution out of the Pledged Revenues is absolute, irrevocable, complete, and unconditional, and the amount, manner and time of payment of such amounts may not be decreased, abated, rebated, setoff, reduced, abrogated, waived, diminished, or otherwise modified in any manner or to any extent whatsoever.

Waiver of Covenants

The Board may omit in any particular instance to comply with any covenant or condition set forth above as a general covenant or with its rate covenant, its covenants relating to issuance of Parity Obligations, its covenants governing disposition of Participant assets, or its covenants relating to admission and release of Participants if the holders of at least 51% of all Parity Obligations outstanding waive such compliance.

Remedies

Any owner of Parity Obligations in the event of default in connection with any covenant contained in the Resolution or default in the payment of said obligations, or of any interest due thereof, or other costs and expenses related thereto, may require the Board, the Authority, their respective officials and employees, and any appropriate official of the State of Texas, to carry out, respect, or enforce the covenants and obligations of the Resolution 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, the Authority, or any appropriate official of the State of Texas. 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 that may be levied or foreclosed against.

Amendment of Resolution

Amendment Without Consent. The Resolution and the rights and obligations of the Authority, the Board and of the owners of the Outstanding 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 or the Authority contained in the Resolution, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Board or the Authority 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 and the Authority of any approving 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 to provide for the additions of new institutions and agencies to the Revenue Financing System or to clarify the provisions regarding the University as a Participant in the Revenue Financing System; provided, however, that any amendment to the definition of Pledged Revenues that results in the pledge of additional resources 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 and the Authority, 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 will not adversely affect the interests of the owners of the Outstanding Parity Obligations, in order, to the extent permitted by law, to facilitate the economic and practical utilization of Credit Agreements with respect to the Parity Obligations;

(vi) To make such other changes in the provisions of the Resolution as the Board and the Authority may deem necessary or desirable and which do not, in the judgment of the Board and the Authority, materially adversely affect the interests of the owners of Outstanding Parity Obligations; or

(vii) To make such other amendments as necessary to comply with Rule 15c2-12.

Amendments With Consent. Subject to the other provisions of the Resolution, the owners of Parity Obligations aggregating 51% in Outstanding Principal Amounts have the right from time to time to approve any amendment, other than amendments described in the foregoing paragraph, to the Resolution, that may be deemed necessary or desirable by the Board; provided, however, that no provision may permit or be construed to permit, without the approval of the owners of all of the Outstanding Parity Obligations, the amendment of the terms and conditions in the Resolution so as to:

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

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

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

(iv) Make any change in the maturity of the Outstanding Bonds;

(v) Reduce the rate of interest borne by the Outstanding Bonds;

(vi) Reduce the amount of principal payable on the Outstanding Bonds;

(vii) Modify the terms of payment of principal of or interest on the Outstanding Bonds, or impose any conditions with respect to such payment; or

(viii) Adversely affect the tax-exempt status of the interest on the Outstanding Tax-Exempt Bonds to the owners thereof.

Defeasance

The Resolution provides for the defeasance of the Bonds and the termination of the pledge of revenues and all other general defeasance covenants in the Resolution under certain circumstances. Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of the Resolution, except to the extent provided below for the Paying Agent to continue payments and for the Authority to retain the right to call Defeased Bonds to be paid at maturity, when the payment of all principal and interest payable with respect to such Bond 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 (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent for such payment, (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the Authority with the Paying Agent for the payment of its services until after all Defeased Bonds shall have become due and payable or (3) any combination of (1) and (2). At such time as a Bond shall be deemed to be a Defeased Bond, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the revenues pledged as provided in the Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities.

The deposit under clause (ii) above shall be deemed a payment of a Bond when proper notice of redemption of such Bond shall have been given in accordance with the Resolution. Any money so deposited with the Paying Agent may, at the discretion of the Authority, also be invested in Defeasance Securities, maturing in the amounts and at the times as set forth in the Resolution, and all income from such Defeasance Securities received by the Paying Agent that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Board or the Authority, as directed by the Authority.

All money or Defeasance Securities set aside and held in trust pursuant to the provisions of the Resolution for the payment of principal of the Bonds and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Obligations shall have become due and payable, the Paying Agent shall perform the services of Registrar for such Defeased Bonds the same as if they had not been defeased, and the Authority shall make, or cause the Board to make, proper arrangements to provide and the Board shall pay for such services as required by the Resolution.

If money or Defeasance Securities have been deposited or set aside with the Paying Agent for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment of the defeasance provisions of the Resolution shall be made without the consent of the registered owner of each Bond affected thereby.

To the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the Authority retains the right under Texas law to later call that Defeased Bond for redemption in accordance with the provisions of the order authorizing its issuance, the Authority may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon the satisfaction of the provisions set forth above regarding such Defeased Bond as through it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

Any escrow agreement or other instrument entered into between the Authority and the Paying Agent pursuant to which money and/or Defeasance Securities are held by the Paying Agent for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited shall be turned over to the Board or the Authority, as directed by the Authority.

There is no assurance that the ratings for U.S. Treasury securities or any other Defeasance Securities that may be used to defease Bonds as described above will be maintained at any particular rating category.

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APPENDIX D

UNAUDITED FINANCIAL REPORT OF MIDWESTERN STATE UNIVERSITY

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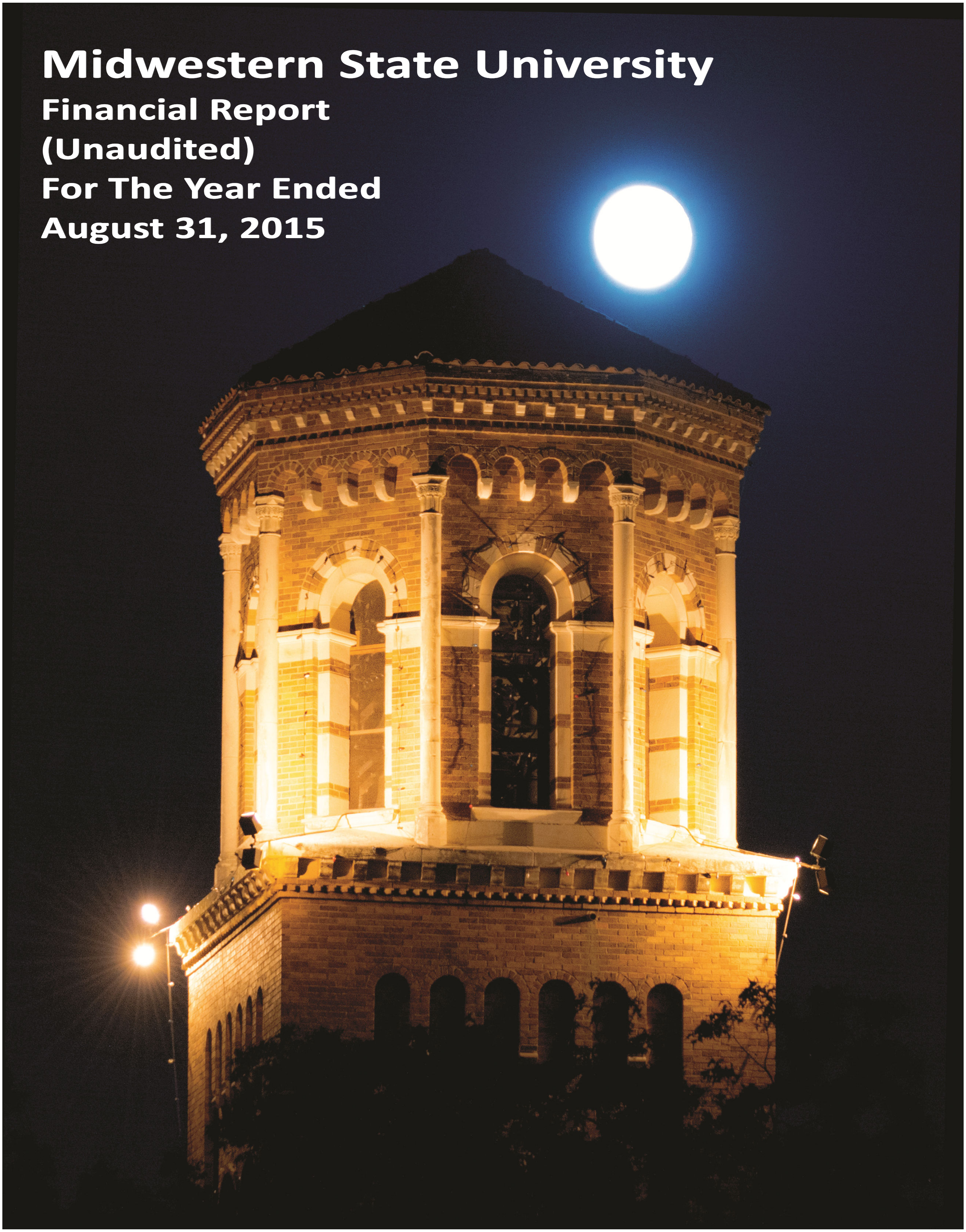
Midwestern State University

Financial Report
(Unaudited)
For The Year Ended
August 31, 2015



Midwestern State University

A N N U A L F I N A N C I A L R E P O R T

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Year
Ended
8-31-2015
(UNAUDITED)

MIDWESTERN
STATE UNIVERSITY

Office of the President
3410 Taft Boulevard Wichita Falls, Texas 76308-2099
o 940.397.4211 f 940.397.4010

November 18, 2015

Honorable Greg Abbott, Governor
Honorable Glenn Hegar, State Comptroller
Ursula Parks, Director, Legislative Budget Board
John Keel, CPA, State Auditor

Ladies and Gentlemen:

We are pleased to submit the Annual Financial Report of Midwestern State University for the year ended August 31, 2015, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report (CAFR). Therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Mr. Chris Stovall at (940) 397-4273.

Sincerely,

Suzanne Shipley
Suzanne Shipley
President

MIDWESTERN
STATE UNIVERSITY

Business Affairs and Finance
3410 Taft Boulevard Wichita Falls, Texas 76308-2099
o 940.397.4117 f 940.397.4302

November 18, 2015

Dr. Suzanne Shipley, President
Midwestern State University
Wichita Falls, TX 76308

Dear Dr. Shipley,

Submitted herein is the Annual Financial Report of Midwestern State University for the fiscal year ended August 31, 2015.

The financial statements in this report have been prepared in conformity with the General Provisions of the Appropriations Act, Article IX, and in accordance with the requirements established by the Comptroller of Public Accounts.

The accompanying Annual Financial Report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report (CAFR). Therefore, an opinion has not been expressed on the statements and related information contained in this report.

We are prepared to answer any questions you may have about the Annual Financial Report or the Schedule of Expenditures of Federal Awards.

Respectfully Submitted,

Chris Stovall
Controller

Approved:

Marilyn Fowlé, Vice President
Business Affairs and Finance

ORGANIZATIONAL DATA
August 31, 2015

THE BOARD OF REGENTS

Term Expires May 31, 2016

Ms. Megan Piehler, Student Regent	Wichita Falls

Term Expires February 25, 2016

Mr. Michael Bernhardt	Wichita Falls
Mr. J. Kenneth Bryant	Wichita Falls
Ms. Tiffany D. Burks	Grand Prairie

Term Expires February 25, 2018

Dr. F. Lynwood Givens	Plano
Mr. Jeff Gregg	Seymour
Mr. Samuel M. Sanchez	Keller

Term Expires February 25, 2020

Mr. R. Caven Crosnoe	Wichita Falls
Mr. Shawn G. Hessing	Fort Worth
Ms. Nancy Marks	Wichita Falls

Ms. Kathryn A. Yeager, Regent Emeritus
Mr. Mac Cannedy, Jr., Regent Emeritus

PRESIDENT

Dr. Suzanne Shipley

UNIVERSITY FISCAL OFFICERS

Dr. Marilyn Fowlé	Vice President for Business Affairs & Finance
Mr. Chris Stovall, CPA	Controller

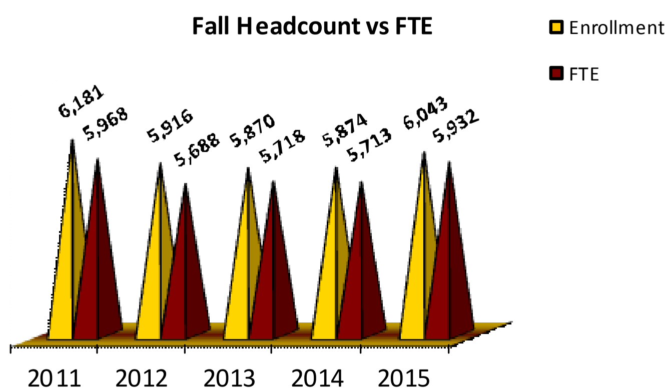
The objective of Management's Discussion and Analysis is to help readers of Midwestern State University's financial statements better understand the financial position and operating activities of the university for the fiscal years ended August 31, 2015 and 2014.

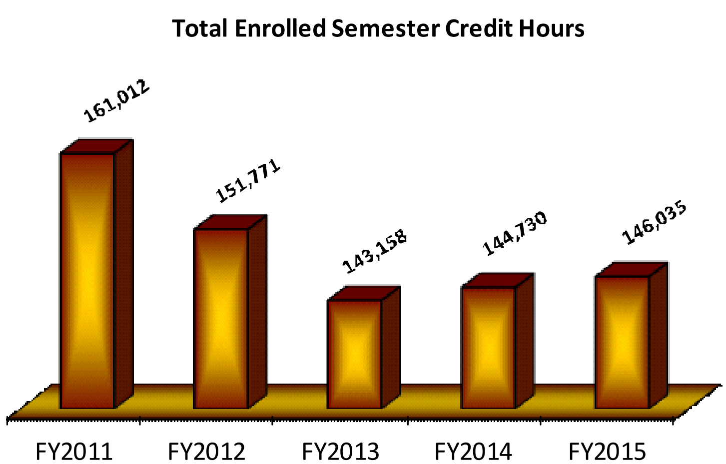
Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with university administration.

The following discussion should be read in conjunction with the accompanying transmittal letter, financial statements, and note disclosures.

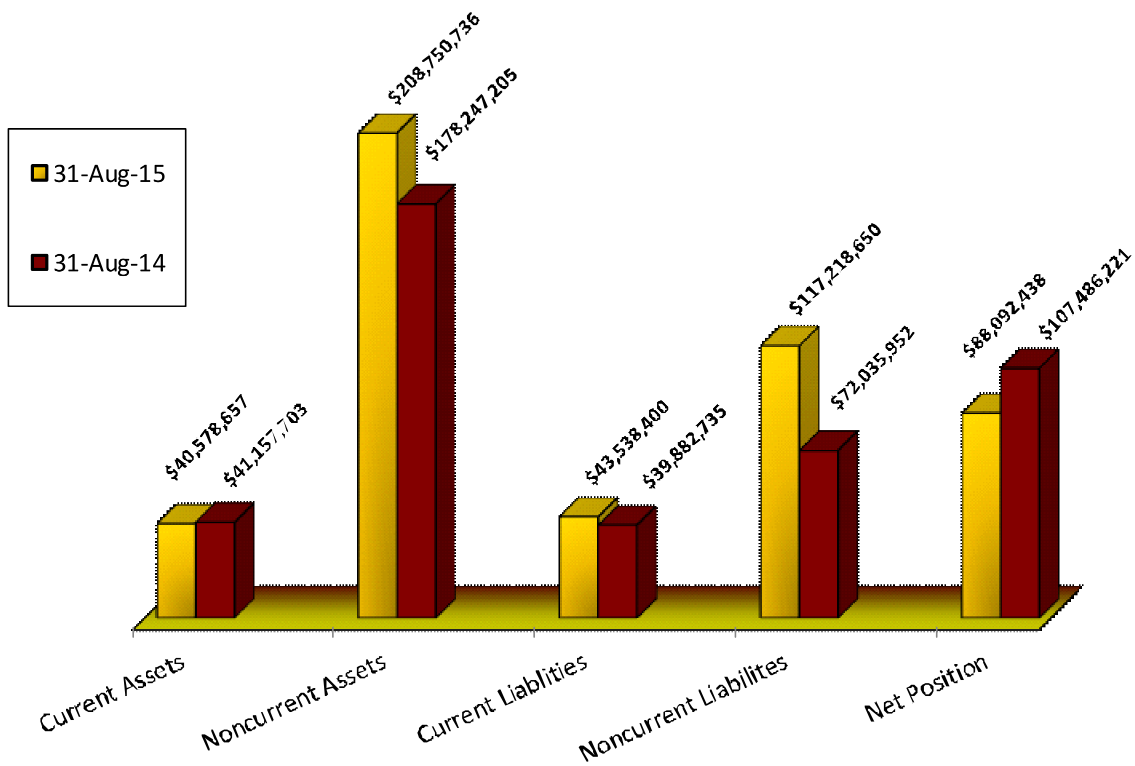
The following graph illustrates the comparison and movement of total student enrollment and full time equivalent (FTE) student growth since 2011. Increased academic standards and a decline in local college age population help explain the enrollment decline through 2014. The recent increase in enrollment and semester credit hours can be attributed to an aggressive recruitment plan including more concentrated efforts to recruit students from the DFW Metroplex. The university expects large incoming residential classes to continue. The addition of a new 500-bed freshman residence hall is projected to open for the fall 2016 semester and will create more capacity for the university to house residential students from outside of the local geographic area.

In 2011, the university changed its academic standards to ensure students were prepared to pursue higher education. The increase in standards has created growth in student retention as more of our freshmen are better prepared for college which also improves graduation rates. Graduation rates may become financially important to the university as future state appropriations are contingent on such successful outcomes. In addition, the university is one of the few institutions in Texas capable of offering in-state tuition rates plus a $65.00/semester credit hour assessment to all US citizens, which is a great positive impact on future enrollment.





The Statement of Net Position



By reporting information on the university as a whole, these comparative statements highlight for the reader whether or not the year's activities strengthened or weakened the university's financial position. When revenues and other support exceed expenses, the result is an increase in net position. The relationship between revenues and expenses may be thought of as the university's operating results.

These comparative statements report the current status and changes to the university's net position. Net position, the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, is one way to measure the university's financial position. Increases in net position show an improvement in financial health while decreases often indicate declining financial stability. However, many other non-financial factors, such as the trend in admission applicants, enrollment, student retention, and condition of the buildings must be considered to accurately assess the overall health of the university. One of the primary reasons for the unusually large decrease in net position from 2014 to 2015 was due to the implementation of GASB Statement No. 68, *Accounting and Reporting for Pensions—An Amendment of GASB Statement No. 27* and the simultaneous implementation of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68.* More specific information about this change in accounting principle can be found in Note 9. As the statement on the adjacent page shows, the university's net position decreased a total of $19,393,782.45, from $107,486,220.84 in 2014 to $88,092,438.39 in 2015.

A N N U A L F I N A N C I A L R E P O R T

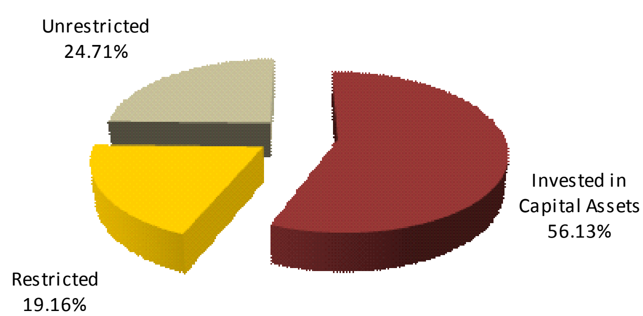
The Statement of Net Position

	2015	2014
Current Assets	$ 40,578,657.40	$ 41,157,702.66
Noncurrent Assets:		
Capital Assets	124,052,995.91	128,809,959.12
Other	84,697,739.91	49,437,246.25
Total Assets	249,329,393.22	219,404,908.03
Deferred Outflows of Resources:		
Related to Pension Contributions	618,431.72	
Unamortized Loss on Debt Refunding	1,251,364.61	
Total Deferred Outflows of Resources	1,869,796.33	0.00
Total Assets and Deferred Outflows	251,199,189.55	219,404,908.03
Current Liabilities	43,538,399.53	39,882,734.79
Noncurrent Liabilities	117,218,650.25	72,035,952.40
Total Liabilities	160,757,049.78	111,918,687.19
Deferred Inflows of Resources:		
Related to Pension Contributions	2,349,701.38	
Total Deferred Inflows of Resources	2,349,701.38	0.00
Total Liabilities and Deferred Inflows	163,106,751.16	111,918,687.19
Net Position:		
Invested in Capital Assets	49,444,345.29	54,838,878.39
Restricted for:		
Debt Retirement		
Nonexpendable	4,463,100.97	4,375,727.45
Expendable:		
Capital Projects	748,463.68	1,842,365.98
Restricted by Contributor	11,669,327.71	12,880,943.23
Unrestricted	21,767,200.74	33,548,305.79
Total Net Position	88,092,438.39	107,486,220.84
Total Liabilities, Deferred Inflows and Net Position	$251,199,189.55	$219,404,908.03

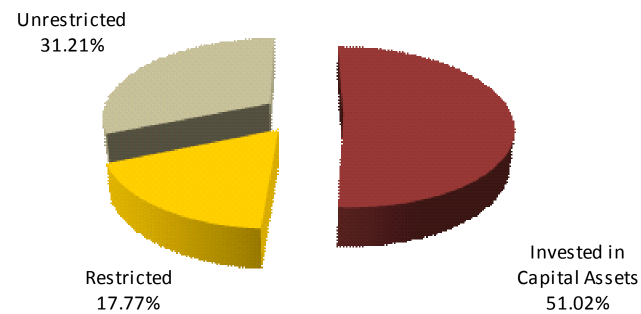
Year Ended 8-31-2015 (UNAUDITED)

The following charts indicate the changes in net position for the year ended August 31, 2015 as compared to the previous year.

Net Position - August 31, 2015

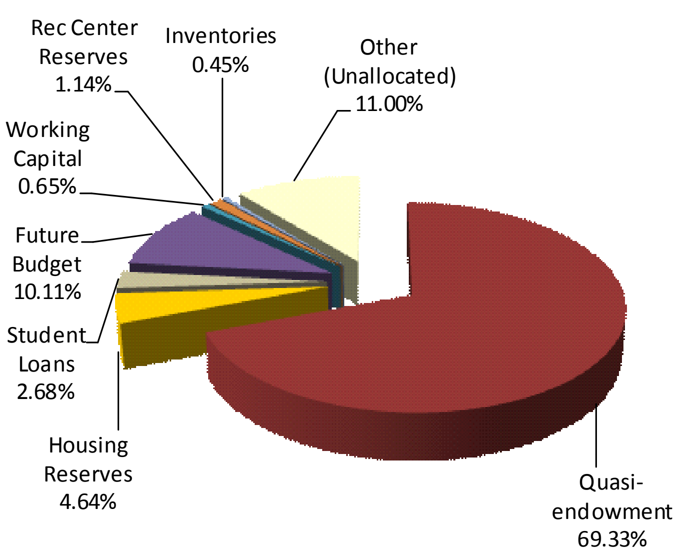


Net Position - August 31, 2014

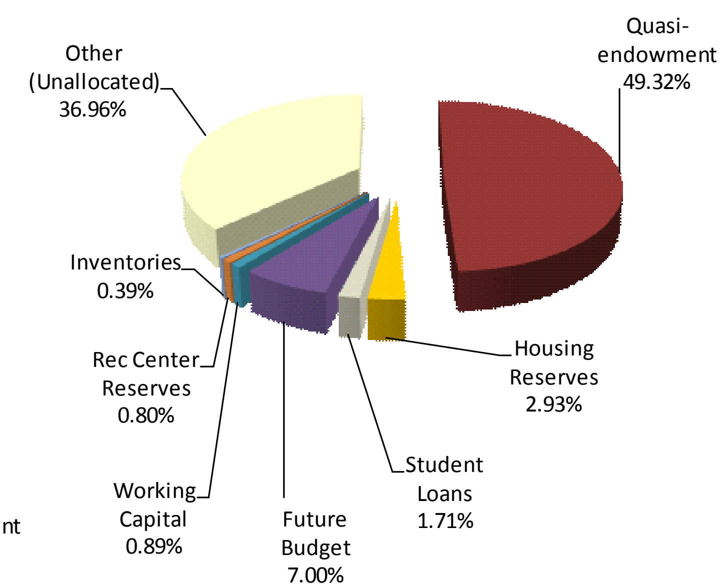


The university reports unrestricted net position of 24.71% of total net position for the year ended August 31, 2015 and 31.21% for the prior year. Although unrestricted, most of these funds have been designated for specific purposes. The following charts show how funds have been allocated:

Allocation of Unrestricted Net Position August 31, 2015



Allocation of Unrestricted Net Position August 31, 2014



The University's Results of Operations

The statement of revenues, expenses, and changes in net position reflects the university's operating results for the fiscal years ended August 31, 2015 and 2014. The comprehensive statements indicate the financial condition of the university, and comparatively analyze in what direction the university is moving. The following statements reveal the operating results of the university, as well as the non-operating revenues and expenditures. Operating revenues include all transactions that result in the sales and/or receipts from goods and services such as tuition and fees, housing, and food services. Certain federal, state, and private grants are considered operating revenues if they are not for capital purposes and are considered a contract for services. Annual state appropriations, while budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles.

The statement below compares the operating results of the university for the years ended August 31, 2015 and 2014.

	2015	2014
Operating Revenue:		
Net tuition and fees	$ 32,477,812.01	$ 31,281,819.39
Grants and contracts	4,610,873.81	5,189,141.94
Sales and Service of Educational Activities	1,541,883.97	1,517,370.52
Sales and Services of Auxiliary Enterprises	9,988,279.06	9,165,772.35
Other	1,322,818.00	1,413,256.24
Total Operating Revenue	49,941,666.85	48,567,360.44
Total Operating Expenses	(96,044,267.39)	(91,816,157.83)
Operating Loss	(46,102,600.54)	(43,248,797.39)
Non-Operating Revenues (Expenses):		
State Appropriations	17,012,175.00	17,039,451.35
Other State Appropriations	5,052,929.85	4,901,343.38
Federal Grants	8,474,924.37	8,316,438.01
Federal Pass-Through Grants	7,552.94	2,000.00
State Pass-Through Grants from Other Agencies	99,871.00	270,071.00
Gifts	5,091,510.26	7,380,693.44
Insurance Recovery in Subsequent Year		1,795,531.14
Other Non-Operating Revenues (Expenses)	22,030.48	(15,357.50)
Investment Income	1,622,537.91	1,618,380.81
Net Increase (Decrease) in Fair Value of Investments	(2,423,268.69)	3,434,194.59
Debt Issuance Costs	(510,499.52)	
Net Book Value of Capital Asset Disposals	(1,589.78)	(134,005.13)
Interest Expense on Capital Asset Financing	(3,060,795.48)	(3,247,235.29)
Total Non-Operating Revenue (Expense)	31,387,378.34	41,361,505.80
Income (Loss) Before Capital Contributions, Additions to Endowments, and Special Items	(14,715,222.20)	(1,887,291.59)
Capital Contributions, Additions to Endowments, & Special Items		
Capital Contributions	759,760.00	9,268,395.65
HEAF Appropriation	3,559,433.00	3,559,433.00
Additions to Endowments	465,998.96	337,110.60
Transfers In	84,890.00	0.99
Transfers Out	(840,840.94)	(777,587.85)
Increase (Decrease) in Net Position	(10,685,981.18)	10,500,060.80
Net Position, Beginning of Year	107,486,220.84	97,003,660.04
Restatements	(8,707,801.27)	(17,500.00)
Net Position, Beginning of Year, Restated	98,778,419.57	96,986,160.04
Net Position, End of Year	$ 88,092,438.39	$107,486,220.84

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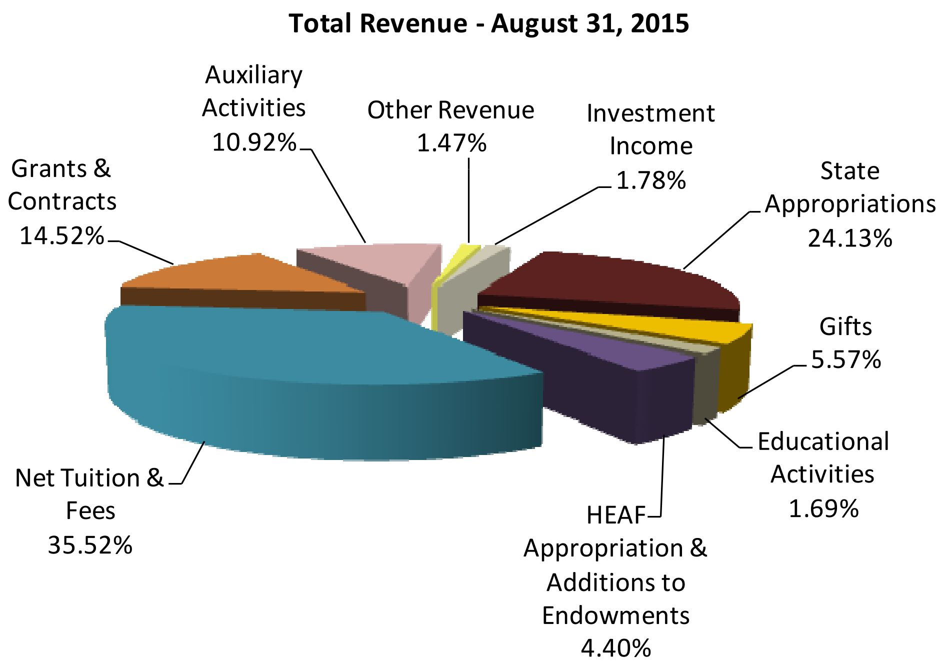
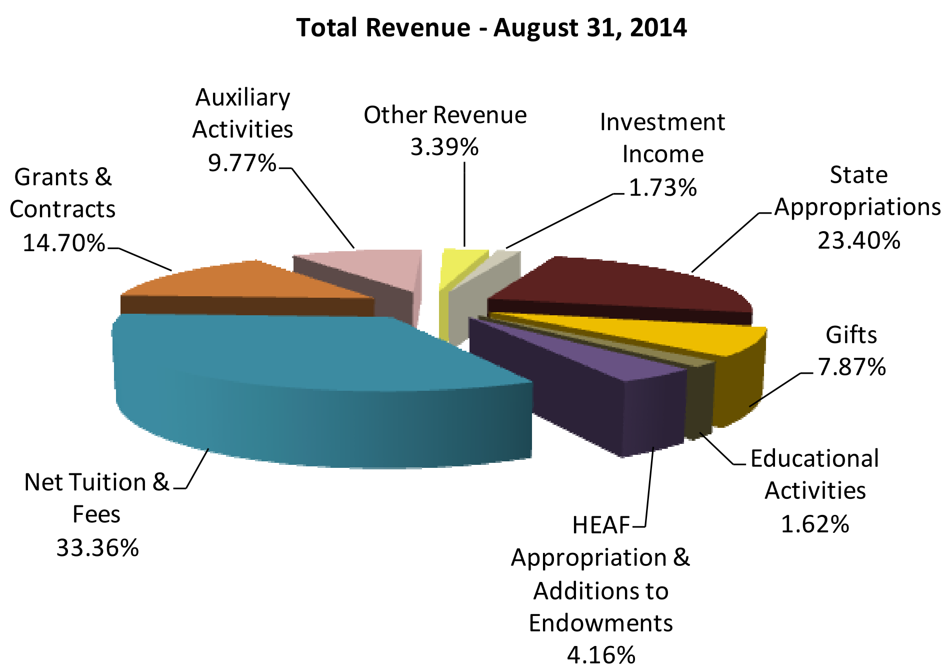
This chart identifies the components of total revenue for the year ended August 31, 2015.



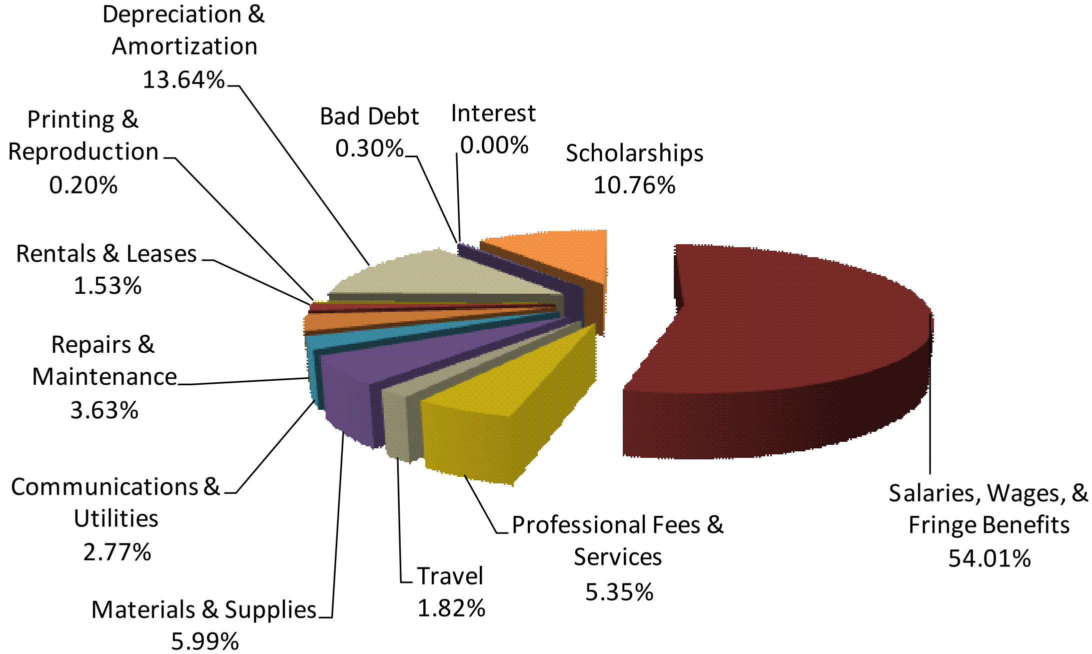
This chart reflects the same information for the year ended August 31, 2014.



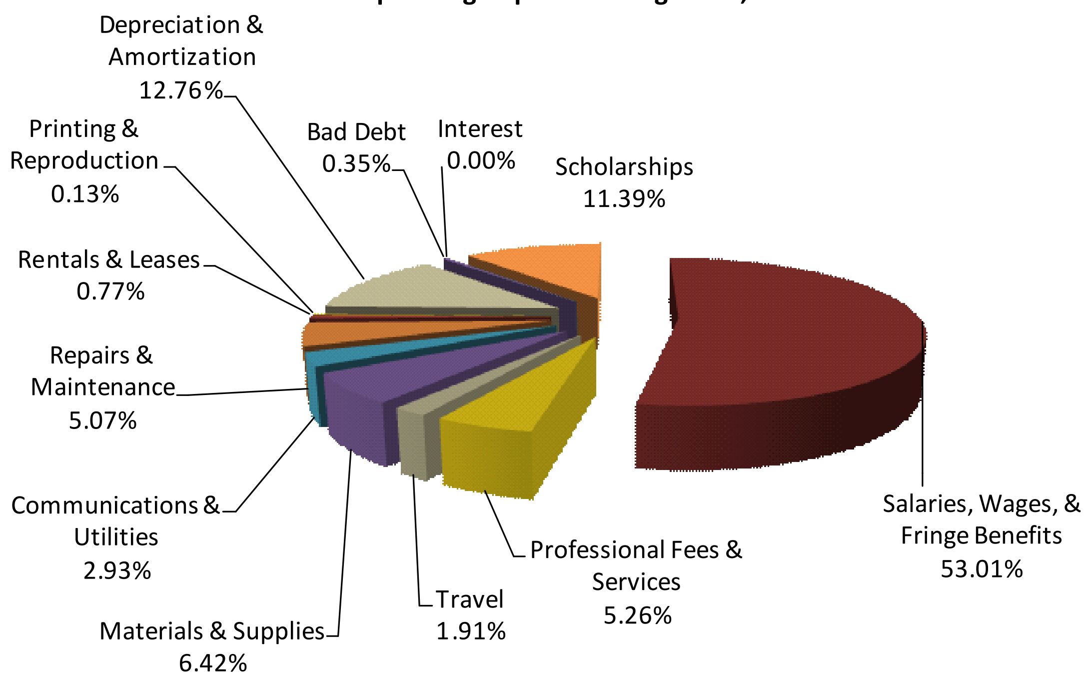
A N N U A L F I N A N C I A L R E P O R T

Total operating expenses for the year ended August 31, 2015 were $96,044,267.39 as compared to $91,816,157.83 for the previous year. The following charts compare the distribution of operating expenses between fiscal year 2015 and fiscal year 2014.

Total Operating Expenses - August 31, 2015



Total Operating Expenses - August 31, 2014



The University's Cash Flows

The Statement of Cash Flows represents the university's significant sources and uses of cash. It is designed to help users assess the university's ability to generate future cash flows, its ability to meet obligations as they come due, and its need for external financing.

Cash Flows

	2015	2014
Cash provided (used) by:		
Operating activities	$(28,023,345.25)	$(30,362,385.42)
Noncapital financing activities	34,226,166.27	38,494,348.79
Capital and related financing activities	29,119,828.81	(7,854,099.85)
Investing activities	(34,287,813.95)	(1,056,488.65)
Net increase (decrease) in cash	1,034,835.88	(778,625.13)
Cash – Beginning of year	7,206,625.74	7,985,250.87
Cash – End of year	$ 8,241,461.62	$ 7,206,625.74

There was a net increase in cash of $1,034,835.88.

Exhibit III, the Statement of Cash Flows, shows that the major sources of funds for operating activities are from student tuition and fees, grants and auxiliary enterprises. Tuition and fees accounted for $33.26 million, grants accounted for $4 million, and auxiliary enterprises, including housing and dining, accounted for $10.4 million.

State appropriations in the amount of $21.7 million were the primary sources of non-capital financing. Although the university is dependent on these appropriations to continue the current level of operations, accounting standards require that this source of funding be reflected as non-operating. Other non-capital financing activities include gifts in the amount of $4.7 million, additions to endowments in the amount of $466 thousand, and $8.6 million in Federal non-operating grants.

The primary source of capital and related financing activities was the proceeds received from debt issuance to construct a new 500-bed freshman residence hall and renovate the Fain Fine Arts Center to expand the mass communication program. Other uses of capital and related financing activities came from the completion of the Dalquest Desert Research Station, major exterior renovations to the Wichita Falls Museum of Art at Midwestern State University, and the renovation of the West Campus Annex.

Cash transactions within the investing section of the cash flow statement include the investment of construction bond proceeds in a flexible purchase agreement with Bayeriche Landesbank (BLB) and the liquidation of the Redwine Quasi Endowment investment with Luther King Capital Management and subsequent reinvestment in the Texas A&M University System Endowment Fund.

Capital Assets and Debt Administration

Capital Assets

As of August 31, 2015, the university had $124 million invested in capital assets. This figure is net of accumulated depreciation and amortization of $140.8 million. Depreciation and amortization charges totaled $13.1 million for the current fiscal year. The category of other capital assets includes library holdings, artwork, and collections. Assets by classification are shown below:

Capital Assets Before Accumulated Depreciation and Amortization

	2015	2014
Land and Land Improvements	$ 5,946,107.70	$ 5,919,952.66
Construction in Progress	4,795,023.22	479,967.98
Buildings and Building Improvements	191,031,306.65	189,483,965.51
Infrastructure	12,823,874.86	12,823,874.86
Facilities Improvements	8,768,106.97	7,341,589.58
Furniture and Equipment	13,499,924.46	12,770,561.16
Vehicles	1,981,491.79	1,966,127.79
Computer Software	10,730,009.48	10,730,009.48
Other Capital Assets	15,353,889.47	15,376,381.22
Total	$264,929,734.60	$256,892,430.24

Additions to assets of $8.3 million during fiscal year 2015 included: completion of the Dalquest Desert Research Station, significant exterior renovations to the Wichita Falls Museum of Art at Midwestern State University, the purchase of land adjacent to the museum property for a parking lot addition, a renovation to the West Campus Annex property in order to relocate football administrative offices, and the addition of a parking lot just south of the Prothro Yeager College of Humanities and Social Sciences.

The construction in progress at the end of the year includes construction of a new 500-bed freshman residence hall, renovations to the Fain Fine Arts Center to expand the mass communications program, and exterior improvements to the Prothro Yeager College of Humanities and Social Sciences.

Further financial information about the university's capital assets is presented in Note 2 of the notes to the financial statements.

Debt

At year-end, the university had $172 million in outstanding debt. Outstanding debt for the year ended August 31, 2014 was $106.2 million. The table below summarizes the amount of outstanding debt by type of instrument for the year ended August 31, 2015 compared with August 31, 2014.

	2015	2014
Revenue Bonds	$107,938,327.61	$ 73,124,784.49
General Obligation Bonds (HEAF)		
Accrued long term interest payable on bonds	64,151,824.60	33,174,046.66
Total	$172,090,152.21	$106,298,831.15

Debt repayments made during the year included principal in the amount of $4,215,000.00 and interest in the amount of $2,995,649.06.

Moody's Investor Services has assigned an A1 bond rating to the university's bonds, and Fitch has assigned an AA- rating. More detailed bond information is disclosed in Schedule 2A, 2B, 2C, 2D, 2E and 2F.

Factors Affecting the Future of Midwestern State University

Midwestern State University (MSU), like universities throughout the United States, faces numerous future challenges. MSU has developed a strategic plan to provide a framework to address these challenges with an eye to the long-term prosperity of the university.

INTERNAL STRENGTHS

The following are areas of strength that MSU can use to advance itself toward its goals.

Positive reputation – MSU has a positive reputation and a loyal base of donors. This strength enhances the ability to recruit students and benefit from external gifts. MSU has received substantial gifts from members of the local community.

Council of Public Liberal Arts Colleges (COPLAC) membership – MSU is a member of COPLAC, which complements the university's standing as a public liberal arts institution. MSU is committed to a strong liberal arts experience for students in all majors. COPLAC values interdisciplinary opportunities, close faculty and student interactions, and opportunities for faculty-supervised research.

Educational value – MSU, given its student orientation and highly qualified faculty, is able to provide excellent educational outcomes at a moderate price. In 2013, MSU was ranked a top college in Texas for greatest lifetime return on investment by AffordableCollegesOnline.org (AC Online). The ranking identified the 49 colleges in Texas where degrees pay off the most and MSU ranked No. 15 on the list.

EXTERNAL ENVIRONMENT

A number of patterns in the operating environment will affect MSU in the future.

LOCAL AND STATE DEMOGRAPHICS

The local area's population growth is expected to remain flat during the next 10 years.

The proportion of the local population that will be college age in the next decade is declining. Census data from 2000 and 2010 indicate that the number of 10- to 14-year-olds dropped from just more than 9,000 to just more than 8,000, and the number of 15- to 19-year-olds declined from approximately 12,000 to approximately 10,500.

Texas state population will continue to grow into the next decade. The rate of growth may be slightly lower than in the past, but it will remain robust. Much of the population growth will occur in Texas' metropolitan areas including Dallas/Fort Worth, Austin, San Antonio, and Houston.

PREPARATION OF STUDENTS

A sizable proportion of students seeking admission to MSU will continue to be under-prepared for college-level work. Texas ranks in the middle of states on measures of math and reading proficiency for fourth- and eighth-graders and mean SAT scores for Texas indicate that Texas students are under-performing compared to students throughout the United States.

Students admitted to MSU will continue to be from groups for which retention is challenging, including first-generation college students, students from low-wage families, and students with outside employment.

TECHNOLOGY

Technological change will continue to be very rapid, requiring frequent updates and additions to keep pace with technological applications outside of the university.

Entering students will expect the use of technology such as social networking, computer-based interactive educational programs, webinars, and learning modules that can be downloaded to smart phones. Required investments in technology will not only be for discipline-specific purposes, but also for all areas of instruction.

FINANCIAL

MSU continues to receive less than 25% of its funding from the State of Texas, while costs increase. Capital investment to keep pace with technology is needed and, as federal financial aid dollars are diminished, the demand for university financial aid support increases.

Midwestern State University continues to seek private funding to supplement tuition and fees and state funding in order to provide the rigorous education that will allow students to compete in an ever increasingly competitive job environment.

ENROLLMENT

MSU realized increased enrollment of 2.8%, or 169 students, for the fall 2015 term. Of this, the first-time full-time (FTFT) cohort was again large (820), continuing a trend first realized in fall 2013. In addition, transfer students increased by some 14 students, and Graduate School enrollment increased 26 students to 756 students.

The incoming FTFT cohort is largely residential in nature with 71.8% of students originating in areas other than Wichita Falls. The proportion of the class includes 35% from DFW; 5.4% from Houston; 4.4% from Austin, which is an increase of 2.6%; and 28.2% from Wichita County, which is an increase of 1.4%. As such, MSU again finds itself in a housing deficit, with occupancy at 112% of capacity, the overflow being housed at a nearby privatized student housing complex.

In addition to domestic students, international student enrollment has increased and now represents 9.5% of overall enrollment. The incoming international student class is comprised of 141 students from a record 35 different countries. Overall, there are 577 international students from 54 different countries.

MSU expects the large incoming residential classes to continue, largely fueled by MSU's unique offerings and niche, proximity to DFW, and the growth expected to continue in the DFW Metroplex. To this end, a DFW-based Assistant Director of Admissions began in October 2015, with plans to add DFW-based Admissions Counselors over the next three years. A new 500-bed residence hall will open for the fall 2016 term, and projections have MSU at a housing deficit again in fall 2018, despite a 143% increase in housing capacity since 2002.

Unaudited

Midwestern State University
Exhibit I
Comparative Statement of Net Position
August 31

ASSETS AND DEFERRED OUTFLOWS

Current Assets:		**2015**		**2014**
Cash and Cash Equivalents:				
Cash on Hand		$ 16,300.00		$ 16,300.00
Cash in Bank		6,622,911.07		8,310,466.68
Cash in State Treasury		3,227,195.04		4,394,330.56
Short-term Investments		9,173,213.92		9,990,287.80
State Appropriations		2,549,821.09		2,233,497.01
Restricted:				
Cash and Cash Equivalents:				
Cash in Bank		(1,624,944.49)		(5,514,471.50)
Notes and Loans Receivable		10,217.29		10,097.79
Net Receivables:				
Student Receivables		8,545,439.32		8,190,492.17
Federal Receivables		262,695.87		241,709.18
Other Intergovernmental Receivables		98,352.16		0.99
Interest and Dividends		14,788.95		41,022.14
Other Receivables		1,314,056.25		1,473,851.24
Pledges Receivable		627,587.85		2,146,500.55
Consumable Inventories		223,123.25		237,954.62
Prepaid Expenses		9,517,899.83		9,385,663.43
Total Current Assets		40,578,657.40		41,157,702.66
Noncurrent Assets:				
Restricted:				
Short-term Investments		37,295,363.60		(35,068.37)
Investments		5,865,167.62		7,042,125.19
Loans and Contracts		37,882.51		48,219.30
Other Long-term Investments		38,651,303.09		40,495,803.59
Pledges Receivable		1,857,770.56		840,892.67
Other Noncurrent Assets		990,252.53		1,045,273.87
Capital Assets, Non-depreciable:				
Land and Land Improvements	$5,946,107.70		$5,919,952.66	
Construction in Progress	4,795,023.22		479,967.98	
Other Capital Assets	3,533,965.30	14,275,096.22	3,533,965.30	9,933,885.94
Capital Assets, Depreciable:				
Buildings & Building Improvements	191,031,306.65		189,483,965.51	
Less Accumulated Depreciation	(101,228,112.33)	89,803,194.32	(93,397,355.95)	96,086,609.56
Infrastructure	12,823,874.86		12,823,874.86	
Less Accumulated Depreciation	(6,329,966.08)	6,493,908.78	(5,885,639.56)	6,938,235.30
Facilities and Other Improvements	8,768,106.97		7,341,589.58	
Less Accumulated Depreciation	(4,647,684.97)	4,120,422.00	(4,313,001.82)	3,028,587.76
Furniture and Equipment	13,499,924.46		12,770,561.16	
Less Accumulated Depreciation	(11,163,495.85)	2,336,428.61	(10,197,189.31)	2,573,371.85
Vehicles	1,981,491.79		1,966,127.79	
Less Accumulated Depreciation	(1,142,521.89)	838,969.90	(1,007,847.06)	958,280.73
Other Capital Assets	11,819,924.17		11,842,415.92	
Less Accumulated Depreciation	(10,287,080.71)	1,532,843.46	(10,161,577.84)	1,680,838.08
Intangible Capital Assets, Amortizable:				
Computer Software	10,730,009.48		10,730,009.48	
Less Accumulated Amortization	(6,077,876.86)	4,652,132.62	(3,119,859.58)	7,610,149.90
Total Noncurrent Assets		208,750,735.82		178,247,205.37
Total Assets		$249,329,393.22		$219,404,908.03

Deferred Outflows of Resources:	2015	2014
Deferred Outflows-Related to Pension Contributions	$ 618,431.72	
Deferred Outflows-Unamortized Loss on Debt Refunding	1,251,364.61	
Total Deferred Outflows of Resources	1,869,796.33	$ 0.00
Total Assets and Deferred Outflows	251,199,189.55	219,404,908.03
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities:		
Accounts Payable	6,572,412.31	4,659,516.93
Accrued Payroll Payable	4,538,469.02	4,242,984.03
Employees' Compensable Leave	164,468.13	163,730.88
Room/Property Deposits	67,489.39	64,470.14
Unearned Revenues	27,187,568.53	26,003,261.97
Retainages and Contracts	213,934.54	7,447.14
Funds Held for Others	128,672.98	116,199.25
Capital Lease	27,508.82	74,460.92
Due to Other Agencies (SECO Loan)	266,821.51	261,551.13
Unamortized Discount on 2007 Rev Bonds		(12,344.13)
Unamortized Premium on 2008 Rev Bonds	105,902.49	86,456.53
Unamortized Premium on 2015A Rev Bonds	95,151.81	
Revenue Bonds Payable	4,170,000.00	4,215,000.00
Total Current Liabilities	43,538,399.53	39,882,734.79
Noncurrent Liabilities:		
Employees' Compensable Leave	1,553,537.19	1,454,626.85
Net Pension Liability	7,687,154.17	
Room/Property Deposits	192,799.15	190,095.40
Capital Lease	34,326.25	
Due to Other Agencies (SECO Loan)	1,256,980.95	1,523,802.46
Unamortized Discount on 2007 Rev Bonds		(209,533.69)
Unamortized Premium on 2008 Rev Bonds	61,274.39	167,176.89
Unamortized Premium on 2015A Rev Bonds	2,664,250.54	
Revenue Bonds Payable	103,768,327.61	68,909,784.49
Total Noncurrent Liabilities	117,218,650.25	72,035,952.40
Total Liabilities	160,757,049.78	111,918,687.19
Deferred Inflows of Resources:		
Deferred Inflows-Related to Pension Contributions	2,349,701.38	
Total Deferred Inflows of Resources	2,349,701.38	0.00
Total Liabilities and Deferred Inflows	163,106,751.16	111,918,687.19
NET POSITION		
Net Investment in Capital Assets	49,444,345.29	54,838,878.39
Restricted for:		
Debt Retirement		
Nonexpendable	4,463,100.97	4,375,727.45
Expendable:		
Capital Projects	748,463.68	1,842,365.98
Restricted by Contributor	11,669,327.71	12,880,943.23
Unrestricted	21,767,200.74	33,548,305.79
Total Net Position	88,092,438.39	107,486,220.84
Total Liabilities, Deferred Inflows and Net Position	$251,199,189.55	$219,404,908.03

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

Unaudited

Midwestern State University
Exhibit II
Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31

	2015	2014
Operating Revenues:		
Student Tuition and Fees (net of scholarship allowances of $11,906,532.28 and $10,812,823.65, respectively)	$32,477,812.01	$31,281,819.39
Federal Grants	613,880.35	533,422.28
Federal Pass-Through Grants	120,828.05	127,044.31
State Pass-Through Grants from Other State Agencies	3,326,187.85	3,552,864.18
Other Grants and Contracts	549,977.56	975,811.17
Sales and Services of Educational Activities	1,541,883.97	1,517,370.52
Sales and Services of Auxiliary Enterprises	9,988,279.06	9,165,772.35
Other Operating Revenue	1,322,818.00	1,413,256.24
Total Operating Revenues	49,941,666.85	48,567,360.44
Operating Expenses:		
Salaries and Wages	39,781,931.21	37,387,992.74
Payroll Related Costs	12,089,905.23	11,283,877.96
Professional Fees and Services	5,136,289.17	4,831,819.16
Travel	1,752,044.43	1,742,968.00
Materials and Supplies	5,751,701.44	5,894,134.71
Communications and Utilities	2,659,866.40	2,692,743.63
Repairs and Maintenance	3,483,818.91	4,651,994.95
Rentals and Leases	1,470,843.76	707,362.64
Printing and Reproduction	197,216.53	121,852.08
Depreciation and Amortization	13,102,589.95	11,717,162.53
Bad Debt Expense	286,150.73	324,984.94
Interest	1,378.62	1,331.88
Scholarships	10,330,531.01	10,457,932.61
Total Operating Expenses	96,044,267.39	91,816,157.83
Operating Loss	(46,102,600.54)	(43,248,797.39)
Non-Operating Revenues (Expenses):		
State Appropriations	17,012,175.00	17,039,451.35
Additional State Appropriations	5,052,929.85	4,901,343.38
Federal Grants	8,474,924.37	8,316,438.01
Federal Pass-Through Grants	7,552.94	2,000.00
State Pass-Through Grants from Other State Agencies	99,871.00	270,071.00
Gifts	5,091,510.26	7,380,693.44
Insurance Recovery in Subsequent Year		1,795,531.14
Other Non-Operating Revenues (Expenses)	22,030.48	(15,357.50)
Investment Income	1,622,537.91	1,618,380.81
Net Increase (Decrease) in Fair Value of Investments	(2,423,268.69)	3,434,194.59
Debt Issuance Costs	(510,499.52)	
Net Book Value of Capital Asset Disposals	(1,589.78)	(134,005.13)
Interest Expense on Capital Asset Financing	(3,060,795.48)	(3,247,235.29)
Total Non-Operating Revenues (Expenses)	31,387,378.34	41,361,505.80
Income (Loss) Before Capital Contributions, Additions to Endowments, and Special Items	(14,715,222.20)	(1,887,291.59)

	2015	2014
Capital Contributions	$ 759,760.00	$ 9,268,395.65
HEAF Appropriation	3,559,433.00	3,559,433.00
Additions to Endowments	465,998.96	337,110.60
Transfers In	84,890.00	0.99
Transfers Out	(840,840.94)	(777,587.85)
Increase (Decrease) in Net Position	(10,685,981.18)	10,500,060.80
Net Position, Beginning of Year	107,486,220.84	97,003,660.04
Restatements	(8,707,801.27)	(17,500.00)
Net Position, Beginning of Year, Restated	98,778,419.57	96,986,160.04
Net Position, End of Year	$ 88,092,438.39	$ 107,486,220.84

ANNUAL FINANCIAL REPORT

Year Ended 8-31-2015 (UNAUDITED)

Unaudited

Midwestern State University
Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2015

	Total Operating Expenses	Instruction	Research	Public Service	Academic Support
Salaries and Wages	$39,781,931.21	$20,940,797.29	$420,832.88	$307,514.92	$2,825,480.61
Payroll Related Costs	12,089,905.23	6,525,183.36	44,928.80	82,181.38	927,641.23
Professional Fees and Services	5,136,289.17	677,900.15	21,073.25	34,841.21	1,098,485.41
Travel	1,752,044.43	522,872.55	121,764.06	17,922.05	278,435.04
Materials and Supplies	5,751,701.44	687,668.85	123,739.88	140,174.15	703,013.96
Communications and Utilities	2,659,866.40	54,217.81	139.60	2,695.70	16,489.56
Repairs and Maintenance	3,483,818.91	198,168.56	945.69	37,970.65	1,098,820.37
Rentals and Leases	1,470,843.76	150,847.43	572.08	89,822.24	42,355.38
Printing and Reproduction	197,216.53	46,460.17	2,043.40	9,096.49	48,472.35
Depreciation and Amortization	13,102,589.95				
Bad Debt Expense	286,150.73				
Interest	1,378.62	12.51			77.67
Scholarships	10,330,531.01				
Total Operating Expenses	$96,044,267.39	$29,804,128.68	$736,039.64	$722,218.79	$7,039,271.58

Midwestern State University
Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2014

	Total Operating Expenses	Instruction	Research	Public Service	Academic Support
Salaries and Wages	$37,387,992.74	$20,166,741.61	$ 228,652.51	$342,417.95	$2,771,908.72
Payroll Related Costs	11,283,877.96	5,947,866.86	31,101.78	82,880.69	830,341.46
Professional Fees and Services	4,831,819.16	627,247.01	13,247.32	146,929.74	1,056,339.70
Travel	1,742,968.00	623,492.94	70,913.08	23,706.88	211,252.28
Materials and Supplies	5,894,134.71	684,093.69	119,634.12	183,435.97	451,414.66
Communications and Utilities	2,692,743.63	57,532.72	1,644.04	2,680.67	19,780.87
Repairs and Maintenance	4,651,994.95	169,342.25	7,269.89	40,838.49	445,839.52
Rentals and Leases	707,362.64	194,259.41	531.75	7,786.08	39,264.05
Printing and Reproduction	121,852.08	46,075.36	6,948.03	9,493.46	31,985.02
Depreciation and Amortization	11,717,162.53				
Bad Debt Expense	324,984.94				
Interest	1,331.88	0.77	23.55	7.36	108.48
Scholarships	10,457,932.61				
Total Operating Expenses	$91,816,157.83	$28,516,652.62	$479,966.07	$840,177.29	$5,858,234.76

Student Services	Institutional Support	Operation & Maintenance	Scholarships	Auxiliary Enterprises	Depreciation
$ 5,811,830.80	$5,557,805.89	$2,378,904.01		$1,538,764.81	
1,790,599.09	1,175,003.94	1,124,186.68		420,180.75	
1,830,708.55	200,630.26	421,496.27		851,154.07	
621,506.26	149,834.44	9,784.39		29,925.64	
828,614.06	589,209.97	535,142.00		2,144,138.57	
237,851.09	(14,876.58)	1,393,160.63		970,188.59	
179,667.20	776,600.25	825,643.45		366,002.74	
162,467.56	43,560.64	6,552.43		974,666.00	
210,631.01	(132,385.32)	1,475.75		11,422.68	
					$13,102,589.95
286,150.73					
444.86	516.75	320.12		6.71	
			$10,330,531.01		
$11,960,471.21	$8,345,900.24	$6,696,665.73	$10,330,531.01	$7,306,450.56	$13,102,589.95

Student Services	Institutional Support	Operation & Maintenance	Scholarships	Auxiliary Enterprises	Depreciation
$ 5,349,215.24	$4,811,183.51	$2,288,713.45		$1,429,159.75	
1,602,525.84	1,379,752.49	1,030,015.06		379,393.78	
2,029,849.66	(55,441.87)	410,251.16		603,396.44	
653,332.13	128,767.13	5,026.53		26,477.03	
954,138.66	732,267.60	646,128.03		2,123,021.98	
186,991.77	(16,816.20)	1,622,949.68		817,980.08	
205,694.73	713,975.83	2,623,065.51		445,968.73	
220,248.68	42,841.21	9,481.80		192,949.66	
109,041.75	(109,480.91)	1,416.61		26,372.76	
					$11,717,162.53
324,984.94					
593.51	210.63	58.28		329.30	
			$10,457,932.61		
$11,636,616.91	$7,627,259.42	$8,637,106.11	$10,457,932.61	$6,045,049.51	$11,717,162.53

Unaudited

Midwestern State University
Exhibit III
Statement of Cash Flows
For the Years Ended August 31

	2015	2014
Cash Flows from Operating Activities:		
Proceeds Received from Students	$ 33,260,734.69	$ 29,878,822.90
Proceeds Received for Sponsored Programs	4,036,734.97	5,869,550.43
Proceeds Received from Auxiliary Enterprises	10,363,161.03	9,608,124.78
Proceeds From Loan Programs	16,004.89	21,581.05
Proceeds From Other Revenues	2,864,701.97	2,930,626.76
Payments to Employees	(50,766,081.30)	(49,353,291.31)
Payments to Suppliers for Good and Services	(17,352,652.20)	(18,069,694.97)
Payments for Scholarships	(10,444,570.68)	(11,246,773.18)
Payments for Interest	(1,378.62)	(1,331.88)
Net Cash Provided (Used) by Operating Activities	(28,023,345.25)	(30,362,385.42)
Cash Flows from Noncapital Financing Activities:		
Proceeds from State Appropriations	21,748,780.77	20,677,740.22
Proceeds from Endowment Gifts	465,998.96	337,110.60
Proceeds from Gifts	4,673,458.21	7,888,402.18
Proceeds (Payments) from Other Noncapital Financing Activities	(488,469.04)	1,780,173.64
Proceeds from Nonoperating Grants	8,582,348.31	8,588,509.01
Transfers in from Other Funds	84,890.00	0.99
Transfers out to Other Funds	(840,840.94)	(777,587.85)
Net Cash Provided by Noncapital Financing Activities	34,226,166.27	38,494,348.79
Cash Flows from Capital and Related Financing Activities:		
Proceeds from Debt Issuance	42,569,287.55	
Proceeds from Capital Gifts	741,760.00	736,294.33
Proceeds from HEAF Appropriations	3,559,433.00	3,559,433.00
Proceeds From Interest on Capital Investments	15,628.74	1,067.90
Payments for Additions to Capital Assets	(8,329,216.52)	(3,165,204.23)
Principal Paid on Capital Related Debt	(5,135,097.78)	(5,729,490.41)
Interest Paid on Capital Related Debt	(4,301,966.18)	(3,256,200.44)
Net Cash Provided by Capital and Related Financing Activities	29,119,828.81	(7,854,099.85)
Cash Flows from Investing Activities:		
Proceeds from Interest and Investment Income	662,935.35	3,049,572.56
Proceeds from Sales and Maturities of Investments	81,597,069.39	39,835,240.97
Payments to Acquire Investments	(116,547,818.69)	(43,941,302.18)
Net Cash Provided (Used) by Investing Activities	(34,287,813.95)	(1,056,488.65)
Increase (Decrease) in Cash and Cash Equivalents	1,034,835.88	(778,625.13)
Cash and Cash Equivalents, September 1, 2014	7,206,625.74	7,985,250.87
Cash and Cash Equivalents, August 31, 2015	$ 8,241,461.62	$ 7,206,625.74

	2015	2014
Reconciliation to Cash and Cash Equivalents as Displayed on the Statement of Net Position:		
Current Assets:		
Cash On Hand	$ 16,300.00	$ 16,300.00
Cash In Bank	6,622,911.07	8,310,466.68
Cash in State Treasury	3,227,195.04	4,394,330.56
Restricted:		
Cash In Bank	(1,624,944.49)	(5,514,471.50)
	$ 8,241,461.62	$ 7,206,625.74
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	$(46,102,600.54)	$(43,248,797.39)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	13,102,589.95	11,717,162.53
Bad Debt Expense	286,150.73	324,984.94
Net Pension Expenses Reported in Payroll Related Costs	710,622.56	
Donations of Non-Capital Assets	920,086.86	241,435.04
(Increase) Decrease in Receivables	(584,516.36)	(2,319,106.42)
(Increase) Decrease in Inventories	14,831.37	28,461.20
(Increase) Decrease in Prepaid Expenses	(132,236.40)	(796,363.56)
(Increase) Decrease in Loans	(119.50)	(5,656.40)
Increase (Decrease) in Payables	2,465,418.20	1,461,859.15
Increase (Decrease) in Unearned Revenues	1,184,306.56	2,066,108.30
Increase (Decrease) in Other Liabilities	112,121.32	167,527.19
Total Adjustments	18,079,255.29	12,886,411.97
Net Cash Used by Operating Activities	$(28,023,345.25)	$(30,362,385.42)
Non Cash Transactions		
Net Increase (Decrease) in FMV of Investments	$(2,423,268.69)	$3,434,194.59
(Loss) Gain on Asset Disposals	(1,589.78)	(134,005.13)
Nonmonetary Gifts, Including Capital Assets	938,086.86	9,315,975.69
Refunding of Long Term Debt	17,595,000.00	

Note 1: Summary of Significant Accounting Policies

Introduction

Midwestern State University is a public institution of higher education and is an agency of the State of Texas. The university's Board of Regents is appointed by the Governor of the State. Accordingly, the university's financial position is in the State of Texas' Consolidated Annual Financial Report. Transactions with the State relate primarily to appropriations for operations and capital improvements and grants from various state agencies.

Basis of Presentation

The financial statements of Midwestern State University have been prepared in accordance with the requirements established by the Comptroller of Public Accounts' Annual Financial Reporting Requirements. These requirements follow, as near as practicable, the generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued in June 1999*,* Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis of Public College and Universities* issued in November 1999*,* and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* issued in June 2011. The financial statements also incorporate the requirements set forth in GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which was issued by the GASB on December 30, 2010 and significantly reduces the need to rely on sources outside of the GASB's literature to locate the necessary accounting guidance for the governmental environment. The university does not apply FASB pronouncements issued after November 30, 1989 in the preparation of the accompanying financial statements.

The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas' Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

The university follows the "business-type activities" reporting requirement of GASB Statement No. 34 that provides a comprehensive one-line look at the university's financial activities. Accordingly, the university's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting.

Basis of Accounting – Proprietary Fund Accounting

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial positions, and cash flows. The financial statements of the university have been prepared on the accrual basis. Accrual accounting attempts to record a transaction's financial effects in the period in which the transaction occurred, rather than when cash is received or paid. Revenues are recorded when they are earned or when the university has a right to receive the revenues. Expenses are recognized when they are incurred.

Proprietary funds use the flow of economic resources measurement focus, which is similar to the focus used by commercial entities. Proprietary funds focus on whether the enterprise is economically better off as a result of the events and transactions that occurred during the fiscal period reported. Transactions and events that improved an enterprise's financial position are reported as revenues or gains. Transactions and events that diminished the economic position of the enterprise are reported as expenses or losses. Both current and long-term assets and liabilities are shown on the statement of net position.

The proprietary statement of revenues, expenses, and changes in net position is segregated into operating and non-operating sections.

Generally, operating activities are those that directly result from the provision of goods and services to customers or are directly related to the principal and usual activity of an enterprise. GASB Statement No. 34 indicates that a consideration for defining a proprietary fund's operating revenues and expenditures is how individual transactions would be classified for purposes of preparing a statement of cash flows according to GASB Statement No. 9.

Since certain grants are actually contracts for services, they are classified as operating activities. Although loan activity would normally be classified as an investing activity, lending activities in a university are directly related to the principal and usual activity of the university, and are classified as operating activities.

Net Position

GASB Statement No. 63 reports equity as "Net Position" rather than "Net Assets," as previously required under GASB Statement No. 34. Net position is classified according to external donor restrictions or availability of assets for satisfaction of university obligations.

Restricted Net Position

Restricted net position represents amounts over which third parties have imposed restrictions that cannot be changed by the Board, including amounts that the Board has agreed to set aside under contractual agreements with third parties. Nonexpendable restricted net position includes gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net position represents funds that have been gifted for specific purposes. Restricted Net Position includes the university's permanent endowments and donor restricted funds.

Unrestricted Net Position

Unrestricted net position consists of resources that are available for university use, and have been internally designated or reserved for specific purposes such as renewals and replacements, quasi-endowments, capital projects, student loans, budget commitments, and reserves for working capital.

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less at the time of purchase are considered cash and cash equivalents. Cash in the investment portfolio is not included in cash and cash equivalents as it is held for investing purposes.

Investments

The university reports investments at fair value in the Statement of Net Position. 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.

Note 1: Continued

Restricted Assets

Restricted assets are those assets that have third party restrictions or are restricted for specific uses by a contractual obligation. Restricted assets include donor restricted funds and proceeds from bond issuances that can only be used for capital projects.

Inventories

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost and utilize the last-in, first-out method.

Net Investment in Capital Assets

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Property, plant and equipment are recorded at cost, or, if acquired by gift, at the fair market value as of the date of the acquisition. Depreciation is provided on physical properties on a straight-line basis over the estimated useful life of the asset.

Type of Capital Asset	Capitalization Threshold	Range of Useful Life (in months)
Land and Land Improvements	$0	0
Construction in Progress	$0	0
Buildings and Building Improvements	$100,000	120-360
Infrastructure, Depreciable	$500,000	120-540
Infrastructure, Non-Depreciable	$0	0
Facilities and Other Improvements	$100,000	120-720
Furniture and Equipment	$5,000	36-180
Vehicles, Boats, and Aircraft	$5,000	60-120
Other Capital Assets	Various	0-180
Computer Software	Various	0-72
Other Intangible Capital Assets	$100,000	0-120

Unearned Revenue

The university records receivables when revenue is earned but not collected. Unearned revenue is recognized when cash is received prior to revenue recognition or when the earnings process is not yet complete and is considered a liability.

Deferred Outflows and Inflows of Resources

Deferred Outflows of Resources are presented in separate sections on the Statement of Net Position effective fiscal year 2013, in compliance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* Deferred Outflows of Resources are defined as the consumption of net assets applicable to a future reporting period and have a positive effect on net position, similar to assets. Deferred Inflows of Resources are defined as acquisitions of net assets applicable to a future reporting period and have a negative effect on net position, similar to liabilities.

The implementation of 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,* resulted in deferred outflows of resources and deferred inflows of resources related to the new pension reporting requirements, as detailed in Note 28. The advance refunding of existing debt in 2015, which resulted in an unamortized loss, also resulted in a deferred outflow. 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 then 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.

Other Significant Accounting Policies

Other significant accounting policies are set forth in the financial statements and the notes thereto.

ANNUAL FINANCIAL REPORT

NOTE 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2015, is presented below.

BUSINESS-TYPE ACTIVITIES	Balance 09/01/14	Adjustment	Reclassifications Completed CIP
Non-depreciable or Non-Amortizable Assets:			
Land and Land Improvements	$ 5,919,952.66		
Construction in Progress	479,967.98		$(2,162,206.87)
Other Tangible Capital Assets	3,533,965.30		
Total Non-depreciable Assets or Non-Amortizable Assets:	9,933,885.94	$0.00	(2,162,206.87)
Depreciable Assets:			
Buildings and Building Improvements	189,483,965.51		1,243,938.14
Infrastructure	12,823,874.86		
Facilities and Other Improvements	7,341,589.58		918,268.73
Furniture and Equipment	12,770,561.16		
Vehicles	1,966,127.79		
Other Capital Assets	11,842,415.92		
Total Depreciable Assets:	236,228,534.82	0.00	2,162,206.87
Less Accumulated Depreciation for:			
Buildings and Building Improvements	(93,397,355.95)		
Infrastructure	(5,885,639.56)		
Facilities and Other Improvements	(4,313,001.82)		
Furniture and Equipment	(10,197,189.31)		
Vehicles	(1,007,847.06)		
Other Capital Assets	(10,161,577.84)		
Total Accumulated Depreciation	(124,962,611.54)	0.00	0.00
Depreciable Assets, Net	111,265,923.28	0.00	2,162,206.87
Amortizable Assets - Intangible			
Computer Software	10,730,009.48		
Total Amortizable Assets - Intangible	10,730,009.48	0.00	0.00
Less Accumulated Amortization for:			
Computer Software	(3,119,859.58)		
Total Accumulated Amortization	(3,119,859.58)	0.00	0.00
Amortizable Assets - Intangible, Net	7,610,149.90	0.00	0.00
Business-Type Activities Capital Assets, Net	$128,809,959.12	$0.00	$ 0.00

Year Ended 8-31-2015 (UNAUDITED)

Additions	Deletions	Balance 08/31/15
$ 26,155.04		$ 5,946,107.70
6,477,262.11		4,795,023.22
		3,533,965.30
6,503,417.15	$ 0.00	14,275,096.22
303,403.00		191,031,306.65
		12,823,874.86
508,248.66		8,768,106.97
831,812.25	(102,448.95)	13,499,924.46
49,674.00	(34,310.00)	1,981,491.79
150,661.46	(173,153.21)	11,819,924.17
1,843,799.37	(309,912.16)	239,924,628.90
(7,830,756.38)		(101,228,112.33)
(444,326.52)		(6,329,966.08)
(334,683.15)		(4,647,684.97)
(1,067,165.71)	100,859.17	(11,163,495.85)
(168,984.83)	34,310.00	(1,142,521.89)
(298,656.08)	173,153.21	(10,287,080.71)
(10,144,572.67)	308,322.38	(134,798,861.83)
(8,300,773.30)	(1,589.78)	105,125,767.07
		10,730,009.48
0.00	0.00	10,730,009.48
(2,958,017.28)		(6,077,876.86)
(2,958,017.28)	0.00	(6,077,876.86)
(2,958,017.28)	0.00	4,652,132.62
$(4,755,373.43)	$ (1,589.78)	$124,052,995.91

A N N U A L F I N A N C I A L R E P O R T

Note 3: Deposits, Investments and Repurchase Agreements

Authorized Investments

Midwestern State University is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Governmental Code). Such investments include:

1. Obligations of the United States or its agencies,
2. Direct obligations of the State of Texas or its agencies,
3. Obligations of political subdivisions rated not less than A by a national investment rating firm,
4. Certificates of deposit,
5. Investment pools managed by State of Texas universities exempt from this act (see additional disclosures), and
6. Other instruments and obligations authorized by statute.

The university also employs an investment manager to manage the assets of the university's endowments which total $8,139,427.69 and are invested under a separate investment policy that permits equities as well as fixed income and alternative assets. Additionally, the university entered into a contract with the Texas A&M University System in September 2013 to manage university investments in the Texas A&M Cash Concentration Pool. A second contract with the Texas A&M University System was executed in December 2014 that allows investment of endowment assets in the Texas A&M System Endowment Fund. The fair value of the investments in the Cash Concentration Pool and the A&M System Endowment fund managed by the Texas A&M University System at August 31, 2015 was $22,719,066.89 and $11,709,433.81, respectively. Additional information about these investments is disclosed separately on pages 32-34.

Deposits of Cash in Bank

At August 31, the carrying amount of the university's deposits is presented below:

	2015	2014
Cash on Hand	$ 16,300.00	$ 16,300.00
Cash in Bank	4,997,966.58	2,795,995.18
Cash in State Treasury	3,227,195.04	4,394,330.56
Total Cash and Cash Equivalents	$8,241,461.62	$7,206,625.74
Current Assets—Cash and Cash Equivalents		
Cash on Hand	$ 16,300.00	$ 16,300.00
Cash in Bank	6,622,911.07	8,310,466.68
Cash in State Treasury	3,227,195.04	4,394,330.56
Current Assets– Restricted Cash and Cash Equivalents		
Cash in Bank	(1,624,944.49)	(5,514,471.50)
Total Cash and Cash Equivalents	$8,241,461.62	$7,206,625.74

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the university will not be able to recover deposits or will not be able to recover collateral securities in the possession of an outside party. The university's policies and State Statute require the university's deposits be deposited into authorized commercial banks and savings and loan associations. State statutes also require that these financial institutions pledge securities as collateral to secure university deposits if they are not fully insured by FDIC.

The university's bank balance at August 31, 2015 was $5,805,674.79. $250,000 of this amount was covered by FDIC Insurance, and $5,555,674.79 was collateralized with securities pledged by the bank granting the university a first priority security interest in the collateral which was held by the Bank of New York Mellon acting as custodian for the university and the bank (as defined above).

The university also entered into a flexible purchase agreement with Bayeriche Landesbank (BLB) for investment of construction bond proceeds. The value of the investments at August 31, 2015 was $37,888,721.09. Per the contract, Wells Fargo Bank acts as the third party custodial agent for all purchased securities pledged as collateral in the university's name. The value of the collateral must be no less than 102% of the value of the investments. Eligible securities are obligations of the United States of America or any agency or instrumentality of the United States of America that are wireable through the Federal Reserve System. The collateral market value at August 31, 2015 was $41,662,674.74, or 109.96% of the value of the investments in the flexible repurchase agreement.

ANNUAL FINANCIAL REPORT

Investments

At August 31, the fair value of the university's investments is presented below:

	2015	2014
U.S. Government Agency Obligations	$ 2,088,654.43	$ 5,994,155.58
Corporate Obligations	2,303,962.20	2,093,482.10
Municipal Bonds		
Equities	4,922,707.70	14,426,387.89
Other Fixed Income Mutual Funds	205,861.11	3,518,790.73
Other Commingled Funds—Texas A&M System Investment Pool*	34,428,500.70	20,885,258.26
Other Commingled Funds - Texpool	501,723.91	3,001,080.35
Other Commingled Funds - LOGIC	505,118.88	6,001,425.05
Other Commingled Funds - Goldman Sachs	569,336.46	400,271.49
Other Certificates of Deposit		490,000.00
Money Market - JP Morgan Chase		10,662.41
Money Market—Wells Fargo Bank	7,003,677.18	
Other Money Market funds		51,049.11
Flexible Repurchase Agreements	37,888,721.09	
Alternative Investments (including hedge funds)	566,784.57	620,585.24
Total Investments	$90,985,048.23	$57,493,148.21
Current Assets—Short-Term Investments	$ 9,173,213.92	$ 9,990,287.80
Non-Current Assets—Restricted Short Term Investments	37,295,363.60	(35,068.37)
Non-Current Assets—Restricted Investments	5,865,167.62	7,042,125.19
Non-Current Assets—Other Long Term Investments	38,651,303.09	40,495,803.59
Total Investments	$90,985,048.23	$57,493,148.21

**See additional disclosures on pages 32-34 for investments managed by the Texas A&M University System.*

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of August 31, 2015, the university's credit quality distribution for securities with credit risk exposure was as follows:

Investment Type	AAA	AA	A	BBB
U.S. Government Agency Obligations (FNMA, FHLB, FFCB, FHLMC)	$2,088,654.43			
Corporate Bonds			$ 807,913.20	$1,496,049.00
Comingled Funds—Texpool and LOGIC	1,006,842.79			
Investment Type	**BB**	**B**	**Collateralized**	**Not Rated**
Other Commingled Funds-Goldman Sachs				569,336.46
Money Market—Wells Fargo			7,003,677.18	
Flexible Repurchase Agreements			37,888,721.09	
Other Fixed Income Mutual Funds				205,861.11
Equities				4,922,707.70
Alternative Investments (including hedge funds)				566,784.57

Concentration of credit risk is the risk of loss attributable to the magnitude of Investment in a single issuer. As of August 31, 2015, the university's concentration of credit risk is immaterial to any single issuer.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a debt investment to changes arising from movements in interest rates. Duration is the weighted average maturity of an instrument's cash flows, where the present value of the cash flows serves as the weight. The duration of an instrument can be calculated by first multiplying the time until receipt of cash flow by the ratio of the present value of that cash flow to the instrument's total present value. The sum of these weighted time periods is the duration of the instrument. Modified duration estimates the sensitivity of the university's investments to changes in interest rates.

The university's investments exposed to interest rate risk as of August 31, 2015, were as follows:

Investment Type	Fair Value	Modified Duration
U.S. Government Agency Obligations	$2,088,654.43	5.58
Corporate Bonds	$2,303,962.20	3.76

Note 3: Continued

The Texas A&M University System—Investments for Midwestern State University

Investment Fair Value	
U.S. Treasury Securities	$ 1,047,188.70
U.S. Treasury TIPS	26,212.66
U.S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, etc.)	1,596,318.38
Corporate Obligations	2,782,381.87
Corporate Asset and Mortgage Backed Securities	1,521,707.52
US Equity	5,845,151.65
International Obligations (Govt and Corp)	1,139,572.50
International Equity	3,290,210.94
Fixed Income Money Market and Bond Mutual Funds	384,378.75
Mutual Funds—International Equity	4,197,908.50
Other Commingled Funds—Equity	304,376.17
Derivatives	13,387.50
Alternative Investments—Hedge Funds	7,145,201.66
Alternative Investments—Limited Partnerships—Private Equity	1,673,249.00
Alternative Investments—Limited Partnerships—International Private Equity	449,648.49
Alternative Investments—Limited Partnerships—Real Estate	216,368.64
Alternative Investments—Limited Partnerships—International Real Estate	35,427.09
Alternative Investments—Natural Resources	1,245,546.94
Miscellaneous	
Political Subdivisions and other investments	9,327.59
Bank Loans	1,644,552.95
Total Investments	$34,568,117.50
Cash and Accruals	
Foreign Currency Presented as Cash	761.20
Receivables	
Interest/Dividends Receivable	61,821.12
Foreign Currency Fluctuations—Receivable	(402.34)
FFX Contract Receivable	194,662.69
Pending Sale	241,027.78
New Deposit	10,000.00
Total Receivables	507,109.25
Payables	
Payable for Manager Fees	(13,494.21)
Payable for 4th quarter SEF distribution	(127,480.83)
Foreign Currency Fluctuations—Payable	21.67
FFX Contract Payable	(194,662.69)
Pending Purchase	(311,873.97)
Rounding due to allocation	2.78
Total Payable	(647,487.25)
Total Cash and Accruals	(139,616.80)
Total Net Asset Value	$34,428,500.70

A N N U A L F I N A N C I A L R E P O R T

Investments Exposed to Credit Risk

Investment Type	AAA	AA	A	BBB
U.S. Government Agency Obligations		$1,596,318.38		
Corporate Obligations		52,228.39	$445,574.88	$1,790,093.61
Corporate Asset & Mortgage Backed Securities	$195,548.43	169,433.25	298,702.79	7,510.48
International Obligations	109,106.12	200,259.05	352,326.70	261,388.43
Investment Type	**BB**	**B**	**CCC**	**Not Rated**
Corporate Obligations	254,014.65	78,861.61		161,608.73
Corporate Asset & Mortgage Backed Securities	4,018.52	3,933.23	45,979.06	796,581.76
International Obligations	39,703.65	51,389.39		125,399.16
Miscellaneous (municipals and CDs)				1,653,880.54
Fixed Income Money Market & Bond Mutual Fund				384,378.75

Investments Exposed to Foreign Currency Risk

Fund Type	GAAP Fund	Foreign Currency	International Obligation (Govt & Corp & MF)	International Equity	International Other Commingled Funds (Equity)
05	9999	U.S. Dollar Denominated Foreign Securities	$ 969,293.31	$1,388,993.57	$4,515,368.09
05	9999	Australian Dollar	85,430.53		
05	9999	Brazil Real		19,816.03	
05	9999	British Pound Sterling	5,196.86	379,776.56	
05	9999	Canadian Dollar		53,116.44	
05	9999	Euro Currency Unit		473,926.94	167,615.99
05	9999	Hong Kong Dollar		31,502.98	
05	9999	Japanese Yen		567,518.86	
05	9999	New Zealand	79,651.80		
05	9999	Singapore Dollar		10,627.72	
05	9999	South Korean Won		28,058.00	
05	9999	Swedish Krona		18,299.01	
05	9999	Swiss Franc		318,574.83	
		TOTAL	**$1,139,572.50**	**$3,290,210.94**	**$4,682,984.08**

Year Ended 8-31-2015 (UNAUDITED)

A N N U A L F I N A N C I A L R E P O R T

Note 3: Continued

Investments Exposed to Interest Rate Risk

Investment Types	**Effective Duration**	**Market Value**
U.S. Treasury Securities	6.327	$1,047,188.70
U.S. Treasury TIPS	3.514	26,212.66
U.S. Government Agency Obligations		
Agencies and Other U.S. Government Obligations	4.005	105,377.54
CMO Government Agencies	3.389	12,172.57
U.S. Government Mortgages	3.264	1,478,768.27
Corporate Obligations		
Corporate and Other Credit	5.659	2,782,381.87
Corporate Asset and Mortgage Backed Securities		
CMBS and CMO Corporate	6.452	943,989.84
Asset Backed Securities	4.646	577,717.68
International Obligations	4.449	1,139,572.50
Miscellaneous		
Political subdivision	3.629	9,327.59
Bank Loans	0.100	1,644,552.95
Total Fair Value		**$9,767,262.17**

Derivative Investing

Midwestern State University invests funds in The Texas A&M University System's (A&M System) investment pool, which includes investment derivatives in the form of forward currency exchange contracts used for the purchase or sale of a specific foreign currency at a fixed quantity and price on a future date as a hedge against either specific transactions or portfolio positions. Additional information on these contracts can be found in the A&M System's financial statement note disclosures.

The table below summarizes MSU's share of the pending foreign exchange contracts as of August 31, 2015.

Currency	**Sell**	**Buy**	**Unrealized Gain on Foreign Exchange Contract**	**Unrealized Loss on Foreign Exchange Contract**
Australian Dollar	$110,048.95		$ 4,742.26	
New Zealand Dollar	84,613.74		8,645.24	
	$194,662.69		$13,387.50	

Midwestern State University's share of the fair value of open foreign currency exchange contracts as of August 31, 2015 was $13,387.50, which is included in the net increase (decrease) in fair value of investments on the statement of revenues, expenses, and changes in net position.

The gross counter party exposure related to MSU's share of these contracts as of August 31, 2015 is presented below:

Assets Notional	**Liabilities Notional**	**Assets Fair Value as of August 31, 2015**	**Liabilities Fair Value as of August 31, 2015**	**Counterparty Rating**
$194,662.69		$13,387.50		AA-
$194,662.69		$13,387.50		

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Note 4: Short-Term Debt

Not Applicable

Note 5: Long-Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2015, the following changes occurred in liabilities:

Business-Type Activities	Balance 09-01-14	Restatement	Additions	Reductions	Balance 08-31-15	Amounts Due Within One Year
Revenue Bonds Payable	$73,124,784.49		$57,223,543.12 *	$22,410,000.00	$107,938,327.61	$4,170,000.00
Unamortized Premium on Revenue Bonds	253,633.42		2,759,402.35	86,456.54	2,926,579.23	201,054.30
Unamortized Discount on Revenue Bonds	(221,877.82)			221,877.82		
Subtotal	73,156,540.09		59,982,945.47	22,718,334.36	110,864,906.84	4,371,054.30
Compensable Leave	1,618,357.73		230,178.12	130,530.53	1,718,005.32	164,468.13
Capital Lease Obligations	74,460.92		45,436.87	58,062.72	61,835.07	27,508.82
SECO Federal Revolving Loan	1,785,353.59			261,551.13	1,523,802.46	266,821.51
Total	$76,634,712.33	$0.00	$60,258,560.46	$23,168,478.74	$114,168,549.69	$4,829,852.76

*See Note 6

Employees' Compensable Leave

Benefit eligible staff and 12-month faculty members can earn annual leave from eight to twenty-one hours per month depending on the respective employee's years of state employment. The State's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum of hours up to 532 for those employees with thirty-five or more years of state service. A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, separation from State employment, or transfer to a position that no longer accrues vacation, provided the employee has had continuous employment with the State for six months. For proprietary fund types an expense and liability are recorded as the benefits accrue to the employee. The liability is determined through the summarization of each employee's annual leave balance multiplied by their respective salary rate. The estimated cumulative amount of this liability is $1,718,005.32. The university made lump sum payments totaling $130,530.53 for accrued vacation to employees who separated from state service during the fiscal year ended August 31, 2015, and payments of $98,555.86 for August 31, 2014.

The university has an undetermined and unrecorded liability for employee's earned sick leave. Sick leave accumulation of which is unlimited, is earned at the rate of eight hours per month and is paid only when an employee is absent due to illness or to the estate of an employee in the event of his/her death. The maximum sick leave that may be paid an employee's estate is one-half of the employee's accumulated entitlement or 336 hours, whichever is less. The University's policy is to recognize the cost of sick leave when paid. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Note 6: Bonded Indebtedness

Bonds Payable

Detailed supplemental bond information is disclosed in:

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

General information related to bonds is summarized below and on the following pages:

Revenue and Refunding Bonds, Series 2003

- Issued by the Texas Public Finance Authority (TPFA) on behalf of the university. To pay for improving, enlarging and/or equipping residence halls, including fire safety improvements and other general modernization improvements, and advance refunding Building Revenue and Refunding Bonds, Series 1996
- Issued August 1, 2003
- $13,180,000; all bonds authorized have been issued
- Revenue Bond
- Business-Type Activities
- Source of Revenue for Debt Service – Pledged Revenues, consisting of unrestricted current funds revenues and unappropriated fund balances available, but not including remissions, governmental appropriations and gifts, grants and contracts, Higher Education Assistance Funds, student service fees, and private gifts
- $4,945,000 of the 2003 Series was advance refunded in October 2012 (see Series 2012B)
- $600,000 of the 2003 Series was current refunded in June 2015 (see Series 2015A)
- Changes in Debt: Principal paid during Fiscal Year—$830,000; Outstanding at Year End—$0.

Revenue and Refunding Bonds, Series 2007

- Issued by the Texas Public Finance Authority (TPFA) on behalf of the university. To pay for constructing, equipping and furnishing a student recreation and health facility; improving, renovating, enlarging and/or equipping Fowler Hall; improving, renovating, enlarging and/or equipping D.L. Ligon Coliseum; and refunding a portion of the outstanding Revenue Refunding and Improvement Bonds, Series 1998
- Issued August 1, 2007
- $28,855,000; all bonds authorized have been issued
- Revenue Bond
- Business-Type Activities
- Source of Revenue for Debt Service – Pledged Revenues, consisting of revenues, incomes, receipts, rentals, rates, charges, fees, and tuition levied or collected from any public or private source, including interest or other income from those funds and unrestricted fund and reserve balances available, but not including remissions, governmental appropriations and gifts, grants and contracts, Higher Education Assistance Funds, student service fees, and private gifts.
- $17,595,000 of the 2007 Series was advance refunded in June 2015: $14,085,000 of Series 2015A and $3,510,000 of Series 2015B (see Series 2015A and 2015B)
- Changes in Debt: Principal paid during Fiscal Year—$1,400,000; Outstanding at Year End—$2,970,000.

Revenue and Refunding Bonds, Series 2008

- Issued by the Texas Public Finance Authority (TPFA) on behalf of the university. To pay for constructing, equipping, and furnishing an additional student housing facility; purchasing an existing student housing facility; improving, renovating, enlarging, and/or equipping D.L. Ligon Coliseum; constructing, equipping and furnishing an instrumental music facility
- Issued July 1, 2009
- $38,300,136; all bonds authorized have been issued
- Revenue Bond
- Business-Type Activities
- Source of Revenue for Debt Service – Pledged Revenues consisting of Unrestricted Current Funds Revenues but do not include: remissions, governmental appropriations and gifts, grants and contracts within the Educational and General Fund Group, Higher Education Assistance Funds, student service fees, and private gifts in the Auxiliary Fund Group
- The Bonds are issued in part as current interest bonds, $37,955,000, and in part as premium capital appreciation bonds, $345,136
- Changes in Debt: Principal paid during Fiscal Year—$1,140,000; Outstanding at Year End—$32,833,327.

Premium Capital Appreciation Bonds			Unamortized Premium on CAB			Combined Totals
Beginning Principal Amount		(829,784.48)	Beginning Premium		(253,633.43)	(1,083,417.91)
Amortization Entries	FY15	(133,543.12)	Amortization Entries	FY15	86,456.54	(47,086.58)
Balance at Year End		(963,327.60)	Balance at Year End		(167,176.89)	(1,130,504.49)
Future Entries:	FY16	(155,035.16)	Future Entries:	FY16	105,902.49	(49,132.67)
	FY17	(86,637.24)		FY17	61,274.40	(25,362.84)
		(241,672.40)			167,176.89	(74,495.51)
Maturity Value		(1,205,000.00)			0.00	(1,205,000.00)

Revenue Financing System Revenue Bonds, Series 2010

- Issued by the Texas Public Finance Authority (TPFA) on behalf of the university. To pay for improving, renovating, enlarging, and/or equipping the university's existing D.L. Ligon Coliseum
- Issued April 1, 2010
- $6,700,000; all bonds authorized have been issued
- Revenue Bond
- Business-Type Activities
- Source of Revenue for Debt Service – Pledged Revenues consisting of Unrestricted Current Funds Revenues, but do not include: remissions, governmental appropriations and gifts, grants and contracts within the Educational and General Fund Group, Higher Education Assistance Funds, student service fees, and private gifts in the Auxiliary Fund Group
- Changes in Debt: Principal paid during Fiscal Year—$170,000; Outstanding at Year End—$6,065,000.

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Note 6: Continued

Revenue and Refunding Bonds, Series 2012A

- Issued by the Texas Public Finance Authority (TPFA) on behalf of the university. To finance the current refunding of $4,600,000 of the MSU Building Revenue and Refunding Bonds, Series 2002, which were used to pay for campus improvements in heating, ventilating and air conditioning systems; chilled water distribution; street drainage and paving; and other projects including Americans with Disabilities Act (ADA) accessibility, elevator improvements, safety, and security lighting
- Issued September 15, 2012
- $4,710,000; all bonds authorized have been issued
- Refunding Bond
- Business-Type Activities
- Source of Revenue for Debt Service – Pledged Revenues, consisting of unrestricted current funds revenues and unappropriated fund balances available, but not including remissions, governmental appropriations and gifts, grants and contracts, Higher Education Assistance Funds, student service fees, and private gifts
- Changes in Debt: Principal paid during Fiscal Year—$605,000; Outstanding at Year End—$3,825,000.

Revenue and Refunding Bonds, Series 2012B

- Issued by the Texas Public Finance Authority (TPFA) on behalf of the university. To finance advance refunding of $4,945,000 of MSU Building Revenue and Refunding Bonds, Series 2003, which were used to pay for improving, enlarging, and/or equipping university residence halls, including fire safety improvements and other general modernization improvements
- Issued September 15, 2012
- $5,415,000; all bonds authorized have been issued
- Refunding Bond
- Business-Type Activities
- Source of Revenue for Debt Service – Pledged Revenues, consisting of unrestricted current funds revenues and unappropriated fund balances available, but not including remissions, governmental appropriations and gifts, grants and contracts, Higher Education Assistance Funds, student service fees, and private gifts
- Changes in Debt: Principal paid during Fiscal Year—$70,000; Outstanding at Year End—$5,155,000.

Revenue and Refunding Bonds, Series 2015A

- Issued by the Texas Public Finance Authority (TPFA) on behalf of the university. To finance the construction of a new 500 bed student dormitory and an addition to the Fain Fine Arts building to expand the Mass Communications program; the refunding of $605,000 of the MSU Building Revenue and Refunding Bonds, Series 2003, which were used to pay for improving, enlarging, and/or equipping university residence halls, including fire safety improvements and other general modernization improvements; the refunding of $6,025,000 of the Series 2007 TRB portion; and the refunding of $7,195,000 of the Series 2007 Non-TRB portion.
- Issued June 2, 2015
- $53,335,000; all bonds authorized have been issued
- Revenue and Refunding Bond
- Business-Type Activities
- The premium on the bonds will be amortized over the life of the debt using the straight-line method.
- The deferred outflow of the loss on the refunding of the bonds will be amortized over the next two fiscal years per the requirements of GASB 65, *Items Previously Reported as Assets and Liabilities.*
- Source of Revenue for Debt Service—Pledged Revenues, consisting of revenues, incomes, receipts, rentals, rates, charges, fees, and tuition levied or collected from any public or private source, including interest or other income from those funds and unrestricted fund and reserve balances available, but not including remissions, governmental appropriations and gifts, grants and contracts, Higher Education Assistance Funds, student service fees, and private gifts.

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Revenue and Refunding Bonds, Series 2015B

- Issued by the Texas Public Finance Authority (TPFA) on behalf of the university. To finance the refunding of $1,710,000 of the Series 2007 TRB portion and the refunding of $2,045,000 of the Series 2007 Non-TRB portion.
- Issued June 2, 2015
- $3,755,000; all bonds authorized have been issued
- Revenue and Refunding Bond
- Business-Type Activities
- Source of Revenue for Debt Service—Pledged Revenues, consisting of revenues, incomes, receipts, rentals, rates, charges, fees, and tuition levied or collected from any public or private source, including interest or other income from those funds and unrestricted fund and reserve balances available, but not including remissions, governmental appropriations and gifts, grants and contracts, Higher Education Assistance Funds, student service fees, and private gifts.

Note 7: Derivative Instruments

Midwestern State University invests funds in The Texas A&M University System's (A&M System) investment pools, which include investment derivatives in the form of forward currency exchange contracts used for the purchase or sale of a specific foreign currency at a fixed quantity and price on a future date as a hedge against either specific transactions or portfolio positions. Additional information on these contracts can be found in the A&M System's financial statement note disclosures.

The following disclosure summarizes MSU's share of the A&M System's derivative activity. Note 3 also discloses details about these investment derivatives.

	Changes in Fair Value		Fair Value as of 8/31/2015		
	Classification	**Amount**	**Classification**	**Amount**	**Notional Amount**
Investment Derivatives					
FX Contracts	Investment Income	$13,387.50	Investment	$13,387.50	$194,662.69

Note 8: Leases

Midwestern State University has entered into a long-term lease for financing the purchase of a capital asset. Such leases are classified as capital leases for accounting purposes; therefore, such leases are recorded at the present value of the future minimum lease payments at the inception of the lease. The following is the original capitalized cost of such property under lease in addition to the accumulated depreciation as of 8/31/15.

Business-Type Activities	Year Ended August 31, 2015		
Class of Property	**Assets under Capital Lease**	**Accumulated Depreciation**	**Total**
Vehicles	$128,586.10	$(85,728.64)	$42,857.46

Future minimum lease payments under this capital lease, together with the present value of the net minimum lease payments at fiscal year-end, are as follows:

Year	**Principal**	**Interest**	**Total**
2016	$27,508.82	$3,372.10	$30,880.92
2017	34,326.25	1,073.75	35,400.00
Total Minimum Lease Payments	$61,835.07	$4,445.85	$66,280.92
Less: Amount Representing Interest at Various Rates			4,445.85
Present Value of Net Minimum Lease Payments			$61,835.07

Operating Leases

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

Year	**Total**
2016	$163,784.17
2017	139,056.48
2018	93,897.30
2019	50,234.58
2020	11,493.48
Total Future Minimum Lease Payments	$458,466.01

Note 9: Pension Plans

Teacher Retirement System Pension Plan

Teacher Retirement System is the administrator of the TRS plan, a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation. The employers of the TRS Plan include the state of Texas, TRS, the state's public schools, education service centers, charter schools, community and junior colleges. TRS membership is in employee class. All employees of public, state-supported education institutions in Texas who are employed for one-half or more of the standard work load and not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system. Employees of TRS and state of Texas colleges, universities and medical schools are members of the TRS plan.

The TRS Plan provides retirement, disability annuities and death and survivor benefits. The benefit and contribution provisions of the TRS Plan are authorized by state law and may be amended by the Legislature. The pension benefit formulas are based on members' average annual compensation and years of service credit. The standard annuity is 2.3 percent of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered members who were hired on or before August 31, 2005 and meet certain criteria, the standard annuity is based on the average of the three highest annual salaries. The plan does not provide automatic cost of living adjustments (COLAs).

The Audited Comprehensive Annual Financial Report (CAFR) for Teacher Retirement System may be obtained from: Teacher Retirement System of Texas, 1000 Red River Street, Austin, Texas 78701-2698.

During the measurement period of 2014 for fiscal 2015 reporting, the amount of Midwestern State University's contributions recognized by the plan was $1,143,258.99. The contribution rates for the state and the members in the measurement period are presented in the table below:

Required Contribution Rates

	TRS Plan
Contribution Rates	
Employer	6.8%
Employees	6.7%

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

Actuarial Methods and Assumptions

	TRS Plan
Actuarial Valuation Date	August 31, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent, Open
Actuarial Assumptions:	
Discount Rate	8.0%
Investment Rate of Return	8.0%
Inflation	3.00%
Salary Increase	4.25% to 7.25% including inflation
Mortality	
Active	1994 Group Annuity Mortality Table set back 6 years for males and females.
Post-Retirement	Client specific tables multiplied by 80%
Ad Hoc Post-Employment Benefit Changes	None

The actuarial assumptions used in valuation were primarily based on the result of an actuarial experience study for the four-year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the summer of 2014, the methods and assumptions are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011, they contained significant margin for possible future mortality improvements. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees have decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards practice No. 35.

There have been no changes to the benefit and contribution provisions of the plan since the prior measurement date.

The discount rate of 8% was applied to measure the total pension liability. There has been no change in the discount rate since the prior measurement period. The projected cash flows into and out of the pension plan assumed that members, employers, and non-employer contributing entity make their contributions at the statutorily required rates. Under this assumption, the pension plan's fiduciary net position is projected to be sufficient to make all future pension benefit payments of current plan members. Therefore, the 8% long-term expected rate of return on pension plan investments was used as the discount rate without incorporating the municipal bond rate.

Note 9: Continued

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

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

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Global Equity		
U.S.	18%	4.6%
Non-U.S. Developed	13%	5.1%
Emerging Markets	9%	5.9%
Directional Hedge Funds	4%	3.2%
Private Equity	13%	7.0%
Stable Value		
U.S. Treasury	11%	0.7%
Absolute Return	0%	1.8%
Stable Value Hedge Funds	4%	3.0%
Cash	1%	-0.2%
Real Return		
Global Inflation Linked Bonds	3%	0.9%
Real Assets	16%	5.1%
Energy and Natural Resources	3%	6.6%
Commodities	0%	1.2%
Risk Parity		
Risk Parity	5%	6.7%
Total	100%	

The pension plan's fiduciary net position is determined using economic resources measurement focus and the accrual basis of accounting, which is the same basis used by Teacher Retirement System. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. The framework for measuring fair value is based on a hierarchy that gives the highest priority to the use of observable inputs in an active market and lowest priority to the use of unobservable inputs. More detailed information on the plan's investment policy, assets, and fiduciary net position, may be obtained from TRS' fiscal 2014 Comprehensive Annual Financial Report.

At August 31, 2015, Midwestern State University reported a liability of $7,687,154.17 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of August 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Midwestern State University's proportion at August 31, 2014 was 0.02877 percent. Midwestern State University's proportion of the collective net pension liability was based on its contributions to the pension plan relative to the contributions of all the employers and non-employer contributing entity to the plan for the period September 1, 2013 through August 31, 2014.

For the year ending August 31, 2015, Midwestern State University recognized pension expense of $710,622.56. At August 31, 2015, Midwestern State University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$118,860.08	
Changes of assumptions	499,571.64	
Net difference between projected & actual investment return		$2,349,028.95
Change in proportion and contribution difference		672.43
Total	$618,431.72	$2,349,701.38

Optional Retirement Program

The state has established an Optional Retirement Program (ORP) for institutions of higher education. Participation in ORP is in lieu of participation in the Teacher Retirement System and is available to certain eligible employees. The ORP is authorized by the Texas Government Code, Chapter 830, and is administered by the University, subject to policies, practices, and procedures developed by the Texas Higher Education Coordinating Board to provide greater uniformity in the administration of the program. The ORP provides for the purchase of annuity contracts and mutual funds. The contributory percentages of participant salaries provided by the State and by each participant enrolled in the plan on or before August 31, 1995, are 8.5% and 6.65%, respectively. The 8.5% is composed of 6.6% contributed by the State and an additional 1.9% contributed by the University. For participants who enrolled after September 1, 1995, State and participant contributions are 6.6%, and 6.65%, respectively. Because there are individual annuity contracts, the State has no additional or unfunded liability for this program, and the University bears no responsibility for retirement commitments beyond contributions.

The contributions made to the ORP by the plan members and employer for the fiscal year ended August 31, 2015 compared to the previous year, are shown below:

	Year Ended August 31, 2015	Year Ended August 31, 2014
Member Contributions	$1,086,370.86	$1,092,969.35
Employer Contributions	1,188,584.56	1,205,946.26
Total Remittance	$2,274,955.42	$2,298,915.61

Note 10: Deferred Compensation

University employees may elect to defer a portion of their earnings for income tax and investment purposes, pursuant to authority granted in Texas Government Code, Sec 609.001. Deferred compensation plans are administered by the Employees Retirement System.

The State's 457 Plan complies with Internal Revenue Code, Section 457. This plan is referred to as the TexaSaver Deferred Compensation Plan and is available to all employees. Deductions, purchased investments, and earnings attributed to the 457 Plan are the property of the State and subject only to the claims of the State's general creditors. Participant rights under the plan are equal to those of the general creditors of the State in an amount equal to the fair market value of the 457 account for each participant. The State has no liability under the 457 Plan, and it is unlikely that plan assets will be used to satisfy the claims of general creditors in the future.

The university also administers a Tax-Deferred Account Program, created in accordance with Internal Revenue Code, Section 403(b). All eligible employees can participate. The Tax-Deferred Account Program is a private plan, and the deductions, purchased investments, and earnings attributed to each employee's 403(b) plan are held by vendors chosen by the employee. The vendors may be insurance companies, banks, or approved non-bank trustees such as mutual fund companies. The assets of this plan do not belong to the university, and thus it does not have a liability related to this plan.

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Note 11: Postemployment Health Care and Life Insurance Benefits

Not Applicable.

Note 12: Interfund Activity and Transactions

University transactions with other state agencies are as follows:

Name of State Agency, Agency Number	Interfund Receivable	Interfund Payable	Purpose
Interfund Receivables and Payables—Current:			
State Energy Conservation Office, 907			
D23 Fund 7999		$ 266,821.51	SECO Federal Revolving Loan
Interfund Receivables and Payables—Non Current:			
State Energy Conservation Office, 907			
D23 Fund 7999		$1,256,980.95	SECO Federal Revolving Loan

Name of State Agency, Agency Number	Due From Other Agencies	Due To Other Agencies	Purpose
Due to Due From:			
Texas Department of Motor Vehicles, 608			
D23 Fund 0802	$ 0.99		Texas Collegiate License Plate Fund
Texas State Comproller's Office, 902			
D23 Fund 0210	84,890.00		Hazlewood Exemption Program
Texas Tech University, 733			
D23 Fund 7999	108,401.54		Small Business Development Center
Total Due From/To	$193,292.53		

	Transfer In	Transfer Out	
Operating Transfers:			
Texas Higher Education Coordinating Board, 781			
D23 Fund 2604		$ 1,104.00	Dental Hygiene Degree or Certification Program
D23 Fund 5103		394,495.58	Texas B-On-Time Loan Program
Texas Public Finance Authority, 347			
D23 Fund 7999		445,241.36	Master Lease Purchase Payment
Texas State Comptroller's Office, 902			
D23 Fund 0210	$84,890.00		Hazlewood Exemption Program
Total Transfers	$84,890.00	$840,840.94	

The detailed State Grant Pass-Through information is listed on Schedule 1B-Schedule of State Grant Pass-Through From/To State Agencies.

Note 13: Continuance Subject to Review

Not Applicable to colleges and universities (Texas Sunset Act).

Note 14: Adjustments to Fund Balance/Net Position

The university implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* in fiscal year 2015. This pronouncement established new accounting and financial reporting requirements for institutions that provide their employees with pensions. The university participates in the Teacher Retirement System, which is considered a multiple-employer cost-sharing retirement plan. The implementation of GASB Statement No. 68 resulted in a restatement in the amount of $8,707,801.27 to previous net position. This amount was determined to be the university's proportionate share of the overall restatement by the Texas State Comptroller's Office using the university's contributions to the retirement plan as a basis for the calculation.

Note 15: Contingencies and Commitments

There is no pending or threatened litigation.

Note 16: Subsequent Events

During the 84th session of the Texas Legislature, Midwestern State University requested authorization for an Academic Expansion and Revitalization Project totaling $73 million. Funding was authorized for a project totaling $58.4 million. At its November meeting, the Board of Regents approved a proposed plan for the project to include the construction of a new, 84,000 gross square foot health sciences and human services building along with the consolidation of the Simulation Center, substantial renovations to Moffett Library, minor renovations and code improvements to Bridwell Hall, Bolin Hall, the Fain Fine Arts Center, and the Hardin Administration building, the relocation of Information Technology to a more secure building on campus, and other infrastructure, electrical, HVAC and ADA upgrades and improvements across campus. A final recommendation regarding the use of the vacated space in Bridwell Hall, which currently houses the Gunn College of Health Sciences and Human Services, will be presented to the board at a later time.

Significant progress has been made on the construction of a new 500-bed freshman dormitory. The new housing facility will be located east of Sunwatcher Village and adjacent to McCullough-Trigg hall. The Board of Regents previously approved an approximately 18,500 sq. ft. addition to the Fain Fine Arts Center to accommodate the growth of the mass communications department. At its November meeting, the Board of Regents authorized the administration to enter into a contract with Buford Thompson Construction for the addition at a guaranteed maximum price (GMP) not to exceed $4.6 million. Furniture and equipment for the expansion will be paid from Higher Education Assistance Funds (HEAF).

Note 17: Risk Management

The university is exposed to a variety of civil claims resulting from the performance of its duties. It is the university's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. Currently there is no purchase of commercial general liability insurance for the university. The university participates in the statewide property insurance program and purchases educators legal liability insurance. The university also purchases Directors' and Officers' Liability insurance through the State Office of Risk Management. This coverage protects insured directors and officers against claims involving allegations of wrongful acts occurring while in their capacity as directors and officers. Coverage also extends to employees and includes Employment Practices Liability claims for harassment, discrimination, wrongful termination, retaliation, etc.

The university's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. At August 31, 2015, there were no known claim liabilities.

The State provides coverage for worker's compensation and unemployment benefits from appropriations made to other state agencies for university employees. The university was assessed $86,158.18 and $75,710.50 for worker's compensation coverage for fiscal years ending August 31, 2015 and 2014, respectively. Unemployment compensation is funded on a pay as you go method, with the State contributing half of the cost of benefits and the university contributing the other half for employees paid by State appropriated funds. The university must pay 100% of the cost of benefits for employees paid from local funds.

The Texas Motor Vehicle Safety Responsibility Act requires that every non-governmental vehicle 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. However, the university has chosen to carry liability insurance on its licensed vehicles in the amount of $250,000/$500,000/$100,000 with a combined single limit of $1,000,000 if the Texas Tort Claims Act is not applicable.

Note 18: Management's Discussion and Analysis

See Introduction.

Note 19: The Financial Reporting Entity

The university is an agency of the State of Texas. The ten members of its Board of Regents are appointed by the Governor, and include one non-voting student Regent. The university has no component units, joint ventures, or related parties; however, there are two affiliated parties described below.

The Midwestern State University Foundation and MSU Charitable Trust are nonprofit organizations with the sole purpose of supporting the educational and other activities of the university. The Foundation solicits donations and acts as coordinator of gifts made by other parties. The Foundation remitted restricted gifts of $809,372 to the university during the year ended August 31, 2015, and $1,366,493 for the prior year. The MSU Charitable Trust remitted restricted gifts of $877,711 to the university during the year ended August 31, 2015 and $812,134 for the prior year. The assets of the Midwestern State University Foundation and the MSU Charitable Trust as of August 31, 2015 are reported by their trustees in the amount of $21,579,000 and $27,021,372, respectively.

Note 20: Stewardship, Compliance and Accountability

Note 1, *Summary of Significant Accounting Policies,* discusses the generally accepted accounting principles upon which the financial statements are based. The university had no violations of bond or note covenants. Per State law, the university cannot spend amounts in excess of appropriations granted by the Texas Legislature. There are no deficits reported in net position.

Note 21: Not Applicable to the AFR

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Note 22: Donor Restricted Endowments

The university is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA), Property Code Chapter 163. UPMIFA allows the university to distribute net appreciation on donor restricted endowment investments to the extent prudent. This includes cumulative realized and unrealized appreciation in the fair market value of the endowment assets in excess of historical dollar value of the gifts.

For the fiscal year ended August 31, 2015, the net appreciation on investments of donor restricted endowments available for authorization of expenditure, after distributions, is as follows:

Donor-Restricted Endowment	Amounts of Net Appreciation	Reported in Net Position
True Endowments	None	Restricted for Nonexpendable
Term Endowments	$443,202.48	Restricted for Nonexpendable
True Endowments	None	Restricted for Expendable

Note 23: Extraordinary and Special Items

Not Applicable.

Note 24: Disaggregation of Receivable and Payable Balances

Accounts Receivables

The components of Other Receivables, as reported in the Statement of Net Position, are as follows:

Accounts Receivable Category	Current Amount
3rd Party Contracts on Student Receivables	$1,051,424.87
Summer Camp Programs Receivable	18,374.25
Follett Bookstore Receivable	118,241.19
Employee Travel Advances	258.28
Payroll Advances and Receivables	200.18
Endowment Distribution Receivable	123,057.48
Other Grants and Contracts Receivable	2,500.00
Total	**$1,314,056.25**

Of these amounts, there are no significant receivable balances that the university does not expect to collect within the next fiscal year.

Note 25: Termination Benefits

Not Applicable.

Note 26: Segment Information

Not Applicable.

Note 27: Service Concession Arrangements

Not Applicable.

Year Ended 8-31-2015 (UNAUDITED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Inflows and Outflows Related to Pensions:		
Difference between expected and actual experience	$ 118,860.08	
Changes of assumptions	499,571.64	
Net difference between projected and actual investment return		$2,349,028.95
Change in proportion and contribution difference		672.43
Unamortized Loss on Debt Refunding	1,251,364.61	
Total	$1,869,796.33	$2,349,701.38

Deferred outflows of resources in the amount of $118,860.08 and $499,571.64 and deferred inflows of resources in the amount of $2,349,028.95 and $672.43 were related to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and the simultaneous implementation of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68.* The amounts reported in FY15 were provided by the Texas State Comptroller's Office and represent changes in assumptions, projections, and other differences attributable to future reporting periods. The deferred items related to pension reporting will be amortized as a component of pension expense in future reporting periods, as provided by the Texas State Comptroller's Office.

Deferred outflows of resources in the amount of $1,251,364.61 were related to unamortized losses on refunding 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, depending on whether the net result is a gain or loss. The deferred amount is then amortized over the life of the new debt or the life of the old debt, whichever is shorter. In this case, the deferred outflow will be amortized over the next two fiscal years, since the remaining life of the old debt is shorter than that of the new debt. The old debt will be extinguished in 2017, so the amortization of the deferred outflow to a component of interest expense will occur equally in FY16 and FY17.

Note 29: Troubled Debt Restructuring

Not Applicable.

Note 30: Non-Exchange Financial Guarantees

Not Applicable.

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Schedule 1A - Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2015, with Comparative Totals for the Year Ended August 31, 2014

	CFDA Number	ID #	Univ/ Agy #	Pass-Through From Agency Amount	Pass-Through From University Amount	Pass-Through From Non-State Entities
National Endowment for the Humanities						
Promotion of the Humanities-Federal/State Partnership	45.129					
Direct Program:						
Promotion of the Humanities-Public Programs	45.164					
Totals - National Endowment for the Humanities						
Institute of Museum and Library Services						
Pass-Through From:						
Texas State Library and Archives Commission	45.310		306	$7,552.94		
Small Business Administration						
Pass-Through From:						
TTU-Small Business Development Center	59.037		733		$120,828.05	
U.S. Department of Education						
Pass-Through From:						
Statewide Data Systems—THECB	84.372		781			
Totals - U.S. Department of Education						
National Science Foundation						
Education and Human Resources	47.076					
Student Financial Assistance Cluster						
U.S. Department of Education						
Direct Programs:						
Federal Supplemental Education Opportunity Grants	84.007					
Federal Work-Study Program	84.033					
Federal Pell Grant Program	84.063					
Federal Direct Student Loans	84.268					
Teacher Education Assistance for College & HE Grants (TEACH)	84.379					
Total Student Financial Assistance Cluster Programs						
TRIO Cluster						
U.S. Department of Education						
Direct Programs						
TRIO-Student Support Services	84.042					
Total Federal Financial Assistance				$7,552.94	$120,828.05	

Direct Program	Total Pass-Through From & Direct Program	Pass-Through To: Agency or Univ Amount	Pass-Through To: Non-State Entities Amount	Expenditures	2015 Total PT To and Expenditures Amount	2014 Total PT To and Expenditures Amount
						$ 5,126.00
$ 3,261.37	$ 3,261.37			$ 3,261.37	$ 3,261.37	1,500.00
3,261.37	3,261.37			3,261.37	3,261.37	6,626.00
	7,552.94			7,552.94	7,552.94	
	120,828.05			120,828.05	120,828.05	121,918.31
						2,000.00
						2,000.00
3,781.62	3,781.62			3,781.62	3,781.62	
129,158.00	129,158.00			129,158.00	129,158.00	142,948.00
159,356.70	159,356.70			159,356.70	159,356.70	96,630.89
8,474,924.37	8,474,924.37			8,474,924.37	8,474,924.37	8,316,438.01
28,207,746.00	28,207,746.00			28,207,746.00	28,207,746.00	27,610,488.00
100,895.00	100,895.00			100,895.00	100,895.00	81,301.00
37,072,080.07	37,072,080.07			37,072,080.07	37,072,080.07	36,247,805.90
217,427.66	217,427.66			217,427.66	217,427.66	211,042.39
$37,296,550.72	$37,424,931.71			$37,424,931.71	$37,424,931.71	$36,589,392.60

Schedule 1A—Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2015

Note 1: Nonmonetary Assistance

Not Applicable

Note 2: Reconciliation	08/31/2015
Federal Revenues - Per Exhibit II	
Federal Grant Revenue - Operating	$ 613,880.35
Federal Grant Revenue - Non-Operating	8,474,924.37
Federal Pass-through Revenue-Operating	120,828.05
Federal Pass-through Revenue-Non-Operating	7,552.94
Total Federal Revenues	9,217,185.71
Reconciling Items: New Loans Processed	
Federal Perkins Loans Processed	
Federal Direct Student Loans Processed	28,207,746.00
	$37,424,931.71

Note 3a: Student Loans Processed and Administrative Costs Recovered

Federal Grantor/CFDA Number/Program Name	New Loans Processed	Admin Costs Recovered	Total Loans Processed and Admin Costs Recovered	Ending Balances of Previous Years' Loans
U.S. Department of Education				
84.038 Federal Perkins Loan Program				$48,099.80
84.268 Federal Direct Student Loans Program	$28,207,746.00		$28,207,746.00	
Total Department of Education	$28,207,746.00		$28,207,746.00	$48,099.80

Note 4: Depository Libraries for Government Publications

Midwestern State University participates in the Government Printing Office's Depository Libraries for Government Publications Program, CFDA #40.001. The university is the legal custodian of government publications, which remain the property of the federal government. The publications are not assigned a value by the Government Printing Office.

Note 5: Unemployment Insurance

Not Applicable

Note 6: Rebates from the Special Supplemental Food Program for Women, Infants, and Children (WIC)

Not Applicable

Note 7: Federal Deferred Revenue CFDA Number/Program Name	Federal Deferred Revenue 09/01/14	Increase / (Decrease)	Federal Deferred Revenue 08/31/15
Exempt for the Year Ended August 31, 2015			

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Schedule 1B - Schedule of State Grant Pass-Through From/To State Agencies
For the Years Ended August 31

	2015	2014
Operating Revenue:		
Pass-Through From:		
UT System (Agy #720) - Joint Admission Medical Program (JAMP)	$ 4,850.23	$ 8,780.92
Texas Commission on the Arts (TCA—Agy #813)		
Arts Create	5,000.00	5,000.00
Arts Respond	3,500.00	5,000.00
Texas State Board of Public Accountancy (TSBPA—Agy #457)		
5th Year Accounting	4,000.00	3,500.00
Texas Higher Education Coordinating Board (Agy #781)		
College Work Study Program	31,126.00	35,513.26
Engineering Recruitment Program	10,311.62	12,500.00
Professional Nursing Shortage Reduction Program		64,403.00
TEXAS Grant Program	3,220,000.00	3,331,667.00
Top 10% Scholarships	47,400.00	86,500.00
Total Operating Pass-Through Revenue (Exhibit II)	$3,326,187.85	$3,552,864.18
Non-Operating Revenue:		
Pass-Through From:		
Texas Higher Education Coordinating Board (Agy #781)		
Nursing & Allied Health	$99,871.00	
Hazlewood Exemption HB1025		$270,071.00
Total Non-Operating Pass-Through Revenue (Exhibit II)	$99,871.00	$270,071.00

Pass-Through To:

None

Year Ended 8-31-2015 (UNAUDITED)

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Midwestern State University
Schedule 2A - Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 2015

Business Type Activities

Description of Issue	Bonds Issued To Date	Range of Interest Rates	Scheduled Maturities First Year	Scheduled Maturities Last Year	First Call Date
Revenue Bonds:					
Revenue and Refunding Bonds: Series 2003	$ 13,180,000.00	4.00% - 4.25%	2015	2017	12-01-16
Revenue and Refunding Bonds: Series 2007	28,855,000.00	4.00% - 4.25%	2015	2017	12-01-16
Revenue and Refunding Bonds: Series 2008	38,548,709.68	3.00% - 5.25%	2008	2034	12-01-18
Revenue Bonds: Series 2010	6,700,000.00	4.00% - 5.00%	2012	2036	12-01-20
Revenue and Refunding Bonds: Series 2012A	4,710,000.00	2.00% - 2.25%	2013	2020	12-01-20
Revenue and Refunding Bonds: Series 2012B	5,415,000.00	0.50% - 3.25%	2013	2024	12-01-24
Revenue and Refunding Bonds: Series 2015A	53,335,000.00	2.00%-5.00%	2016	2045	06-01-25
Revenue and Refunding Bonds: Series 2015B	3,755,000.00	0.515%-2.957%	2016	2022	None
Total	$154,498,709.68				

Year Ended 8-31-2015 (UNAUDITED)

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Year Ended 8-31-2015 (UNAUDITED)

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Midwestern State University

Schedule 2B - Changes in Bonded Indebtedness

For the Fiscal Year Ended August 31, 2015

Business Type Activities

Description of Issue	Bonds Outstanding 09-01-2014	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08-31-2015	Amounts Due Within One Year
Revenue Bonds:						
Revenue Financing System Revenue & Refunding Bonds: Series 2003	$ 1,430,000.00		$ 830,000.00	$ 600,000.00	$ 0.00	
Revenue Financing System Revenue & Refunding Bonds: Series 2007	21,965,000.00		1,400,000.00	17,595,000.00	2,970,000.00	$1,455,000.00
Revenue Financing System Revenue & Refunding Bonds: Series 2008	33,839,784.49	$ 133,543.12 *	1,140,000.00		32,833,327.61	1,180,000.00
Revenue Financing System Revenue Bonds: Series 2010	6,235,000.00		170,000.00		6,065,000.00	180,000.00
Revenue Financing System Revenue & Refunding Bonds: Series 2012A	4,430,000.00		605,000.00		3,825,000.00	615,000.00
Revenue Financing System Revenue & Refunding Bonds: Series 2012B	5,225,000.00		70,000.00		5,155,000.00	70,000.00
Revenue Financing System Revenue & Refunding Bonds: Series 2015A		53,335,000.00			53,335,000.00	630,000.00
Revenue Financing System Revenue & Refunding Bonds: Series 2015B		3,755,000.00			3,755,000.00	40,000.00
Total	$73,124,784.49	$57,223,543.12	$4,215,000.00	$18,195,000.00	$107,938,327.61	$4,170,000.00

*Accretion on Capital Appreciation Bonds

Unamortized Premium	Unamortized Discount	Unamortized Gain (Loss) On Refunding	Net Bonds Outstanding 08-31-2015	Amounts Due Within One Year
			$ 0.00	
			2,970,000.00	
$ 167,176.88			33,000,504.49	$105,902.49
			6,065,000.00	
			3,825,000.00	
			5,155,000.00	
2,759,402.35		$(1,251,364.61)	54,843,037.74	95,151.81
			3,755,000.00	
$2,926,579.23	$0.00	$(1,251,364.61)	$109,613,542.23	$201,054.30

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Midwestern State University
Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2015

Business Type Activities

Description of Issue	2016	2017	2018	2019	2020
Revenue Financing System Revenue and Refunding Bonds:					
Series 2007					
Principal	$1,455,000.00	$1,515,000.00			
Interest	91,518.75	30,300.00			
Revenue Financing System Revenue and Refunding Bonds:					
Series 2008					
Principal	1,180,000.00	1,205,000.00	$1,230,000.00	$1,285,000.00	$1,335,000.00
Interest	1,476,857.50	2,313,121.40	1,428,657.50	1,378,357.50	1,325,957.50
Revenue Financing System Revenue Bonds:					
Series 2010					
Principal	180,000.00	185,000.00	195,000.00	205,000.00	215,000.00
Interest	276,606.26	267,481.26	257,981.26	247,981.26	237,481.26
Revenue Financing System Revenue and Refunding Bonds:					
Series 2012A					
Principal	615,000.00	630,000.00	645,000.00	660,000.00	675,000.00
Interest	71,850.00	59,400.00	46,650.00	33,600.00	20,250.00
Revenue Financing System Revenue and Refunding Bonds:					
Series 2012B					
Principal	70,000.00	515,000.00	520,000.00	535,000.00	550,000.00
Interest	130,337.00	126,113.43	117,778.56	107,612.61	95,594.16
Revenue Financing System Revenue and Refunding Bonds:					
Series 2015A					
Principal	630,000.00	240,000.00	305,000.00	875,000.00	880,000.00
Interest	2,152,837.14	2,332,106.26	2,323,931.26	2,297,481.26	2,253,606.26
Revenue Financing System Revenue and Refunding Bonds:					
Series 2015B					
Principal	40,000.00	10,000.00	1,550,000.00	1,055,000.00	460,000.00
Interest	65,463.97	71,063.27	60,504.26	39,922.80	24,204.70
Total	8,435,470.62	9,499,585.62	8,680,502.84	8,719,955.43	8,072,093.88
Less Interest	(4,265,470.62)	(5,199,585.62)	(4,235,502.84)	(4,104,955.43)	(3,957,093.88)
Total Principal	$4,170,000.00	$4,300,000.00	$4,445,000.00	$4,615,000.00	$4,115,000.00

2021-25	2026-30	2031-35	2036-40	2041-45	Total Requirements
					$ 2,970,000.00
					121,818.75
$ 7,610,000.00	$ 9,430,000.00	$ 9,800,000.00			33,075,000.00
5,687,335.00	3,720,468.75	1,181,775.00			18,512,530.15
1,225,000.00	1,515,000.00	1,905,000.00	$ 440,000.00		6,065,000.00
1,020,631.30	701,987.55	328,509.38	10,175.00		3,348,834.53
600,000.00					3,825,000.00
6,750.00					238,500.00
2,965,000.00					5,155,000.00
236,903.39					814,339.15
7,570,000.00	10,045,000.00	9,060,000.00	10,030,000.00	$13,700,000.00	53,335,000.00
10,365,656.30	8,032,156.30	5,727,581.30	3,865,331.30	1,480,190.69	40,830,878.07
640,000.00					3,755,000.00
23,764.95					284,923.95
37,951,040.94	3,444,612.60	28,002,865.68	14,345,506.30	15,180,190.69	172,331,824.60
(17,341,040.94)	(12,454,612.60)	(7,237,865.68)	(3,875,506.30)	(1,480,190.69)	(64,151,824.60)
$20,610,000.00	$20,990,000.00	$20,765,000.00	$10,470,000.00	$13,700,000.00	$108,180,000.00
				Less Unamortized Accretion	(241,672.39)
					$107,938,327.61

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Midwestern State University
Schedule 2D - Analysis of Funds Available for Debt Service
For the Year Ended August 31, 2015

Business Type Activities
Description of Issue

Revenue Financing System Revenue Bonds	Pledged and Other Sources and Related Expenditures for FY 2015			
	Net Available for Debt Service		Debt Service	
	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Principal	Interest
Revenue and Refunding Bonds:				
Series 2003			$ 830,000.00	$ 47,887.50
Revenue and Refunding Bonds:				
Series 2007			1,400,000.00	924,932.50
Revenue and Refunding Bonds:				
Series 2008			1,140,000.00	1,523,257.50
Revenue Bonds				
Series 2010			107,000.00	284,506.26
Revenue and Refunding Bonds:				
Series 2012A			605,000.00	84,050.00
Revenue and Refunding Bonds:				
Series 2012B			70,000.00	131,015.30
Revenue and Refunding Bonds:				
Series 2015A		$5,142,573.66		
Revenue and Refunding Bonds:				
Series 2015B				
Total for all Revenue Financing System Revenue Bonds	$39,009,113.82	$5,142,573.66	$4,215,000.00	$2,995,649.06

Year Ended 8-31-2015 (UNAUDITED)

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Midwestern State University

Schedule 2E - Defeased Bonds Outstanding

For the Fiscal Year Ended August 31, 2015

Business Type Activities

Description of Issue	Year Refunded	Par Value Outstanding
Revenue Financing System Revenue and Refunding Bonds		
Series 2002	2013	$ 4,115,000.00
Revenue Financing System Revenue and Refunding Bonds		
Series 2003	2013	4,945,000.00
Series 2003	2015	600,000.00
Revenue Financing System Revenue and Refunding Bonds		
Series 2007	2015	17,595,000.00
Total		$ 27,255,000.00

Unaudited

Midwestern State University
Schedule 2F - Early Extinguishment and Refunding
For the Fiscal Year Ended August 31, 2015

Business Type Activities Description of Issue	Category	Amount Extinguished or Refunded	Refunded Issued Par Value	Cash Flow Increase (Decrease)	Economic Gain/(Loss)
Revenue and Refunding Bonds:					
Revenue Financing System Bonds					
Series 2003	Current Refunding	$ 600,000.00	$ 605,000.00		$ 2,945.26
Series 2007	Advance Refunding	17,595,000.00	16,975,000.00	$(514,060.81)	749,957.03
		$18,195,000.00	$17,580,000.00	$(514,060.81)	$752,902.29

A N N U A L F I N A N C I A L R E P O R T

Year Ended 8-31-2015 (UNAUDITED)

Unaudited

Midwestern State University
Schedule 3 - Reconciliation of Cash in State Treasury
For the Years Ended August 31

Cash in State Treasury	Unrestricted	Restricted	Current Year 2015	Prior Year 2014
General Revenue - Dedicated Fund 0264	$3,216,892.05		$3,216,892.05	$4,377,642.15
Special Mineral Fund - Fund 0412	10,302.99		10,302.99	16,688.41
Total Cash– State Treasury (Stmt of Net Position)	$3,227,195.04		$3,227,195.04	$4,394,330.56

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APPENDIX E

FORMS OF BOND COUNSEL OPINIONS

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ANDREWS
ATTORNEYS KURTH LLP

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September 15, 2016

WE HAVE ACTED as Bond Counsel for the Texas Public Finance Authority (the "Authority") in connection with an issue of bonds (the "Bonds") described as follows:

> TEXAS PUBLIC FINANCE AUTHORITY MIDWESTERN STATE UNIVERSITY REVENUE FINANCING SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2016A, dated September 15, 2016, in the aggregate principal amount of $72,250,000, maturing on December 1 in the years 2016 through 2035, inclusive. The Bonds are issuable in fully registered form only, in denominations of $5,000 or integral multiples thereof, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Bonds and in the respective resolutions of the Authority and the Board of Regents (the "Board") of Midwestern State University (the "University") authorizing the issuance of the Bonds (collectively, the "Resolutions"). Capitalized terms used herein and not otherwise defined shall have the meaning given to such terms in the Resolutions.

WE HAVE ACTED as Bond Counsel 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 of interest on the Bonds from gross income under federal income tax law. In such capacity we have examined the Constitution and laws of the State of Texas; federal income tax law; and a transcript of certain certified proceedings pertaining to the issuance of the Bonds and the bonds that are being refunded (the "Refunded Bonds") with the proceeds of the Bonds. The transcript contains certified copies of certain proceedings of the Authority, the Board and Wilmington Trust, National Association (the "Escrow Agent"); the report (the "Report") of Grant Thornton LLP, certified public accountants, which verifies the sufficiency of the deposits made with the Escrow Agent for the defeasance of the Refunded Bonds and the mathematical accuracy of certain computations of the yield on the Bonds and the obligations acquired with the proceeds of the Bonds; certain certifications and representations and other material facts within the knowledge and control of the Authority and the Board, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Bonds. We have also examined executed Bond No. R-1 of this issue.

WE HAVE NOT BEEN REQUESTED to examine, and have not investigated or verified, any original proceedings, records, data or other material, but have relied upon the transcript of certified proceedings. We have not assumed any responsibility with respect to the financial condition or capabilities of the Authority, the University or the Board or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Authority's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

BASED ON SUCH EXAMINATION, it is our opinion as follows:

(1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently in effect; the Bonds constitute valid and legally binding special obligations of the Authority enforceable in accordance with the terms and conditions thereof, except to the extent that the rights and remedies of the owners of the Bonds may be limited by laws heretofore or hereafter enacted relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases; and the Bonds have been authorized and delivered in accordance with law;

(2) The Bonds are payable, both as to principal and interest, solely from and equally and ratably secured by a lien on and pledge of the Pledged Revenues (as defined in the Resolutions), such lien on and pledge of the Pledged Revenues being subordinate only to the lien on and pledge of the Pledged Revenues securing the Prior Encumbered Obligations. The Resolutions provide certain conditions under which the Authority and the Board may issue additional parity revenue obligations payable from the same source and secured in the same manner as the Bonds;

(3) The escrow agreement between the Board and the Escrow Agent (the "Escrow Agreement") has been duly executed and delivered and constitutes a binding and enforceable agreement in accordance with its terms; the establishment of the Escrow Fund pursuant to the Escrow Agreement and the deposit made therein constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds; in reliance upon the accuracy of the calculations contained in the Report, the Refunded Bonds, having been discharged and paid, are no longer outstanding and the lien on and pledge of revenues as set forth in the resolutions authorizing their issuance will be appropriately and legally defeased; the holders of the Refunded Bonds may obtain payment of the principal of, redemption premium, if any, and interest on the Refunded Bonds only out of the funds provided therefor now held in escrow for that purpose by the Escrow Agent pursuant to the terms of the Escrow Agreement; and therefore the Refunded Bonds are deemed to be fully paid and no longer outstanding, except for the purpose of being paid from the funds provided therefor in such Escrow Agreement.

THE REGISTERED OWNERS of the Bonds shall never have the right to demand payment of the principal thereof or interest thereon out of any funds raised or to be raised by taxation, or from any source whatsoever other than specified in the Resolutions.

ALSO BASED ON OUR EXAMINATION AS DESCRIBED ABOVE, it is our further opinion that, subject to the restrictions hereinafter described, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes under existing law and is not subject to the alternative minimum tax on individuals or, except as hereinafter described, corporations. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Authority and the Board comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Authority and the Board have covenanted in the Resolutions to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. The Code and the existing regulations, rulings and court decisions thereunder, upon which the foregoing opinions of Bond Counsel are based, are subject to change, which could prospectively or retroactively result in the inclusion of the interest on the Bonds in gross income of the owners thereof for federal income tax purposes. If such representations are determined to be inaccurate or incomplete or the Authority or the Board fails to comply with the foregoing provisions of the Resolutions, interest on the Bonds could become includable in gross income from the date of original delivery, regardless of the date on which the event causing such inclusions occurs.

WE CALL TO YOUR ATTENTION THAT interest on the Bonds owned by a corporation (other than an S corporation, a regulated investment company, a real estate investment trust (REIT), a real estate mortgage investment conduit (REMIC) or a financial asset securitization investment trust (FASIT)) will be included in such corporation's adjusted current earnings for purposes of calculating such corporation's alternative minimum taxable income. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by the Code is computed. Purchasers of Bonds are directed to the discussion entitled "TAX MATTERS FOR THE SERIES 2016A BONDS" set forth in the Official Statement.

EXCEPT AS DESCRIBED ABOVE, we express no opinion as to any federal, state or local tax consequences under present law, or future legislation, resulting from the ownership of, receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations, such as the Bonds, may result in collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who are deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations and individuals otherwise qualified for the earned income tax credit. For the foregoing reasons, prospective purchasers should consult their tax advisors as to the consequences of investing in the Bonds.

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; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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September 15, 2016

WE HAVE ACTED as Bond Counsel for the Texas Public Finance Authority (the "Authority") in connection with an issue of bonds (the "Bonds") described as follows:

> TEXAS PUBLIC FINANCE AUTHORITY MIDWESTERN STATE UNIVERSITY REVENUE FINANCING SYSTEM REVENUE REFUNDING BONDS, TAXABLE SERIES 2016B, dated September 15, 2016, in the aggregate principal amount of $11,790,000, maturing on December 1 in the years 2019 through 2034, inclusive. The Bonds are issuable in fully registered form only, in denominations of $5,000 or integral multiples thereof, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Bonds and in the respective resolutions of the Authority and the Board of Regents (the "Board") of Midwestern State University (the "University") authorizing the issuance of the Bonds (collectively, the "Resolutions"). Capitalized terms used herein and not otherwise defined shall have the meaning given to such terms in the Resolutions.

WE HAVE ACTED as Bond Counsel 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. In such capacity we have examined the Constitution and laws of the State of Texas; and a transcript of certain certified proceedings pertaining to the issuance of the Bonds and the bonds that are being refunded (the "Refunded Bonds") with the proceeds of the Bonds. The transcript contains certified copies of certain proceedings of the Authority, the Board and Wilmington Trust, National Association (the "Escrow Agent"); the report (the "Report") of Grant Thornton LLP, certified public accountants, which verifies the sufficiency of the deposits made with the Escrow Agent for the defeasance of the Refunded Bonds; certain certifications and representations and other material facts within the knowledge and control of the Authority and the Board, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Bonds. We have also examined executed Bond No. R-1 of this issue.

WE HAVE NOT BEEN REQUESTED to examine, and have not investigated or verified, any original proceedings, records, data or other material, but have relied upon the transcript of certified proceedings. We have not assumed any responsibility with respect to the financial condition or capabilities of the Authority, the University or the Board or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Authority's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

BASED ON SUCH EXAMINATION, it is our opinion as follows:

(1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently in effect; the Bonds constitute valid and legally binding special obligations of the Authority enforceable in accordance with the terms and conditions thereof, except to the extent that the rights and remedies of the owners of the Bonds may be limited by laws heretofore or hereafter enacted relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases; and the Bonds have been authorized and delivered in accordance with law;

(2) The Bonds are payable, both as to principal and interest, solely from and equally and ratably secured by a lien on and pledge of the Pledged Revenues (as defined in the Resolutions), such lien on and pledge of the Pledged Revenues being subordinate only to the lien on and pledge of the Pledged Revenues securing the Prior Encumbered Obligations. The Resolutions provide certain conditions under which the Authority and the Board may issue additional parity revenue obligations payable from the same source and secured in the same manner as the Bonds;

(3) The escrow agreement between the Board and the Escrow Agent (the "Escrow Agreement") has been duly executed and delivered and constitutes a binding and enforceable agreement in accordance with its terms; the establishment of the Escrow Fund pursuant to the Escrow Agreement and the deposit made therein constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds; in reliance upon the accuracy of the calculations contained in the Report, the Refunded Bonds, having been discharged and paid, are no longer outstanding and the lien on and pledge of revenues as set forth in the resolutions authorizing their issuance will be appropriately and legally defeased; the holders of the Refunded Bonds may obtain payment of the principal of, redemption premium, if any, and interest on the Refunded Bonds only out of the funds provided therefor now held in escrow for that purpose by the Escrow Agent pursuant to the terms of the Escrow Agreement; and therefore the Refunded Bonds are deemed to be fully paid and no longer outstanding, except for the purpose of being paid from the funds provided therefor in such Escrow Agreement.

THE REGISTERED OWNERS of the Bonds shall never have the right to demand payment of the principal thereof or interest thereon out of any funds raised or to be raised by taxation, or from any source whatsoever other than specified in the Resolutions.

WE EXPRESS NO OPINION as to the treatment of the interest on the Bonds for federal income tax purposes or any other matter.

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.

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