SUPPLEMENT DATED JUNE 18, 2021
to
OFFICIAL STATEMENT DATED JUNE 8, 2021

relating to

$14,275,000
TEXAS PUBLIC FINANCE AUTHORITY
TEXAS SOUTHERN UNIVERSITY
REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2021

This document (this "Supplement") supplements and amends the above-referenced Official Statement (the "Official Statement") dated June 8, 2021 related to the above-referenced Bonds. Capitalized terms used herein and not defined shall have the meanings ascribed to them in the Official Statement.

SCHEDULE I – SCHEDULE OF REFUNDED BONDS (Page I-1 of the Official Statement) is revised to replace the Call Date for the Refunded Bonds with the following date: 7/26/2021.

Except as described above, the Official Statement remains unchanged.

This information in this Supplement is incorporated into the final Official Statement for the Bonds. This Supplement does not purport to be a complete summary of the issue or the information provided herein, and the Official Statement, as supplemented and amended by this Supplement, in its entirety.

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OFFICIAL STATEMENT DATED JUNE 8, 2021

NEW ISSUE – BOOK-ENTRY-ONLY | **RATING:** Fitch: "BBB"
See "RATING" herein

In the opinion of Bracewell LLP and Bates and Coleman PC, "Co-Bond Counsel," under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the alternative minimum tax. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel.

$14,275,000
TEXAS PUBLIC FINANCE AUTHORITY
TEXAS SOUTHERN UNIVERSITY
REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2021

Dated Date and Interest Accrual Date: Date of Initial Delivery | **Due: May 1, as shown on page ii**

The Texas Public Finance Authority Texas Southern University Revenue Financing System Refunding Bonds, Series 2021 (the "Bonds") are issued by the Texas Public Finance Authority (the "Authority" or the "Issuer") on behalf of the Board of Regents (the "Board of Regents") of Texas Southern University (the "University") for the purposes described below. The Bonds are payable from and secured solely by a lien on and pledge of the "Pledged Revenues" (as defined herein) of the University's Revenue Financing System on a parity with the University's outstanding "Parity Obligations" (as defined herein). The Bonds are issued pursuant to a master resolution, as supplemented from time to time including by an eleventh supplemental resolution, each adopted by the Authority and the Board of Regents, which provide for the issuance of the Bonds (collectively the "Resolution"). See "PLAN OF FINANCING – Authority for Issuance of the Bonds." **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 STATE OF TEXAS, THE AUTHORITY, NOR ANY OTHER AGENCY, POLITICAL CORPORATION, OR POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS, OTHER THAN AS PROVIDED IN THE RESOLUTION. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE AUTHORITY, NOR ANY AGENCY, POLITICAL CORPORATION OR POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.** See "SECURITY FOR THE BONDS."

The proceeds from the sale of the Bonds will be used for the purpose of (i) refunding the outstanding Texas Public Finance Authority Texas Southern University Revenue Financing System Bonds, Series 2011 (the "Refunded Bonds") to achieve present value savings, as further identified on Schedule I attached hereto, and (ii) paying the costs of issuance of the Bonds. See "PLAN OF FINANCING."

Interest on the Bonds accrues from the Date of Initial Delivery (defined below), and is payable initially on November 1, 2021 and each May 1 and November 1 thereafter until maturity, 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 U.S. Bank National Association, the initial Paying Agent/Registrar, to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds.

The Bonds will not be subject to redemption prior to maturity. See "DESCRIPTION OF THE BONDS – No Redemption."

MATURITY SCHEDULE, INTEREST RATES, YIELDS AND OTHER TERMS FOR THE BONDS (See Page ii)
CUSIP Prefix: 882756

The Bonds are offered for delivery when, as, and if issued and accepted by the Underwriters, and subject to approval of legality by the Attorney General of the State of Texas and the opinion of Bracewell LLP and Bates and Coleman PC, Co-Bond Counsel. Certain legal matters will be passed upon for the Authority by the General Counsel of the Authority and by Orrick, Herrington & Sutcliffe LLP, Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Locke Lord LLP. See "LEGAL MATTERS." The Bonds are expected to be available for delivery through the facilities of DTC on or about June 24, 2021 ("Date of Initial Delivery").

MESIROW FINANCIAL, INC. | **LOOP CAPITAL MARKETS**

MATURITY SCHEDULE

$14,275,000
TEXAS PUBLIC FINANCE AUTHORITY
TEXAS SOUTHERN UNIVERSITY
REVENUE FINANCING SYSTEM REFUNDING BONDS,
SERIES 2021

CUSIP PREFIX: 88277P(1)

Maturity Date (May 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix(1)
2022	$1,380,000	5.000%	0.320%	AA3
2023	1,350,000	5.000%	0.400%	AB1
2024	1,420,000	5.000%	0.600%	AC9
2025	1,490,000	5.000%	0.790%	AD7
2026	1,560,000	5.000%	0.910%	AE5
2027	1,640,000	5.000%	1.060%	AF2
2028	1,725,000	5.000%	1.200%	AG0
2029	1,810,000	5.000%	1.320%	AH8
2030	1,900,000	5.000%	1.450%	AJ4

The Bonds will not be subject to redemption prior to maturity.

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Market Intelligence on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are included herein solely for the convenience of the owners of the Bonds. None of the Authority, the Underwriters or the Financial Advisor shall be responsible for the selection or correctness of the CUSIP numbers shown herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

TEXAS PUBLIC FINANCE AUTHORITY

Board of Directors

Billy M. Atkinson, Jr., Chair	Larry G. Holt, Member
Ramon Manning, Vice-Chair	Brendan Scher, Member
Jay A. Riskind, Secretary	Benjamin E. Streusand, Member
Shanda G. Perkins, Member	

Certain Officers

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

TEXAS SOUTHERN UNIVERSITY

Board of Regents

Name	Residence	Term Expiration
Honorable Albert H. Myres, Chairman	Houston, Texas	February 1, 2025
Honorable Marc C. Carter, Vice Chair	Houston, Texas	February 1, 2023
Honorable Pamela A. Medina, 2nd Vice Chair	Houston, Texas	February 1, 2025
Honorable James M. Benham, Secretary	College Station, Texas	February 1, 2023
Honorable Caroline Baker Hurley	Houston, Texas	February 1, 2027
Honorable Stephanie D. Nellons-Paige	Houston, Texas	February 1, 2025
Honorable Ronald J. Price	Mesquite, Texas	February 1, 2023
Honorable Marilyn A. Rose	Houston, Texas	February 1, 2027
Honorable Mary Evans Sias, Ph.D.	Richardson, Texas	February 1, 2027
Honorable Aaliyah M. Fleming(1)	Sugar Land, Texas	May 31, 2022

(1) Student Regent. State law does not allow a Student Regent to vote on any matter before the Board of Regents.

Administration-Select Administrators

Name	**Title**
Kenneth R. Huewitt(1)	Interim President
Kendall Harris, Ph.D.	Provost/Vice President for Academic Affairs
Anita Lockridge	Interim Vice President for Administration and Finance and Chief Financial Officer
Alfred L. Norris	Associate Vice President of Treasury and Budget
Hao Le	General Counsel
Heidi Smith	Chief of Staff
Teresa McKinney, Ed.D.	Vice President for Student Services and Enrollment Management/Dean of Students

(1) After utilizing a national search firm to hire a permanent President of the University, the Board of Regents named Dr. Lesia L. Crumpton-Young as the sole finalist for the position of President on May 28, 2021. A confirmation vote by the Regents will occur on or about June 17, 2021. The transition team will be led by Regent Stephanie Nellons-Paige and Interim President Kenneth R. Huewitt.

For additional information regarding the University, please contact:

Mr. Alfred L. Norris	Mr. Karlos Allen or Mr. Dennis Waley
Associate Vice President of Treasury and Budget	Financial Advisor
Texas Southern University	PFM Financial Advisors LLC
3100 Cleburne Avenue	Two Allen Center
Hannah Hall, Room 134	1200 Smith Street, Suite 1000
Houston, Texas 77004	Houston, Texas 77002
(713) 313-4329	(713) 221-1219 or (512) 614-5323

SALE AND DISTRIBUTION OF THE BONDS

General

This Official Statement, which includes the cover page, the schedule, and the appendices attached hereto, does not constitute an offer to sell or the solicitation of an offer to buy, and neither will there be any sale of any Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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 Interim Vice President for Administration and Finance, Texas Southern University, 3100 Cleburne Avenue, Hannah Hall, Room 116, Houston, Texas 77004, (713) 313-1382. 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 Information in 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 representation other than those contained in this Official Statement, and, if given or made, such other information or representation 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 pursuant to their respective responsibilities to investors under the federal securities laws, 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 OR THE UNDERWRITERS MAKES 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 SUCH INFORMATION HAS BEEN FURNISHED BY DTC.

Securities Laws

No registration statement relating to the Bonds has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The 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. 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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OFFICIAL STATEMENT

relating to

$14,275,000
TEXAS PUBLIC FINANCE AUTHORITY
TEXAS SOUTHERN UNIVERSITY
REVENUE FINANCING SYSTEM REFUNDING BONDS,
SERIES 2021

INTRODUCTION

General

This Official Statement, including the cover page and the Schedule and Appendices hereto, provides certain information regarding the issuance by the Texas Public Finance Authority (the "Authority" or "Issuer") of its $14,275,000 Texas Southern University Revenue Financing System Refunding Bonds, Series 2021 (the "Bonds"), on behalf of the Board of Regents (the "Board of Regents") of Texas Southern University (the "University"). The Authority's board (the "Authority Board") is authorized to issue the Bonds on behalf of the University pursuant to the Authorizing Law (as defined below). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in "APPENDIX B – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION," except as otherwise defined herein.

The University

The University was established under the provisions of the Constitution and the laws of the State of Texas (the "State") as an institution of higher education. For the Spring 2021 Semester, the University had a total enrollment (headcount) of 6,648 students. For the University's recent historical enrollment, see "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – THE UNIVERSITY – Enrollment – TABLE 2 - University Enrollment Data." The Board of Regents is the governing body of the University and its members are officers of the State, appointed by the Governor of the State (the "Governor") with the advice and consent of the State Senate. For a general description of the University and its financial condition, see "APPENDIX A – TEXAS SOUTHERN UNIVERSITY." For a description of the impact of the COVID-19 Pandemic on the University, see "APPENDIX A – THE UNIVERSITY – Impact of COVID-19 Pandemic on the University."

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 (defined herein), 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 FINANCING

Purpose

The proceeds from the sale of the Bonds will be used for the purpose of (i) refunding the outstanding Texas Public Finance Authority Texas Southern University Revenue Financing System Bonds, Series 2011 (the "Refunded Bonds") to achieve present value savings, as further identified on Schedule I attached hereto, and (ii) paying the costs of issuance of the Bonds.

Authority for Issuance of the Bonds

The Bonds are being issued in accordance with the general laws of the State, specifically Chapters 54 and 55, Texas Education Code, including particularly sections 55.13(c), 55.17591, and 55.19, and Chapters 1207, 1232 (the "Texas Public Finance Authority Act") and 1371, Texas Government Code (collectively, the "Authorizing Law"), and additionally pursuant to a master resolution, as supplemented from time to time, adopted by the Board of Regents on October 19, 1998, and approved by the Authority on October 21, 1998 (the "Master Resolution"), and an eleventh supplemental resolution approved and adopted by the Authority Board on May 6, 2021, and by the Board of Regents on April 15, 2021 (the "Eleventh Supplement" and collectively with the Master Resolution, the "Resolution"). The Bonds are eligible for reimbursement of annual debt service from the State pursuant to the State Legislature's (the "Texas Legislature") biennial appropriation for tuition revenue bond retirement. See "INVESTMENT CONSIDERATIONS – Investment Considerations Relating to the University's Financial Condition and Operations – *State Appropriation Risk*" and "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – SELECTED FINANCIAL INFORMATION – Financing Programs – *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.

Payment of Refunded Bonds

The principal and interest due on the Refunded Bonds are to be paid on the redemption date of the Refunded Bonds, from proceeds of the Bonds and other available cash of the University, pursuant to a Deposit Agreement between the Authority and the Paying Agent/Registrar for the Refunded Bonds. The Paying Agent/Registrar for the Refunded Bonds will, upon deposit, be sufficient to pay, when due, the principal of and interest on the Refunded Bonds. Cash on deposit with the Paying Agent/Registrar for the Refunded Bonds will not be available to pay debt service on the Bonds.

By the deposit of a portion of the proceeds of the Bonds with the Paying Agent/Registrar for the Refunded Bonds, the Authority will have entered into firm banking and financial arrangements for the discharge, defeasance and final payment of the Refunded Bonds in accordance with applicable law and the terms of the resolution authorizing their issuance. Bond Counsel will render an opinion on the date of issuance of the Bonds to the effect that, in reliance upon a sufficiency certificate of the Financial Advisor, and as a result of such firm banking and financial arrangements, the Refunded Bonds will be deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided in escrow therefor.

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Sources and Uses of Funds

The proceeds of the Bonds, together with a cash contribution of the University, are expected to be applied as follows:

Sources:	
Par Amount	$14,275,000.00
Original Issue Premium	2,735,026.85
University Contribution(1)	2,752,361.69
Total	**$19,762,388.54**
Uses:	
Deposit with Paying Agent/Registrar for the Refunded Bonds	$17,962,978.39
Deposit to 2021 Reserve Fund	1,427,500.00
Costs of Issuance(2)	371,910.15
Total	**$19,762,388.54**

(1) Consists of amounts released from the debt service reserve fund for the Series 2011 Bonds (as defined herein) in connection with the defeasance of the Refunded Bonds. See "PLAN OF FINANCE – Payment of Refunded Bonds" and "SECURITY FOR THE BONDS – Reserve Fund – Parity Obligations".

(2) Includes underwriter's discount and other costs of issuance.

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 accrue interest from their Date of Initial Delivery, and will bear interest at the per annum rates shown on the inside cover page hereof. Interest on the Bonds is payable on May 1 and November 1 of each year, commencing November 1, 2021, and is calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds mature on May 1 in the years and in the principal amounts set forth on the inside cover page 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 Payment 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 Payment Office described herein, the Authority and the Board of Regents will execute, and the Paying Agent/Registrar, initially U.S. Bank National Association, 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 denominations, 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 his 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.

Record Date for Interest Payment

The record date for the interest payable on any interest payment date means the close of business on the 15th calendar day of the month next preceding each interest payment date (the "Regular Record Date").

The interest payable on, and paid or duly provided for on, any interest payment date will be paid to the person in whose name a Bond (or one or more predecessor Bonds evidencing the same debt) is registered at the close of business on the Regular Record Date for such interest. Any such interest not so paid or duly provided for will cease to be payable to the Person in whose name such Bond is registered on such Regular Record Date, and will be paid to the Person in whose name this Bond (or one or more Predecessor Bonds) is registered at the close of business on a "Special Record Date" for the payment of such defaulted interest to be fixed by the Paying Agent/Registrar, notice whereof being given to the Owners of the Bonds not less than 15 days prior to the Special Record Date.

No Redemption

The Bonds will not be subject to redemption prior to maturity.

Paying Agent/Registrar

The Authority Board and the Board of Regents have covenanted with the registered owners of the Bonds that at all times while the Bonds are outstanding the Board of Regents will 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 for the Bonds under the Resolution. The Authority Board and the Board of Regents reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 60 days written notice to the Paying Agent/Registrar, to be effective in accordance with the requirements of the Resolution. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Authority Board and the Board of Regents have covenanted that they will promptly appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under the Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly must transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the pertinent Bonds, to the new Paying Agent/Registrar designated and appointed by the Authority Board and the Board of Regents.

Defeasance

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

SECURITY FOR THE BONDS

The Revenue Financing System

The Master Resolution created the Texas Southern 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, if any, which may thereunder be included, by Board of Regents action, as participants in the Revenue Financing System (collectively, the "Participants" and each, a "Participant"). 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. Currently, the University is the only 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 (except that the Board of Regents has reserved the right to refund any 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). 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. Presently, there are no Prior Encumbered Obligations outstanding.

The Resolution provides that each Participant of the Revenue Financing System is responsible for its Direct Obligation. The Board of Regents has covenanted 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. See "APPENDIX B – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

Pledge Under Resolution

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 solely by and payable solely from a pledge of and lien on the Pledged Revenues. Pledged Revenues consist of the Revenue Funds, including all of the 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, subject to the provisions of the Prior Encumbered Obligations, if any.

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. 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.

Further, the following will not be included in Pledged Revenues unless and to the extent set forth in a supplement to the Resolution: (a) amounts received under Article VII, Section 17 of the Texas Constitution, including the income therefrom and any fund balances relating thereto (see "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – SELECTED FINANCIAL INFORMATION – Financing Programs"), and (b) except to the extent so specifically appropriated, General Revenue Funds appropriated to the Board of Regents by the Texas Legislature.

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 OTHER AGENCY, POLITICAL CORPORATION OR 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 STATE, 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 "APPENDIX B – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

Pledged Revenues

The following tables contain a summary of the Pledged Revenues and Special Revenues for Fiscal Years 2016 through 2020, including pledged unappropriated fund balances available at the beginning of each year. The Pledged Revenues include certain unrestricted current funds but do not include: remissions, governmental appropriations and gifts, grants and contracts within the Educational and General Fund Group; Higher Education Assistance Funds; and private gifts in the Auxiliary Fund Group, as such terms are used in "APPENDIX D – AUDITED FINANCIAL REPORT OF TEXAS SOUTHERN UNIVERSITY FOR THE YEAR ENDED AUGUST 31, 2020." See "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – SELECTED FINANCIAL INFORMATION."

Table 1A - Pledged Revenues and Debt Service Coverage Calculations (millions)(1)

	Fiscal Year Ended August 31,				
	2016	**2017**	**2018**	**2019**	**2020**
Operating Revenues:					
Tuition and fees	$95,702	$103,501	$113,331	$107,978	$96,230(2)
Discount on tuition and fees	(29,664)	(31,661)	(33,243)	(38,870)	(34,040)
Auxiliary enterprises	12,346	17,205	17,075	17,734	14,800
Other sales of goods and services	125	172	135	100	411
Other operating contracts and grants, pledged	593	669	1,292	463	988
State Appropriations(3)	9,592	9,780	8,386	8,378	8,378
Annual Pledged Revenues	88,694	99,666	106,976	95,783	86,767
Annual Pledged Revenues excluding State Appropriations	79,101	89,886	98,591	87,405	78,389
Pledged Fund Balances(4)	-	-	-	-	-
Annual Pledged Revenues and Pledged Fund Balances	88,694	99,666	106,976	95,783	86,767
Annual Debt Service(5)	9,597	13,208	12,400	12,397	12,397
Annual Pledged Revenues Coverage of Annual Debt Service	9.24	7.55	8.63	7.73	7..00
Annual Pledged Revenues Excluding Appropriations Coverage of Annual Debt Service	8.24	6.81	7.95	7.05	6.32
Annual Pledged Revenues and Pledged Fund Balances Coverage of Annual Debt Service	9.24	7.55	8.63	7.73	7.00
Maximum Annual Debt Service(6)	13,208	13,208	12,400	12,397	12,397
Annual Pledged Revenues Coverage of Maximum Annual Debt Service	6.72	7.55	8.63	7.73	7.00
Annual Pledged Revenues Excluding Appropriations Coverage of Maximum Annual Debt Service	5.99	6.81	7.95	7.05	6.32
Annual Pledged Revenues and Pledged Fund Balances Coverage of Maximum Annual Debt Service	6.72	7.55	8.63	7.73	7.00

(1) Provided by the University.

(2) Decrease in tuition and fee revenues from Fiscal Year 2019 to Fiscal Year 2020 was primarily the result of decreased enrollment. See "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – THE UNIVERSITY – Enrollment."

(3) State appropriations for the reimbursement of debt service on certain Tuition Revenue Bonds (including the Bonds) appropriated by the State. See "APPENDIX A – SELECTED FINANCIAL INFORMATION – Financing Programs – *Tuition Revenue Bonds*." Excludes Higher Education Assistance Funds and General Revenue Funds appropriated by the State.

(4) Pledged Unappropriated Fund and Reserve Balances.

(5) Historical annual debt service on Parity Obligations. Excludes Constitutional Appropriation Bonds. Does not include debt service on any borrowings under the HBCU Loan Program. See "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – SELECTED FINANCIAL INFORMATION – Financing Programs – HBCU Loan Program."

(6) Parity Obligations only. Excludes Constitutional Appropriation Bonds.

Table 1B - Special Revenues[1]

	Fiscal Year Ended August 31,				
	2016	**2017**	**2018**	**2019**	**2020[2]**
Recreational Facilities Fee[3]	$ 958,921	$ 981,329	$ 1,067,878	$ 1,066,166	$ 844,353[4]
Medical Services Fee	627,768	642,343	700,879	673,754	629,498
Total	$ 1,586,689	$ 1,623,672	$ 1,768,758	$ 1,739,920	$ 1,473,850

(1) Provided by the University.
(2) The University currently estimates that for the Fiscal Year Ended August 31, 2021, Recreational Facilities Fee revenues will be $678,210 and Medical Services Fee revenues will be $474,747, for total Special Revenues of $1,152,957. The anticipated decrease in Special Revenues from Fiscal Year 2020 to Fiscal Year 2021 is primarily the result of decreased enrollment.
(3) Revenues only available for debt service for the Series 2013 Bonds (as defined herein), which refunded the Texas Public Finance Authority Texas Southern University Revenue Financing System Improvement Bonds (Recreational Facility Project) Series 1998B only.
(4) Decrease in recreational facilities fee from Fiscal Year 2019 to Fiscal Year 2020 was primarily the result of decreased enrollment. See “APPENDIX A – TEXAS SOUTHERN UNIVERSITY – THE UNIVERSITY – Enrollment.”

Certain Covenants

Rate Covenant. The Board of Regents has covenanted in the Resolution that in each Fiscal Year it will establish, charge, and use its reasonable efforts to collect Pledged Revenues, which if collected, would be sufficient to meet all financial obligations of the Board 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.

Tuition. The Board of Regents has covenanted and agreed in the Resolution to fix, levy, charge, and collect student tuition charges required or authorized by law to be imposed on students enrolled at each Participant at each regular fall and spring semester and at each term of each summer session, for the use and availability of such institution or branch thereof, respectively, in such amounts, without any limitation whatsoever, as will be at least sufficient at all times, together with other legally available funds, including other Pledged Revenues, to provide the money to make or pay the principal of, interest on, and other payments or deposits with respect to Outstanding Parity Obligations when and as required. Provided, however, that students exempt by law or by the Board of Regents 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 of Regents 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 of Regents relating to the Revenue Financing System including all payments and deposits in connection with the Parity Obligations then outstanding.

Waiver of Covenants. The Board of Regents may omit in any particular instance to comply with any covenant or condition set forth in the Resolution 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 a majority of all Parity Obligations outstanding waive such compliance. See “APPENDIX B – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION.”

2021 Reserve Fund

The Resolution permits the University to fund the 2021 Reserve Fund with a deposit of cash in an amount equal to the Required Reserve Amount for the Bonds or by a Credit Facility issued in an amount equal to the Required Reserve Amount for the Bonds or a combination of cash and a Credit Facility equal in amount to the Required Reserve Amount for the Bonds.

The Resolution requires the establishment of a reserve fund for the Bonds (the "2021 Reserve Fund") in an amount not less than the Required Reserve Amount (as defined below). Upon delivery of the Bonds, the 2021 Reserve Fund will be fully funded through a contribution of available cash of the University derived from the release of cash from the debt service reserve fund for the Series 2011 Bonds. See "PLAN OF FINANCING – Sources and Uses of Funds."

"Required Reserve Amount" means an amount equal to the lesser of (a) 1.25 times the average principal and interest requirements of the Bonds, or (b) 1.00 times the annual principal and interest requirements of the Bonds to be Outstanding in the Fiscal Year during which such annual principal and interest requirements are scheduled to be the greatest; provided, however, that the Required Reserve Amount shall not exceed ten percent (10%) of the aggregate proceeds (within the meaning of Section 148(d)(2) of the Code) of the Bonds.

The Resolution requires the University to maintain a balance in the 2021 Reserve Fund equal to the Required Reserve Amount while the Bonds are Outstanding. In the event of any subsequent deficiency in the 2021 Reserve Fund, or in the event that on the date of termination or expiration of any Credit Facility there is not sufficient cash or Credit Facilities on deposit in the 2021 Reserve Fund equal to the Required Reserve Amount, the Resolution requires the University, after making required deposits to the Interest and Sinking Fund pursuant to the Resolution, to satisfy the Required Reserve Amount by depositing cash or a Credit Facility into the 2021 Reserve Fund in monthly installments of not less than 1/12 of such deficiency on or before the last Business Day of each month following such deficiency until such deficiency is eliminated.

See "APPENDIX B – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – CERTAIN PROVISIONS OF THE ELEVENTH SUPPLEMENT TO THE MASTER RESOLUTION." The 2021 Reserve Fund is the only debt service reserve fund that secures the payment of the Bonds and no other debt service reserve funds created for any other Parity Obligations are available for the payment of the Bonds. See "SECURITY FOR THE BONDS – Reserve Funds - Parity Obligations."

Additional 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 for the benefit of the University, 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, guarantee, or otherwise become liable in respect of Additional Parity Obligations if the Board of Regents 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 of Regents relating to the Revenue Financing System.

The Authority, upon approval and consent of the Board of Regents, 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.

The Board of Regents 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. See "APPENDIX B – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

Reserve Funds - Parity Obligations

In addition to the 2021 Reserve Fund created with respect to the Bonds, the Master Resolution and the applicable supplements thereto create a separate reserve fund for each series of currently outstanding Parity Obligations.

Each such series of Parity Obligations has a separate reserve fund securing only the payment of that particular series of Parity Obligations and not the payment of any other series of Parity Obligations issued under the Master Resolution. **Thus, the reserve funds for each such respective series of Outstanding Parity Obligations are not available for payment of the Bonds.** The 2021 Reserve Fund created under the Eleventh Supplement is only available for payment of the Bonds. See "SECURITY FOR THE BONDS – Pledge Under Resolution" and "– 2021 Reserve Fund."

As described in more detail in the following paragraphs, at the time of issuance of each series of outstanding Parity Obligations, the Board of Regents funded the reserve fund requirements for each series of such Parity Obligations, in whole or in part, with surety bonds provided by certain surety bond providers, cash deposits or other funding options to satisfy each outstanding Parity Obligation's Required Reserve Amount. Since the issuance of such Parity Obligations, surety bond providers experienced significant financial distress as a result of the financial crisis in 2008 and received ratings downgrades and/or ratings withdrawals from the rating agencies as a result thereof. The Master Resolution and certain of the applicable supplements authorizing such surety bonds to be used to satisfy, in whole or in part, the reserve fund requirements for such Parity Obligations do not impose any ongoing credit, financial or ratings requirements on the providers of such surety bonds.

With respect to the Authority's Texas Southern University Revenue Financing System Bonds, Series 2011 (the "Series 2011 Bonds"), which includes the Refunded Bonds, the University deposited $2,743,940.07 to satisfy its Required Reserve Amount for the Series 2011 Bonds. The University expects a portion of the funds deposited into the reserve fund for the Series 2011 Bonds to fund the 2021 Reserve Fund.

With respect to the Authority's Texas Southern University Revenue Financing System Refunding Bonds, Series 2013 (the "Series 2013 Bonds"), Build America Mutual Assurance Company ("BAM") provided a surety bond in an amount not to exceed $6,672,838.08, the reserve fund requirement established for the Series 2013 Bonds. Such surety bond policy expires on the earlier of (i) the maturity date for the Series 2013 Bonds and (ii) the date on which all payments have been made on the Series 2013 Bonds.

With respect to the Authority's Texas Southern University Revenue Financing System Bonds, Series 2016 (the "Series 2016 Bonds"), BAM provided a surety bond in an amount not to exceed $4,015,900.00, the reserve fund requirement established for the Series 2016 Bonds. Such surety bond policy expires on the earlier of (i) the maturity date for the Series 2016 Bonds and (ii) the date on which all payments have been made on the Series 2016 Bonds.

As noted above, surety bond providers experienced significant financial distress as a result of the financial crisis in 2008. In the event that the financial condition of the surety bond providers discussed above were to result in the termination of any of the existing surety bond policies described above, the University would be required to contribute cash in such amounts to each such reserve fund in order to fully fund such reserve funds as required by the Master Resolution and the applicable supplements thereto authorizing such Parity Obligations. The University makes no assurances as to the financial condition or ongoing credit worthiness of any surety bond provider.

Nonrecourse Debt and Subordinated Debt

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

Remedies

Any owner of Parity Obligations in the event of default in connection with any covenant contained in the Resolution or in any resolution adopted hereafter authorizing the issuance of Parity Obligations, or default in the payment of said obligations, or of any interest due thereon, or other costs and expenses related thereto, may require the Board of Regents, the Authority, their respective officials and employees, and any appropriate official of the State, to carry out, respect, or enforce the covenants and obligations of the Resolution by all legal and equitable means, including the use and filing of mandamus proceedings in any court of competent jurisdiction against the Board of Regents, the Authority, their respective officials and employees, or any appropriate official of the State. The principal of the Bonds cannot be accelerated in the event of default, and the Board of Regents has not granted a lien on any physical property that may be levied or foreclosed against. The Resolution does not establish other remedies or specifically enumerate the events of default with respect to the Bonds. The Resolution does not provide for a trustee to enforce the covenants and obligations of the Authority or the Board of Regents. The enforcement of the remedy of mandamus may be difficult and time consuming. No assurance can be given that a mandamus or other legal action to enforce a default under the Resolution would be successful. See "APPENDIX B – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

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

The Resolution does not provide for any specific remedies relating to the enforcement of the obligations of the Authority and the Board of Regents, and the Authority and the Board of Regents has not waived sovereign immunity with respect to the enforcement of the obligations of the Authority or the Board of Regents relating to the Bonds. Any owner of the Bonds, in the event of default in connection with any covenant contained in the Resolution or in any Supplement, or default in the payment of Annual Debt Service Requirements due in connection with the Bonds, or other costs and expenses related thereto, may require the Authority and the Board of Regents, its officials and employees to carry out, respect, or enforce the covenants and obligations of the Master Resolution or any Supplement, by the use and filing of mandamus proceedings in any court of competent jurisdiction in Travis County, Texas against the Authority and the Board of Regents, its officials and employees.

The remedy of mandamus is (i) available only if the covenants and obligations to be enforced are not uncertain or disputed and (ii) controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Resolution does not provide for the appointment of a trustee to represent the interests of the owners of the Bonds upon any failure of the Authority or the Board of Regents to perform in accordance with the terms of the Resolution or upon any other condition, and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the owners of the Bonds. No assurance can be given that a mandamus or other legal action to enforce a default under the Resolution would be successful. The opinion of Co-Bond Counsel will state that all opinions relative to the enforceability of the Bonds are qualified with respect to customary rights of debtors relative to their creditors.

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DEBT SERVICE SCHEDULE

Fiscal Year (Aug. 31)	Outstanding Parity Debt Service [(1)]	Less: Refunded Debt Service	The Bonds Principal	The Bonds Interest	The Bonds Total	Total Parity Debt Service
2021	$ 13,271,019	-	-	-	-	$ 13,271,019
2022	13,271,769	$ 2,676,144	$ 1,380,000	$ 608,670	$ 1,988,670	12,584,295
2023	9,692,144	2,678,744	1,350,000	644,750	1,994,750	9,008,150
2024	7,567,494	2,677,144	1,420,000	577,250	1,997,250	6,887,600
2025	6,692,613	2,677,713	1,490,000	506,250	1,996,250	6,011,150
2026	6,686,188	2,675,538	1,560,000	431,750	1,991,750	6,002,400
2027	6,690,663	2,675,263	1,640,000	353,750	1,993,750	6,009,150
2028	6,689,613	2,676,213	1,725,000	271,750	1,996,750	6,010,150
2029	6,692,363	2,677,713	1,810,000	185,500	1,995,500	6,010,150
2030	6,687,938	2,674,088	1,900,000	95,000	1,995,000	6,008,850
2031	4,013,250	-	-	-	-	4,013,250
2032	4,012,650	-	-	-	-	4,012,650
2033	4,011,850	-	-	-	-	4,011,850
2034	4,015,650	-	-	-	-	4,015,650
2035	4,015,400	-	-	-	-	4,015,400
2036	4,011,850	-	-	-	-	4,011,850
Total	$ 108,022,450	$ 24,088,556	$ 14,275,000	$ 3,674,670	$ 17,949,670	$ 101,883,564

(1) Debt service on Parity Obligations.

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THE AUTHORITY

General

Under the Texas Public Finance Authority Act, the Authority's power is limited to financing and refinancing project costs for State agencies and institutions 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 Texas Public Finance Authority Act 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.

Pursuant to the Texas Public Finance Authority Act and other applicable State law, 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: a lease-revenue commercial paper program, which is available for financing equipment acquisitions and for the construction or renovation of buildings; 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 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 and the Texas Department of Health), 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 and Texas Military Facilities Commission), the Texas Department of Transportation, the Texas Military Preparedness Commission, and the Cancer Prevention 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 Texas Constitution. As set forth in the Texas Public Finance 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 with the advice and consent of the State Senate. The Governor designates one member to serve as Chair at the pleasure of the Governor. The current members of the Authority Board, the office held by each member and the date on which each member's term expires are as follows:

Name	Position	Term Expires (February 1)
Billy M. Atkinson, Jr.	Chair	2023
Ramon Manning	Vice-Chair	2027
Jay A. Riskind	Secretary	2023
Larry G. Holt	Member	2027
Shanda G. Perkins	Member	2025
Brendan Scher	Member	2025
Benjamin E. Streusand	Member	2025

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 Board.

Lee Deviney, Executive Director. The Authority 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 similar positions at the Texas Lottery Commission 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, 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 Texas Legislature enacted the Texas Sunset Act (Chapter 325, Texas Government Code, as amended) (the "Sunset Act"), 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 2027. The Texas Public Finance Authority Act, as amended by SB 713 of the 87th Texas Legislature, provides that if the Authority is not continued in existence, the Authority will cease to exist as of September 1, 2027; 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, 2028) in order to conclude its business. SB 1 is subject to approval by the Governor.

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 of the 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.

Texas Bond Review Board

With certain exceptions, bonds issued by State agencies and institutions, including bonds issued by the Authority, must be approved by the Texas Bond Review Board (the "Bond Review Board") prior to their issuance. The Bond Review Board is composed of the Governor, the Lieutenant Governor, the Speaker of the House of Representatives, and the Texas Comptroller of Public Accounts (the "Comptroller"). The Governor is the Chairman of the Bond Review Board. Each member of the Bond Review Board may, and frequently does, act through a designee.

On May 18, 2021, the Bond Review Board approved the issuance of the Bonds.

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 Texas Public Finance Authority Act; Payment and Approval of the Bonds

Under the Texas Public Finance Authority Act, the Authority's power is limited to financing projects and does not affect the power of the Authority Board to carry out its statutory authority, including its authority to construct buildings. The Texas Public Finance Authority Act 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 will 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.

LEGAL MATTERS

Legal Opinions

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to approval of legality by the Attorney General of the State and the opinion of Bracewell LLP and Bates and Coleman PC, Co-Bond Counsel to the

Authority. Attached hereto as APPENDIX E is the form of opinion that Co-Bond Counsel will render in connection with the issuance of the Bonds.

Co-Bond Counsel has reviewed the information under the captions "INTRODUCTION – Security," "PLAN OF FINANCING" (except for the information under "Sources and Uses of Funds" as to which no opinion is expressed), "DESCRIPTION OF THE BONDS," "SECURITY FOR THE BONDS" (except for the information in Table 1A and Table 1B, as to which no opinion is expressed), "LEGAL MATTERS," "TAX MATTERS," "LEGAL INVESTMENTS IN TEXAS," "CONTINUING DISCLOSURE OF INFORMATION" and "APPENDIX B – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION," in this Official Statement and such firms are of the opinion that the information relating to the Bonds and the Resolution contained under such captions is a fair and accurate summary of the information purported to be shown and that the information and descriptions contained under such captions relating to the provisions of applicable state and federal laws are correct as to matters of law. The legal opinion of Co-Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. The payment of legal fees to Co-Bond Counsel in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The payment of legal fees to Orrick, Herrington & Sutcliffe LLP, Disclosure Counsel to the Authority, in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Locke Lord LLP. In connection with the issuance of the Bonds, Co-Bond Counsel and Disclosure Counsel have been engaged by, and only represent, the Authority but represent the Underwriters from time to time in other transactions.

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 expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Registration and Qualification of Bonds for Sale

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2). The Bonds have not been approved or disapproved by the United States Securities and Exchange Commission, nor has the United States Securities and Exchange Commission passed upon the accuracy or adequacy of the Official Statement. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; and have not been registered or qualified under the securities acts of any other jurisdiction. The Authority does not assume any responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

Forward-Looking Statements

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

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

TAX MATTERS

Tax Exemption

In the opinion of Bracewell LLP, Houston, Texas, and Bates and Coleman PC, Houston, Texas, Co-Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not a specific preference item for purposes of the alternative minimum tax.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The Board of Regents and the Authority have covenanted in the Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Resolution pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the Board of Regents, the Authority, the Authority's Financial Advisor and the Underwriters with respect to matters solely within the knowledge of the Board of Regents, the Authority, the Authority's Financial Advisor and the Underwriters, respectively, which Bond Counsel has not independently verified If the Board of Regents or the Authority fails to comply with the covenants in the Resolution or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, Bond Counsel will express no opinion as to the amount of interest on the Bonds or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Resolution upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Authority as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds, regardless of the ultimate outcome of the audit.

Collateral Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

The issue price of the Bonds exceeds the stated redemption price payable at maturity of such Bonds. Such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

INVESTMENT CONSIDERATIONS

Each prospective purchaser of the Bonds should review and evaluate the risks of making such an investment. The following is a summary, which does not purport to be comprehensive or definitive, of certain of the investment considerations an investor should review before purchasing the Bonds.

Infectious Disease Outbreak (COVID-19)

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (referred to herein as the "Pandemic") which is currently affecting many parts of the world, including the United States and the State. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with COVID-19. On March 13, 2020, the President of the United States declared the Pandemic a national emergency, and on that same day the Governor declared the Pandemic an imminent threat of disaster for all counties in the State, which disaster declaration was subsequently renewed by the Governor, most recently in March 2021.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting State business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with a disaster and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation, such as minimizing social gatherings and in-person contact, and subsequent orders permitting the phased reopening of certain businesses and activities in the State. Most recently, the Governor issued Executive Order GA-34 on March 2, 2021, which rescinds many of the executive orders previously issued by the Governor during the Pandemic and, effective March 10, 2021, ends the statewide mask mandate and allows businesses to open at 100% capacity, subject to certain exceptions stated therein.

Many Texas local governments, including the City of Houston and Harris County, have also issued shelter-in-place or stay-at-home orders, which are subject to certain exceptions for essential businesses, governmental services and critical infrastructure. Many of the federal, state and local actions and policies related to the Pandemic are focused on limiting instances where the public can congregate or interact with each other, which has adversely impacted commercial and economic activity within the State. Additional information regarding these events in the State is accessible on the website of the Governor at https://gov.texas.gov/. The information on (or accessed through) such website of the Governor is not incorporated by reference, either expressly or by implication, into this Official Statement.

For a description of the impact of the Pandemic on the University, see "APPENDIX A – THE UNIVERSITY – Impact of COVID-19 Pandemic on the University." Neither the Board of Regents nor the University can predict (i) the duration or extent of the Pandemic or any other outbreak or pandemic; (ii) the duration or expansion of travel restrictions and restrictions on assemblies or gatherings; (iii) the full effect the Pandemic or any other outbreak/pandemic-related restrictions or warnings may have on demand for higher education and/or the University's revenues; (iv) whether and to what extent the Pandemic or any other outbreak or pandemic may disrupt the local or global economy, or whether any such disruption may adversely impact the University's operations or financial condition; or (v) the extent to which any of the foregoing may have a material adverse effect on the operations or financial condition of the University.

Investment Considerations Relating to the University's Financial Condition and Operations

Dependence on Federal Education Funding. Federal government programs fund a substantial portion of the University's tuition and fee revenues. On average over the past 5 years, approximately 76% of the University's students receive some form of federal financial aid. Such student aid support could be reduced in the future, which could negatively impact student enrollment and thus the financial position of the University. See "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – THE UNIVERSITY – Enrollment – TABLE 2 - University Enrollment Data."

Accreditation. Federal funding is reliant upon the University maintaining its Southern Association of Colleges and Schools Commission on Colleges ("SACS") accreditation. The University's failure to maintain its accreditation could impact its eligibility to administer federal programs for the benefit of its students. Although the University's SACS accreditation has never been permanently revoked, the University was placed on probation in 2007, such probation was lifted and re-instated in 2009. The University is currently SACS accredited and scheduled for its next reaffirmation in 2030. See "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – THE UNIVERSITY – Accreditation."

Tuition and Fee Revenue. Gross tuition and fee revenues represent approximately 87% of the total operating revenues for Fiscal Year 2020. Economic viability of the University depends on a steady student enrollment. Future enrollment levels will depend on the number of students continuing to decide to enroll at the University.

Enrollment vs. Acceptances. In Fiscal Year 2020, approximately 20.6% of the total students that were accepted into the University actually enrolled. See "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – THE UNIVERSITY – Enrollment – TABLE 2 - University Enrollment Data." There are no assurances that the University will be able to improve upon the number of students deciding to attend the University.

Competition from other Educational Institutions. The University is located near downtown Houston and the Houston medical center and competes with several key educational alternatives, including the University of Houston and online institutions of higher education. Certain of these education institutions compete for the same students as the University, and as such, are competitors of the University for students. Such competitors have increased their student enrollment by constructing new facilities and expanding their marketing campaigns to attract potential students. Moreover, some of the University's competitors may offer lower student tuition and fee options to potential students. It is unknown how the University's strategic position and resulting student demand will be impacted by the evolving competitive landscape. Like its urban competitors, the University has a large percentage of commuter students. The University draws a majority of its students from within the State but also enrolls students from the surrounding region and nationally as one of the nation's largest historically black colleges and universities. See "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – THE UNIVERSITY – Other Enrollment Data and Trends." Furthermore, the University requires freshmen students to live on campus,[1] which is designed to attract a greater percentage of full-time students and increase graduation rates within four years.

Historic Graduation Rates. From 2015 through 2020, the University's six year graduation rate averaged 20.2%. The University maintains minimum admission standards for applicants, including a minimum grade point average requirement and minimum SAT and ACT scores.

Changes to the Federal Pell Grant Program. In Fiscal Year 2020, the amount of Federal Pell Grant funds that students may receive over their lifetime was limited to the equivalent of six years. During Fiscal Year 2020, 5,625 (64.5%) of the University's students received Pell Grant funding. From 2015 through 2020, the University's six year graduation rate averaged 20.2%. See "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – THE UNIVERSITY – Other Enrollment Data and Trends." Students who do not graduate within six years may have to find an alternate source of funding to continue to pursue their education or withdraw from the University, thus negatively impacting the University's retention and graduation rates. See "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – THE UNIVERSITY – Enrollment."

Administration. As described in a statement of the Board of Regents and a letter of the former Chairman of the Board of Regents, both dated February 4, 2020, the Board of Regents voted on February 4, 2020 to propose the termination of the University's former President, Dr. Austin A. Lane due in part to Dr. Lane's alleged failure to advise and fully report to the Board of Regents information relating to improper and fraudulent admissions and scholarship practices of one former official of the Thurgood Marshall School of Law. On August 24, 2020, the American Bar Association ("ABA") declared the Thurgood Marshall School of Law to be in full compliance with Standard 501(a), a key admissions standard requiring law schools "adopt, publish and adhere to sound admission policies and practices."

State Appropriation Risk.

a) Appropriation Risk for Operating Funds. The University receives support annually from the State through the Texas Legislature's biennial appropriation of General Revenue Funds. Levels of continued State support to the University are dependent on results of biennial legislative sessions. State appropriations were equivalent to approximately 73.5% of the University's actual total operating revenues for Fiscal Year 2020 and were equivalent to approximately 43.3% of the University's budgeted total operating revenues for Fiscal Year 2021 (actual total operating revenues does not include State appropriations and includes tuition discounting; budgeted total operating revenues includes State appropriations and does not include tuition discounting.) Pursuant to SB 1 of the 87th Texas Legislature, the proposed budget for the State for the 2022-23 biennium that begins on September 1, 2021, the Legislature appropriated $52,716,085 for the University from the State's general revenue fund for Fiscal Year 2022 and $49,133,972 for Fiscal Year 2023. SB 1 is subject to approval by the Governor. See "APPENDIX A – THE UNIVERSITY – Impact of COVID-19 Pandemic on the University" and "INVESTMENT CONSIDERATIONS – Legislation" and "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – SELECTED FINANCIAL INFORMATION – Funding for the University – *State Appropriations*." The University has no assurance that the Texas Legislature will continue to appropriate to it 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 as well as enrollment at the University and other factors. For example, a decline in enrollment may result in a decrease in formula-based appropriations by the Texas Legislature. See "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – SELECTED FINANCIAL INFORMATION – Enrollment."

b) Appropriation Risk for Reimbursement on Tuition Revenue Bonds. After the issuance of the Bonds, approximately 96.8% of the University's outstanding indebtedness will be eligible for debt service reimbursements from the State

[1] The University's requirement that freshman students live on campus has been waived for the Spring 2020-Fall 2021 academic year due to the COVID-19 Pandemic. Currently, all students living on campus are required to have a negative COVID-19 test prior to being admitted to campus housing. In addition, residence hall occupancy is limited to 50% of capacity or one student per restroom. For additional information regarding the impact of COVID-19 on the University, see "APPENDIX A – THE UNIVERSITY – Impact of COVID-19 Pandemic on the University."

pursuant to tuition revenue bond authorizations. 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 debt service on tuition revenue bonds, but there are no assurances that past financial assistance from the Texas Legislature will continue in the future. Additionally, no representations or assurances are given that the University will generate sufficient revenues to make payments sufficient to pay principal of and interest on the Bonds should the Texas Legislature fail to appropriate reimbursements. See "INVESTMENT CONSIDERATIONS – Legislation" and "APPENDIX A – SELECTED FINANCIAL INFORMATION – Financing Programs – *Tuition Revenue Bonds*."

Force Majeure Events and Resiliency. The operations and financial condition of the University may be materially adversely affected by future events of force majeure, including but not limited to flooding, hurricanes or other natural disasters, epidemics, pandemics, civil unrest, terrorism, and spills of hazardous materials, among other events. Neither the Board of Regents nor the University can predict the impact any such events of force majeure may have on the operations and financial condition of the University. In particular, see "INVESTMENT CONSIDERATIONS – Infectious Disease Outbreak (COVID-19)," and "APPENDIX A – THE UNIVERSITY – Impact of COVID-19 Pandemic on the University" for a description of the impact of the COVID-19 Pandemic on the University."

Additionally, between February 14 and February 19, 2021, the State experienced a severe winter storm (the "2021 Winter Storm") causing widespread, record breaking cold temperatures throughout the State. In anticipation of the 2021 Winter Storm, the Governor declared a state of disaster. As a result of the 2021 Winter Storm, there were widespread disruptions to the operations of State electric and gas utilities, which have been widely reported in the press, and approximately 4 million State residents lost power for significant portions of the week. Based on preliminary assessments, the University experienced property and casualty losses of approximately $6.6 million as a result of damage caused by the 2021 Winter Storm. All such losses are expected to be covered by insurance except for a $250,000 retention amount. Although the University continues to assess the overall impact of the 2021 Winter Storm, the University does not anticipate the 2021 Winter Storm will have a material adverse impact on its operations or financial condition.

Cybersecurity. The University's operations are increasingly dependent on information technologies and services, which are exposed to cybersecurity risks and cyber incidents or attacks. The University utilizes the cybersecurity framework prescribed by the Texas Department of Information Resources ("DIR"), which adopts the National Institute of Standards and Technology security and privacy controls for federal information systems and organizations. This framework is implemented by the University in a manner that aligns with its business and academic objectives. Notwithstanding the University's cybersecurity framework, the University cannot guarantee that it will be able to successfully defend against cybersecurity attacks or predict the impact of any such attacks on the University's operations or financial condition.

Other Investment Considerations Relating to the University. In the future, the following factors, among many others, may adversely affect the operations of the University to an extent that cannot be determined at this time: (1) changes in the demand for higher education in general or for programs offered by the University in particular; (2) a decline in the demographic pool of candidates who may elect to attend the University; (3) cost and availability of energy; (4) a decrease in student loan funds, Pell Grants or other aid that permits many students the opportunity to pursue higher education; (5) an increase in the costs of health care benefits, retirement plan, or other benefit packages offered by the University to its employees; (6) a significant decrease in the value of the University's investments caused by market or other external factors; (7) significant reduction in funding support from donors or other external sources; or (8) significant reduction of external funding for research.

Legislation

The Texas Legislature convenes in regular session every two years, including the 87th Texas Legislature which convened its regular legislative session on January 12, 2021 and concluded on May 31, 2021. Thereafter, the Governor may call one or more additional special sessions, which may last no more than 30 days, and for which the Governor sets the agenda. The 87th Texas Legislature or future Texas Legislatures may consider bills that could have a direct impact on the University or the administrative agencies that oversee the University. The University makes no representations or predictions concerning the substance or the effect of any legislation that may be passed in the future or how any such legislation could affect the University.

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

Market Factors Regarding the Bonds

The relative buying and selling interest of market participants in securities such as the Bonds will vary over time, and such variations may be affected by, among other things, news relating to the University, the attractiveness of alternative investments, the perceived risk of owning the Bonds (whether related to credit, liquidity or any other risk), the tax treatment accorded the Bonds, the accounting treatment accorded the Bonds, reactions to regulatory actions or press reports, financial reporting cycles and market sentiment generally.

Bond Rating

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will be in effect for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of such agency, circumstances so warrant. None of the Authority, the University or the Underwriters have agreed to take any action with respect to any proposed rating change or to bring such change, if any, to the attention of the registered owners of the Bonds, except that the Board of Regents has agreed to provide certain information discussed under the heading "CONTINUING DISCLOSURE OF INFORMATION." See "RATING" herein.

LEGAL INVESTMENTS IN TEXAS

Chapter 1201, Texas Government Code, as amended, provides that obligations, such as the Bonds, are legal and authorized investments for insurance companies, fiduciaries and trustees, and for the sinking funds of municipalities and other political subdivisions or public agencies of the State. The Bonds are also eligible to secure deposits of any public funds of the State, its agencies, and political subdivisions, and are lawful and sufficient security for those deposits to the extent of their market value. For political subdivisions in the State that have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended), the Bonds may need to be assigned a rating of at least "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. See "RATING" herein.

The Authority has made no investigation of other laws, rules, regulations, or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The Authority has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

RATING

Fitch Ratings, Inc. ("Fitch") has assigned an underlying rating of "BBB" to the Bonds. An explanation of the significance of such rating may be obtained from Fitch. The rating reflects only the views of Fitch and none of the Authority, the Board of Regents or the Underwriters make any representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Fitch, if in the judgment of Fitch, circumstances so warrant. Any such downward revision or withdrawal of such 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 has agreed that, so long as the Board of Regents is an "obligated person" under the Rule (hereinafter defined), it will provide certain updated financial information and operating data annually and timely notice of specified material events to the Municipal Securities Rulemaking Board (the "MSRB"). Such information will be available to the public at no charge using the MSRB's Electronic Municipal Market Access ("EMMA") system via the MSRB's website, www.emma.msrb.org.

Annual Reports

The Board of Regents will provide certain updated financial information and operating data to the Authority and 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 hereto under the heading(s) "SECURITY FOR THE BONDS – TABLE 1A - Pledged Revenue and Debt Service Coverage Calculations" and "– TABLE 1B - Special Revenues;" information under "APPENDIX A – TEXAS SOUTHERN UNIVERSITY" under the headings "– THE UNIVERSITY – Enrollment – TABLE 2 - University Enrollment Data," "– TABLE 2A – Freshmen to Sophomore Retention Rates," "– TABLE 2B – University Graduation Rates," "– SELECTED FINANCIAL INFORMATION – TABLE 3 - Statement of Revenues, Expenses, and Changes in Net Position," "– TABLE 4 - Condensed Statement of Net Assets" and "– TABLE 5 - Outstanding Indebtedness;" and in "APPENDIX D – AUDITED FINANCIAL REPORT OF TEXAS SOUTHERN UNIVERSITY FOR THE YEAR ENDED AUGUST 31, 2020." The Board of Regents will update and provide this information within 180 days after the end of each Fiscal Year ending in or after Fiscal Year 2021.

The Board of Regents may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Rule. Any financial information provided by the Board of Regents shall be prepared in accordance with the accounting principles described in the notes to the University's financial statements, which are generally accepted accounting principles of fund accounting for colleges and universities, 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.

The updated information will also include audited financial statements of the University, if the Board of Regents commissions an audit and it is completed by the time required. If audited financial statements of the University are not available by the required time, the Board of Regents will provide such statements when and if they become available. Any such financial statements are to be prepared in accordance with accounting principles generally accepted in the United States of America. *No outside audit of the University's financial statements is currently required to be obtained by the Board of Regents under State law.*

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

Event Notices

The Board of Regents will also provide timely notice (not in excess of ten (10) business days after the occurrence of the event) of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the University; (13) the consummation of a merger, consolidation, or acquisition involving the University or the sale of all or substantially all of the assets of the University, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) the appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) the incurrence of a financial obligation (as defined in the Resolution, including certain debt, debt-like, and debt-related obligations) of the University, if material, or an agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation, any of which affect security holders, if material; and (16) a default, event of acceleration, termination event, modification of terms, or other similar event under the terms of any such financial obligation of the University, any of which reflect financial difficulties. In addition, the Board of Regents will provide timely notice of any failure by the Board of Regents to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information

The Board of Regents has agreed to provide the foregoing updated information to the MSRB and the Authority. All documents provided by the Board of Regents to the MSRB described above under "Annual Reports" and "Material Event Notices" will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

Limitations and Amendments

The Board of Regents has agreed to update information and to provide notices of material 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 for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although Holders of Bonds may seek a writ of mandamus to compel the Board of Regents to comply with its agreement.

The Board of Regents, with the consent of the Authority, 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, but only if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering described herein in compliance with 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 registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of the Resolution that authorizes such an amendment) of the Bonds then Outstanding 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 registered owners and beneficial owners of the Bonds. If the Board of Regents and the Authority so amend the Board of Regents agreement, the Board of Regents will provide notice of such amendment to the MSRB, in a timely manner, including an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the notices to be so provided. The Board of Regents also may amend or repeal the provisions of its continuing disclosure agreement with consent of the Authority if the United States Securities and Exchange Commission amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the 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.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the Authority. The purchase price for the Bonds is $16,914,254.08 (which represents the par amount of the Bonds, plus an original issue premium of $2,735,026.85, less an underwriter's discount of $95,772.77). The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than the initial public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

FINANCIAL ADVISOR

PFM Financial Advisors LLC 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.

LITIGATION

The University

As of the date hereof various lawsuits and claims involving the University are currently pending. While the ultimate liability with respect to such litigation and claims asserted against the University cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance or otherwise, according to University officials, is not likely to have a material effect on the University or the Pledged Revenues.

The Authority

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Authority, threatened) that affects the obligation of the Authority to deliver the Bonds or the validity of the Bonds.

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 "Table 1A – Pledged Revenues and Debt Service Coverage Calculations," "Table 1B – Special Revenues," "APPENDIX A – TEXAS SOUTHERN UNIVERSITY" and "APPENDIX D – AUDITED FINANCIAL REPORT OF TEXAS SOUTHERN UNIVERSITY FOR THE YEAR ENDED AUGUST 31, 2020" 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 website 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 websites 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/ Anita Lockridge
Anita Lockridge
Interim Vice President for Administration and Finance
and Chief Financial Officer
Texas Southern University

SCHEDULE I

SCHEDULE OF REFUNDED BONDS

Texas Public Finance Authority Texas Southern University Revenue Financing System Bonds, Series 2011

Maturity Date	Principal Amount	Call Date
5/1/2022	$ 1,520,000	6/15/2021
5/1/2023	1,610,000	6/15/2021
5/1/2024	1,705,000	6/15/2021
***	***	***
5/1/2026[(1)]	3,740,000	6/15/2021
***	***	***
5/1/2030[(1)]	9,115,000	6/15/2021
	$ 17,690,000	

(1) Term Bond.

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APPENDIX A[1]

TEXAS SOUTHERN UNIVERSITY

THE UNIVERSITY

General

The University was established by the Texas Legislature in 1947 as Houston's first state-supported university for the purpose, among others, to serve the African-American population of Texas. The University's involvement with programs and services was especially suited to the needs and requirements of people in urban areas and caused the Texas Legislature in 1973 to designate the University as a "special purpose institution for urban programming." The University offers a wide array of diverse programs to complement its diverse student body and faculty. Various opportunities exist for internships, cooperative education, teacher training, and research.

The University's single campus is located on 145 acres approximately 3 miles from downtown Houston, Texas. It is one of the largest historically black institutions in the nation with an enrollment (headcount) of approximately 6,648 students for the Spring 2021 semester. The University has eleven colleges and schools: the Jesse H. Jones School of Business, the Barbara Jordan-Mickey Leland School of Public Affairs, the College of Education, the College of Science, Engineering & Technology, the College of Liberal Arts & Behavioral Sciences, the College of Pharmacy & Health Sciences, the School of Communication, the Thurgood Marshall School of Law, the Graduate School, the Thomas F. Freeman Honors College and the College of Continuing Education. These programs offer baccalaureate degrees in 47 areas, master's degrees in 25 areas, doctoral degrees in 7 areas, and professional degrees in 2 areas. At the professional and graduate level, post baccalaureate degrees are available in various areas, including law, pharmacy, and education.

The University administers approximately $21 million in grant funding from agencies such as the National Science Foundation, NASA, the United States Department of Education (the "USDE"), the Department of Health and Human Services, the Department of Energy, and private foundations and corporations. Major research centers and activities include Center for Biomedical and Health Research Excellence, Center for Research on Complex Networks, Mickey Leland Center on World Hunger and Peace, the Center for Transportation, the Center for Excellence in Urban Education, the Center for Environmental Justice Minority Worker Training Program, and the Houston-Louis Stokes Alliance for Minority Participation: Senior Alliance. The University's Library's print collection is approximately 80,000 volumes and its subscribed eBooks collection contains over 300,000 titles. The University's Library includes the Barbara Jordan and Mickey Leland archives and a significant art collection.

Accreditation

The University is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools. Such accreditation is required for the University's students to be eligible for federal financial aid. The University also holds memberships in the following organizations: the Council of Graduate Schools, the Conference of Southern Graduate Schools, the Texas Association of Graduate Schools, the Council of Historically Black Graduate Schools, the American Council on Education, the American Chemical Society, the Association of American Universities, and the American Association of Colleges for Teacher Education.

The University's College of Education is accredited by the National Council for Accreditation of Teach Education (USDE recognized). The College of Pharmacy and Health Sciences is accredited by the American Council of Pharmaceutical Education (USDE recognized), the National Accrediting Agency for Clinical Laboratory Sciences, the Commission on Accreditation for HIM and the Committee on Accreditation for Respiratory Care. The Jesse H. Jones School of Business is accredited by the Association for the Advancement of Collegiate Schools of Business. The College of Liberal Arts and Behavioral Sciences' Social Work Program is accredited by the Council on Social Work Education Office of Social Work Accreditation, and the Academy of Nutrition and Dietetics Accreditation Council for Education in Nutrition and Dietetics. The College of Science, Engineering and Technology is accredited

[1] The information set forth in this APPENDIX A has been provided by the University.

by the Association of Technology, Management and Applied Engineering. The Barbara Jordan/Mickey Leland School of Public Affairs is accredited by the Network of Schools in Public Policy Affairs, and Administration and the Planning Accreditation Board. The Thurgood Marshall School of Law is accredited by the American Bar Association Council of the Section of Legal Education and Admission to the Bar (USDE recognized).

Texas Higher Education Coordinating Board

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

Administration of the University

The University is governed by a Board of Regents consisting of nine members who are appointed by the Governor of the State with the advice and consent of the State Senate. Texas Education Code §106.13 requires the Governor to make appointments from different geographical locations in the State. Each member holds office for a term of six years, with the terms of three members expiring on February 1 of each odd numbered year. Each member holds office until a successor is appointed and has qualified. Each member is eligible for reappointment. Members serve without compensation, but are entitled to reimbursement for actual reasonable expenses incurred in performing their duties of office.

The members of the Board of Regents elect one of the members to serve as Chair of the Board of Regents. The Chair presides at all meetings and performs such other duties as may be prescribed from time to time by the Board of Regents and by State law. In addition, the members of the Board of Regents elect one of the members to serve as Vice Chair to perform the duties of the Chair when the Chair is not present or is incapable of performing such duties. The Board of Regents also elect a Secretary from its members to perform the duties prescribed by the Board of Regents. The current members of the Board of Regents and the date of expiration of their terms of office are listed on page iii.

The University's enabling statute, Chapter 106 of the Texas Education Code, provides that the University is to be administered by a President who is appointed by the Board of Regents and who holds office for such term as the Board of Regents may decide. The President of the University serves as its chief executive officer and is responsible for the administration and leadership of the University. Among other duties and powers the President is responsible for directing financial management of the University in conformity with all laws and regulations and to provide uniformity in data collection and financial reporting procedures.

Select Administrators

KENNETH R. HUEWITT, Interim President.[1] Kenneth "Ken" Huewitt currently serves as Interim President of the University. He was hired in 2017 as the University's Vice President of Finance & Administration and Chief Financial Officer, overseeing all financial functions of the university including Treasury & Budget, Administration & Finance, Risk Management, the Controller's Office, Procurement Services, Facilities & Maintenance, and Building & Grounds. During his time as CFO, the University's investment rating (Moody's) has improved from

[1] After utilizing a national search firm to hire a permanent President of the University, the Board of Regents named Dr. Lesia L. Crumpton-Young as the sole finalist for the position of President on May 28, 2021. A confirmation vote by the Regents will occur on or about June 17, 2021. The transition team will be led by Regent Stephanie Nellons-Paige and Interim President Kenneth R. Huewitt.

"negative" to "stable" to "positive" over a three-year period. Additionally, a three-year strategic Capital Expenditure Plan was developed and implemented, "days cash on hand" more than doubled, and a negative reserve in 2016 was transformed into a positive reserve. Huewitt began his career as an auditor with the U.S. Department of Housing and Urban Development's Office of Inspector General. He has held a variety of roles during his career including Senior Audit Specialist for the Federal Deposit Insurance Corporation, Senior Associate for Coopers & Lybrand, and Regional Director of Finance for The ServiceMaster Corporation. Shortly after leaving ServiceMaster, he joined the Finance Team at the Houston Independent School District ("HISD"). Over his first 11 years with HISD, Huewitt served as the Controller focusing on Budgets, Payroll, Treasury, Food Services Accounting, General Accounting and Bond Fund Accounting, as well as handling day-to-day operations of the Controller's Office. The next three years, he served as Chief Financial Officer leading all the financial services functions of HISD. He developed and executed strategic plans and district-wide policies and programs related to the financial activities of HISD, impacting 215,000 students on 283 campuses, and overseeing a $1.8 billion general operating budget. Huewitt was recognized as the 2015 award winner of the Council of the Great Cities Schools Chief Financial Officer of the Year. This honor is recognized annually on the national level through the Bill Wise Awards Program. It is bestowed upon Chief Financial Officers in urban school districts who exemplify professionalism, commitment, integrity, strong leadership and advocacy for all students. Huewitt holds a B.B.A. in Accounting from Texas State University. He is a Certified Public Accountant, Certified Internal Auditor, Certified Government Financial Manager, Certified Financial Services Auditor and Chartered Global Management Accountant. He is a member of several organizations including the American Institute of Certified Public Accountants, Texas Society of Certified Public Accountants, and The Institute of Internal Auditors. He served as Chairman of the Texas State Development Foundation Board, member of the T-Association Board, and past-president of the Alumni Association Board. While attending Texas State, he was a member of the back-to-back National Championship football teams in 1981 and 1982. In 2007, Ken was an inductee into the T-Association's Hall of Honor, the highest honor for any athlete at Texas State. In 2017, Ken was awarded the Texas State University Distinguished Alumni Award, an award given to recognize those who have achieved prominence and made a significant impact on the lives of others through their profession, accomplishments, affiliations, and service to society and the University. He and his wife are the proud parents of two children.

ANITA LOCKRIDGE, Interim Vice President for Administration and Finance and Chief Financial Officer. Anita Lockridge currently serves as Interim Vice President for Finance and Administration and Chief Financial Officer at the University. Hired in 2019 as the University's Senior Associate Vice President of Administration & Finance, she provided advance executive support and direction to all operations within the Division of Administration and Finance. She now presides over all finance and budgetary functions within the University including Treasury & Budget, Administration & Finance, the Controller's Office, Procurement Services, Facilities & Maintenance, and Building & Grounds. In her primacy as CFO, she has strategically implemented financial and procedural methods related to reopening of the campus after the COVID-19 Pandemic. She also holds executive responsibility over the University's Higher Education Emergency Relief Funds awarded through the CARES Act, CRRSAA (HEERF II), and ARP (HEERF III) (each as defined herein) in an amount exceeding $121 million.

Lockridge's career includes experience as an auditor with the Regional One Health Medical Center in Memphis, Tennessee, where she was known for enhancing existing internal controls which ultimately minimized organizational risks. She has held a variety of executive roles in health care and private sectors that proved to advance her career including serving as Controller, Chief Financial Officer, Vice President of Finance, and finally Sr. Vice-President & Chief Financial Officer at Self Regional Healthcare.

Shortly after leaving Self Regional Healthcare in South Carolina, in 2007 she transitioned to the finance realm of higher education with time invested at Marshall University, Kentucky State University, and Southwest Tennessee Community College. Leveraging over 20 years in higher education and healthcare as an experienced executive leader in finance, Lockridge successfully acquired positive institutional reviews on audit reports, implementing new degree programs, revamping operating and capital budget planning processes, and providing guidance in a variety of accounting and human resource procedures.

Lockridge holds a B.S. in Accounting from Chicago State University and a M.S. in Accounting from the University of Memphis. She is a Certified Public Accountant licensed in two states and a member of the American Institute of Certified Public Accountants and the Tennessee Society of Certified Public Accountants.

ALFRED L. NORRIS, Associate Vice President of Treasury and Budget. Alfred L. Norris has served as Associate Vice President at Texas Southern University since January 2019. He has primary responsibility for the treasury and budget functions. His career in finance includes roles in commercial lending and private banking, treasury consulting, corporate finance, and in higher education financial management.

After graduate school, he joined Wachovia Bank in Atlanta, Georgia (now Wells Fargo). He was part of the corporate banking group serving large corporations in the metropolitan Atlanta market for three years. He later joined the bank's private banking group which did specialized lending for high net worth individuals and a number closely-held firms.

He later became Director for Cash Management & Investment at Clark Atlanta University, where he managed the University's banking relationships and endowment. He also served a pivotal role in the University's financial compliance programs with its lenders and with the U.S. Department of Education.

Norris then became assistant treasurer of an international receivables management firm, Nationwide Credit, Inc. There he was responsible for treasury management and managing the firm's $100 million public debt program. He also managed the firm's recapitalization program as it prepared for the sale of its operating company. Prior to the firm's sale, he became the domestic cash manager at ING U.S. Financial Services (now Voya) where he led the team responsible for treasury management of 27 ING operating entities in the United States and Bermuda.

He returned to higher education in 2012, as a director and later as the Vice President & Chief Financial Officer at the Interdenominational Theological Center. While there, he led the institution's financial management function and helped it to receive reaffirmation of its accreditation in 2015.

Norris holds a B.A. from Dillard University and a M.B.A. in Financial Management from Clark Atlanta University.

Financial Support

State appropriations were equivalent to approximately 73.5% of the University's actual total operating revenues for Fiscal Year 2020 (actual total operating revenues does not include State appropriations and includes tuition discounting.). See "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – SELECTED FINANCIAL INFORMATION – Funding for the University – *State Appropriations*." Federal revenues represented approximately 18% of the University's actual total operating revenues for Fiscal Year 2020.

Enrollment

TABLE 2 - University Enrollment Data

The following table shows a headcount of enrollment by semester for Fiscal Year 2016 through Fiscal Year 2020:

Fiscal Year	Spring Semester(1)	Summer Session	Fall Semester
2016	8,124	2,213	8,862
2017	8,585	2,547	10,237
2018	9,088	2,520	9,732
2019	8,676	2,522	9,034
2020	8,023	1,938	7,015

(1) The decline in enrollment from the Fall to Spring semesters is due to a number of factors, including students graduating in December without offsetting new admissions and certain programs not admitting students starting in the Spring semester.

TABLE 2A – Freshmen to Sophomore Retention Rates

The following table reflects the freshmen to sophomore retention rates from 2016 through 2020:

Persistence Rate of First-Time Entering Undergraduates (1 year) - Total				
Fall 2016	**Fall 2017**	**Fall 2018**	**Fall 2019**	**Fall 2020**
50.40%	57.40%	54.00%	52.10%	50.70%

TABLE 2B – University Graduation Rates

Undergraduate Graduation Rate - Total Cohort					
	2016	**2017**	**2018**	**2019**	**2020**
4-year	6.2%	8.2%	7.0%	9.6%	6.9%
5-year	13.3%	18.5%	17.2%	18.2%	14.1%
6-year	17.2%	23.4%	21.3%	23.1%	17.7%

Source: The University.

Other Enrollment Data and Trends

The following information is meant to highlight trends from the data within TABLE 2 – University Enrollment Data above:

Enrollment for Undergraduate and Graduate Full-time Equivalents					
	2016	2017	2018	2019	2020
Headcount					
Undergraduate Enrollment - Full-Time	5,776	6,695	6,503	6,032	4,204
Undergraduate Enrollment - Part-Time	786	1,245	1,101	1,060	1,094
Total Undergraduate Enrollment	**6,562**	**7,940**	**7,604**	**7,092**	**5,298**
Graduate - Full-Time	1,690	1,695	1,524	1,432	1,306
Graduate - Part-Time	610	602	604	510	411
Total Graduate Enrollment	**2,300**	**2,297**	**2,128**	**1,942**	**1,717**
Total Headcount Enrollment	**8,862**	**10,237**	**9,732**	**9,034**	**7,015**
Full-Time Equivalents (FTEs)					
Total FTE Undergraduate Enrollment	5,969	7,062	6,796	6,279	4,852
Total FTE Graduate Enrollment	2,189	2,183	2,033	1,876	1,686
Total FTE Enrollment	**8,158**	**9,245**	**8,829**	**8,155**	**6,538**

Source: The University.

2020 Enrollment by State of Residence (Top 5)	
Texas	5,904
California	164
Louisiana	128
Illinois	46
Missouri	43

Source: The University.

Enrollment by Classification 2020

	Part-Time Students	Full-Time Students
Freshman	195	1,145
Sophomore	258	997
Junior	278	965
Senior	363	1,097
Post Baccalaureate	19	18
Graduate	280	420
Professional	112	868
Total Enrollment by Classification	1,505	5,510

Source: The University.

First-time Undergraduate Applicant, Acceptance and Enrollment Information

	Fall and Summer Semester				
	2016	**2017**	**2018**	**2019**	**2020**
Total Applicants	6,027	9,000	8,166	8,554	6,887
Total Applicants Accepted	5,607	8,658	7,798	7,772	4,438
Total Applicants Enrolled	1,260	1,975	1,607	1,476	724
Total Accepted Top 10%	53	72	349	236	343
Total Enrolled Top 10%	28	69	39	45	47
Total Accepted Top 25% not included in top 10%	1,115	200	747	498	735
Total Enrolled Top 25% not included in top 10%	125	198	123	91	90

Source: THECB First-time Undergraduate Applicant, Acceptance, and Enrollment Information 2016-2020.

Admissions

	2016	2017	2018	2019	2020
Freshman Applications	6,027	9,000	8,166	8,554	6,730
Freshman Admission	5,607	8,658	7,798	7,772	4,478
Freshman Matriculants	1,260	1,975	1,607	1,476	724
Transfer Applications	1,287	2,157	1,239	1,247	730
Transfer Admissions	1,207	2,135	1,213	1,090	632
Transfer Matriculants	780	1,067	742	700	328
Graduate Applications	493	469	431	452	303
Graduate Admissions	464	442	409	434	303
Graduate Matriculants	364	309	311	290	209

Source: The University.

Average Entrance Exam Scores

	2016	2017	2018	2019	2020
Average Freshman SAT	790	900	911	920	960
Average Freshman ACT	17.0	17.0	17.0	17.0	18.0

Source: The University.

Residency & Retention

	2016	2017	2018	2019	2020
In-State Undergraduate Student (%)	83.6%	81.8%	83.3%	83.1%	85.0%
Out of State Undergraduate Student (%)	16.3%	18.2%	16.7%	16.9%	15.0%
Freshmen Headcount Residing on Campus (%)	66.6%	56.0%	69.0%	58.0%	63.5%
Total Headcount Residing on Campus (%)	23.5%	15.0%	25.0%	25.0%	21.2%
Freshmen to Sophomore Year Retention Rate (%)	50.4%	57.4%	54.0%	52.1%	54.5%
Six Year Graduation Rate (%)	17.2%	23.4%	21.3%	23.1%	18.8%

Source: The University.

Annual Undergraduate Cost of Attendance ($)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Tuition	$ 8,126	$ 8,726	$ 8,988	$ 9,162	$ 9,173	$ 9,173
Room & Board	10,566	10,566	11,200	9,664	9,664	9,664
Total	**$18,692**	**$19,292**	**$20,188**	**$18,826**	**$18,837**	**$18,837**

Source: The University.

Capital Improvements and Student Housing

The University has budgeted for campus improvements and maintenance through Fiscal Year 2021. However, the University only expects to incur additional capital expenditures to the extent that it can identify a source of funds other than Additional Parity Obligations or to the extent that it has been specifically directed by the Texas Legislature to finance such a project. The University currently anticipates funding maintenance costs of approximately $6 million to $6.5 million per year from the State's Higher Education Assistance Fund (HEAF) for future Fiscal Years.

As further described below, the University provides several student housing facilities located on or near the University that have the capacity to house approximately 1,517 total students, including 43 resident assistants. These facilities have been designed to meet the University's objectives of increasing the ratio of students living on campus and attracting and retaining students. For the Spring 2021 semester, such housing facilities had a cumulative occupancy rate of approximately 49%, including resident assistants.

Tierwester Oaks, Richfield Manor and Courtyard Apartments. On September 26, 2011, the University acquired the Tierwester Oaks, Richfield Manor and Courtyard Apartments (collectively, the "Student Apartments") from the Houston Student Housing II, L.L.C. The University's acquisition of the Apartments was financed through the USDE's Historically Black Colleges and Universities ("HBCU") Capital Access Loan Program (the "HBCU Loan

Program”). The HBCU Loan Program provides historically black colleges and universities with access to capital financing or refinancing for the repair, renovation and construction of classrooms, libraries, laboratories, dormitories, instructional equipment and research instrumentation. The University obtained a loan from the HBCU Loan Program in an aggregate not to exceed principal amount of $64,180,000 (the “Student Apartment Loan,” as evidenced by the Texas Public Finance Authority Texas Southern University Promissory Note, Series 2011A-4) secured by housing rental revenues derived from the Student Apartments. The total cost of acquisition for the Tierwester Oaks and Richfield Manor Apartments was $21,442,969.78 and the total cost of acquisition for the University Courtyard Apartments was $9,817,505.80. In connection with passage CRRSAA (HEERF II) (as defined herein), signed into law by the President of the United States on December 27, 2020, the Student Apartment Loan was discharged in full as of March 19, 2021, and the lender released all right, title and interest to the revenues pledged to secure payment thereof.

University Towers. Student housing known as the “University Towers” consists of 800 beds and is located on the east side of the campus at Wheeler and Sampson streets. University Towers was financed through the HBCU Loan Program. The University obtained a loan from the HBCU Loan Program in an aggregate not to exceed principal amount of $55,000,000 (the “University Towers Loan,” as evidenced by the Texas Public Finance Authority Texas Southern University Promissory Note, Series A 2012-10) secured by housing rental revenues derived from the University Towers. In connection with passage CRRSAA (HEERF II), signed into law by the President of the United States on December 27, 2020, the University Towers was discharged in full as of March 19, 2021, and the lender released all right, title and interest to the revenues pledged to secure payment thereof.

Future Additional Debt

Other than the Bonds, the University does not anticipate issuing Additional Parity Obligations or other additional debt within the next 12 months.

Insurance

The University is exposed to various risks of loss related to property – fire, windstorm, or other loss of capital assets; general and employer liability – resulting from alleged wrongdoings by employees and others; net income – due to fraud, theft, administrative errors or omissions, and business interruptions; and personnel – unexpected expense associated with employee health, termination, or death. As an agency of the State, the University and its employees are covered by various immunities and defenses which limit some of these risks of loss. Remaining exposures are managed by self-insurance arrangements, contractual risk transfers, the purchase of commercial insurance, or a combination of these risk financing techniques. For details, see “APPENDIX B – APPENDIX D – AUDITED FINANCIAL REPORT OF TEXAS SOUTHERN UNIVERSITY FOR THE YEAR ENDED AUGUST 31, 2020 – Note 17: Risk Financing and Related Insurance.”

Retirement Systems

General. 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 Teachers Retirement System of Texas (the “TRS”). The TRS plan is a traditional defined benefit state retirement program in which investment risks are generally absorbed by the State. The contributory percentages of participant salaries currently provided by the State and by each participant are 6.8% and 7.7%, respectively, of annual compensation.

The State has also established an optional retirement program (the “ORP”) for institutions of higher education. Participation in the ORP is in lieu of participation in the TRS. The ORP is an individualized defined contribution plan in which each participant selects from a variety of investments offered by several companies (authorized by the employing institution) through annuity contracts or mutual fund investments. The percentages of participant salaries in Fiscal Year 2020 contributed by the State and each participant are 6.6% and 6.65%, respectively.

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 of such percentage is comprised of 6.00% from the ORP’s appropriation, 1.31% from a special appropriation to the University, and 1.19% directly by the University. The 6.00% contribution is mandatory with the other two state contributions being at the discretion of the Board of Regents. The Board of Regents has approved the additional contributions for employees of the University. Since these are individual annuity contracts, the State has no additional or unfunded liability for the ORP.

Pension 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.

As a result of GASB 68 and GASB 71, for Fiscal Year ended August 31, 2019, the University's total net position decreased by $6,040,027 (or 2.92 percent) as compared to Fiscal Year ended August 31, 2018. For additional information regarding pension liability on the University's financials see "SELECTED FINANCIAL INFORMATION – TABLE 3 - Statement of Revenues, Expenses, and Changes in Net Position" and "APPENDIX D – AUDITED FINANCIAL REPORT OF TEXAS SOUTHERN UNIVERSITY FOR THE YEAR ENDED AUGUST 31, 2020 – FINANCIAL SECTION."

Impact of COVID-19 Pandemic on the University

The COVID-19 Pandemic's financial impact on the University has been partially offset by federal legislation passed in response to the Pandemic. Under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), signed into law by the President on March 27, 2020, the University received $35,862,085 ($5,898,449 for student emergency aid grants, $5,898,449 in funding for its institutions, and $24,065,187 in funding for minority serving institutions). Under the Coronavirus Response and Relief Supplemental Appropriations Act, 2021: Higher Education Emergency Relief Fund II ("CRRSAA (HEERF II)"), signed into law by the President of the United States on December 27, 2020, the University received $51,749,654 ($5,898,449 for student emergency aid grants, $13,616,071 in funding for its institutions, and $32,235,134 in funding for minority serving institutions). Most recently, under the American Rescue Plan Act of 2021: Higher Education Emergency Relief Fund III ("ARP (HEERF III)"), signed into law by the President of the United States on March 11, 2021, the University received $33,884,869 ($17,044,881 for student emergency aid grants and $16,839,988 in funding for its institutions).

After taking into account the federal funding provided to the University as described above, the University experienced a decrease in total operating revenues of approximately $8.2 million (budgeted compared to actual results) and a decrease in total operating expenses of approximately $16 million (budgeted compared to actual results). The University's Change in Net Position for the Fiscal Year ending August 31, 2020 was approximately $(22.7) million, which includes a decrease in the University's unrestricted Net Position of approximately $(37.4) million during such Fiscal Year. The majority of such decrease is attributable to changes in actuarial assumptions related to the required implementation of GASB 68 (Accounting and Financial Reporting for Pensions) and GASB 75 (Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, or "OPEB"). See "APPENDIX D – AUDITED FINANCIAL REPORT OF TEXAS SOUTHERN UNIVERSITY FOR THE YEAR ENDED AUGUST 31, 2020."

As of March 31, 2021, for the Fiscal Year ending August 31, 2021, the University projects a decrease in total operating revenues of approximately $5.2 million (budgeted compared to projected results). Such $5.2 million projected decrease in total operating revenues is caused by the impact of COVID-19 and will be covered by the federal funding provided to the University as described above. As of March 31, 2021, for the Fiscal Year ending August 31, 2021, the University projects a decrease in total operating expenses of approximately $10 million (budgeted compared to projected results).

In response to the Pandemic, on May 20, 2020, the State's Governor, Lieutenant Governor and Speaker of the House of Representatives delivered a joint letter (the "Joint Letter") directing state agencies and institutions of higher education, including the University, to submit a plan to the Legislative Budget Board and the Office of the Governor identifying savings that will reduce general revenue related appropriations by 5% for the 2020-21 biennium, and urging institutions of higher education to pursue cost saving strategies. The Joint Letter can be found at https://gov.texas.gov/uploads/files/press/O-AgencyHeads202005200703.pdf. On June 12, 2020, the University submitted a savings plan that will reduce general revenue related appropriations to the University by 5% for the 2020-21 biennium, as requested in the Joint Letter. For the 2022-23 biennium, the State required submission of budget requests at 5% lower than the 2020-21 biennium. Pursuant to SB 1 of the 87th Texas Legislature, the proposed budget for the State for the 2022-23 biennium generally included the budget reductions requested in the Joint Letter. See "INVESTMENT CONSIDERATIONS – Investment Considerations Relating to the University's Financial Condition and Operations – *State Appropriation Risk*." and "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – SELECTED FINANCIAL INFORMATION – Funding for the University – *State Appropriations*."

For its operations, the University is proceeding with a phased return to on-campus learning and working under its "Return to Tigerland" action plan. Informed by the latest guidance from local, State and federal government officials and public health authorities, the University's COVID-19 Task Force developed the Return to Tigerland action plan to provide for a three-phase strategic reopening of campus. For the Spring 2021 semester, the University is operating at the Phase 2 level of the plan, which provides for measured campus activity, multi-faceted learning delivery methods allowing students to take classes in an online, hybrid, or face-to-face format, and employees to report to work in various capacities as approved in advance by their area Vice Presidents. The University remains open and is providing needed services to students including food, lodging, health care (including COVID-19 testing and vaccination), internet access, and counseling services. Through a partnership with St. Luke's Hospital in Houston, University students, staff, and members of the community are currently eligible to receive COVID-19 vaccinations on campus. Social distancing, temperature checks, and daily COVID-19 questionnaires are currently required for all campus buildings. Facial coverings, once required, are now optional following the Governor's Executive Order, issued May 18, 2021, which provided that no governmental entity may require any person to wear a face covering. The Return to Tigerland action plan remains under continual evaluation by the University as it monitors the development of the Pandemic, and are subject to any future restrictions that may be issued by the Governor.

The Board of Regents continues to monitor the spread of COVID-19 and is working with local, State and national agencies to address the potential impact of the Pandemic on the University. Overall, the extent of the impact of the Pandemic on the University's operations and financial condition, and on revenues of the University, will depend on future developments, including without limitation the duration and spread of the Pandemic, travel restrictions, limitations on public assemblies and gatherings, and restrictions on the operations and activities of public and private entities nationwide, including the University. However, the Board of Regents and the University currently anticipate that the Pandemic and the related responsive measures will not impair the Board of Regent's ability to pay debt service on the Parity Obligations and to comply with the other terms thereof.

Neither the Board of Regents nor the University can predict (i) the duration or extent of the Pandemic or any other outbreak or pandemic; (ii) the duration or expansion of travel restrictions and restrictions on assemblies or gatherings; (iii) the full effect the Pandemic or any other outbreak/pandemic-related restrictions or warnings may have on demand for higher education and/or the University's revenues; (iv) whether and to what extent the Pandemic or any other outbreak or pandemic may disrupt the local or global economy, or whether any such disruption may adversely impact the University's operations or financial condition; or (v) the extent to which any of the foregoing may have a material adverse effect on the operations or financial condition of the University. See "INVESTMENT CONSIDERATIONS – Infectious Disease Outbreak (COVID-19)."

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SELECTED FINANCIAL INFORMATION

Audits and Financial Reports

General. The State issues audited financial statements, prepared in accordance with generally accepted accounting principles, for the State government as a whole. The State's financial statements are prepared by the Comptroller and are audited by the SAO. The SAO 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 SAO '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 SAO 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 Comptroller. Each year, the SAO must certify the financial statements of the State as a whole, inclusive of the University, and in so doing examines the financial records of the University. No outside audit in support of this detailed review is required to be obtained by the University.

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."

The financial records of the University, reported as a business-type activity in the State's Comprehensive Annual Financial Report, reflect compliance with applicable State statutes and Governmental Accounting Standards Board (GASB) pronouncements. The significant accounting policies followed by the University in maintaining accounts and in the preparation of the consolidated financial statements are in accordance with the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements.

The financial reports of the University have been prepared on the accrual basis of accounting. Under the accrual basis, revenues recognized when earned, and expenses are recorded when an obligation has been incurred. The financial reports for the University have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB. The University applies all GASB pronouncements and applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Audited Financial Statements of the University. Beginning in Fiscal Year 2020, the Board of Regents commissioned BKD, LLP to audit the statement of net assets and the related statements of revenues, expenses and changes in net assets and cash flow of the University. Such firm has audited such financial statements of the University for the Fiscal Year ended August 31, 2020. BKD, LLP has not undertaken any procedures in connection with this Official Statement. The Board of Regents is not legally or contractually required to commission an audit of its financial statements, and no assurances can be given as to whether the Board of Regents will commission audits with respect to any future Fiscal Years after the Fiscal Year ending August 31, 2020.

Attached to this Official Statement as "APPENDIX D – AUDITED FINANCIAL REPORT OF TEXAS SOUTHERN UNIVERSITY FOR THE YEAR ENDED AUGUST 31, 2020" are the most recent primary statements of the audited combined annual financial reports of the University for the Fiscal Year ended August 31, 2020. The University's combined primary financial statements consist of the Statement of Net Assets as of August 31, 2020, the Combined Statement of Revenues, Expenses and Changes in Net Position for the Year Ended August 31, 2020, and the Combined Statement of Cash Flows for the Year Ended August 31, 2020. See "APPENDIX D – AUDITED FINANCIAL REPORT OF TEXAS SOUTHERN UNIVERSITY FOR THE YEAR ENDED AUGUST 31, 2020."

Although the University has obtained audited financial statements for Fiscal Year ending August 31, 2008 through August 31, 2020, no outside audit of the University's financial statements is currently required to be obtained by the Board of Regents under State law and no assurances are given that the University will continue to commission audits of its financial statements.

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

The table below presents the audited Statement of Revenues, Expenses and Changes in Net Position for Fiscal Years 2016 through 2020:

	Fiscal Year Ended August 31,				
	2016	**2017**	**2018**	**2019**	**2020**
Operating Revenues:					
Tuition and fees, pledged	$ 95,701,977	$ 103,501,429	$ 113,330,977	$ 107,977,661	$ 96,229,869[(1)]
Discount on tuition and fees	(29,664,106)	(31,660,766)	(33,242,663)	(38,869,738)	(34,040,324)
Auxiliary enterprises, pledged	12,345,856	17,204,531	17,075,215	17,734,426	14,800,371
Other sales of goods and services, pledged	125,010	172,351	135,112	99,520	410,773
Federal revenue	17,964,625	15,983,660	20,005,822	19,374,526	20,429,889
Federal pass through revenue	1,906,494	395,158	364,410	847,692	639,223
State revenue	1,719,748	1,376,007	758,076	982,178	760,315
State pass through revenue	7,208,166	8,403,595	8,217,385	9,210,005	4,886,641
Other operating contract and grants, pledged	592,718	668,902	1,292,020	463,427	988,486
Other operating revenue	4,597,848	5,372,303	6,370,004	6,869,601	5,413,667
Total Operating Revenues	$ 112,498,336	$ 121,417,170	$ 134,306,359	$ 124,689,296	$ 110,518,910
Operating Expenses:					
Salaries and wages	$ 88,817,770	$ 91,295,185	$ 92,983,609	$ 97,082,406	$ 96,630,395
Payroll related costs	26,057,793	25,325,645	18,159,525	42,433,768	47,867,985
Professional fees and services	5,466,976	8,116,508	9,036,088	10,992,817	17,286,455
Travel	3,003,985	3,156,279	3,122,437	3,815,911	2,321,287
Materials and supplies	9,164,864	7,811,508	9,295,788	9,353,650	11,927,920
Communication and utilities	5,580,975	6,820,303	7,107,618	6,967,530	5,924,249
Repairs and maintenance	5,906,883	6,400,905	8,806,473	7,826,474	7,490,883
Rentals and leases	1,451,516	1,427,950	1,818,689	1,636,199	1,570,224
Printing and reproductions	644,054	444,099	502,595	522,385	500,781
Federal pass through expenditures	-	-	-	-	641,387
Bad debt expense	2,402,186	2,830,870	3,046,218	-	400,000
Scholarships	18,922,866	19,583,973	20,785,452	22,449,873	19,111,464
Other operating expenses	12,540,185	8,606,723	9,650,745	8,863,128	9,526,484
Depreciation and amortization	17,375,436	19,008,425	19,267,982	19,810,066	22,732,130
Total Operating Expenses	$ 197,335,490	$ 200,828,372	$ 203,583,219	$ 231,754,208	$ 243,931,643
Operating Income (Loss)	$ (84,837,154)	$ (79,411,201)	$ (69,276,860)	$(107,064,912)	$(133,412,733)
Nonoperating Revenues (Expenses):					
State appropriations	$ 51,965,959	$ 51,603,046	$ 55,516,210	$ 55,474,393	$ 51,561,004
Additional appropriations	10,963,528	10,726,890	11,373,752	11,022,840	10,624,882
Gifts received	925,606	513,289	3,496,454	1,402,983	1,091,129
Federal Revenue Nonoperating	21,787,558	21,284,771	25,348,224	31,447,951	30,356,097[(3)]
Interest income	2,867,647	4,145,306	4,714,991	5,340,421	2,966,631
Investing expenses	(209,065)	(468,369)	(341,617)	(498,242)	(380,996)
Interest expense	(4,913,017)	(8,185,562)	(6,735,487)	(6,704,598)	(6,159,500)
Net increase (decrease) in fair value of investments	3,681,756	5,537,825	6,560,183	(1,595,087)	8,453,262
Other non-operating revenues/(expenses)	(222,555)	(646,909)	619,532	(300,129)	639,487
Total Nonoperating Revenue (Expenses)	$ 86,847,416	$ 84,510,288	$ 100,552,243	$ 95,590,532	$ 99,151,996
Income (Loss) before Other Revenues, Expenses, Gains and Transfers	$ 2,010,262	$ 5,099,087	$ 31,275,383	$ (11,474,380)	$ (34,260,737)
Other Revenues, Expenses, Gains and Transfers					
Capital appropriations, HEAF	$ 7,773,229	$ 11,659,843	$ 11,659,843	$ 11,659,843	$ 11,659,843
Additions to endowments	320,488	340,258	126,459	448,892	368,893
Returned lapsed appropriations	(498,746)	(6,598)	(1,467,111)	(636,408)	(670,247)
Transfer to state	209,947	4,890,238	155,732	153,132	156,510
Total Other Revenues, Expenses, Gains and Transfers	$ 7,804,918	$ 16,883,741	$ 10,474,923	$ 11,625,460	$ 11,514,999
Restatement, Net Pension Allocation GASB 68	$ 1,823,768	$ -	$ (105,328)[(2)]	$ (6,040,027)[(2)]	$ -
Change in Net Position	$ 9,815,180	$ 21,982,827	$ 41,750,306	$ 151,080	$ (22,745,737)
Beginning Net Position	$ 131,537,571	$ 143,176,519	$ 165,159,347	$ 206,804,325	$ 200,915,377
Ending Net Position	$ 143,176,519	$ 165,159,347	$ 206,804,325	$ 200,915,377	$ 178,169,639

(1) Decrease in tuition and fee revenues from Fiscal Year 2019 to Fiscal Year 2020 was primarily the result of decreased enrollment See "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – THE UNIVERSITY – Enrollment."

(2) Restatement, Note 14, GASB 75.

(3) Additional HEERF funding was received to offset lost revenue due to COVID-19. See "APPENDIX A – THE UNIVERSITY – Impact of COVID-19 Pandemic on the University."

TABLE 4 - Condensed Statement of Net Assets

The table below presents the audited Condensed Statement of Net Assets as of Fiscal Year Ended August 31, 2016 through 2020.

	Fiscal Year Ended August 31,				
	2016	**2017**	**2018**	**2019**	**2020**
Assets:					
Current and other assets	$ 94,080,789	$ 171,409,396	$ 183,992,266	$ 162,212,395	$ 140,491,176
Restricted assets	60,845,190	66,017,981	73,618,951	73,564,045	71,269,077
Capital assets, net	282,233,240	269,455,381	274,376,053	299,495,836	291,729,063
Total Assets	$ 437,159,219	$ 506,882,758	$ 531,987,270	$ 535,272,276	$ 503,489,316
Deferred Outflows of Resources	3,221,750	4,029,322	10,117,922	95,985,285	88,058,306
Liabilities:					
Current liabilities	$ 107,722,298	$ 112,483,478	$ 118,035,821	$ 119,255,897	$ 105,595,100
Noncurrent liabilities	185,590,302	229,383,055	212,216,726	282,076,981	279,829,731
Total Liabilities	$ 293,312,600	$ 341,866,533	$ 330,252,548	$ 401,332,878	$ 385,424,831
Net Assets:					
Invested in capital assets, net of related debt	$ 112,874,586	$ 113,341,625	$ 119,126,076	$ 129,320,486	$ 131,869,961
Restricted for:					
Debt service	789,987	811,346	833,899	856,656	881,115
Other	50,696,584	57,226,489	63,149,337	61,615,509	73,696,163
Unrestricted	(21,184,637)	(6,220,114)	23,695,013	9,122,727	(28,277,599)
Total Net Assets	$ 143,176,519	$ 165,159,346	$ 206,804,325	$ 200,915,377	$ 178,169,639

Funding for the University

General. Funding for the University for the Fiscal Year ended August 31, 2020, consisted of government appropriations; tuition and student fees; gifts, grants, and scholarships; sales, services, and other sources; designated funds; and auxiliary enterprises. 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. State appropriations were equivalent to approximately 73.5% of the University's actual total operating revenues for Fiscal Year 2020 and were equivalent to approximately 43.3% of the University's budgeted total operating revenues for Fiscal Year 2021 (actual total operating revenues does not include State appropriations and includes tuition discounting; budgeted total operating revenues includes State appropriations and does not include tuition discounting.). The University receives State appropriations through formula-based appropriations and also through specific non-formula appropriations. For the 2020-2021 biennium, the University received approximately 90.8% of its total State appropriations pursuant to formula-based distributions and approximately 9.2% of its total State appropriations pursuant to specific non-formula appropriations, respectively.

The 87th Texas Legislature convened its regular legislative session on January 12, 2021, which concluded on May 31, 2021. Pursuant to SB 1 of the 87th Texas Legislature, the proposed budget for the State for the 2022-23 biennium that begins on September 1, 2021, the Legislature appropriated $52,716,085 for the University from the State's general revenue fund for Fiscal Year 2022 and $49,133,972 for Fiscal Year 2023. SB 1 is subject to approval by the Governor. The Texas Legislature appropriated $51,491,043 for the University from the State's general revenue fund for Fiscal Year 2021, $51,561,004 for Fiscal Year 2020, $55,474,393 for Fiscal Year 2019, and $55,516,210 for Fiscal Year 2018, per the audited combined Annual Financial Report of the University for each such Fiscal Year, which excludes the 5% budget reductions requested pursuant to the Joint Letter, as described herein under "APPENDIX A – THE UNIVERSITY – Impact of COVID-19 Pandemic on the University," in the amount of $1,893,296 for Fiscal Year 2021 and $1,932,306 for Fiscal Year 2020, respectively.

The University has no assurance that the Texas Legislature will continue to appropriate to it 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 as well as enrollment at the University and other factors. Any reductions to State appropriations made by the Texas Legislature could have a significant impact on operations of the University. See "INVESTMENT CONSIDERATIONS – Investment Considerations Relating to the University's Financial Condition and Operations – *State Appropriation Risk*," "INVESTMENT CONSIDERATIONS – Infectious Disease Outbreak (COVID-19)," and "APPENDIX A – THE UNIVERSITY – Impact of COVID-19 Pandemic on the University."

Tuition and Fees

The University charges tuition and fees as determined by the Texas Legislature and the Board of Regents under Chapters 54 and 55 of the Texas Education Code. Total tuition charges are comprised of "State Mandated Tuition" and "Designated Tuition," as further described below.

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

<u>State Mandated Tuition</u>. 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 credit 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 THECB for each academic year). For the 2020-21 academic year, the THECB has computed $459 per semester credit hour for nonresident undergraduate tuition. The tuition rates described above are referred to in this document as "State Mandated Tuition."

<u>Designated Tuition</u>. In 2003, the Texas Legislature approved and the Governor signed into law House Bill 3015 ("HB 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, Texas Education Code, the amount of tuition that a board of regents could independently charge students was capped at the levels described above with respect to State Mandated Tuition. Effective with the tuition that was charged for the Fall 2003 semester, a governing board may charge any student an amount (referred to in this document as "Board Designated Tuition") that it considers necessary for the effective operation of the institution. The legislation also provides authority to the governing board to set a different tuition rate for each program and course level offered by the institution.

No less than 20% of the Board Designated Tuition charged in excess of $46 per semester hour is required to 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 HB 3015.

The University has no assurance that the Texas Legislature will not place future limits on the Board of Regent's ability to charge Board Designated Tuition in an amount that the Board of Regents considers necessary for the effective operation of the University. However, the Texas Education Code also permits the Board of Regents to set the tuition and any other necessary fees, rentals, rates, or other Revenue Funds of the Board of Regents 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. Thus, the rate of the tuition pledged as a Revenue Fund actually imposed to secure the Parity Obligations is not limited by law or the Resolution, to the extent necessary to raise such rates if there were insufficient Pledged Revenues to pay debt service on Parity Obligations.

Current Funds

Current funds are funds expendable for current operating purposes. Within the current funds group, funds are segregated between unrestricted and restricted. The current funds revenues and expenditures described below are derived from the Combined Statement of Current Funds Revenues and Expenditures included in the University's audited combined primary financial report for each of the Fiscal Years indicated. See "APPENDIX D – AUDITED FINANCIAL REPORT OF TEXAS SOUTHERN UNIVERSITY FOR THE YEAR ENDED AUGUST 31, 2020."

Unrestricted Current Funds Revenues

Unrestricted funds are funds over which the Board of Regents retains full control in achieving institutional purposes. Not all unrestricted funds constitute Pledged Revenues. See "SECURITY FOR THE BONDS – Pledge Under Resolution."

Financing Programs

The University has one financing program in addition to the Revenue Financing System. Article VII, Section 17 of the Texas Constitution provides that, except for cases of demonstrated need and upon a vote of two-thirds of each house of the Texas Legislature, and except in cases of fire or natural disaster, the University may not receive any funds from the general revenues of the State for acquiring, constructing, or equipping permanent improvements, or for major repairs or rehabilitations of permanent improvements.

Higher Education Assistance Fund Bonds. Pursuant to the Higher Education Assistance Fund ("HEAF") program, the University is qualified to receive an annual allocation from amounts constitutionally appropriated to institutions of higher education that are not entitled to participate in Permanent University Fund bond financing in order to fund permanent improvements (except those for auxiliary enterprises). Under the constitutional provision authorizing HEAF, the Board of Regents is authorized to issue bonds and notes to finance permanent improvements at the University and to pledge up to 50% of its allocation to secure the payment of principal of and interest on the bonds and notes. As of March 31, 2021, the University had no bonds or other obligations outstanding under this program.

HBCU Loan Program. The University has utilized the HBCU Loan Program to finance certain acquisitions of properties for student housing through the USDE. See "– THE UNIVERSITY – Capital Improvements and Student Housing" and "– TABLE 5 – Outstanding Indebtedness" within this APPENDIX A. As of the date of this Official Statement, the University has no obligations outstanding under the HBCU Loan Program. In connection with passage CRRSAA (HEERF II), signed into law by the President of the United States on December 27, 2020, all of the University's obligations under the HBCU Loan Program were discharged in full as of March 19, 2021, and the lender released all right, title and interest to the revenues pledged to secure payment thereof.

Tuition Revenue Bonds. Pursuant to Chapter 55, Texas Education Code, revenue bonds issued by a university system, 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 university system, 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 Texas 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 Texas Legislature is under no legal obligation to continue such appropriations in any future biennium. See "INVESTMENT CONSIDERATIONS – Investment Considerations Relating to the University's Financial Condition and Operations – *State Appropriation Risk*."

The Bonds are eligible for reimbursement from the State pursuant to the Texas Legislature's biennial appropriation for tuition revenue bond retirement. Section 55.17591 of the Texas Education Code, which authorizes the University to issue Bonds for the purpose of acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property and facilities, including roads and related infrastructure, for certain projects at the University, was enacted by the 79th Texas Legislature in 2006.

The Texas Legislature has historically appropriated funds to reimburse the University in an amount equal to all or a portion of the debt service on the University's Tuition Revenue Bonds, including appropriations made by the 86th Texas Legislature in the amount of $13,176,911 for Fiscal Year 2020 and $13,356,179 for Fiscal Year 2021. Pursuant to SB 1 of the 87th Texas Legislature, the proposed budget for the State for the 2022-23 biennium that begins on September 1, 2021, the Legislature appropriated $13,271,769 for Fiscal Year 2022 and $9,692,144 for Fiscal Year 2023 for such purpose. SB 1 is subject to approval by the Governor.

Tuition Revenue Bonds, such as the Bonds, issued for the University 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 System and do not include any additional pledge or security as a result of being authorized as Tuition Revenue Bonds. See "– TABLE 5 – Outstanding Indebtedness" below.

The University provides no assurances with respect to any future appropriations by the Texas Legislature. 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 as well as enrollment at the University and other factors. See "INVESTMENT CONSIDERATIONS – Investment Considerations – *State Appropriation Risk*."

TABLE 5 - Outstanding Indebtedness

Assuming delivery of the Bonds and defeasance of the Refunded Bonds, the University will have the following outstanding indebtedness:

Revenue Financing System	Principal Amount Originally Issued	Principal Amount Outstanding
Texas Public Finance Authority Texas Southern University Revenue Financing System Refunding Bonds, Series 2013	$ 62,355,000	$10,040,000
Texas Public Finance Authority Texas Southern University Revenue Financing System Bonds, Series 2016	55,490,000	45,175,000
Texas Public Finance Authority Texas Southern University Revenue Financing System Refunding Bonds, Series 2021	14,275,000	14,275,000
TOTAL	**$132,120,000**	**$69,490,000**

Investment Policy and Procedures

Management of Investments. The Board of Regents approved the University's current Endowed and Non-Endowed Investment Policies at its August 13, 2020 meeting. As provided in State law and University policy, each member of the Board of Regents has the legal responsibilities of a fiduciary in the management of funds under the control of the University. All investments are made in accordance with applicable State and federal regulations. Currently, the Board utilizes Consequent Capital Management, LLC to provide investment management consulting services with respect to the University's endowment funds and the Board of Regents relies on the University's administrative staff to manage its operating funds internally. Cash on hand is invested in overnight collateralized repurchase agreements. The Board of Regents receives quarterly reports regarding asset allocation, investment returns, and comparative investment results of other indices.

Authorized Investments. All available funds held by the University are authorized to be invested in accordance with State law and with the written investment policy of the Board of Regents. Investments are to be made with the judgment and care, under the circumstances then prevailing, that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to permanent disposition of their funds, considering the probable income therefrom as well as the probable increase in value and the safety of their capital. In the management of University investments, consideration is given to the requirements of liquidity, diversification, safety of principal, yield, maturity, quality, and capability of investment management, with primary emphasis on safety of principal.

Investment Programs. Specific investment ranges and investment policy limitations are as follows:

	Operating Funds		Endowment Funds	
	Minimum	Maximum	Minimum	Maximum
U.S. Treasury Obligations	50%	100%	15%	75%
Federal Agency Obligations	20%	80%	15%	80%
Commercial Paper	0%	20%	15%	75%
Certificates of Deposit	0%	100%	15%	75%
Collateral Repurchase Agreements	0%	10%	15%	70%
Corporate Bonds	0%	0%	15%	75%
Corporate Stocks	0%	0%	25%	75%
Cash Equivalents	0%	70%	0%	5%

The University has adopted a written investment policy regarding the investment (the "Investment Policy") of its endowment and non-endowed funds. All investments are made in accordance with the Investment Policy, applicable laws and resolutions of the Board Regents. As of August 31, 2020, and pursuant to the University's Investment Policy, the University's endowed and non-endowed funds investment pool was as follows:

Investment Type	Percentage Allocation	Book Value	Market Value
U.S. Government Agency Obligations	4.8%	$ 4,488,004	$ 4,493,769
U.S. Treasury Securities	3.3%	2,772,172	3,125,133
Equity	52.3%	31,329,193	48,894,018
Taxable Muni Issues	0.4%	348,537	402,276
Corporate Obligations	8.4%	7,828,079	7,880,890
International Equity	2.4%	2,031,952	2,226,732
Investment Pool	1.5%	1,371,101	1,371,101
Fixed Income Money Market Funds	26.8%	25,034,507	25,034,593
	100%	$ 75,203,545	$ 93,428,512

Endowment funds are invested separately from the University's investment pool. The market value of Endowment Funds as of August 31, 2020, was $67,878,998.

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 is required, not later than January 1 of each even-numbered year, to be provided to the SAO. Additionally, pursuant to Rider 5, page III-241, General Appropriations Act of the 83rd Texas Legislature ("Rider 5"), the Board of Regents is required to file with the SAO, 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 SAO.

Under the authority referenced above, the University self-reported to the SAO, from compliance audit reports dated as of August 31, 2019, certain areas of noncompliance for contracting and reporting under the PFIA. Specifically, the University self-reported that its investment policies for Endowments and Non-Endowments should be reviewed and ratified annually by its Board of Regents. The University partially complied with the Higher Education Institution Investment Reporting Requirements in accordance with Rider 5 by posting investment information on its website. Contracts with investment advisors/managers should be current and annual disclosure statements should be submitted to the SAO by April 15th of each year. Based on the information provided by the University, during follow-up verification activities, the University was categorized as fully compliant with the 12 requirement areas addressed in Rider 5. On May 28, 2021, the SAO completed its bi-annual review of the University's compliance with the Higher Education Institution Investment Reporting Requirements, and the SAO's independent verification did not find any significant compliance deficiencies.

Debt Management

Debt management of the University is the responsibility of the Interim Vice President for Administration and Finance. Debt is issued by the Authority pursuant to the University's debt capacity analyses and annual funding requirements in accordance with the capital budget. Issuance of debt requires approval of the Board of Regents and the Texas Bond Review Board. The Authority's Board approval is required for the issuance of revenue bonds.

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APPENDIX B

DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

This Appendix contains excerpts of certain provisions of the Eleventh Supplement and the Master Resolution and is qualified in its entirety by reference to such documents, which may be examined at the offices of the Authority or copies of which may be obtained from the Authority, at 300 W. 15th Street, Suite 411, Austin, Texas 78701.

DEFINITIONS

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

"***2021 Costs of Issuance Fund***" means the Texas Southern University Revenue Financing System Refunding Bonds, Series 2021 Costs of Issuance Fund pursuant to Section 5 of this Eleventh Supplement.

"***2021 Fund(s)***" means collectively or individually the Interest and Sinking Fund, the 2021 Costs of Issuance Fund, and the 2021 Reserve Fund.

"***2021 Reserve Fund***" means the Texas Southern University Revenue Financing System Refunding Bonds, Series 2021 Reserve Fund created pursuant to Section 5 of this Eleventh Supplement.

"***Bond Counsel***" means Bracewell LLP and Bates and Coleman, P.C., or such other firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the Authority.

"***Bond Purchase Contract***" means the contract executed by the duly acting representative of the Pricing Committee and the duly acting representative of the Underwriters establishing the price, terms and conditions relating to the issuance and sale of the Series 2021 Bonds.

"***Bond Insurance Policy***" means the Credit Facility or bond insurance policy entered into in connection with the Series 2021 Bonds as further described in Section 15 hereof and the Pricing Certificate.

"***Bond Insurance Reimbursement Amount***" means the amounts due to the Bond Insurer in connection with payments made by the Bond Insurer under the Bond Insurance Policy approved under Section 15 hereof and as more specifically described in the agreement authorizing such Bond Insurance Policy and/or the additional provisions related to the Bond Insurance Policy.

"***Code***" means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code, and (d) the Regulations promulgated under the provisions described in (b) and (c).

"***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 Authority as a Credit Agreement in connection with the authorization, issuance, security or payment of Parity Obligations and on parity therewith.

"Credit Facility" means (i) a policy of insurance or a surety bond, issued by an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations or the satisfaction of the Reserve Requirement Amount or (ii) a letter or line of credit issued by any financial institution.

"***Designated Financial Officer***" means either the Vice President for Finance/Chief Financial Officer or the Chief Operating Officer and Vice President, Administration, or such other official of the University appointed by the Board to carry out the functions of the Designated Financial Officer specified herein.

"***Disclosure Counsel***" means Orrick, Herrington & Sutcliffe LLP.

"***Eleventh Supplement***" means this Eleventh Supplement to the Master Resolution authorizing the issuance and sale of the Series 2021 Bonds and any amendments and supplements thereto.

"***Financial Obligation***" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"***Interest and Sinking Fund***" means the Texas Southern University Revenue Financing System Bonds, Series 1998A Interest and Sinking Fund created pursuant to Section 11 of the Master Resolution.

"Master Resolution" means the Master Resolution establishing the Financing System and authorizing the issuance of Parity Obligations and the pricing and sale of the Series 1998A Bonds and any resolutions supplementing or amending the Master Resolution from time to time providing for, among other things, the issuance of Additional Parity Obligations.

"Pricing Certificate" means that certificate executed by the Pricing Committee relating to the terms, price and redemption provisions of the Series 2021 Bonds.

"***Pricing Committee***" means Shanda G. Perkins, Brendan Scher, and Benjamin E. Streusand, the members of the Authority's Board of Directors who are hereby appointed and authorized to act on behalf of the Authority in selling and delivering the Bonds, with all remaining members of the Board as alternates.

"***Required Reserve Amount***" means an amount equal to the lesser of (a) 1.25 times the average principal and interest requirements of the Series 2021 Bonds, or (b) 1.00 times the annual principal and interest requirements of the Series 2021 Bonds to be Outstanding in the Fiscal Year during which such annual principal and interest requirements are scheduled to be the greatest; provided, however, that the Required Reserve Amount shall not exceed 10% of the aggregate proceeds (within the meaning of Section 148(d)(2) of the Code) of the Series 2021 Bonds.

"***Regulations***" means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulation may be amended or supplemented from time to time.

"***Reserve Policy Costs***" means the amounts due to the Bond Insurer in connection with the repayment of any draws under the Credit Facility for the 2021 Reserve Fund approved under this Eleventh Supplement and as more specifically described in the agreement authorizing such Credit Facility and/or any additional provisions related to such Credit Facility.

"***Series 2021 Bonds***" means the Texas Public Finance Authority Texas Southern University Revenue Financing System Refunding Bonds, Series 2021, authorized to be issued pursuant to this Eleventh Supplement.

"***Series 2021 Obligations***" means, together, the Series 2021 Bonds, Bond Insurance Reimbursement Amounts, and the Reserve Policy Costs, if any.

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

"***Additional Parity Obligations***" means the additional Parity Obligations permitted to be issued pursuant to the Resolution payable from and secured by the Pledged Revenues subject only to the lien securing Prior Encumbered Obligations.

"***Annual Debt Service Requirements***" means, for any Fiscal Year, the principal of and interest on all Parity Obligations coming due at Maturity (or that could come due on demand of the owner thereof other than by acceleration or other demand conditioned upon default on such Debt, or be payable in respect of any required purchase of such Debt by the Board or the Authority) in such Fiscal Year.

"***Bond Insurer***" means the issuer of a Bond Insurance Policy.

"***Business Day***" means any day that 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 Payment Office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

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

"***Debt***" means all:

(1) indebtedness incurred or assumed by the Board for borrowed money (including indebtedness arising under Credit Agreements) and all other financing obligations of the Board that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet.

(2) all other indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations that is guaranteed, directly or indirectly, in any manner by the Board, or that is in effect guaranteed, directly or indirectly, by the Board through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and

(3) all indebtedness secured by any mortgage, lien, charge, encumbrance, pledge or other security interest upon property owned by the Board whether or not the Board has assumed or become liable for the payment thereof.

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

"***Designated Financial Officer***" shall mean the Senior Vice President for Administration 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 Payment Office***" shall have the meaning ascribed to said term in Section 15(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.

"***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.

"***General Revenue Funds***" means the general revenue funds appropriated biennially to the Board by the Legislature of the State of Texas, excluding those funds appropriated to the Board which are attributable to and derived from the tuition, local funds and fees levied and collected by the University and as included in the definition of "revenue funds" in Section 55.01(3) of the Texas Education Code.

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

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

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

"***Outstanding***" when used with respect to Parity Obligations means, as of the date of determination, all Parity Obligations theretofore delivered and secured under the Resolution and any resolution hereafter adopted authorizing the issuance of Additional 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 21 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 an 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, or the Authority on behalf 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.

"***Parity Obligations***" means all Debt of the Board which may be issued or assumed in accordance with the terms of the Resolution and any resolution authorizing the issuance of Debt on a parity with the Series 1998A Bonds and any Outstanding Parity Bonds, secured by a pledge of the Pledged Revenues.

“***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. As of the date of the Resolution, the University is the only Participant in the Financing System.

“***Paying Agent/Registrar***,” “***Paying Agent***” or “***Registrar***” means each of the agents (one or more) appointed pursuant to Section 14 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 which are lawfully available to the Board for payments on Parity Obligations; provided, however, that the following shall not be included in Pledged Revenues unless and to the extent set forth in a 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.

“***Prior Encumbered Obligations***” means those outstanding bonds or other obligations of an institution which becomes a Participant of the Financing System after the date of adoption of the Resolution, which are secured by a lien on and pledge of the Prior Encumbered Revenues charged and collected at such institution or agency, and any other bonds or other obligations secured by revenues which are hereafter designated by the Board as a Pledged Revenue.

“***Prior Encumbered Revenues***” means (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 which 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 last business day of each month preceding an interest payment date.

“***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 14 of the Resolution.

“***Revenue Financing System***” or “***Financing System***” means the “*Texas Southern University Consolidated Revenue Financing System*,” 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(3) of the Texas Education Code to mean the revenues, incomes, receipts, rental rates, charges, fees, grants, and tuition levied or collected from any public or private source by an institution of higher education, including interest or other income from those funds) derived by the Board from the operations of each of the Participants. The term “Revenue Funds” does not include, with respect to each series or issue of Parity Obligations, any tuition, rentals, rates, fees, or other charges attributable to any student in a category which, at the time of the adoption of the 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.

“***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.

"***Surety Policy***" means a surety bond, insurance policy, letter of credit, other agreement, instrument, or other financial guaranty instrument under which the issuer thereof is obligated to provide funds up to and including the Required Reserve Amount.

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EXCERPTS OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION

Section 1. **ESTABLISHMENT OF A REVENUE FINANCING SYSTEM AND ISSUANCE OF PARITY OBLIGATIONS**. The Board does hereby establish the Texas Southern University Revenue Financing System (the "Financing System"), for the purpose of providing a financing structure fur revenue supported indebtedness to provide funds to acquire, purchase, construct, improve, renovate, enlarge or equip properly, buildings, structures, facilities, roads or related infrastructure at the University, as well as at any institution, branch or entity hereafter placed under the control and governance of the Board, under authority of the pertinent provisions of the Texas Education Code.

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

(b) ***Additional Participants***. As provided in Section 7 of this Resolution, institutions which may hereafter come under the control and governance of the Board may become Participants in the Financing System and such institutions may, at such time, have outstanding obligations secured by the Prior Encumbered Revenues and that, therefore, the lien on and pledge of the Pledged Revenues established pursuant to this Resolution and effective when such institutions become Participants in the Financing System will be subject and subordinate only to such institutions' outstanding Prior Encumbered Obligations.

(c) ***Restriction on Issuance of Additional Debt on a Parity with Prior Encumbered Obligation***s. Except as provided in Section 4(g) and for so long as any Parity Obligations are Outstanding, no additional bonds, notes, or other obligations may be issued or incurred by the .Board or the Authority on a parity with any Prior Encumbered Obligations.

(d) ***Parity Obligations are Special Obligations***. All Parity Obligations and the premium, if any, and the interest thereon shall constitute special obligations of the Board and the Authority payable from the Pledged Revenues, and the owners thereof shall never have the right to demand payment out of funds raised or to be raised by taxation, or from any source other than the source specified in this Resolution. The obligation of the Board and the Authority to pay or cause to be paid the amounts payable under this Resolution out of the Pledged Revenues shall be absolute, irrevocable, complete, and unconditional, and the amount, manner, and time of payment of such amounts shall not be decreased, abated, rebated, set-off, reduced, abrogated, waived, diminished, or otherwise modified in any manner or to any extent whatsoever, regardless of any right of setoff, recoupment, or counterclaim that the Board or the Authority might otherwise have against any owner or any other party and regardless of any contingency, *force majeure*, event, or cause whatsoever and notwithstanding any circumstance or occurrence that may arise or take place before, during, or after the issuance of Parity Obligations while any Parity Obligations are Outstanding.

Section 3. **COVENANTS RELATING TO PLEDGED REVENUES**. (a) ***Rate Covenant.*** In each fiscal Year, the Board shall establish, charge, and use its reasonable efforts to collect at each Participant the Pledged Revenues which, if collected, would be sufficient to meet all financial obligations of the Board for such Fiscal Year relating to the Financing System including all deposits or payments due on or with respect to (i) the Prior Encumbered Obligations and (ii) all Outstanding Parity Obligations.

(b) ***Tuition***. Subject to the provisions of the resolutions authorizing Prior Encumbered Obligations and to the other provisions of this Resolution, the Board covenants and agrees to fix, levy, charge and collect at each Participant student tuition charges required or authorized by law to be imposed on students enrolled at each Participant (excepting, with respect to each series or issue of Parity Obligations, any student in a category which, at the time of adoption of 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, shall be required to pay tuition charges in such amounts, subject to limitations imposed by law, as will be sufficient at al l 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 payment; or deposits with respect to Outstanding Parity Obligations when and as required. All changes in the tuition charged students al each Participant shall be made by resolution of the Board, but such procedure shall not constitute or be regarded as an amendment of this Resolution, but merely the carrying out of the provisions and requirements hereof.

(c) ***Anticipated Deficit***. If the Board determines, for any reason whatsoever, that there are not anticipated to be legally available funds, including Pledged Revenues, sufficient to meet all financial obligations of the Board relating to the Financing System including the deposits and payments due on or with respect to Outstanding Parity Obligations as the same mature or come due, or that any Participant in the Financing System will be unable to pay its Annual Direct Obligation in full, then the Board shall fix, levy, charge; and collect such rentals, rates, fees, tuition, or other charges at each Participant in the Financing System 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 in subsection (d) below), as will be at least sufficient to provide, together with other legally available funds, including Pledged Revenues, the money for making when due all financial obligations of the Board relating to the Financing System including all payments and deposits due on or with respect to Outstanding Parity Obligations when and as required by this Resolution.

(d) ***Economic Effect of Adjustments***. Any adjustments in the rate or manner of charging for any rentals, rates, fees, tuition, or other charges included i n Pledged Revenues at any Participant in the Financing System resulting from an event described in subsection (c) above will be based upon a certificate and recommendation of the Designated Financial Officer, delivered to the Board, as to the rates and anticipated collection of the Pledged Revenues at each Participant in the Financing System (after taking into account the anticipated effect the proposed adjustments i n such rentals, rates, fees, tuition, or other charges would have on enrollment and the receipt of Pledged Revenues and other funds at each Participant in the Financing System) which will be 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 Financing System including all deposits and payments due on or with respect to (A) the Prior Encumbered Obligations and (B) all Outstanding Parity Obligations, when and as required by this Resolution.

(e) ***Annual Obligation***. If, in the judgment of the Board, any Participant in the Financing System has been or will be unable to satisfy its Annual Obligation, the Board shall fix, levy, charge, and collect rentals, rates, fees, and charges for goods and services furnished by such Participant and, with respect to Participants with enrolled students, tuition, effective at the next succeeding regular semester or semesters or summer term or terms, in amounts sufficient, without limitation whatsoever other than as provided subsection (d) above), together with other legally available funds, including other Pledged Revenues attributable thereto, to enable it to make its Annual Obligation payments.

(f) ***Additional Participants***. The Board hereby agrees to apply the covenants hereinabove made to any institution, branch or entity hereinafter placed under the control and governance of the Board and added as a Participant in the Financing System in accordance with the provisions of Section 7 hereof.

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

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

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

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

(d) ***Lawful Title***. It lawfully owns, has title to, or is lawfully possessed of the lands, buildings, and facilities now constituting the University, and it will defend said title and title to any lands, buildings, and facilities which may hereafter become part of the Financing System, for the benefit of the owners of Parity Obligations against the claims and demands of all persons whomsoever.

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

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

(g) ***No Additional Encumbrance***. It shall not incur additional Debt secured by the Pledged Revenues in any manner, except as permitted by this Resolution in connection with Parity Obligations, unless said Debt is made junior and subordinate in all respects to the liens, pledges, covenants , and agreements of this Resolution. Notwithstanding anything to the contrary contained herein, and in addition to the right hereunder to refund the Prior Encumbered Obligations with Parity Obligations, the Board reserves the right to issue obligations to refund any Prior Encumbered Obligations and to secure the refunding obligations either with (i) the Pledged Revenues or (2) with the same source or sources securing the Prior Encumbered Obligations being refunded or with both (1) and (2). Upon the defeasance of the refunded Prior Encumbered Obligations, the refunding obligations will be Prior Encumbered Obligations (unless the refunding obligations are made Parity Obligations in accordance with the terms of this Resolution).

(h) ***Investments and Security***. It will invest and secure money in the funds established pursuant to this Resolution under its control in the manner prescribed by law for such funds, including, but not by way of limitation, the Public Funds Investment Act of 1987, (Chapter 2256, Texas Government Code), Chapter 163, Texas Property Code, and Section 51.0031, Texas Education Code, and in accordance with written policies adopted by the Board and to comply with any requirements of any Bond Insurance Policy.

(i) ***Records***. It will keep proper books of record and account in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to the University. Each year while Parity Obligations are Outstanding, the Board will cause to be prepared from such books of record and account an annual financial report of the University and shall furnish such report to the Authority, to the principal municipal bond rating agencies, and to any owner of Parity Obligations who shall request same in writing. In addition, the Board shall submit such financial report and other information required by law for examination in connection with financial compliance and other audits required to be conducted by the office of the Auditor of the State of Texas.

(j) ***Inspection of Books***. It will permit the Authority and any owner or owners of twenty-five percent (25%) or more of the then Outstanding Principal Amount of Parity Obligations at all reasonable times to inspect all records, accounts, and data of the Board relating to the University and the Financing System.

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

(l) ***Determination of Outstanding Parity Obligations***. For all purposes of this Resolution, the judgment of the Designated Financial Officer shall be deemed final in the determination of which obligations of the Board constitute Parity Obligations; provided, however, such judgment is subject to confirmation by the Auditor of the State of Texas in connection with the annual audit of the records of the University.

(m) ***Execution of Credit Agreements***. (i) For so long as the Authority possesses the exclusive authority to issue bonds on behalf of the University, should the Board or the Authority determine that it is in the best interests of the University to obtain a Credit Agreement to enhance the security for or provide for the payment, redemption , or remarketing of Parity Obligations, the Authority, upon approval and consent of the Board, may from time to time and at any time execute and deliver a Credit Agreement 10 which the Pledged Revenues are to be pledged. The Authority agrees that it shall use reasonable efforts to negotiate and deliver, on behalf of the University, a Credit Agreement containing terms and conditions mutually acceptable to the Authority and the Board; provided, however, that prior to the Authority adopting any resolution authorizing the execution and delivery of any such Credit Agreement, it shall receive from the University an Officer's Certificate to the effect that (a) the Board has determined that the Participant for whom the Credit Agreement is to be executed and delivered possesses the financial capability to satisfy its Direct Obligation aft.er taking into account the payment obligations under the proposed Credit Agreement , and (b) to the best of his or her knowledge, the Board is in compliance with all covenants contained in this 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 hereof or thereof.

(ii) The Board agrees to provide promptly to the Authority substantially final versions of all documents pertaining to any "credit agreement'' (as defined in Vernon's Ann. Tex. Civ. St. Article 717q), to which the Pledged Revenues are to be pledged, proposed to be executed and delivered by the Board to enhance the security for or provide for the payment, redemption, or remarketing of the Prior Encumbered Obligations. The Board further agrees that it shall give written notice to the Authority no later than thirty (30) days prior to the date the Board considers for approval any resolution authorizing the execution and deli very of any such Credit Agreement. The lien on and pledge of Pledged Revenues to pay the cost of any such Credit Agreement may be on a parity with, but not superior to, the lien on and pledge of the Pledged Revenues securing the Parity Obligations.

Section 5. **ISSUANCE OF ADDITIONAL OBLIGATIONS**. (a) ***Additional Parity Obligations***. The Board reserves and shall have the right and power to issue or incur, or request the Authority, on its behalf: to issue or incur, Additional Parity Obligations for any purpose authorized by law pursuant to the provisions of this Resolution and the applicable laws of the State of Texas governing the issuance of bonds for the benefit of the University. The Board, or the Authority acting on behalf of the Board, may incur, assume, guarantee, or otherwise become liable in respect of any Additional Parity Obligations if the Board shall have determined that it will have sufficient funds to meet the financial obligations of each Participant (currently the University) in the Financing System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System. In addition, the Board shall not issue or incur, or cause to be issued or incurred, Additional Parity Obligations unless (i) the Board shall determine that the Participant for whom the Additional Parity Obligations are being issued or incurred possesses the financial capability to satisfy its Direct Obligation after taking into account the then proposed Additional Parity Obligations, and (ii) the Designated Financial Officer shall deliver to the Board and the Authority a certificate stating that to the best of his or her .knowledge the Board is in compliance with all covenants contained in this Resolution and any resolution adopted authorizing the issuance of Additional Parity Obligations, and is not in default in the performance and observance of any of the terms, provisions, and conditions hereof or thereof.

(m) ***Non-Recourse Debt and Subordinated Debt***. Non-Recourse Debt and Subordinated Debt may be incurred by the Board or the Authority on behalf of the Board without limitation, subject to the applicable laws of the State of Texas.

Section 6. **DISPOSITION OF ASSETS ATTRIBUTABLE TO FINANCING SYSTEM PARTICIPANTS**. The Board may convey, sell, or otherwise dispose of any properties of each Participant (currently the University) in the Financing System provided:

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

(b) ***Disposition*** upon Board Determination. The Board shall determine that after the conveyance, sale, or other disposition of such properties, the Board shall have sufficient funds during each fiscal Year during which Parity Obligations arc to be Outstanding to meet the financial obligations of each Participant in the Financing System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System.

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

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

(i) the Board approves and delivers to the Authority an Officers' Certificate to the effect that. to the knowledge thereof, after the release of such Participant or portion thereof, the Board will have sufficient funds during each Fiscal Year in which Parity Obligations shall thereafter be Outstanding to meet the financial obligations of the Board, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System; and

(ii) the Board and the Authority receive an Opinion of Counsel which shall state that such release will not adversely affect the status for federal income tax purposes of interest on any Outstanding Parity Obligations and that all conditions precedent provided in this Resolution or any resolution hereafter adopted governing the issuance of Parity Obligations relating to such release have been complied with; and

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

(B) if the Participant or portion thereof to be released from the 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 enter into a binding obligation with the new governing body of the withdrawing institution or the portion thereof being withdrawn. obligating said governing body to make payments 10 the Board at the times and in the amounts equal to said Participant's Annual Obligation or to pay or discharge said Participant's Direct Obligation, 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.

(c) If, after the date of the adoption of this Resolution, the Board desires for an institution or agency governed by the Board to become a Participant of the Financing System, or if the Board is required by Jaw to assume the governance of an institution or agency, it may include said institution or agency in the Financing System with the effect set forth in this Resolution by the adoption of a resolution amending this Resolution, which resolution shall be binding upon the Authority.

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Section 18. **PAYMENTS**. Semiannually on or before each principal or interest payment date while any of the Bonds are outstanding and unpaid, commencing on the first interest payment date for the Bonds as provided in this Resolution and the Bond Purchase Contract, the Board shall make available to the Paying Agent/Registrar, money sufficient to pay such interest on and such principal of the Bonds as will accrue or mature, or be subject to mandatory redemption prior to stated maturity, on such principal, redemption, or interest payment date. The Paying Agent/Registrar shall cancel all paid Bonds and shall furnish the Board and the Authority with an appropriate certificate of cancellation.

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Section 20. **REMEDIES**. Any owner of Parity Obligations in the event of default in connection with any covenant contained herein or in any resolution adopted hereafter authorizing the issuance of Parity Obligations, or default in the payment of said obligations, or of any interest due thereon, or other costs and expenses related thereto, may require the Authority, the Board, 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 this 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 Authority, the Board, their respective officials and employees, or any appropriate official of the State of Texas.

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Section 22. **AMENDMENT OF RESOLUTION**. (a) ***Amendment without Consent***. This 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 Outstanding 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 this 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 this Resolution;

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

(iii) To provide for the issuance of Additional Parity Obligations;

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

(v) 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 Outstanding Parity Obligations;

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

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

Notice of any such amendment may be published by the Board or the Authority in the manner described in subsection (c) of this Section; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory resolution and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory resolution.

(c) ***Amendments with Consent***. Subject to the other provisions of this Resolution, the owners of Outstanding Parity Obligations aggregating a majority in Outstanding Principal Amount shall have the right from time to time to approve any amendment to this Resolution, other than amendments described in subsection (a) of this Section, which may be deemed necessary or desirable by the Board and the Authority; provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the Outstanding Parity Obligations, the amendment of the terms and conditions in this 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; or

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

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

(iv) Make any change in the stated maturity, or the provisions for redemption prior to stated maturity, of the Outstanding Bonds;

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

(vi) Reduce the amount of the principal payable on 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.

(d) ***Notice.*** If at any time this Resolution is to be amended pursuant to the provisions of subsection (b) of this Section 22, the Board or the Authority shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in The City of New York, New York, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of each Registrar for the Parity Obligations for inspection by all owners of Parity Obligations. Such publication is not required, however , if the Board or the Authority gives or causes to be given such notice in writing, by certified mail, to each owner of Parity Obligations. Such publication is not required with respect to amendments to this Resolution effected pursuant to the provisions of subsection (a) of this Section 22.

(e) ***Receipt of Consents***. Whenever at any time not less than thirty (30) days, and within one year, from the date of the first publication of said notice or other service of written notice of the proposed amendment the Board or the Authority shall receive an instrument or instruments executed by all of the owners or the owners of at least a majority in Outstanding Principal Amount, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Board and the Authority may adopt the amendatory resolution in substantially the same form.

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

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

(h) ***Ownership***. For the purpose of this Section, the ownership and other matters relating to all Parity Obligations shall be determined by the Registration Books maintained by the Registrar.

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CERTAIN PROVISIONS OF THE ELEVENTH SUPPLEMENT TO THE MASTER RESOLUTION

Section 1. **MASTER RESOLUTION TO REMAIN IN EFFECT; ADDITIONAL PARITY OBLIGATIONS**. Except as supplemented or amended herein, the Master Resolution shall remain in full force and effect, it being the intention of the Board and the Authority to provide for the issuance of the Series 2021 Bonds on parity with the Parity Obligations such that the Series 2021 Bonds shall be considered Additional Parity Obligations under the Master Resolution. The Authority and the Board hereby agree that the Series 2021 Bonds are to be secured by the Pledged Revenues to the same extent the Parity Obligations are secured and to the same extent any other Additional Parity Obligations, including any refunding bonds, may be secured under the Master Resolution. As Additional Parity Obligations under the Master Resolution, the Series 2021 Bonds are entitled to the benefits of and governed by the provisions, agreements, covenants and warranties contained in the Master Resolution that relate to Parity Obligations, to the extent that such provisions, agreements, covenants, and warranties are not in conflict or inconsistent with this Eleventh Supplement; provided, however, that to the extent of any conflict between the Master Resolution and this Eleventh Supplement as related to the covenants of Sections 16, 17, and 18 of this Eleventh Supplement, the covenants set forth in Sections 16, 17, and 18 of this Eleventh Supplement shall control.

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Section 5. **MANAGEMENT OF 2021 FUNDS**.

(a) ***Creation and Maintenance of Funds and Accounts***. In addition to any other funds described in this Section, the following 2021 Funds are hereby created: (i) the 2021 Costs of Issuance Fund and (ii) the 2021 Reserve Fund. The 2021 Costs of Issuance Fund shall be maintained by the University and shall be applied to pay the costs of issuing the Series 2021 Bonds as approved by the Executive Director and as provided in this Eleventh Supplement. The Funds shall be held by the University with its depository bank, JPMorgan Chase Bank, N.A., separate from any other funds, or as otherwise directed by the University in accordance with this Eleventh Supplement. The Designated Financial Officer shall provide JPMorgan Chase Bank, N.A. with such instructions as are necessary to effect the proper application of such 2021 Funds as provided by this Eleventh Supplement.

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(c) **Application of Interest and Sinking Fund**. Amounts on deposit in the Interest and Sinking Fund shall be applied at such times and in such amounts as required for the timely payment of the interest and principal of, and premium, if any, due on any then-currently Outstanding Parity Obligations issued pursuant to Chapter 55, Texas Education Code, whether by reason of stated maturity or redemption prior to stated maturity.

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(f) **2021 Reserve Fund**. The 2021 Reserve Fund may be funded with a deposit of cash in an amount equal to the Required Reserve Amount for the Series 2021 Bonds or by a Credit Facility issued in an amount equal to the Required Reserve Amount for the Series 2021 Bonds or a combination of cash and a Credit Facility equal in amount to the Required Reserve Amount for the Series 2021 Bonds, all as set forth in the Pricing Certificate. The University shall maintain a balance in the 2021 Reserve Fund equal to the Required Reserve Amount. While the Series 2021 Bonds are outstanding, the University may, upon passage of a resolution by the Board, replace or substitute a Credit Facility for cash on deposit in the 2021 Reserve Fund or in substitution for or replacement of any existing Credit Facility. Upon such replacement or substitution, cash in excess of the Required Reserve Amount may be withdrawn by the University at its option, and used for any lawful purpose; provided, that the face amount of any Credit Facility may be reduced at the option of the University in lieu of such transfer.

When and if the 2021 Reserve Fund contains less than the Required Reserve Amount due to the issuance of the Series 2021 Bonds, beginning on the last Business Day of the month following the delivery of the Series 2021 Bonds to the purchasers thereof, and continuing for 60 months, the University shall deposit to the credit of the 2021 Reserve Fund an amount equal to 1/60th of the difference determined as of such delivery date between the amount in the 2021 Reserve Fund and the Required Reserve Amount. In the event of a deficiency in the 2021 Reserve Fund, or in the event that on the date of termination or expiration of any Credit Facility there is not on deposit in the 2021 Reserve Fund sufficient cash or Credit Facilities, all in an aggregate amount at least equal to the Required Reserve Amount, then the University shall, after making required deposits to the Interest and Sinking Fund in accordance with the terms of this Eleventh Supplement, satisfy the Required Reserve Amount by depositing cash or a Credit Facility into the 2021 Reserve Fund in monthly installments of not less than 1/12 of such deficiency on or before the last Business Day of each month following such deficiency, termination or expiration.

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Section 10. **SECURITY FOR SERIES 2021 BONDS**. The Series 2021 Bonds are special obligations payable from and secured by the Pledged Revenues pursuant to this Eleventh Supplement and the Master Resolution. The Pledged Revenues are hereby pledged, subject to the liens securing the Prior Encumbered Obligations, to the payment of the principal of, premium, if any, and interest on the Series 2021 Bonds on parity with all other Parity Obligations, as the same shall become due and payable. The Board agrees to pay from Pledged Revenues the principal of, premium, if any, and the interest on the Series 2021 Bonds when due, whether by reason of stated maturity or redemption prior to stated maturity.

Section 11. **ISSUANCE OF SERIES 2021 BONDS AS PARITY OBLIGATIONS PURSUANT TO THE MASTER RESOLUTION**. The Series 2021 Bonds shall be issued as Parity Obligations pursuant to the Master Resolution. The Board has determined that there will be sufficient funds to meet the financial obligations of each Participant in the Financing System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System. The Board has also received and approved all certifications and estimates from the Designated Financial Officer that are required by the Master Resolution as a condition to the authorization of the Bonds.

****

Section 15. **BOND INSURANCE POLICY, SURETY POLICY, AND CREDIT FACILITY**. (a) In connection with the sale of the Series 2021 Bonds, the Authority and Board together may (i) select from a municipal bond insurer (a "Bond Insurer") a Bond Insurance Policy to guarantee the full and complete payment required to be made by or on behalf of the Board on some or all of the Series 2021 Bonds and/or (ii) select a Surety Policy for all or any portion of the Required Reserve Amount for the Series 2021 Bonds. A Bond Insurance Policy, Surety Policy, and Credit Facility executed in connection with the Series 2021 Bonds constitute authorized Credit

Agreements under the Master Resolution. The Authority and Board together are hereby authorized to determine whether to obtain one or more Bond Insurance Policies or Surety Policies, to authorize the execution by the Executive Director and Designated Financial Officer of a commitment letter with the Bond Insurer or Surety Policy provider, to authorize the payment of the premium for any Bond Insurance Policies or Surety Policies at the time of the delivery of the Series 2021 Bonds out of the proceeds of sale of the Series 2021 Bonds or from other available funds, and to authorize the execution by the Executive Director and Designated Financial Officer of other documents and certificates as necessary in connection with any Bond Insurance Policies or Surety Policies. The Authority solely is hereby authorized to determine whether to obtain any other Credit Facility (other than Bond Insurance Policies or Surety Policies), to authorize the execution thereof by the Executive Director, to authorize the payment of the costs for such Credit Facility at the time of the delivery of the Series 2021 Bonds out of the proceeds of sale of the Series 2021 Bonds or from other available funds, and to authorize the execution by the Executive Director of other documents and certificates as necessary in connection with any such Credit Facility.

Printing on Series 2021 Bonds covered by a Bond Insurance Policy, Surety Policy, or other Credit Facility a statement describing such insurance, in form and substance satisfactory to the Credit Facility provider and the Executive Director, is hereby approved and authorized. The Pricing Certificate may contain supplemental special provisions related to a Bond Insurance Policy, Surety Policy, or other Credit Facility, including payment provisions thereunder, and the rights of any Bond Insurer or other Credit Facility provider, and any such provisions shall be read and interpreted as an integral part of this Eleventh Supplement. The individuals designated by Section 4(d) hereof are authorized, in the manner set forth therein, to enter into and execute one or more agreements in connection with a Bond Insurance Policy, Surety Policy, or other Credit Facility containing terms and conditions acceptable to such individuals, approve any special conditions acceptable to such individuals, and approve any special provisions to this Eleventh Supplement related to such Bond Insurance Policy, Surety Policy, or other Credit Facility.

****

Section 17. **DEFEASANCE OF OBLIGATIONS**. (a) Any Series 2021 Bond may be defeased (a "Defeased Bond") within the meaning of this Eleventh Supplement, except to the extent provided in subsections (c) and (e) of this Section, in any manner provided by law, when payment of the principal of such Series 2021 Bond, plus interest thereon to the due date or dates (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/Registrar for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to 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/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable or (3) any combination of (1) and (2). At such time as a Series 2021 Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Series 2021 Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the revenues herein pledged as provided in this Eleventh Supplement, and such principal and interest shall be payable solely from such money or Defeasance Securities

(b) The term "Defeasance Securities" as used in this Section means (i) means direct, noncallable obligations of the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date 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 Series 2021 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 Series 2021 Bonds, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent.

(c) The deposit under clause (ii) of subsection (a) shall be deemed a payment of a Series 2021 Bond as aforesaid when proper notice of redemption of such Series 2021 Bonds shall have been given, in accordance with this Eleventh Supplement. Any money so deposited with the Paying Agent/Registrar as provided in this Section may at the written discretion of the Authority also be invested in Defeasance Securities, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Defeasance Securities in possession of the Paying Agent/Registrar pursuant to this Section that is not required for the payment of such Series 2021 Bond and premium, if any, and interest thereon with respect to which such money has been so deposited, shall be turned over to the Authority.

(d) Notwithstanding any provision of any other Section of this Eleventh Supplement that may be contrary to the provisions of this Section, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of principal of the Series 2021 Bonds and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Series 2021 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 Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the Board shall make proper arrangements to provide and pay for such services as required by this Eleventh Supplement.

(e) Notwithstanding anything elsewhere in this Eleventh Supplement, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar pursuant to this Section for the payment of Series 2021 Bonds and such Series 2021 Bonds shall not have in fact been actually paid in full, no amendment of the provisions of this Section shall be made without the consent of the registered owner of each Series 2021 Bond affected thereby.

(f) Notwithstanding the provisions of subsection (a) of this Section, 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 Eleventh Supplemental 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 of subsection (a) of this Section with respect to such Defeased Bond as though 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.

(g) In the event that the Authority elects to defease less than all of the principal amount of Series 2021 Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Series 2021 Bonds by such random method as it deems fair and appropriate.

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APPENDIX C

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 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 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 page 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 effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Beneficial Owners of 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 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.

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 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 University. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The University 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.

Notices

THE PAYING AGENT/REGISTRAR, THE BOARD OF REGENTS, AND THE AUTHORITY, SO LONG AS THE DTC BOOK-ENTRY-ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF PROPOSED AMENDMENT TO THE RESOLUTION OR OTHER NOTICES WITH RESPECT TO SUCH BONDS ONLY TO DTC. ANY FAILURE BY DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO NOTIFY THE BENEFICIAL OWNERS, OF ANY NOTICES AND THEIR CONTENTS OR EFFECT WILL NOT AFFECT ANY ACTION PREMISED ON ANY SUCH NOTICE. NEITHER THE BOARD OF REGENTS, THE AUTHORITY, NOR THE PAYING AGENT/REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM DTC PARTICIPANTS ACT AS NOMINEES, WITH RESPECT TO THE PAYMENTS ON THE BONDS OR THE PROVIDING OF NOTICE TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

Effect of Termination of Book-Entry-Only System

In the event that the book-entry-only system is discontinued by DTC or the University, the following provisions will be applicable to the Bonds: Bonds may be exchanged for an equal aggregate principal amount of Bonds in authorized denominations and of the same maturity upon surrender thereof at the Principal Office for Payment of the Paying Agent/Registrar. The transfer of any Bond may be registered on the books maintained by the Paying Agent/Registrar for such purpose only upon the surrender of such Bond to the Paying Agent/Registrar with a duly executed assignment in a form satisfactory to the Paying Agent/Registrar. For every exchange or transfer of registration of Bonds, the Paying Agent/Registrar and the Authority may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. The Authority shall pay the fee, if any, charged by the Paying Agent/Registrar for the transfer or exchange. The Authority and the Paying Agent/Registrar may treat the person in whose name a Bond is registered as the absolute owner thereof for all purposes, whether such Bond is overdue or not, including for the purpose of receiving payment of, or on account of, the principal of, and interest on, such Bond.

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APPENDIX D

AUDITED FINANCIAL REPORT OF TEXAS SOUTHERN UNIVERSITY

FOR THE FISCAL YEAR ENDED AUGUST 31, 2020

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ANNUAL FINANCIAL REPORT

of

TEXAS SOUTHERN UNIVERSITY

(An Agency of State of Texas)

For the Year Ended
August 31, 2020

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TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)
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For the Year Ended August 31, 2020

INTRODUCTORY SECTION

TEXAS SOUTHERN UNIVERSITY

3100 CLEBURNE ST. | HOUSTON, TEXAS 77004 | 713.313.1179

Office *of the* President

November 11, 2020

Texas Southern University is proud to share positive news about the fiscal health of our institution. The Annual Financial Report (AFR) for Fiscal Year 2020 delivers a complete overview of the University's financial status and operations as of August 31, 2020. Texas Southern University is mandated by law to provide a full accounting of the income received in order to invest in the educational future of our students.

The University has maintained a transparent financial process to ensure that there is a full and open accounting of all funds from the state and federal government, public and private corporations and foundations, and individual donors. The 2020 Financial Report is the primary publication to provide such accountability to elected officials and taxpayers.

Texas Southern, now in its 93rd year of existence, has experienced strong growth as a special-purpose, metropolitan institution of higher education. TSU serves a diverse student population, welcoming students from across the United States and close to 50 countries around the globe, positioning itself as a destination university for young scholars eager to obtain an affordable education. Our 'Communiversity' model provides a holistic approach that leads to stronger career-ready graduates at the bachelor, master, doctoral and professional levels in a variety of disciplines, including aviation, civil and electrical engineering, maritime transportation, pharmacy, communication, law, and arts and sciences.

Our educational partnerships with Houston Community College and the San Jacinto and Lone Star College systems have created a seamless transition for students from two-year colleges onto a direct path of obtaining a four-year degree. Texas Southern's Summer of Success program has registered a fifth year of providing conditional-admittance high school graduates with a specialized curriculum to meet university admission requirements. The 2020 cohort welcomed close to 100 students for the five-week program that featured a rigorous online course load and advising to introduce them to a collegiate environment and increase their academic confidence. This has led to better prepared and more engaged first-time freshmen entering the University.

This institution is a critical educational resource, producing pilots, engineers, pharmacists, doctors, artists, researchers, corporate executives, lawyers, judges, and educators in every conceivable arena. Our graduates are vibrant contributors to an ever-changing society, with many becoming recognized agents of change in their respective fields.

Texas Southern University stands tall in the pride of its history and faces the future with resolve. The 2020 Annual Financial Report will reflect the success of our mission in the preceding year. We are, and will remain, the strength of our great state and revered nation.

Interim President

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TEXAS SOUTHERN UNIVERSITY

3100 CLEBURNE STREET • HOUSTON, TEXAS 77004

INTERIM VP FOR ADMINISTRATION AND FINANCE/CFO
DIVISION OF ADMINISTRATION & FINANCE
OFFICE: 713-313-1183: FAX: 713-313-7070

November 11, 2020

We are pleased to submit the Annual Financial Report for Texas Southern University (TSU) for the fiscal year ended August 31, 2020. Although TSU, as an agency of the State of Texas, is not required to have this report independently audited, we continue to do so as a demonstration that TSU is fulfilling its fiduciary responsibilities for the finances of the institution.

We have received an unmodified opinion from the independent certified public accounting firm of BKD, LLP serving as a critical measure in the goal of the Board of Regents and administration to ensure excellence in stewardship, accountability, and financial stability. The administration of TSU is responsible for establishing and maintaining internal controls designed to ensure that the assets of the University are protected from loss, theft, or misuse. Management also ensures that adequate accounting processes are in place to provide for the preparation of financial statements in conformity with governmental accounting standards.

The preparation of this report was accomplished through the dedicated services of the staff within the accounting department and the cooperation of other departments within the Administration & Finance Division. As such, we would like to express our appreciation to the entire TSU family whose integral role and contributions assisted in the compilation of the enclosed report. Recognition must also be given to the Board of Regents of Texas Southern University and the State of Texas for their assistance and institutional support. To everyone, we say thank you!

Anita Lockridge

Anita Lockridge
Interim V.P. for Administration and Finance/CFO

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TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)
BOARD OF REGENTS
August 31, 2020

Officers

Honorable Albert H. Myres, Chairman
Honorable Marc C. Carter, Vice Chair
Honorable Pamela A. Medina, 2nd Vice Chair

Members

Honorable Wesley G. Terrell	Dallas
Honorable Marilyn A. Rose	Houston

Terms Expire February 1, 2021

Honorable Joseph R. Johnson, Student Regent	Sugar Land

Term Expire May 31, 2021

Honorable Ronald J. Price	Mesquite
Honorable Marc C. Carter, Vice Chair	Houston

Terms Expire February 1, 2023

Honorable Pamela A. Medina, 2nd Vice Chair	Houston
Honorable Albert H. Myres, Chairman	Houston

Terms Expire February 1, 2025

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TEXAS SOUTHERN UNIVERSITY
(An Agency of the State of Texas)
UNIVERSITY ADMINISTRATION
August 31, 2020

University Administration

Kenneth R. Huewitt, CPA, CIA	Interim President
Heidi Smith	Chief of Staff
Anita Lockridge	Interim V.P. for Administration and Finance/CFO
Dr. Kendall Harris	Provost/VP for Academic Affairs and Research
Dr. Mario Berry	VP for Information Technology
Kevin Granger	VP of Intercollegiate Athletics
Hao Le	General Counsel
Dr. Teresa McKinney	VP for Student Services
Melinda Spaulding	VP of University Advancement

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Fiscal Administration

Charla Parker-Thompson, CIA, CISA	Chief Audit Executive
Alfred Norris	Associate Vice President
Lavonda Horn	Director of General Accounting

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FINANCIAL SECTION

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BKD
CPAs & Advisors

2700 Post Oak Boulevard, Suite 1500 | Houston, TX 77056-5829
713.499.4600 | Fax 713.499.4699 | bkd.com

Independent Auditor's Report

Board of Regents
Texas Southern University
Houston, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Texas Southern University ("University"), an agency of the State of Texas, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University, as of August 31, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University' s basic financial statements. The supplementary information and introductory section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated November 20, 2020, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

BKD, LLP

Houston, Texas
November 20, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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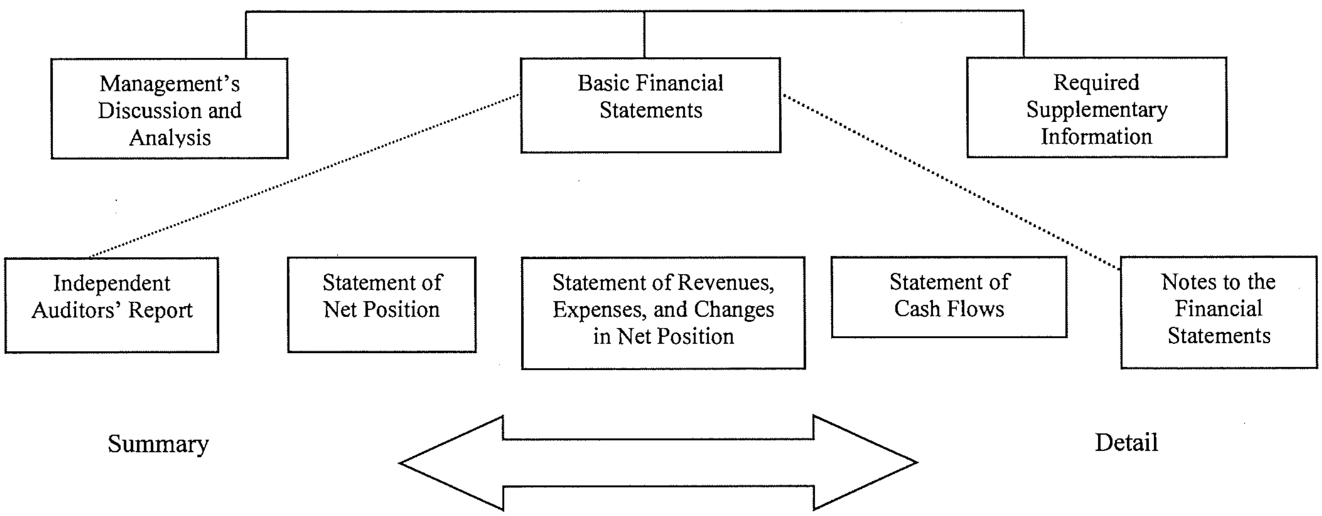
The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the annual financial activities of Texas Southern University (TSU). The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of TSU's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and TSU's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

Components of the Financial Section



TSU's basic financial statements include statement of net position; statement of revenues, expenses, and changes in net position; statement of cash flows; and notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statement themselves.

<u>Basic Financial Statements</u>

The basic financial statements report information for TSU as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of TSU as an economic entity. The statement of net position and the statement of revenues, expenses, and changes in net position, which appear first in the financial statements, report information on TSU's activities that enable the reader to understand the financial condition of TSU. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The statement of net position presents information on all of TSU's assets and deferred outflows of resources that exceed liabilities and deferred inflows of resources. The difference between these categories is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of TSU is improving or deteriorating. Other nonfinancial factors, such as TSU's customer base and the condition of TSU's infrastructure, need to be considered to assess the overall health of TSU.

The statement of revenues, expenses, and changes in net position presents information showing how TSU's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method.

The statement of cash flows presents information about TSU's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balances during the reporting period.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The basic financial statements can be found after the MD&A within this report.

FINANCIAL ANALYSIS OF TSU

As noted earlier, net position may serve over time as a useful indicator of TSU's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $178,169,639.21 as of August 31, 2020. The largest portion of TSU's net position (71 percent) reflects its investments in capital assets (e.g., land, buildings and improvements, equipment, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. TSU uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although TSU's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Condensed Statement of Net Position

The following table reflects the condensed Statement of Net Position:

CONDENSED STATEMENT OF NET POSITION

	2020	2019
Current and other assets	$ 140,491,176.11	$ 162,212,395.14
Non-current Restricted assets	71,269,076.77	73,564,044.78
Capital assets, net	291,729,063.03	299,495,836.13
Total Assets	503,489,315.91	535,272,276.05
Deferred Outflows of Resources	88,058,306.34	95,985,284.71
Current liabilities	105,595,100.26	119,255,897.16
Noncurrent liabilities	279,829,730.78	282,076,980.97
Total Liabilities	385,424,831.04	401,332,878.13
Deferred Inflows of Resources	27,953,152.00	29,009,306.00
Net investment in capital assets	131,869,961.05	129,320,485.55
Restricted for:		
Debt service	881,114.98	856,655.88
Other	73,696,162.61	61,615,508.59
Unrestricted	(28,277,599.43)	9,122,726.61
Total Net Position	$ 178,169,639.21	$ 200,915,376.63

Unrestricted net position decreased by $(37,400,326.04) from $9,122,726.61 to $(28,277,599.43) at year end. Unrestricted net position represents amounts that can be used to finance day-to-day operations without constraints established by debt covenants and enabling legislation. The majority of the decrease can be attributed to changes in the ERS actuarial assumptions related to GASB 75 Other Post-Employment Benefits (OPEB) and Pension Expense related to GASB 68.

Statement of Revenues, Expenses, and Changes in Net Position

	2020	2019
OPERATING REVENUES		
Tuition and Fees - Pledged	$ 96,229,869.11	$ 107,977,661.03
Discount on Tuition and Fees	(34,040,324.42)	(38,869,738.35)
Auxiliary Enterprises -Pledged	14,800,370.60	17,734,425.55
Other Sales of Goods and Services - Pledged	410,772.77	99,519.95
Federal Revenue	20,429,889.40	19,374,525.34
Federal Pass-Through Revenue	639,223.30	847,691.89
State Revenue	760,315.46	982,178.04
State Pass-Through Revenue	4,886,641.03	9,210,004.52
Other Contracts and Grants - Pledged	988,485.68	463,426.62
Other Operating Revenue	5,413,667.11	6,869,601.02
Total Operating Revenues	110,518,910.04	124,689,295.61
OPERATING EXPENSES		
Salaries and Wages	96,630,395.27	97,082,405.66
Payroll Related Costs	47,867,984.70	42,433,767.63
Professional Fees and Services	17,286,454.95	10,992,817.13
Travel	2,321,286.87	3,815,911.12
Materials and Supplies	11,927,919.76	9,353,649.82
Communication and Utilities	5,924,249.05	6,967,530.37
Repairs and Maintenance	7,490,882.79	7,826,474.10
Rentals and Leases	1,570,224.14	1,636,198.87
Printing and Reproductions	500,781.19	522,384.95
Federal Pass-Through Expense	641,386.52	-
Bad Debt Expense	400,000.00	-
Scholarships	19,111,464.02	22,449,873.48
Other Operating Expenses	9,526,484.18	8,863,128.26
Depreciation and Amortization	22,732,129.75	19,810,066.47
Total Operating Expenses	243,931,643.19	231,754,207.86
Operating (Loss)	$ (133,412,733.15)	$ (107,064,912.25)

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

For the Year Ended August 31, 2020

Statement of Revenues, Expenses, and Changes in Net Position (Continued)

	2020	2019
NONOPERATING REVENUES (EXPENSES)		
Legislative Revenue	$ 51,561,004.00	$ 55,474,393.00
Additional Appropriations	10,624,882.07	11,022,839.74
Gifts	1,091,128.71	1,402,983.55
Federal Revenue Nonoperating	30,356,097.13	31,447,950.64
Interest Income	2,966,631.30	5,340,420.84
Investing Activities Expenses	(380,995.91)	(498,242.10)
Interest Expense and Fiscal Charges	(6,159,499.82)	(6,704,598.30)
Net Increase (Decrease) Fair Value	8,453,261.87	(1,595,086.70)
Other Nonoperating Revenue/(Expense)	639,487.06	(300,128.66)
Total Nonoperating Revenues (Expenses)	99,151,996.41	95,590,532.01
Income (Loss) Before Other Revenues, Expenses, and Transfers	(34,260,736.74)	(11,474,380.46)
OTHER REVENUES, EXPENSES, AND TRANSFERS		
Capital Appropriations (HEAF)	11,659,843.00	11,659,843.00
Contributions to Permanent and Term Endowments	368,893.20	448,891.92
Lapses	(670,247.02)	(636,407.55)
Legislative Transfer In	-	137,960.00
Transfer In	16,225,811.68	414,339.68
Transfer Out	(16,069,301.54)	(399,167.19)
Total Other Revenues, Expenses, and Transfers	11,514,999.32	11,625,459.86
Change in Net Position	(22,745,737.42)	151,079.40
Restatement, Note 14	-	(6,040,027.00)
Beginning Net Position	200,915,376.63	206,804,324.23
Ending Net Position	$ 178,169,639.21	$ 200,915,376.63

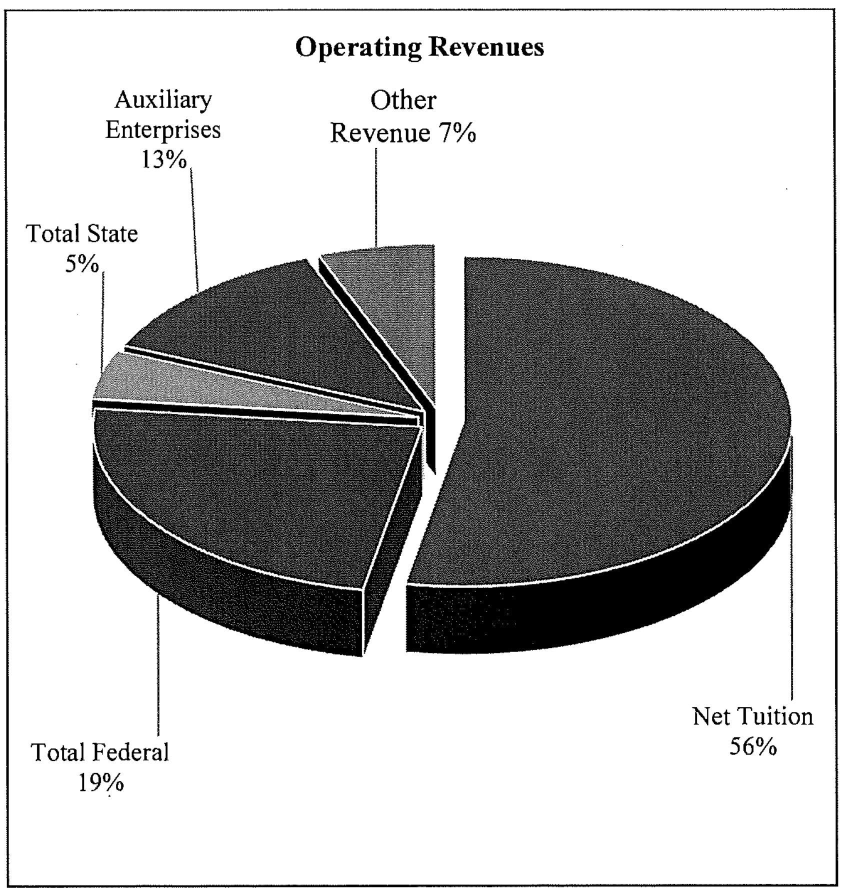
For the year ended August 31, 2020, total revenue was $244,465,950.06. This represents an increase in total revenues by $2,427,032.28 or (1 percent) which can be attributed to an increase on federal revenue and fair market value. The total net position decreased by $22,745,737.42 (11 percent). The primary decrease in net position can be attributed to changes in the ERS actuarial assumptions related to GASB 75 Other Post-Employment Benefits (OPEB) and Pension expense related to GASB 68.

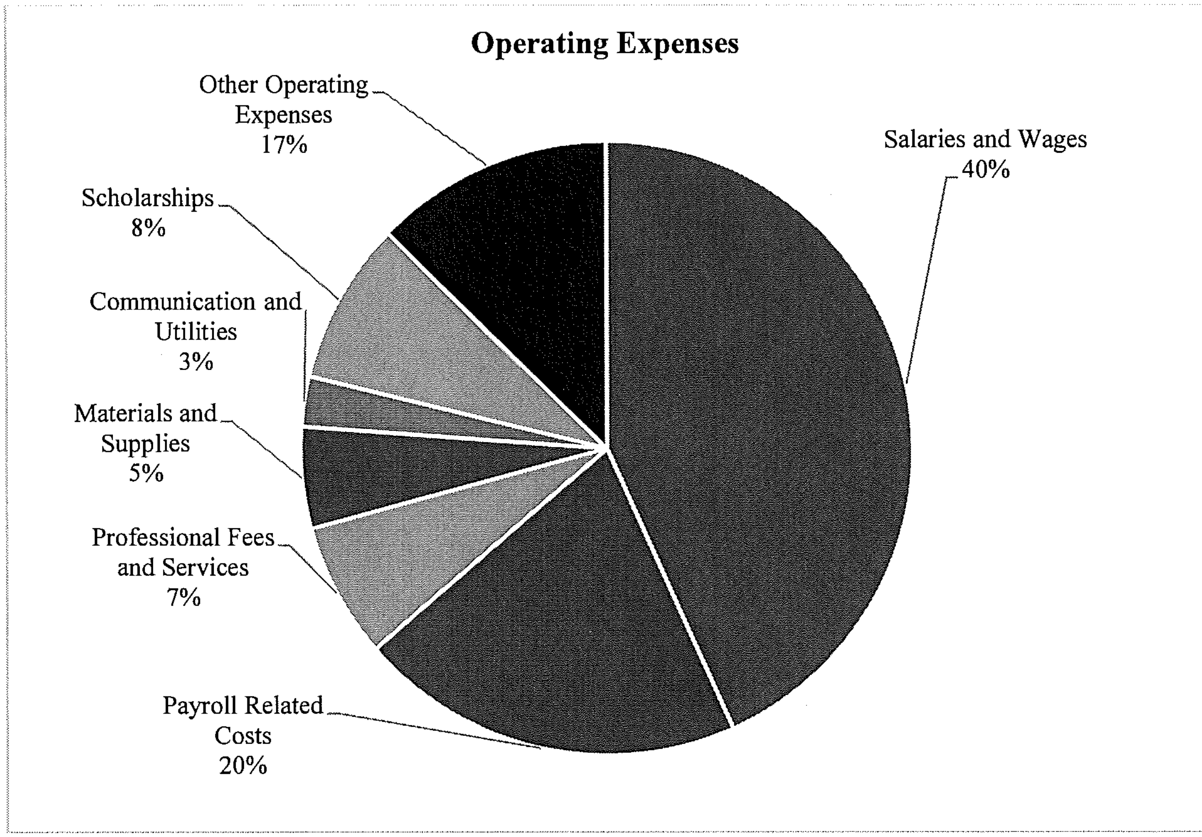
Expenses totaled \$267,211,687.48 for the year ended August 31, 2020. This represents an increase of \$25,323,849.10 (10 percent) from last year. The majority of this increase can be attributed to changes in the ERS actuarial assumptions related to GASB 75 Other Post-Employment Benefits (OPEB) and Pension expense related to GASB 68.

Key elements to these changes are as follows:

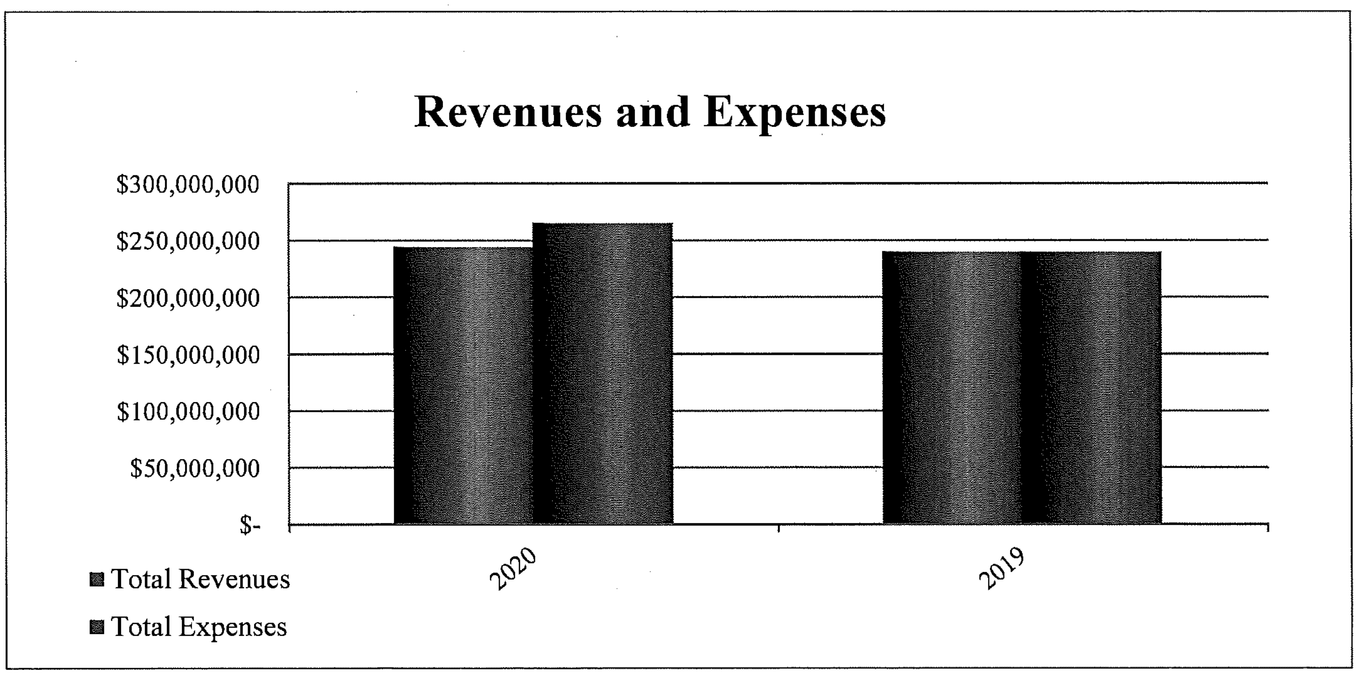
- Operating revenues decreased by \$14,170,385.57 (11 percent) primarily due to decrease in student enrollment reported in tuition and fees and decrease in Texas Grant reported in state pass-through revenue.
- Non-operating revenues and Other revenues increased by \$18,492,633.23 (16 percent) primarily due to an increase in fair market value of investments, state transfer-in and CARES Act funding for emergency student aid.
- Operating expenses less depreciation increased by \$9,255,372.05 (4 percent) due to OPEB and Pension expense reported in payroll related costs and professional fees and services.
- Non-operating expenses and Other expenses increased by \$15,041,629.15 (1.8 percent) due to an increase in state transfer-out.
- Depreciation and Amortization expense increased by \$2,922,063.28 (15 percent) due to the equipment purchases.

Graphic presentations of selected data from the summary tables follow to assist in the analysis of TSU's activities.





Operating Expenses
Other Operating Expenses 17%
Salaries and Wages 40%
Scholarships 8%
Communication and Utilities 3%
Materials and Supplies 5%
Professional Fees and Services 7%
Payroll Related Costs 20%



Revenues and Expenses
$300,000,000
$250,000,000
$200,000,000
$150,000,000
$100,000,000
$50,000,000
$-
2020
2019
Total Revenues
Total Expenses

CAPITAL ASSETS

At year end, TSU had invested $291,729,063.03 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net decrease of $7,766,773.10.

Major capital asset events during the current year include the following:

- Building improvements completed at a cost of $9,418,542.55.
- Various purchases of equipment and other capital assets at a total of $3,872,869.04.

More detailed information about TSU's capital assets is presented in note 2 to the financial statements.

LONG-TERM DEBT

TSU's revenue bonds carry the rating of "Baa3" with Moody's Investors Service. At year end, TSU had $88,041,717.33 in revenue bonds outstanding versus $97,959,258.05 last year. Also, at year end, TSU had $86,872,608.72 in capital loan notes payable to the Department of Education.

More detailed information about TSU's long-term liabilities is presented in note 5 to the financial statements.

ECONOMIC FACTORS

Texas Southern University is a vibrant and progressive HBCU located in the Houston Metropolitan Area. Its rich history and unwavering connection to the community has led to the successful bridging of the gap for many first-generation college students. As a public 4-year institution offering professional programs in Pharmacy, Business, and the Thurgood Marshall School of Law, the University's financial position is closely tied to that of the State of Texas and is at risk of changing depending on the health of the state's economy.

During fiscal year 2021, the institution responded to the State's request for a budget reduction of approximately 5%. With the continued economic downfall spurned by COVID-19, there is undoubtedly a significant amount of financial pressure on the institution's budget. Most, if not all, revenue generating resources such as enrollment, residential housing, campus/sporting events, have declined, while direct costs associated with effectively reducing the spread of covid-19 and maintaining a healthy campus have increased. In addition, the outcome of the upcoming 87th Legislative Session is uncertain. Whether the institution will receive the same rate of appropriated funding for the 2022-2023 academic year as in years prior, or if there will be another reduction as was experienced in FY 2020-2021, is yet to be determined.

With the unpredictability of appropriations, enrollment, and campus generated revenue, the University implemented a multifaceted approach to ensure prudent fiscal management efforts are prioritized while also supporting the institution's Top 5 Pillars: Student Success and Completion, Academic Program Quality and Research, Culture, Partnerships, and Finances. One such step toward this effort involved (with options) a strategic reduction in the University's operating budget for fiscal year 2021. This was accomplished through the implementation of a variety of cost saving measures including evaluating debt capacity, foregoing capital expenditures that can be deferred, suspending unnecessary travel expenses and other expenditures, as well as closely monitoring University investments.

Other strategies implemented involve expanding the University's virtual learning capabilities and rethinking how course offerings can be effectively delivered to students. The University invested heavily during the remaining spring and summer semesters in establishing and reformatting current existing e-learning and conference platforms, software upgrade and installations, and revamping online security in preparation for the fall academic year. In addition, students, faculty, and staff were provided with the necessary equipment to satisfactorily telecommute while remaining flexible as to how and when they engaged educational and work-related content. Classes have also been modified and are now offered in three formats: face-to-face, hybrid (face-to-face and online), and online only.

By remaining flexible with respect to diverse learning platforms and online instruction, this gives the institution the opportunity to demonstrate its instructional innovation as we anticipate and traverse these extraordinary times.

Despite Covid-19 and the consequential challenges facing Texas Southern University, the administration is optimistic and remains committed to maintaining the integrity of the University's fiscal position, expanding innovative learning opportunities, and retaining a safe environment for the entire campus community. It is with this confidence that the institution is prepared to navigate these unprecedented times; utilizing each moment as an opportunity to not only reflect resilience and possibilities, but to also provide a quality educational experience to all our students.

CONTACTING TSU'S FINANCIAL MANAGEMENT

This financial report is designed to provide our students, alumni, citizens, taxpayers, and creditors with a general overview of TSU's finances and to show TSU's accountability for the money it received. If you have questions about this report or need additional financial information, contact the Texas Southern University Business Affairs Department, 3100 Cleburne Street, Houston, Texas 77004.

BASIC FINANCIAL STATEMENTS

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

STATEMENT OF NET POSITION

August 31, 2020

ASSETS		Total
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	$	3,980.00
Cash in Bank		35,999,322.92
Cash in State Treasury		17,028,551.65
Restricted:		
Cash Equivalent		21,486,299.46
Short-Term Investments		4,063,213.90
Legislative Appropriations		18,295,187.01
Receivables:		
Federal		3,723,574.37
Other Intergovernmental		4,466,567.02
Accounts, Net		17,116,726.35
Other		6,907,659.72
Due From Other Agencies		173,415.86
Consumable Inventories		555,533.06
Prepaid Costs		10,671,144.79
Total Current Assets		**140,491,176.11**
Non-Current Assets		
Restricted:		
Investments		67,878,998.32
Loans and Contracts		515,183.47
Prepaid Cost		2,874,894.98
Total Non-Current Restricted Assets		**71,269,076.77**
Capital Assets:		
Land		17,669,462.57
Construction in Progress		1,359,682.09
Historical Treasures and Works of Art		2,829,312.50
Total Non-Depreciable or Non-Amortizable		**21,858,457.16**
Capital Assets Depreciable:		
Buildings and Building Improvements		542,297,550.14
Infrastructure		7,096,483.95
Equipment		38,306,250.14
Library Books		33,663,984.97
Less: Accumulated Depreciation		(351,493,663.33)
Total Depreciable or Amortizable, Net		**269,870,605.87**
Total Non-Current Assets		**362,998,139.80**
TOTAL ASSETS		503,489,315.91
Deferred Outflows		
Deferred Outflows of Resources-Pension		18,295,942.72
Deferred Outflows of Resources-OPEB		69,628,901.00
Deferred Outflows of Resources-ARO		133,462.62
Total Deferred Outflows	$	**88,058,306.34**

See Notes to Financial Statements.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

STATEMENT OF NET POSITION

August 31, 2020

LIABILITIES		**Total**
Current Liabilities		
Accounts Payable	$	13,935,595.09
Payroll Payable		11,624,614.63
Due to Other Agencies		83,609.03
Interest Payable		1,323,381.24
Escheat Payable		423,187.50
Unearned Revenues		44,427,526.49
Student Refunds Payable		1,201,327.97
Other Payables		11,507,978.37
Net OPEB Liability Current		2,612,674.00
Capital Lease Obligation Current		116,792.59
Notes and Loans Current Payable		5,097,594.18
Revenue Bonds Current Payable, Net		10,284,136.67
Employees' Compensable Leave		2,956,682.50
Total Current Liabilities		**105,595,100.26**
Non-Current Liabilities		
Net Pension Liability		37,133,090.00
Net OPEB Liability		79,820,663.00
Capital Lease Obligation		1,289.46
Notes and Loans Payable		81,775,014.54
Revenue Bonds Payable, Net		77,757,580.66
Employees' Compensable Leave		3,342,093.12
Total Non-Current Liabilities		**279,829,730.78**
TOTAL LIABILITIES		**385,424,831.04**
Deferred Inflows		
Deferred Inflows of Resources-Pension		7,387,438.00
Deferred Inflows of Resources-OPEB		20,565,714.00
Total Deferred Inflows		**27,953,152.00**
NET POSITION		
Net Investment in Capital Assets		131,869,961.05
Restricted For:		
Debt Retirement		881,114.98
Loans		287,986.22
Other Restricted		5,561,221.60
Funds Held as Permanent Investments:		
Nonexpendable		33,900,513.56
Expendable		33,946,441.23
Unrestricted deficit		(28,277,599.43)
TOTAL NET POSITION	$	**178,169,639.21**

See Notes to Financial Statements.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended August 31, 2020

	2020
OPERATING REVENUES	
Tuition and Fees-Pledged	$ 96,229,869.11
Discount on Tuition and Fees	(34,040,324.42)
Auxiliary Enterprises-Pledged	14,800,370.60
Other Sales of Goods and Services-Pledged	410,772.77
Federal Revenue	20,429,889.40
Federal Pass-Through Revenue	639,223.30
State Revenue	760,315.46
State Pass-Through Revenue	4,886,641.03
Other Contracts and Grants-Pledged	988,485.68
Other Operating Revenue	5,413,667.11
Total Operating Revenues	**110,518,910.04**
OPERATING EXPENSES	
Salaries and Wages	96,630,395.27
Payroll Related Costs	47,867,984.70
Professional Fees and Services	17,286,454.95
Travel	2,321,286.87
Materials and Supplies	11,927,919.76
Communication and Utilities	5,924,249.05
Repairs and Maintenance	7,490,882.79
Rental and Leases	1,570,224.14
Printing and Reproduction	500,781.19
Federal Pass-Through Expense	641,386.52
Bad Debt Expense	400,000.00
Scholarships	19,111,464.02
Other Operating Expenses	9,526,484.18
Depreciation and Amortization	22,732,129.75
Total Operating Expenses	**243,931,643.19**
Operating Income (Loss)	**$ (133,412,733.15)**

See Notes to Financial Statements.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended August 31, 2020

	2020
NON-OPERATING REVENUES (EXPENSES)	
Legislative Revenue	$ 51,561,004.00
Additional Appropriation	10,624,882.07
Gifts	1,091,128.71
Federal Revenue Nonoperating	30,356,097.13
Interest Income	2,966,631.30
Investing Activities Expenses	(380,995.91)
Interest Expense and Fiscal Charges	(6,159,499.82)
Net Increase (Decrease) Fair Value	8,453,261.87
Other Nonoperating Revenue/(Expense)	639,487.06
Total Non-Operating Revenues(Expenses)	**99,151,996.41**
Income (Loss) Before other Revenues, Expenses, Gains/Losses and Transfers	**(34,260,736.74)**
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS	
Capital Appropriations (HEAF)	11,659,843.00
Additions to Permanent and Term Endowments	368,893.20
Lapses	(670,247.02)
Transfer-In	16,225,811.68
Transfer-Out	(16,069,301.54)
Total Other Revenues, Expenses, Gain/Losses and Transfers	**11,514,999.32**
Change in Net Position	**(22,745,737.42)**
Beginning Net Position	**200,915,376.63**
Ending Net Position	**$ 178,169,639.21**

See Notes to Financial Statements.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

STATEMENT OF CASH FLOWS

For the Year Ended August 31, 2020

Cash Flows from Operating Activities		**2020**
Proceeds from tuition and fees	$	51,086,171.82
Proceeds from research grants and contracts		20,489,195.87
Proceeds from state grants and contracts		5,985,720.10
Proceeds from auxiliary enterprises		14,800,370.60
Proceeds from other revenues		319,978.75
Payments to suppliers for goods and services		(49,833,808.90)
Payments to employees for salaries and wages		(92,849,157.69)
Payments for employee related costs		(26,421,678.21)
Payments for other expenses		(29,787,214.12)
Net Cash Provided (Used) by Operating Activities		(106,210,421.78)
Cash Flows from Noncapital Financing Activities		
Proceeds from state appropriations		63,054,833.71
Proceeds from gifts		1,460,021.91
Proceeds from other noncapital and related financing activities		437,836.62
Proceeds from grants receipts		30,765,573.31
Net Cash Provided (Used) by Noncapital Financing Activities		95,718,265.55
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital appropriations		11,659,843.00
Payments for additions to capital assets		(14,965,356.65)
Payments of principal on debt issuance		(14,117,896.25)
Payments of interest on debt issuance		(6,292,563.15)
Net Cash Provided (Used) by Capital and Related Financing Activities		(23,715,973.05)
Cash Flows from Investing Activities		
Proceeds from sale of investments		35,033,302.00
Proceeds from interest and investment income		1,660,919.01
Payments to Acquire Investment		(26,861,891.00)
Net Cash Provided (Used) by Investing Activities		9,832,330.01
Net Increase (Decrease) in Cash and Cash Equivalents		(24,375,799.27)
Beginning cash and cash equivalents		98,893,953.30
Ending Cash and Cash Equivalents	$	74,518,154.03
Unrestricted cash and cash equivalents		53,031,854.57
Restricted cash and cash equivalents		21,486,299.46
Ending Cash and Cash Equivalents	$	74,518,154.03

See Notes to Financial Statements.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

STATEMENT OF CASH FLOWS (Continued)

For the Year Ended August 31, 2020

Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities	**2020**
Operating (loss)	$ (133,412,733.15)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation and amortization	22,732,129.75
Bad Debt Expense	400,000.00
Pension Expense	6,850,209.00
OPEB Expense	17,492,040.00
Operating (Loss) and Cash Flow Categories	
Changes in Operating Assets and Liabilities:	
Accounts receivable, net	3,647,198.19
Federal receivable	(579,916.83)
Inventories	(107,688.38)
Prepaid expenses	1,465,081.59
Other assets	(6,492,946.81)
Deferred outflows of resources-Pension	2,918,231.00
Deferred outflows of resources-OPEB	4,846,643.00
Deferred outflows of resources-ARO and Other	162,104.37
Accounts payable	(2,662,731.00)
Salaries payable	3,598,780.19
Unearned revenue	(15,254,244.61)
Compensated absences liability	182,457.39
Defined benefit pensions	(2,602,782.00)
Defined benefit OPEB	17,290,578.00
Deferred inflows of resources-Pension	3,592,556.00
Deferred inflows of resources-OPEB	(4,648,710)
Due to state	49,790.49
Escheat payable	(41,590.77)
Student refunds payable	842,437.16
Other current liabilities	(2,135,065.36)
Net Cash (Used) by Operating Activities	$ (106,210,421.78)

See Notes to Financial Statements.

Non-Cash Transactions Net Change in Fair Value of Investments	$ 8,453,261.87

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Texas Southern University (TSU), reported as a business-type activity in the State of Texas' Comprehensive Annual Financial Report, have been prepared in conformity with generally accepted accounting principles (GAAP) for local governmental units and with State statutes. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

TSU's annual financial report is prepared to satisfy both the requirements of GAAP and the Texas Comptroller of Public Accounts' (the "Comptroller") requirements as specified in the Comptroller's *Reporting Requirements for Annual Financial Reports of State Agencies and Universities.* The Comptroller specifies, among other items, account captions, note organization, and does not allow the rounding of financial statement amounts to whole dollars.

The most significant accounting and reporting policies of TSU are described in the following notes to the financial statements:

A. Reporting Entity

TSU is an agency of the State of Texas (the "State"). No component units have been identified which should be presented within TSU's report.

B. General Background

TSU serves the State by providing education, research, and extension work in the fields of the arts, business, education, law, pharmacy, public affairs, science, and technology. TSU is located within the heart of Houston, Texas. It is home to an increasing diverse population of students with more than 80 undergraduate, graduate and professional degree programs.

C. Financial Statement Presentation

In fiscal year 2020, TSU included reporting consideration for COVID-19 pandemic response, Congress passed:

- Coronavirus Aid, Relief, and Economic Security (CARES) Act
- CARES Act for the Higher Education Emergency Relief Fund (HEERF), which provides budgetary relief to higher education instructions through numerous provisions.

The Act provides economic grants to offset some additional expenses and forgone revenue as a result response to COVID-19.

These financial statements include implementation of (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities an Amendment of GASB Statement No. 34.* Requirements of the statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of TSU's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of TSU's activities.

Statement No. 35 established standards for external financial reporting for all public colleges and universities, which includes a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted.

These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws, regulations of other governments or constraints imposed by law through constitutional legislation.

- **Unrestricted** - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

D. Measurement Focus and Basis of Accounting

For financial reporting purposes, TSU is considered a special-purpose government engaged only in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, TSU's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

E. Budgets and Budgetary Accounting

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriation Act). Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

1. Cash and Cash Equivalents

TSU's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Balance in Legislative Appropriations

This item represents the balance of general revenue funds at August 31, 2020 as calculated in the Texas Comptroller's General Revenue Reconciliation.

3. Current Receivables – Other

Other receivables include year-end accruals. Accounts receivables are shown net of an allowance for uncollectible accounts.

4. Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements, including those related to sponsored programs, donors, bond covenants, and loan agreements.

5. Investments

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, TSU reports all investments at fair value. Changes in unrealized gain (loss) on the carrying value of the investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

6. Inventories and Prepaid Costs

Inventories are valued at cost, utilizing the first-in and first-out method. The consumption method of accounting is used, meaning these items are expensed when the items are consumed. Certain payments to vendors made in advance of the scheduled due date have been recorded as prepaid costs.

7. Capital Assets

Capital assets are defined by the State as follows:

Class of Asset	Threshold
Land and Land Improvements	Capitalize all
Buildings and Building Improvements	$100,000
Facilities and Other Improvements	$100,000
Infrastructure-Depreciable	$500,000
Infrastructure-Non-Depreciable	Capitalize all
Furniture and Equipment/Vehicles	$5,000
Library Books (collections)	Capitalize all
Works of Art/Historical Treasures	Capitalize all
Leasehold Improvements	$100,000
Internally Generated Computer Software	$1,000,000
Other Computer Software	$100,000
Land Use Rights – Permanent	Capitalize all
Land Use Right – Term	$100,000
Other Intangible Capital Assets	$100,000
Construction in Progress	Capitalize all

These assets are capitalized at cost. Donated capital assets, donated works of art, historical treasures and similar items acquired subsequent to fiscal year 2015, are recorded at acquisition value at the date of donation (marketplace value). Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is reported on all exhaustive assets. Inexhaustible assets such as land, works of art and historical treasures are not depreciated.

Assets are depreciated or amortized over the estimated useful life of the asset using the straight-line method over the following estimated useful years:

Asset Description	Estimated Useful Life
Buildings and improvements	15 to 50 years
Facilities and Other Improvements	22 years
Furniture and equipment	3 to 10 years
Infrastructure	30 to 50 years
Computer software	5 to 6 years
Library Books	15 years
Land use rights	10 years
Capital leases	5 years

8. Accounts Payable

Accounts payable represents the liability for the value of assets or services received at the statement of net position date for which payment is pending.

9. Compensated Absences

Employees' compensable leave balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net position. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid.

10. Bonds Payable – Revenue Bonds

Revenue bonds are reported as short-term liabilities (current for amounts due within one year) and long-term liabilities (noncurrent for amounts due thereafter in the statement of net position). The bonds are reported at par, net of unamortized premiums, discounts, if applicable.

12. Net Position, Deferred Outflows/Inflows of Resources

Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources.

Deferred outflows of resources is a consumption of an entity's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the entity that is applicable to a future reporting period.

The University has three items that qualify for reporting in this category:

• Deferred outflows of resources for pension – Reported in the statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

• Deferred outflows of resources for post-employment benefits – Reported in the statement of net position, this deferred outflow results from OPEB plan contribution made after the measurement date of the net OPEB liability and the results of 1) differences between projected and actual earnings on OPEB plan investments and 2) changes in the University's proportional share of OPEB liabilities. The deferred outflows of resources related to post-employment benefits resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five year period. The remaining deferred outflows will be amortized over the expected remaining service lives of the employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

• Deferred outflows of resources for asset retirement obligations – Reported in the statement of net position, this deferred outflow results from laws and regulations requiring specific action to retire certain tangible capital assets, such as decommissioning radioactive equipment at end of the useful life. The statement establishes a criteria for recognition of a liability and deferred outflows of resources.

A deferred inflow of resources is an acquisition of an entity's net position (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the entity that is applicable to a future reporting period. The University has two items that qualify for reporting in this category:

• Deferred inflows of resources for pension – Reported in the statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the proportional share of pension liabilities. These pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

• Deferred inflows of resources for post-employment benefits – Reported in the statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These post-employment related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

13. Other Post-Employment Benefits (OPEB)

The University participates in the Employees Retirement System of Texas (ERS) State Retiree Health Plan (SRHP). The fiduciary net position of the ERS has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits; OPEB expense; and information about assets, liabilities and additions to/deductions from SRHP's fiduciary net position. Benefit payments are recognized when due and are payable in accordance with the benefit terms.

14. Pensions

The University participates in the Teacher Retirement System of Texas (TRS) pension plan, a multiple employer cost-sharing-defined benefit pension plan with a special funding situation. The fiduciary net position of TRS has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

G. Estimates

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

H. Operating versus Non-operating Revenues

TSU categorizes revenues as operating versus non-operating following the Comptroller's guidelines. Generally, all revenues are considered operating revenue unless they are non-exchange transactions, such as State appropriations, gifts, or investment related earnings. In addition, Title IV funds are reported as Non-operating revenues.

I. Restricted versus Unrestricted Resources

Expenses incurred by TSU for items that could be applied to restricted or unrestricted sources are first applied to unrestricted sources, unless such items were specifically budgeted for use from a restricted source.

J. Economic Dependency

TSU relies extensively on State appropriations as well as resources from grantor agencies to support its operations.

NOTE 2: CAPITAL ASSETS

During fiscal year 2020, TSU collected $5,646,920.52 in insurance recoveries that are reported in the financial statements as other nonoperating revenue/expenses. A summary of changes in capital assets for the year ended August 31, 2020 is as follows:

	Balance 9/1/2019	Reclassify Completed CIP	Additions	Deletions	Balance 8/31/2020
Non-depreciable or Non-amortizable Assets					
Land and Land Improvements	$ 17,355,199.60	$ -	$ 314,262.97	$ -	$ 17,669,462.57
Construction in Progress	-	-	1,359,682.09	-	1,359,682.09
Other Tangible Capital Assets	2,829,312.50	-	-	-	2,829,312.50
Total Non-depreciable/amortizable	20,184,512.10	-	1,673,945.06	-	21,858,457.16
Depreciable Assets					
Buildings and Building Improvements	515,908,147.72	-	9,418,542.55	-	525,326,690.27
Infrastructure	7,096,483.95	-	-	-	7,096,483.95
Facilities and Other Improvements	16,951,074.87	-	19,785.00	-	16,970,859.87
Furniture and Equipment	33,758,111.06	-	758,016.72	(137,504.54)	34,378,623.24
Vehicle, Boats and Aircraft	2,680,307.72	-	684,527.10	(151,755.00)	3,213,079.82
Other Capital Assets	31,980,447.96	-	2,410,540.22	(727,003.21)	33,663,984.97
Total Depreciable Assets	608,374,573.28	-	13,291,411.59	(1,016,262.75)	620,649,722.12
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(269,463,393.22)	-	(17,508,417.90)	-	(286,971,811.12)
Infrastructure	(3,919,132.80)	-	(417,970.20)	-	(4,337,103.00)
Facilities and Other Improvements	(12,783,533.40)	-	(346,486.44)	-	(13,130,019.84)
Furniture and Equipment	(27,030,599.69)	-	(1,964,076.94)	137,504.54	(28,857,172.09)
Vehicle, Boats, and Aircraft	(1,806,061.58)	-	(247,312.86)	151,755.00	(1,901,619.44)
Other Capital Assets	(14,199,159.38)	-	(2,198,936.85)	727,003.21	(15,671,093.02)
Total Accumulated Depreciation	(329,201,880.07)	-	(22,683,201.19)	1,016,262.75	(350,868,818.51)
Depreciable Assets, Net	279,172,693.21	-	(9,391,789.60)	-	269,780,903.61
Intangible Capital Assets- Amortizable					
Computer Software - Intangible	724,547.08	-	-	(10,000.00)	714,547.08
Total Intangible Capital Assets	724,547.08	-	-	(10,000.00)	714,547.08
Less Accumulated Amortization for:					
Computer Software - Intangible	(585,916.26)	-	(48,928.56)	10,000.00	(624,844.82)
Total Accumulated Amortization	(585,916.26)	-	(48,928.56)	10,000.00	(624,844.82)
Intangible Capital Assets	138,630.82	-	(48,928.56)	-	89,702.26
Business Activities Capital Assets, Net	$ 299,495,836.13	$ -	$ (7,766,773.10)	$ -	$ 291,729,063.03

Construction commitments outstanding at year end were as follows:

Bldg No.	Project Description/ Project Manager	Overall Project Budget	Total Spent To Date	Remaining Balance
201	Library\Learning Center Café	$ 600,000.00	$ 21,945.00	$ 578,055.00
	Thermal Plant and Tunnel	5,198,000.00	948,738.92	4,249,261.08
	Vivarium Renovation	1,375,056.00	388,998.17	986,057.83
		$ 7,173,056.00	$ 1,359,682.09	$ 5,813,373.91

NOTE 3: DEPOSITS AND INVESTMENTS

A. Cash in Bank-Carrying Amount

As of August 31, 2020, the carrying amount of cash is:

Carrying Amount-Cash in Bank	Amount
Cash in Bank- Carrying Amount	$ 35,999,322.92
Less: Nonnegotiable CD's included in Carrying Amount	-
Less: Uninvested Collateral Included in Carrying Amount	-
Total Cash In Bank	$ 35,999,322.92
Current Assets Restricted Cash in Bank	-
Cash in Bank Per AFR	$ 35,999,322.92

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, TSU will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The bank balances that were exposed to custodial credit risks are as follows:

Fund Type	Uninsured and uncollateralized	Uninsured and collateralized with securities held by the pledging financial institution	Uninsured and collateralized with securities held by the pledging financial institution's trust department but not in the state's name
5	$0.00	$35,999,322.92	$0.00

B. Investments

TSU has adopted written investment policies regarding the investment of its endowment and non-endowed funds. All investments shall be made in accordance with applicable laws, the investment policies, and resolutions of the Board of Regents. In summary, TSU is authorized to invest in the following:

Direct obligations of the U.S. Government or its agencies and instrumentalities
Obligations of this State, or its agencies or its instrumentalities
Fully collateralized certificates of deposit
Fully collateralized repurchase agreements or reverse repurchase agreements
Bankers' acceptance notes
Commercial paper

Mutual funds
Investment pools
Cash management and fixed income funds exempt from federal income taxation
Negotiable certificates of deposit
Corporate bonds rated in one of the two highest categories
Common or convertible preferred stock
Foreign government bonds
Foreign corporate bonds

As of August 31, 2020, TSU had the following investments:

Investment Type	Fair Value
U.S. Government Agency Obligations	$ 4,493,769.26
U.S. Treasury Securities	3,125,133.33
Equity	48,894,017.55
Taxable Municipal Issues	402,276.35
Corportate Obligations	7,880,889.22
International Equity	2,226,732.32
TexSTAR Investment Pool	1,371,101.26
Fixed Income Money Market Funds	25,034,592.39
Total Fair Value	$ 93,428,511.68

Credit risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. TSU's investment policy limits investments in obligations of states, agencies, counties, cities, and other political subdivisions of any investments rated greater than A or its equivalent. Corporate bonds, debentures, or similar debt instruments must be rated by a nationally recognized investment rating firm in one of the two highest long-term rating categories, without regard to gradation within those categories.

The following table presents each applicable investment type grouped by rating as of August 31, 2020:

Investment Ratings

Investment Type	AAA	AA	AA+	AA-	A
U.S. Treasury Securities	$ 3,125,133.33	$ -	$ -	$ -	$ -
Corporate Obligations	$ 1,137,845.29	$ 40,174.80	$ 190,808.51	$ -	$ 706,488.08

Investment Ratings

Investment Type	A+	A-	BBB	BBB+	BBB-
Corporate Obligations	$ 498,090.51	$ 1,793,856.76	$ 1,875,171.47	$ 1,546,268.47	$ 92,185.33

Unrated

Investment Type	
U.S. Government Agency Obligations	$ 4,493,769.26
Equity	$ 48,894,017.55
International Equity	$ 2,226,732.32
Fixed Income Money Market Funds	$ 25,034,592.39
Taxable Municipal Issues	$ 402,276.35

Concentration of credit risk – investments. TSU's investment policy contains diversification as an investment risk but does not contain any limitation on a dollar amount that may be invested in a specific maturity, issuer, or class of investment for its non-endowment funds and endowment funds.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, TSU will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. TSU's investment policy requires safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in TSU's safekeeping account prior to the release of funds. The investments of $93,428,511.68 are exposed to Uninsured and Unregistered Fair Value, Securities Held by Counterparty Custodial Credit Risk.

Investment Pool: The university is a voluntary participant in the external investment pool with fair value measured as follows:

Investment Pool	Measurement	Credit Risk
TexSTAR	Net Asset Value	AAAm

Interest rate risk-investments. For an investment, this is the risk that changes in interest rates will adversely affect the fair value of an investment.

The following table demonstrates TSU's interest rate risk.

Investment Type	Fair Value	Less Than 1	1 to 5	6 to 10	More than 10
Agency Discount Securities	$ 2,674,681.80	$ 2,674,681.80	$ -	$ -	$ -
Agencies	1,819,087.46	-	15,165.00	116,652.45	1,687,270.01
Treasuries	3,125,133.33	456,965.12	1,276,576.46	115,660.46	1,275,931.29
Taxable Municipal Issues	402,276.35	-	60,155.15	209,230.20	132,891.00
Corporate Obligations	7,880,889.22	447,361.99	3,025,156.04	1,500,475.45	2,907,895.74
International Corporate Obligations	508,882.60	-	261,657.60	247,225.00	-
Money Market Funds	25,034,592.39	25,034,592.39	-	-	-
Total	$ 41,445,543.15	$ 28,613,601.30	$ 4,638,710.25	$ 2,189,243.56	$ 6,003,988.04

Fair value measurement – investments. GASB 72 addresses accounting and reporting issues related to fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants at measurement date. GASB 72 establishes a Fair Value Hierarchy that includes three levels of input based on reliability and objectivity of the information:

Level 1 — inputs are quoted prices (unadjusted) in active markets for assets or liabilities identical to the ones being measured. Level 1 inputs receive the highest priority.

Level 2 — inputs are observable for similar assets or liabilities, either directly (quoted market prices for similar assets or liabilities) or indirectly (corroborated from observable market information).

Level 3 — inputs are unobservable (for example: management's assumption of the default rate among underlying mortgages of a mortgage-backed security). Level 3 inputs receive the lowest priority.

Fair Value Hierarchy for TSU's investments as of August 31, 2020 is as follows:

	Fair Value Hierarchy				
Investments	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Net Asset Value	Fair Value
U. S. Government					
U. S. Government Agency Obligations	$ -	$ 4,493,769.26	$ -	$ -	$ 4,493,769.26
U. S. Treasury Securities	3,125,133.33	-	-	-	3,125,133.33
Equity	48,894,017.55	-	-	-	48,894,017.55
Corporate Obligations	-	7,880,889.22	-	-	7,880,889.22
Taxable Municipal Issues	-	402,276.35	-	-	402,276.35
International Equity	-	1,717,849.72	-	-	1,717,849.72
International Corporate Obligations	-	508,882.60	-	-	508,882.60
TexSTAR Investment Pool	-	-	-	1,371,101.26	1,371,101.26
Fixed Income Money Market Funds	25,034,592.39	-	-	-	25,034,592.39
Total Investments	$ 77,053,743.27	$ 15,003,667.15	$ -	$ 1,371,101.26	$ 93,428,511.68

NOTE 5: SUMMARY OF LONG-TERM LIABILITIES

During the year ended August 31, 2020, the following changes occurred in the long-term liabilities:

Long-Term Liabilities	Balance 9/1/2019	Additions	Reductions	Balance 8/31/2020		Amounts Due Within One Year	Amounts Due Thereafter
Revenue Bonds Payable:							
Series 2011	$ 20,495,000.00	$ -	$ 1,365,000.00	$ 19,130,000.00		$ 1,440,000.00	$ 17,690,000.00
Series 2013	21,680,000.00	-	5,675,000.00	16,005,000.00		5,965,000.00	10,040,000.00
Series 2016	49,185,000.00	-	1,965,000.00	47,220,000.00		2,045,000.00	45,175,000.00
Premiums & discounts	6,599,258.05	-	912,540.72	5,686,717.33		834,136.67	4,852,580.66
Total revenue bonds	97,959,258.05	-	9,917,540.72	88,041,717.33	*	10,284,136.67	77,757,580.66
Notes Payable:							
Capital Lease Obligations	243,839.17	-	125,757.12	118,082.05		116,792.59	1,289.46
HBCU 2011-4 (Direct Borrowing)	47,359,136.22	-	2,469,845.88	44,889,290.34		2,525,179.55	42,364,110.79
HBCU 2012-10 (Direct Borrowing)	44,500,611.63	-	2,517,293.25	41,983,318.38		2,572,414.63	39,410,903.75
Total notes payable	92,103,587.02	-	5,112,896.25	86,990,690.77	*	5,214,386.77	81,776,304.00
Other Liabilities:							
Asset Retirement Obligations	295,566.99	-	162,104.37	133,462.62		-	133,462.62
Employees' Compensated Leave	6,116,318.23	236,622.30	54,164.91	6,298,775.62		2,956,682.50	3,342,093.12
Total other liabilities	6,411,885.22	236,622.30	216,269.28	6,432,238.24		2,956,682.50	3,475,555.74
Total	$ 196,474,730.29	$236,622.30	$15,246,706.25	$181,464,646.34		$18,455,205.94	$163,009,440.40
Long-term Debt Due in More Than One Year				$163,009,440.40			
*Debt associated with capital assets				$175,032,408.10			

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending Aug. 31	Revenue Bonds Principal	Revenue Bonds Interest
2021	$ 9,450,000.00	$ 3,821,018.76
2022	9,940,000.00	3,331,768.76
2023	6,770,000.00	2,922,143.76
2024	4,930,000.00	2,637,493.76
2025	4,295,000.00	2,397,612.50
2025-2029	25,425,000.00	8,021,762.50
2030-2034	17,650,000.00	2,418,800.00
2035-2039	3,895,000.00	116,850.00
Total	$ 82,355,000.00	$ 25,667,450.04

Interest expense incurred on revenue bonds for the year ended August 31, 2020 totaled $4,118,747.89.

A. Notes and Loans Payable – Direct Borrowing

1. Student Housing-University Towers

On September 27, 2012, pursuant to the Board resolution made on July 6, 2012, TSU secured financing to construct new student housing, consisting of 800 beds, to be located on the eastside of the campus at Wheeler and Sampson streets. The financing of this project is through the U.S. Department of Education's Historically Black Colleges and Universities loan program initiative. The amount of the loan is not to exceed $55,000,000.00. The total amount of proceeds advanced under this loan is $53,588,626.43. Pursuant to the terms of the loan agreement, the last day to advance funds was March 1, 2016. The building was placed into service during August 2016. Interest expense was capitalized through July 31, 2016. The interest rate will be fixed for each advance equal to U.S. Treasury yields prevailing at the dates at each advance plus 22.5 basis points (.225%). Scheduled payment dates are May 1st and November 1st of each year. The first principal payment date is November 2, 2016 and the maturity date is May 1, 2034. The debt service is secured by Housing rental revenues. Estimated loan debt requirements are as follows:

Year Ending August 31,	Principal	Interest	Total Estimated Annual Amounts
2021	$ 2,572,414.63	$ 948,569.39	$ 3,520,984.02
2022	2,639,111.42	881,872.60	3,520,984.02
2023	2,699,279.67	821,704.35	3,520,984.02
2024	2,756,751.34	764,232.68	3,520,984.02
2025	2,821,973.71	699,010.31	3,520,984.02
2026-2030	15,108,900.22	2,496,019.88	17,604,920.10
2031-2034	13,384,887.39	699,048.10	14,083,935.49
	$ 41,983,318.38	$ 7,310,457.31	$ 49,293,775.69

Interest incurred for the year ended August 31, 20 totaled $964,330.78

Events of default in the loan include: failure to make payments when due, failure to perform other terms or conditions, failure to make payments in the amount of $100,000 or more, abandonment of the project for more than 30 days, or failure to substantially complete the project.

The loan agreement may be terminated and any loan funds which have been provided until the event of default as well as the accrued interest from the date the funds were received will be immediately due and payable to the lender.

2. Parking Garage

On September 26, 2011, pursuant to the Board resolution made in June 2011, TSU acquired the East and West parking garages from the Central Houston Parking, L.L.C. The acquisition was financed through U.S Department of Education's Historical Black Colleges and Universities loan program initiative. The loan amount was $64,180,000.00. Existing debt service funds and reserves held by the trustees in Bank of New York Trust Company, NA., were also applied in the satisfaction of the purchase agreement and terms. Consequently, Central Houston Parking has since relinquished all beneficial interests, rights and title of the properties. The cost of the purchase was $33,307,026.59. The debt service is secured by parking revenues.

3. Student Housing - Tierwester Oaks and Richfield Manor Apartments

On September 26, 2011, pursuant to the Board resolution made in June 2011, TSU acquired the Tierwester Oaks and Richfield Manor Apartments from the Houston Student Housing II, L.L.C. The acquisition was financed through U.S Department of Education's Historical Black Colleges and Universities loan program initiative. The loan amount was $64,180,000.00.

Existing debt service funds and reserves held by the trustees in Bank of New York Trust Company, NA., were also applied in the satisfaction of the purchase agreement and terms. Consequently, Houston Student Housing II has since relinquished all beneficial interests, rights and title of the properties. The cost of the purchase was $21,442,969.78. The debt service is be secured by housing rental revenues.

4. Student Housing – The University Courtyard Apartments

On September 26, 2011, pursuant to the Board resolution made in June 2011, TSU acquired the University Courtyard apartments from the Houston Student Housing, L.L.C. The acquisition was financed through U.S Department of Education's Historical Black Colleges and Universities loan program initiative. The loan amount was $64,180,000.00.

Existing debt service funds and reserves held by the trustees in Bank of New York Trust Company, NA., were also applied in the satisfaction of the purchase agreement and terms. Consequently, Houston Student Housing has since relinquished all beneficial interests, rights and title of the properties. The cost of the purchase was $9,817,505.80. The debt service is be secured by housing rental revenues. Estimated loan debt requirements are as follows:

Year Ending August 31,	Principal	Interest	Total Estimated Annual amount
2021	$ 2,525,179.55	$ 1,040,678.41	$ 3,565,857.96
2022	2,593,126.38	972,731.58	3,565,857.96
2023	2,653,825.95	912,032.01	3,565,857.96
2024	2,711,366.64	854,491.32	3,565,857.96
2025	2,777,420.24	788,437.72	3,565,857.96
2026-2030	14,895,851.43	2,933,438.37	17,829,289.80
2031-2035	16,732,520.15	1,096,769.40	17,829,289.55
	$ 44,889,290.34	$ 8,598,578.81	$ 53,487,869.15

Interest expense incurred for the year ended August 31, 2020 totaled $1,055,882.99

Events of default in the loan include: failure to make payments when due, failure to perform other terms or conditions, failure to make payments in the amount of $100,000 or more, abandonment of the project for more than 30 days, or failure to substantially complete the project.

The loan agreement may be terminated and any loan funds which have been provided up until the event of default as well as the accrued interest from the date the funds were received will be immediately due and payable to the lender.

B. Compensated Absences

A State employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months. An expense and liability are recorded as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. This obligation is usually paid from the same funding source from which the employee's salary or wage compensation was paid.

C. Asset Retirement Obligations

TSU purchased radiation equipment with retirement obligations. TSU must estimate the new obligation amount using probability weighting and record the initial measurement as a deferred outflow of resources ARO and a noncurrent ARO. TSU must assess any relevant factors annually to determine if a significant change in current value has occurred, if so, record the change in ARO deferred outflow of resources and noncurrent ARO. When the radiation equipment reaches the end of their useful life, the value of the ARO is moved to current ARO. Current ARO is then reduced by the amount of actual expenditures to retire the asset, with an offset to deferred outflows of resources.

NOTE 6: BONDED INDEBTEDNESS

Revenue Bonds, Series 2011

Purpose	To construct the new Leonard Spearman Technology Building
Amount of Issue	$31,500,000; all authorized have been issued
Issue Date	11-01-2010
Type of Bond	Revenue Bond - Self Supporting
Reporting	Business-type Activities
Source of Revenue	Pledged Revenues
Change in Debt	None

Revenue Bonds, Series 2013

Purpose	On August 28, 2013 TSU defeased $64,485,000 of outstanding revenue bonds. The transaction refunded bonds 1998A-1, 1998A-2, 1998B, 2002 and 2003 series.
Amount of Issue	$62,355,000; all authorized have been issued
Issue Date	08-28-2013
Type of Bond	Revenue Bond - Self Supporting
Reporting	Business-type Activities
Source of Revenue	Pledged Revenues
Change in Debt	None

Revenue Bonds, Series 2016

Purpose	On June 23, 2016, TSU Board of Regents authorized the issuance of revenue financing system bonds for the purpose of constructing a library/learning center
Amount of Issue	$55,490,000; all authorized have been issued
Issue Date	09-15-2016
Type of Bond	Revenue Bond - Self Supporting
Reporting	Business-type Activities
Source of Revenue	Pledged Revenues
Change in Debt	None

NOTE 8: LEASES

Operating Leases

Included in the expenses reported in the financial statements are the following amounts of rent paid or due under operating lease obligations.

Fund Type	Amount
General Fund	$1,100,826.88

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

Year Ending August 31,	Minimum Lease Payments
2021	$ 746,434.84
2022	-
2023	-
2024	-
2025	-
Total	$ 746,434.84

Capital Leases

TSU entered into an agreement with Texas Public Finance (TPFA) Authority to purchase capital equipment for $420,226.00 in fiscal year 2016.

Agencies that enter into a contractual agreement with TPFA to finance capital projects are required to record the asset acquired and the related depreciation. TPFA records the related liability and interest. The decision to record the asset and related liability separately, in two different agencies, is based on the fact the CAFR combines all agencies and thus matches the assets and related liabilities on the statewide basis. Each agency must enter the annual capital outlay transfer in/out in USAS.

TSU entered into long-term lease for financing the purchase of capital vehicles. Such leases are classified as capital leases for accounting purposes and are recorded at present value of the future minimum lease payment at the inception of the lease.

A summary of original capitalized costs of all such property under lease in addition to the accumulated depreciation as of August 31, 2020, is presented below.

Assets Under Capital Leases
August 31, 2020

	Business-Type Activities		
Type	**Assets under Capital Lease**	**Accumulated Depreciation**	**Total**
Vehicles	$378,794.51	$ (112,558.47)	$ 266,236.04
Total	$378,794.51	$ (112,558.47)	$ 266,236.04

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

Future Capital Lease Payments
August 31, 2020

	Business-Type Activities		
Year	**Principal**	**Interest**	**Total Future Minimum Lease**
2021	$ 116,792.59	$ 1,254.28	$ 118,046.87
2022	1,289.46	2.73	1,292.19
2023	-	-	-
2024	-	-	-
2025	-	-	-
Total	$ 118,082.05	$ 1,257.01	$ 119,339.06

NOTE 9: EMPLOYEE RETIREMENT PLANS

A. Teacher Retirement System (TRS)

All TSU personnel employed in a position on a half time or greater basis for at four and a half months or more are eligible for membership in TRS. Members with at least five years of service at age 65 or any combination of age plus years of service which equals 80, have a vested right to retirement benefits. Additionally, reduced benefits are available at age 55 with at least five years of service or at any age below 50 with 30 years of service. Members are fully vested after five years of service and are entitled to any benefits for which the eligibility requirements have been met.

TRS contribution rates for both employers and employees are not actuarially determined but are legally established by the State Legislature. Contributions by employees are 7.7 percent of gross earnings. Depending upon the source of funding for the employee's compensation, the State or TSU contributes a percentage of participant salaries totaling 7.5 percent of annual compensation. TSU's contributions to TRS for the year ended August 31, 2020 were $2,492,675.00, which equaled the amount of the required contributions for the year.

Each of TRS's component government agencies accounts for its share of the pension fund based on its proportionate share of the State of Texas TRS Pension Fund. Disclosures regarding TSU's proportionate share as well as the underlying actuarial assumptions and conclusions are discussed in a separate note.

Optional Retirement Program (ORP)

The State of Texas has also established an Optional Retirement Program ("ORP") for institutions of higher education. Participation in the ORP is in lieu of participation in TRS. The ORP provides for the purchase of annuity contracts and mutual funds. Participants are vested in the employer contributions after one year and one day of service. The contributory percentages of participant salaries currently provided by the State of Texas and each participant are 6.60 percent and 6.65 percent, respectively. Depending upon the source of funding for the employee's compensation, TSU may be required to make the employer contributions in lieu of the State. Additionally, the State or TSU must make additional contributions above six percent depending upon the employee's date of hire. Since these are individual annuity contracts, the State and TSU have no additional or unfunded liability for this program.

Employee Retirement Plans	Aug. 31, 2020
Employee Contribution	$ 2,310,619.56
Employer Contribution	2,570,327.85
	$ 4,880,947.41

NOTE 9A: TRS PENSION FUND - TSU's PROPORTIONATE SHARE

The State of Texas has three retirement systems in its financial reporting entity – Employees Retirement System (ERS), Teacher Retirement System (TRS), and Texas Emergency Services Retirement System (TESRS). These three retirement systems administer the following six defined benefit pension plans:

- ERS – the Employees Retirement System of Texas Plan (ERS), the Law Enforcement and Custodial Officer Supplemental Retirement Plan (LECOS), the Judicial Retirement System of Texas Plan One (JRS 1) and Judicial Retirement System of Texas Plan Two (JRS2).
- TRS – the Teacher Retirement System of Texas (TRS) plan
- TESRS – the Texas Emergency Services Retirement System (TESRS) plan.

ERS, LECOS, JRS2, TRS, and TESRS plans are administered through trust; JRS1 plan is on a pay-as-you-go basis.

TRS 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. 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).

Audited Comprehensive Annual Financial Report (CAFR) for Teacher Retirement System may be obtained from their website at www.trs.state.tx.us and searching for financial reports:

During the measurement period of 2019 for fiscal 2020 reporting, the amount of TSU's contributions recognized by the plan was $2,500,240.00. The contribution rates are based on a percentage of the monthly gross compensation for each member. The contribution requirements 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	7.7%

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, 2019 measurement date.

Actuarial Methods and Assumptions*

	TRS Plan
Actuarial Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	7.25%
Investment Rate of Return	7.25%
Long-term Expected Rate of Return	7.25%
Municipal Bond Rate of Return as of August 2019	2.63%**
Inflation	2.30%
Salary Increase	3.05% to 9.05% including inflation
Mortality	
Active	90% of the RP 2014 Employee Mortality Tables for males and females with full generational mortality.
Post-Retirement	2018 TRS Healthy Pensioner Mortality Tables with full generation projection using Scale U-MP.
Ad Hoc Post-Employment Benefit Changes	None

Notes:

*The assumptions used to determine the ADC are those in effect for the August 31, 2018 actuarial valuation. Due to the lag between valuation data and the measurement date, they may not be the same assumptions used to measure the Net Pension Liability.

**Source for the rate is Fixed Income Market Date/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

The actuarial assumptions used in valuation were primarily based on the result of an actuarial experience study for the three-year period ending August 31, 2017 and adopted July 2018. The mortality rates were based on 90% of the RP 2014 employee Mortality Tables for males and females. The Post-retirement mortality rates were based on 2018 TRS Health Pensioner Mortality Tables.

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2018 except for a change in the following assumptions:

- the single discount rate as of August 31, 2018 was a blended rate of 6.907% changed to the long-term rate of return of 7.25% as of August 31, 2019; and,
- the enactment of Senate Bill 3 by the 2019 Legislature impacted future salaries by giving eligible active members a $2,700 increase in fiscal year 2020 in addition to the salary increases expected.

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

The discount rate of 7.25% was applied to measure the total pension liability. The discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projected cash flows into and out of the pension plan assumed that active members, employers, and non-employer contributing entity make their contributions at the statutorily required rates. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% over the next several years. This includes a factor for all employer and state contributions for active and rehired retirees. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments of current members. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments to determine the total pension liability.

The long-term expected rate of return on plan investments was developed using a building-block method in which best estimate ranges of expected future real rates of return (net of pension plan 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 arithmetic 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 Arithmetic Real Rate of Return
Global Equity		
U.S.	18.00%	6.40%
Non-U.S. Developed	13.00%	6.30%
Emerging Markets	9.00%	7.30%
Private Equity	14.00%	8.40%
Stable Value		
U.S. Treasury	16.00%	3.10%
Stable Value Hedge Funds	5.00%	4.50%
Real Return		
Real Assets	15.00%	8.50%
Energy and Natural Resources		

And Infrastructure	6.00%	7.30%
Risk Parity		
		5.80%
Risk Parity	8.00%	6.50%
Cash	2.00%	2.50%
Asset Allocation Leverage	-6.00%	2.70%
Total	100%	

Sensitivity analysis was performed on the impact of changes in the discount rate on the proportionate share of TSU's net pension liability. The result of the analysis is presented in the table below:

Sensitivity of TSU's Proportionate Share of Net Pension Liability to Changes in Discount Rate

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
$ 57,078,954	$ 37,133,090	$20,973,091

The pension plan's fiduciary net position is determined using economic resources measurement focus and the accrual basis of accounting, which is the same basis used by Teacher Retirement System. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Fair value is a market-based measurement, not an entity-specific measurement. TRS utilizes one or more of the following valuation techniques in order to measure fair value: the market approach, the cost approach, and the income approach. More detailed information on the plan's investment policy, assets, and fiduciary net position, may be obtained from TRS' fiscal 2019 Comprehensive Annual Financial Report.

At August 31, 2020, TSU reported a liability of $37,133,090 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of August 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. TSU's proportion at August 31, 2020 was .0714329688 percent which was a decrease from the .0721913500 percent measured at the prior measurement date. TSU'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, 2018 through August 31, 2019.

For the year ending August 31, 2020, TSU recognized pension expense of $6,850,209. At August 31, 2020, TSU 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	$ 155,992	$ 1,289,320
Change of assumptions	11,520,508	4,760,819
Net difference between projected and actual investment return	372,859	-
Change in proportion and contribution difference	3,753,909	1,337,299
Contribution subsequent to the measurement date	2,492,675	-
Total	$ 18,295,943	$ 7,387,438

The $2,492,675.00 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending August 31, 2020.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in the following years:

Year Ending August 31,	Amortization of deferred outflows/inflows
2021	$ 1,376,039.00
2022	1,069,391.00
2023	2,668,802.00
2024	2,643,664.00
2025	1,016,283.00
Thereafter	(358,349.00)
Total	$ 8,415,830.00

NOTE 9B: ERS OPEB Plan – TSU's PROPORTIONATE SHARE

ERS plan

Employees Retirement System is the administrator of the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer defined benefit OPEB plan with a special funding situation.

The 61 employers of SRHP include state of Texas agencies and universities, community and junior colleges, and other entities specified by the Legislature. Benefits are provided to retirees through the Texas Employees Group Benefits Program as authorized by Texas Insurance Code, Chapter 1551.

The SRHP provides postemployment health care, life and dental insurance benefits to retirees. The benefit and contribution provisions of the SRHP are authorized by state law and may be amended by the Legislature. Retirees must meet certain age and service requirements and have at least 10 years of service at retirement to participate in the plan. Surviving spouses and dependents of retirees are also covered by the plan. The plan does not provide automatic cost of living adjustments.

ERS issued a stand-alone audited Comprehensive Annual Financial Report (CAFR). The ERS CAFR may be obtained from their website at www.ere.texas.gov and searching for reports and studies.

During the measurement period of 2019 for fiscal 2020 reporting, the amount of TSU's contributions recognized by the plan was $7,067,429.82. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution.

The contribution requirements for the state and the members in the measurement period are presented in the table below:

Employer Contribution Rates
Retiree Health and Basic Life Premium

Retiree Only	$624.82
Retiree & Spouse	1,340.82
Retiree & Children	1,104.22
Retiree & Family	1,820.22

The total OPEB liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total OPEB liability as of the August 31, 2019 measurement date.

Actuarial Methods and Assumptions

	SRHP
Actuarial Valuation Date	August 31, 2019
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Discount Rate	2.97%*
Inflation	2.50%
Salary Increase	2.50% to 9.50%, including inflation
Healthcare Cost and Trend Rate	
HealthSelect	7.30% for FY 2021,7.40% for FY2022, 7.00% for FY2023, decreasing 0.50% per year to ultimate rate 4.50% for FY 2028 and later years
HealthSelect Medicare Advantage	10.80% for FY 2021, 7.40% for FY2022, 7.00% for FY2023, decreasing 0.50% per year to ultimate rate 4.50% for FY 2028 and later years
Aggregate Payroll Growth	3.00%
Retirement Age	Experience-based tables of rates that are specific to the class of employee
Mortality	
State Agency Members	
Service Retirees, Survivors and Other Inactive Members	2017 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2017
Disabled Retirees	RP-2014 Disabled Retiree Mortality with Ultimate MP Projection Scale projected from the year 2014
Active Members	RP-2014 Active Member Mortality tables with Ultimate MP Projection Scale from the year 2014
Higher Education Members	
Service Retirees, Survivors and Other Inactive Members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018
Disabled Retirees	Tables based on TRS experience with Ultimate MP Projection Scale from year

	2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active Members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014
Ad Hoc Post-Employment Benefit Changes	None

** The source of the municipal bond rate is the Bond Buyer Index of general obligations bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.*

The many actuarial assumptions used in the valuation were primarily based on the result of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period Sept. 1, 2011 to Aug. 31, 2016 for state agency members and for the period Sept. 1, 2010 to Aug. 31, 2017 for higher education members. The mortality rates were based on the tables identified in the table above titled *Actuarial Methods and Assumptions.*

The following assumptions and other inputs have been adopted since the prior valuation to reflect plan experience and trends as expected by ERS and the actuaries attesting to the results of the valuation:

a. assumed Per Capita Health Benefits Costs and assumed Health Benefit Cost, Retiree Contribution and expense trends have been updated to reflect recent experience and its effects on our short-term expectations;
b. percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence;
c. percentage of future male retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends;
d. percentage of future retirees and their spouses assumed to use tobacco have been updated to reflect plan experience and expected trends; and,
e. discount rate assumption was increased from 3.96% to 2.97% to utilize the yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

The only benefit revisions that have been adopted since the prior valuation for retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect plans in order to remain consistent with Internal Revenue Service maximums.

The discount rate that was used to measure the total OPEB liability is the municipal bond rate of 2.97% as of the end of the measurement year; as of the beginning of the measurement year, the discount rate was 3.96%. Projected cash flows into the plan are equal to projected benefit payments out of the plan. As the plan operates on a pay as you go basis and is not intended to accumulate assets, there is no long-term expected rate of return. ERS' board of trustees adopted an amendment to the investment policy in August 2017 to require that all funds in this plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments be at least 2.4%.

The investment rate of return used to calculate the projected earnings on OPEB plan investments was 3.96%.

Sensitivity analysis was performed on the impact of changes in the discount rate on the proportionate share of TSU's net OPEB liability. The result of the analysis is presented in the table below:

Sensitivity of TSU's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate ($ thousands)

1% Decrease (1.97%)	Current Discount Rate (2.97%)	1% Increase (3.97%)
$ 98,369	$ 82,433	$ 70,172

Sensitivity analysis was performed on the impact of changes in the healthcare cost trend rates on the proportionate share of TSU's net OPEB liability.

The result of the analysis is presented in the table below:

Sensitivity of TSU's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate ($ thousands)
HealthSelect (HS) or HealthSelect Medicare Advantage (HSMA)

1% Decrease HS/HSMA: (6.30/9.80% decreasing to 3.50%)	Current Healthcare Cost Trend Rates HS/HSMA: (7.30/10.80 % decreasing to 4.50%)	1% Increase HS/HSMA: (8.30/11.80 % decreasing to 5.50%)
$ 69,219	$ 82,433	$ 99,702

The OPEB plan's fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by ERS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments of the Other Employee Benefit Trust Fund are reported at fair value in accordance with GASB Statement No. 72. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings. More detailed information on the plan's investment valuation, investment policy, assets, and fiduciary net position may be obtained from ERS' fiscal 2019 CAFR.

At August 31, 2020, TSU reported a liability of $82,433,337 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of August 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. TSU's proportion at August 31, 2020 was 0.23850393 percent. TSU's proportion of the collective net OPEB liability was based on its contributions to the OPEB plan relative to the contributions of all the employers and non-employer contributing entity to the plan for the period September 1, 2019 through August 31, 2020.

For the year ending August 31, 2020, TSU recognized OPEB expense of $17,492,040. At August 31, 2020, TSU reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 2,144,989
Change of assumptions	5,866,342	18,420,725
Net difference between projected and actual investment retu	33,890	-
Effect of change in proportion and contribution difference	63,728,669	-
Contributions subsequent to the measurement date	-	-
	$ 69,628,901	20,565,714

There were no deferred outflows of resources resulting from contributions subsequent to the measurement date that will be recognized as a reduction in the net OPEB liability for the year ending August 31, 2021.

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense in the following years:

Year Ending August 31:	Amortization of Deferred Outflows/Inflows
2021	$ 11,707,682
2022	11,707,682
2023	13,967,924
2024	10,439,872
2025	1,240,027
Total	$ 49,063,187.00

NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS

TSU reports their financial statements in accordance with GASB Statement No. 35. The statement requires TSU to report as one fund. Accordingly, no interfund balances and activities are reported.

NOTE 15: CONTINGENCIES AND COMMITMENTS

A. Grants

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although TSU expects such amounts, if any, to be immaterial.

B. Lawsuits

TSU is a defendant in numerous lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of TSU's management that resolution of these matters will not have a materially adverse effect on the financial condition of TSU.

NOTE 16: SUBSEQUENT EVENT

TSU evaluated subsequent events through November 20, 2020, the date the financial statements were available to be issued and is not aware of any subsequent events that would require recognition or disclosure.

NOTE 17: RISK FINANCING AND RELATED INSURANCE

Texas Southern University endeavors to manage its financial exposures and third-party claims that are inherent with business transactions. The University conducts periodic assessments of operations in accord with risk profiles to determine risk transfer, retention and management strategies. There have been no significant reductions in insurance coverage in the past year and losses have not exceeded policy limits in the life of the insurance program.
The following outlines relevant insurance coverage and other applicable provisions.

Property Insurance, Equipment Breakdown and Terrorism
Pursuant to Chapter 412 of the Texas Labor Code, Texas Southern University participates in the Statewide Property Insurance Program to transfer financial burden resulting from property damage and loss of University assets. The program, administered by the State Office of Risk Management, affords a shared limit that includes coverage for both building contents and business interruptions.

Workers' Compensation
Pursuant to Chapters 412 and 501 of the Texas Labor Code, the State of Texas self-insures with respect to workers' compensation. The statutory Government Employees Workers' Compensation Insurance Program is administered by the State Office of Risk Management and provides mandatory workers' compensation coverage and risk management services to all state agencies. Texas Southern University employees are provided continuous coverage pursuant to Chapter 501. The coverage extends domestically and in foreign countries.
The current General Appropriations Act provides that TSU must reimburse the general revenue fund, consolidated from TSU appropriations, one-half of the unemployment benefits and 25 percent of the workers' compensation benefits paid for former and current employees. The Comptroller determines the proportionate amount to be reimbursed from each appropriated fund type. TSU must reimburse the general revenue fund 100 percent of the cost for workers' compensation and unemployment compensation for any employees paid from funds held in local bank accounts and local funds held in the State treasury. Workers' compensation and unemployment plans are on a pay-as-you-go basis, in which no assets are set aside to be accumulated for the payment of claims. No material outstanding claims are pending at August 31, 2020.

General Liability
As an agency of the State of Texas, the University has limited liability pursuant to Chapter 101 of the Texas Civil Practice and Remedies Code. The limits of liability under Chapter 101 are $250,000 for each person, $500,000 for each single occurrence for bodily injury or death and $100,000 for each single occurrence for injury or destruction of property. The University maintains insurance policies including Commercial General, Umbrella, Directors and Officers, Employment Practices and Internships Professional Liability to satisfy any contractual obligations.

Automobile Liability
Texas Southern University maintains a Commercial Auto Liability Policy for owned, hired and leased, and loaned vehicles with limits of $250,000 per person, $500,000 per accident for bodily injury and $100,000 per accident for property damage the extent of the waivers of State sovereign immunity specified in the Texas Tort Claims Act. In addition, coverage includes $1,000,000 Combined Single Limit Bodily Injury & Property Damage per Accident for claims that are not subject to the Texas Tort Claims Act.

NOTE 18: MANAGEMENT'S DISCUSSION AND ANALYSIS

Although normally included as Note 18 following the Comptroller's requirements, Management's Discussion and Analysis is included as a separate section in the front of this report to comply with GASB.

NOTE 19: THE FINANCIAL REPORTING ENTITY

A. Related Parties

TSU is affiliated with the Texas Southern University Foundation. The stated purpose of the foundation is "to solicit and receive gifts, grants, devices, or bequests and to maintain, use, and apply the income there from and the principal thereof exclusively for charitable, scientific, literary or educational activities in order to aid and benefit Texas Southern University." According to foundation bylaws, the President of TSU and a representative of TSU's Board of Regents shall be ex officio members of the foundation's Board of Directors with full voting rights.

TSU is also affiliated with the Texas Southern University Alumni Association. The alumni association is a non-profit organization created for the purpose of promoting, fostering, and advancing the educational goals of TSU and the interests and welfare of its students; to provide the means for continuing relationships between TSU, former students, and the community; and to enable them to contribute to and share in the progress of TSU. All former students are eligible for membership in the alumni association. The Board of Directors of the alumni association is elected by the membership. TSU administration has no controlling interest in the alumni association.

The financial statements of TSU encompass the financial activity only of TSU. TSU does not have any component entities that should be included in these financial statements.

NOTE 20: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

TSU has no material violations of finance related legal and contract provisions. Per the laws of the State of Texas, TSU cannot spend amounts in excess of appropriations granted by the Texas Legislature. TSU reported a deficit Unrestricted net position as a result of Pension and OPEB expense.

NOTE 22: DONOR-RESTRICTED ENDOWMENTS

Donor-Restricted Endowments	Amount of Net Appreciation (Depreciation)	Reported in Net Position
True Endowments	$ 30,449,057.39	Restricted for expendable
Term Endowments	3,497,383.84	Restricted for expendable
Total	$ 33,946,441.23	

In the table above, amounts reported as "Net Appreciation" represent net appreciation (cumulative and unexpended) on investments of donor or constitutionally restricted endowments that are available for authorization and expenditure by the TSU Board of Regents. For donor restricted endowments, pursuant to the Uniform Prudent Management of Institutional Funds Act, as adopted by Texas, the TSU Board of Regents may distribute net appreciation, realized and unrealized, in the fair market value of the assets of endowment holdings over the historic dollar value of the gifts, to the extent prudent.

TSU's spending policy for endowments reflects an objective to distribute as much of the total return as is consistent with overall investment objectives while protecting the real value of the endowment corpus. The primary long-term investment objective of the endowment is to earn a total rate of return that exceeds the spending rate plus the cost of managing the investment fund. The university all-inclusive spending rate of 7%, which includes 5% spending rate and 0.5% costs of managing the investment fund. In order to preserve purchasing power parity, the Endowment's spending policy shall not exceed 5%. The calculation of the 5% spending rate will be based upon a three year moving average of Endowment Fund earnings with the most recent year removed. The 5% annual spending rate is required to be applied to each individual endowment. The University will calculate the average market value based upon the time period that these endowments are in existence.

Endowments	Increase/Decrease		Reason For Change
True Endowments	$	7,818,493.76	Fair value decrease in portfolio
Term Endowments	$	634,768.11	Fair value decrease in portfolio

NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Aggregate receivables and other payables as reported on the statement of net position as of August 31, 2020, are detailed as follows:

Receivables		**Balance**
Student Accounts	$	22,884,913.15
Non-Federal Grants		1,161,168.76
Third Party Accounts		1,354,215.48
Less Allowance		(8,283,571.04)
Total	$	17,116,726.35

Other Payables		**Balance**
Other payables	$	903,912.66
HBCU Loans		7,542,398.59
Bookstore Clearing		1,024,600.00
Retainage		2,037,067.12
Subtotal		11,507,978.37
Escheat payable		423,187.50
Student refund payable		1,201,327.97
Total	$	13,132,493.84

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

In fiscal year 2020, TSU reported deferred outflows of resources and deferred inflows of resources in connection with GASB 68 pension plan and GASB 75 OPEB plan.

As of August 31, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
TRS Pension Plan (GASB 68)	$ 18,295,942.72	$ 7,387,438.00
ERS OPEB Plan (GASB 75)	69,628,901.00	20,565,714.00
Asset Retirement Obligation (GASB 83)	133,462.62	-
Total	$ 88,058,306.34	$ 27,953,152.00

Deferred outflows of resources of $18,295,942.72 and Deferred inflows of resources of $7,387,438.00 were related to changes in employee TRS pension plan. Deferred outflows of resources of $69,628,901.00 and Deferred inflows of resources of $20,565,714.00 were related to changes in employee OPEB plan. See Note 9 for additional information. Deferred outflows of resources of $133,462.62 were related to Asset Retirement Obligation.

<u>SUPPLEMENTARY INFORMATION</u>

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

SCHEDULE OF OPERATING EXPENSES

For the Year Ended August 31, 2020

Expenses by Natural Classification		**2020**
Salaries and Wages	$	96,630,395.27
Payroll Related Costs		47,867,984.70
Professional Fees and Services		17,286,454.95
Travel		2,321,286.87
Materials and Supplies		11,927,919.76
Communication and Utilities		5,924,249.05
Repairs and Maintenance		7,490,882.79
Rentals and Leases		1,570,224.14
Printing and Reproductions		500,781.19
Federal Pass-Through Expense		641,386.52
Bad Debt Expense		400,000.00
Scholarships		19,111,464.02
Other Operating Expenses		9,526,484.18
Depreciation		22,732,129.75
Total Operating Expenses by Natural Class	$	243,931,643.19

Expenses by NACUBO Classification		**2020**
Instruction	$	81,231,607.21
Research		4,782,348.14
Public Service		2,341,275.04
Academic Support		14,551,204.89
Student Services		16,185,454.30
Institutional Support		56,136,948.79
Operation and Maintenance of Plant		16,911,253.84
Scholarships and Fellowships		11,793,150.53
Auxiliary		17,266,270.70
Depreciation		22,732,129.75
Total Operating Expenses by NACUBO Class	$	243,931,643.19

TEXAS SOUTHERN UNIVERSITY

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SCHEDULE 1A - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended August 31, 2020

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	NSE Name/ *Id. No.*	Agy/ Univ No	Pass-through From: Pass-Through From Agencies or Universities Amount	Pass-through From: Pass-Through From Non-State Entities Amount	Direct Program Amount	Total Amount PT From and Direct Program
U.S. Department of Defense							
Basic, Applied, and Advanced Research in Science and Engineering - Virginia Tech University UNITE 2016-2021	12.630			$ -	$ 41,099.53	$ -	$ 41,099.53
Totals - U.S. Department of Defense				-	41,099.53	-	41,099.53
U.S. Department of Education							
Minority Science and Engineering Improvement - Howard University/P120A190033	84.120				66,940.85		66,940.85
Direct Programs:							
Higher Education Institutional Aid	84.031					12,691,473.07	12,691,473.07
COVID-19 - Education Stabilization Fund	84.425					4,522,850.00	4,522,850.00
Totals - U.S. Department of Education				-	66,940.85	17,214,323.07	17,281,263.92
U.S. Department of Homeland Security							
Pass-Through From:							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036						331,334.89
Pass-Through From: *Texas Division of Emergency Management*			575	331,334.89			
Totals - U.S. Department of Homeland Security				331,334.89	-	-	331,334.89
U.S. Department of Justice							
Direct Programs:							
U.S. Department of Justice 2019-DY-BX-0009	16.000					46,874.45	46,874.45
Totals - U.S. Department of Justice				-	-	46,874.45	46,874.45
U.S. Department of Transportation							
Direct Programs:							
Highway Training and Education	20.215					36,688.72	36,688.72
Totals - U.S. Department of Transportation				-	-	36,688.72	36,688.72
Research & Development Cluster							
National Aeronautics and Space Administration							
Direct Programs:							
Office of Stem Engagement (OSTEM)	43.008					37,028.15	37,028.15
Totals - National Aeronautics and Space Administration				-	-	37,028.15	37,028.15
National Science Foundation							
Direct Programs:							
Mathematical and Physical Sciences	47.049					12,580.63	12,580.63
Computer and Information Science and Engineering	47.070					142,189.78	142,189.78
Education and Human Resources	47.076					1,098,641.15	1,098,641.15
Education and Human Resources *Pass-Through To:* *University of Houston*	47.076					229,593.81	229,593.81
Education and Human Resources *Pass-Through To:* *Texas State University*	47.076					92,750.48	92,750.48
Education and Human Resources *Pass-Through To:* *University of Houston - Clear Lake*	47.076					63,601.48	63,601.48
Education and Human Resources *Pass-Through To:* *University of Houston - Downtown*	47.076					126,700.00	126,700.00
Totals - National Science Foundation				-	-	1,766,057.33	1,766,057.33

Agy/ Univ No.	Pass-through To: Pass-Through To Agencies or Universities Amount	Pass-through To: Pass-Through To Non-State Entities Amount	Expenditures Amount	Total Amount PT To and Expenditures Amount
	$ -	$ -	$ 41,099.53	$ 41,099.53
	-	-	41,099.53	41,099.53
			66,940.85	66,940.85
			12,691,473.07	12,691,473.07
			4,522,850.00	4,522,850.00
	-	-	17,281,263.92	17,281,263.92
			331,334.89	331,334.89
	-	-	331,334.89	331,334.89
			46,874.45	46,874.45
	-	-	46,874.45	46,874.45
			36,688.72	36,688.72
	-	-	36,688.72	36,688.72
			37,028.15	37,028.15
	-	-	37,028.15	37,028.15
			12,580.63	12,580.63
			142,189.78	142,189.78
			1,098,641.15	1,098,641.15
				229,593.81
730	229,593.81			
				92,750.48
754	92,750.48			
				63,601.48
759	63,601.48			
				126,700.00
784	126,700.00			
	512,645.77	-	1,253,411.56	1,766,057.33

TEXAS SOUTHERN UNIVERSITY

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SCHEDULE 1A - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended August 31, 2020

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	NSE Name/ *Id. No.*	Agy/ Univ No	Pass-through From: Pass-Through From Agencies or Universities Amount	Pass-through From: Pass-Through From Non-State Entities Amount	Direct Program Amount	Total Amount PT From and Direct Program
U.S. Department of Defense							
Basic, Applied, and Advanced Research in Science and Engineering - Baylor University/W911NF1020076;601608	12.630				2,937.70		2,937.70
Totals - U.S. Department of Defense				-	2,937.70	-	2,937.70
U.S. Department of Energy							
Pass-Through From:							
Minority Economic Impact	81.137						65,364.47
Pass-Through From:							
University of Houston			730	65,364.47			
Totals - U.S. Department of Energy				65,364.47	-	-	65,364.47
U.S. Department of Health and Human Services							
Maternal and Child Health Federal Consolidated Programs Baylor University/ 5T16MC29831-04-00	93.110				66,008.59		66,008.59
Direct Programs:							
NIEHS Hazardous Waste Worker Health and Safety Training	93.142					1,155,981.89	1,155,981.89
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243					673,979.94	673,979.94
Minority Health and Health Disparities Research	93.307					604,701.34	604,701.34
Cancer Cause and Prevention Research	93.393					64,557.70	64,557.70
Biomedical Research and Research Training	93.859					140,712.75	140,712.75
Biomedical Research and Research Training	93.859					128,740.75	128,740.75
Pass-Through To:							
University of Houston							
Totals - U.S. Department of Health and Human Services				-	66,008.59	2,768,674.37	2,834,682.96
U.S. Department of Homeland Security							
Direct Programs:							
Scientific Leadership Awards	97.062					172,038.99	172,038.99
Totals - U.S. Department of Homeland Security				-	-	172,038.99	172,038.99
U.S. Department of Transportation							
University Transportation Centers Program - University North Carolina - Chapel	20.701				91,564.76		91,564.76
Direct Programs:							
Highway Planning and Construction	20.205					82,939.51	82,939.51
Pass-Through From:							
Highway Research and Development Program	20.200						13,356.15
Pass-Through From:							
University of Houston			730	13,356.15			
University Transportation Centers Program	20.701						172,445.05
Pass-Through From:							
University of Texas at Austin			721	172,445.05			
Totals - U.S. Department of Transportation				185,801.20	91,564.76	82,939.51	360,305.47

	Pass-through To			
	Pass-Through To Agencies or	Pass-Through To Non-State		
Agy/ Univ No.	Universities Amount	Entities Amount	Expenditures Amount	Total Amount PT To and Expenditures
			2,937.70	2,937.70
	-	-	2,937.70	2,937.70
			65,364.47	65,364.47
	-	-	65,364.47	65,364.47
			66,008.59	66,008.59
			1,155,981.89	1,155,981.89
			673,979.94	673,979.94
			604,701.34	604,701.34
			64,557.70	64,557.70
			140,712.75	140,712.75
				128,740.75
730	128,740.75			
	128,740.75	-	2,705,942.21	2,834,682.96
			172,038.99	172,038.99
	-	-	172,038.99	172,038.99
			91,564.76	91,564.76
			82,939.51	82,939.51
			13,356.15	13,356.15
			172,445.05	172,445.05
	-	-	360,305.47	360,305.47

TEXAS SOUTHERN UNIVERSITY

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SCHEDULE 1A - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended August 31, 2020

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	NSE Name/ *Id. No.*	Agy/ Univ No	Pass-through From: Pass-Through From Agencies or Universities Amount	Pass-through From: Pass-Through From Non-State Entities Amount	Direct Program Amount	Total Amount PT From and Direct Program
Highway Planning and Construction Cluster							
U.S. Department of Transportation							
Pass-Through From:							
Highway Planning and Construction	20.205						56,722.74
Pass-Through From:							
Texas Department of Transportation			601	56,722.74			
Totals - U.S. Department of Transportation				56,722.74	-	-	56,722.74
Student Financial Assistance Programs Cluster							
U.S. Department of Education							
Direct Programs:							
Federal Supplemental Educational Opportunity Grants	84.007					547,627.36	547,627.36
Federal Work-Study Program	84.033					822,418.10	822,418.10
Federal Pell Grant Program	84.063					22,652,567.39	22,652,567.39
Federal Direct Student Loans	84.268					85,514,925.00	85,514,925.00
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379					61,999.49	61,999.49
Totals - U.S. Department of Education				-	-	109,599,537.34	109,599,537.34
TRIO Cluster							
U.S. Department of Education							
Direct Programs:							
TRIO Student Support Services	84.042					293,098.32	293,098.32
TRIO Talent Search	84.044					468,885.91	468,885.91
TRIO Upward Bound	84.047					618,806.81	618,806.81
TRIO Educational Opportunity Centers	84.066					356,354.24	356,354.24
Totals - U.S. Department of Education				-	-	1,737,145.28	1,737,145.28
Total Expenditures of Federal Awards				**$ 639,223.30**	**$ 268,551.43**	**$ 133,461,307.21**	**$ 134,369,081.94**

Agy/ Univ No.	Pass-through To: Pass-Through To Agencies or Universities Amount	Pass-Through To Non-State Entities Amount	Expenditures Amount	Total Amount PT To and Expenditures
			56,722.74	56,722.74
	-	-	56,722.74	56,722.74
			547,627.36	547,627.36
			822,418.10	822,418.10
			22,652,567.39	22,652,567.39
			85,514,925.00	85,514,925.00
			61,999.49	61,999.49
	-	-	109,599,537.34	109,599,537.34
			293,098.32	293,098.32
			468,885.91	468,885.91
			618,806.81	618,806.81
			356,354.24	356,354.24
	-	-	1,737,145.28	1,737,145.28
	$ 641,386.52	**$ -**	**$ 133,727,695.42**	**$ 134,369,081.94**

SEFA Note 2 Reconciliatons	**Note 2 Amount**
Federal revenue-Operating	$ 20,429,889.40
Federal revenue-Non-operating Title IV	23,262,194.24
Federal revenue-Non-operating CARES Funding	7,093,902.89
Federal pass-through revenue	639,223.30
Federal direct student loans	85,514,925.00
ED/CARES ACT	(2,571,052.89)
Total Pass-Through and Expenditures per Federal Schedule	**$ 134,369,081.94**

TEXAS SOUTHERN UNIVERSITY

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SCHEDULE 1B - STATE GRANT PASS THROUGH FROM/TO STATE AGENCIES

For the Year Ended August 31, 2020

State Pass Through From:	2020
Cancer Prevention & Research Inst of Tx (Agency# 542.0259)	$ 422,342.39
Texas Commission on Environmental Quality(Agency# 582.0097)	48,135.75
University of Texas System (Agency# 720.0002)	16,969.00
Texas Higher Education Coordinating Board (Agency# 781.0008)	4,309,992.00
Texas Higher Education Coordinating Board (Agency# 781.0023)	71,299.00
Texas Higher Education Coordinating Board (Agency# 781.0029)	28,707.89
Texas Higher Education Coordinating Board (Agency# 781.0075)	(10,805.00)
Total State Pass Through From Other Agencies	$ 4,886,641.03

TEXAS SOUTHERN UNIVERSITY

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SCHEDULE 2A - MISCELLANEOUS BOND INFORMATION

For the Year Ended August 31, 2020

Business-Type Activities

Description	Interest Rate	Maturity Dates First Year	Maturity Dates Last Year	First Call Date	Original Issue
Revenue Bonds- Self Supporting					
Series 2011	4.00-6.75%	2011	2030	5/1/2021	$ 31,500,000.00
Series 2013	2.00-5.00%	2013	2023	n/a	62,355,000.00
Series 2016	2.00-3.00%	2016	2036	5/1/2026	55,490,000.00
Total Revenue Bonded Debt					$ 149,345,000.00

TEXAS SOUTHERN UNIVERSITY

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SCHEDULE 2B - CHANGES IN BOND INDEBTEDNESS

For the Year Ended August 31, 2020

Description	Bonds Outstanding 09/01/2019	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Par Value Adjustments	Bonds Outstanding 8/31/2020	Unamortized Premium	Unamortized Discount	Adjustments	Net Bonds Outstanding 8/31/2020	Amounts Due Within One Year	Bonds Outstanding 8/31/2020
Revenue Bonds- Self Supporting												
Series 2011	$ 20,495,000.00	$ -	$ 1,365,000.00	$ -	$ -	$ 19,130,000.00	$ -	$ (115,679.27)	$ -	$ 19,014,320.73	$ 1,427,823.22	$ 19,130,000.00
Series 2013	21,680,000.00	-	5,675,000.00	-	-	16,005,000.00	954,056.60	-	-	16,959,056.60	6,508,292.20	16,005,000.00
Series 2016	49,185,000.00	-	1,965,000.00	-	-	47,220,000.00	4,848,340.00	-	-	52,068,340.00	2,348,021.25	47,220,000.00
Total General Bonded Debt	$ 91,360,000.00	$ -	$ 9,005,000.00	$ -	$ -	$ 82,355,000.00	$ 5,802,396.60	$ (115,679.27)	$ -	$ 88,041,717.33	$ 10,284,136.67	$ 82,355,000.00

TEXAS SOUTHERN UNIVERSITY

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SCHEDULE 2C - DEBT SERVICE REQUIREMENTS

For the Year Ended August 31, 2020

Year Ending	Series 2011 Revenue Bonds			Series 2013 Revenue Bonds Refunding		
Aug. 31	Principal	Interest	Total	Principal	Interest	Total
2021	$ 1,440,000.00	$ 1,237,143.76	$ 2,677,143.76	$ 5,965,000.00	$ 613,475.00	$ 6,578,475.00
2022	1,520,000.00	1,156,143.76	2,676,143.76	6,275,000.00	307,475.00	6,582,475.00
2023	1,610,000.00	1,068,743.76	2,678,743.76	2,905,000.00	92,500.00	2,997,500.00
2024	1,705,000.00	972,143.76	2,677,143.76	860,000.00	17,200.00	877,200.00
2025	1,810,000.00	867,712.50	2,677,712.50	-	-	-
2026-2030	11,045,000.00	2,333,812.50	13,378,812.50	-	-	-
2031-2035	-	-	-	-	-	-
Total	$ 19,130,000.00	$ 7,635,700.04	$ 26,765,700.04	$ 16,005,000.00	$ 1,030,650.00	$ 17,035,650.00

Year Ending	Series 2016 Revenue Bonds		
Aug. 31	Principal	Interest	Total
2021	$ 2,045,000.00	$ 1,970,400.00	$ 4,015,400.00
2022	2,145,000.00	1,868,150.00	4,013,150.00
2023	2,255,000.00	1,760,900.00	4,015,900.00
2024	2,365,000.00	1,648,150.00	4,013,150.00
2025	2,485,000.00	1,529,900.00	4,014,900.00
2026-2030	14,380,000.00	5,687,950.00	20,067,950.00
2031-2035	17,650,000.00	2,418,800.00	20,068,800.00
2036-2040	3,895,000.00	116,850.00	4,011,850.00
Total	$ 47,220,000.00	$ 17,001,100.00	$ 64,221,100.00

Year Ending	Financing Note Series 2011-4			Financing Note Series 2012-10		
Aug. 31	Principal	Interest	Total	Principal	Interest	Total
2021	$ 2,525,179.55	$ 1,040,678.41	$ 3,565,857.96	$ 2,572,414.63	$ 948,569.39	$ 3,520,984.02
2022	2,593,126.38	972,731.58	3,565,857.96	2,639,111.42	881,872.60	3,520,984.02
2023	2,653,825.95	912,032.01	3,565,857.96	2,699,279.67	821,704.35	3,520,984.02
2024	2,711,366.64	854,491.32	3,565,857.96	2,756,751.34	764,232.68	3,520,984.02
2025	2,777,420.24	788,437.72	3,565,857.96	2,821,973.71	699,010.31	3,520,984.02
2026-2030	14,895,851.43	2,933,438.37	17,829,289.80	15,108,900.22	2,496,019.88	17,604,920.10
2031-2035	16,732,520.15	1,096,769.40	17,829,289.55	13,384,887.39	699,048.10	14,083,935.49
2036-2040	-	-	-	-	-	-
Total	$ 44,889,290.34	$ 8,598,578.81	$ 53,487,869.15	$ 41,983,318.38	$ 7,310,457.31	$ 49,293,775.69

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

SCHEDULE 2D - ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE

For the Year Ended August 31, 2020

Business-Type Activities	Pledged and Other Sources and Related Expenditures for FY 2020			
	Net Available for Debt Service		Debt Service	
Revenue Bonds	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Principal	Interest
BOND SERIES				
TRB 2011, 2013, 2016	$ 102,651,898.04	$ 85,617,381.15	$ 9,005,000.00	$ 4,263,987.50
Total	$ 102,651,898.04	$ 85,617,381.15	$ 9,005,000.00	$ 4,263,987.50

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

Required Supplementary Information

For the Last Six Measurement Years Ended August 31 *

Schedule of Proportionate Share of Net Pension Liability*
Teacher Retirement System of Texas

	2019	2018	2017	2016	2015	2014
TSU's proportion of the net pension liability (asset)	0.0714%	0.0722%	0.0591%	0.0562%	0.0572%	0.0677%
TSU's proportionate share of the net pension liability (asset)	$ 37,133,090	$ 39,735,872	$ 18,886,127	$ 21,231,694	$ 20,380,538	$ 18,085,720
TSU's covered employee payroll	$ 53,462,578	$ 48,780,116	$ 21,229,587	$ 21,992,327	$ 22,004,400	$ 24,812,792
TSU's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	69.46%	81.46%	88.96%	100.01%	91.94%	72.89%
Plan fiduciary net position as a percentage of the total pension liability	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

* This schedule is intended to present 10 years of information. Currently, only six years of information is available. Information on future years will be added when it becomes available.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

Required Supplementary Information

For the Last Seven Fiscal Years Ended August 31 *

Schedule of Employer Contributions*
Teacher Retirement System of Texas

	2020	2019	2018	2017	2016	2015	2014
Statutorily required contributions	$ 2,492,675	$ 2,050,711	$ 2,089,619	$ 1,251,453	$ 1,174,302	$ 1,694,645	$ 2,151,269
Contributions in relation to the statutorily required contributions	2,492,675	2,050,711	2,089,619	1,251,453	1,174,302	1,694,645	1,702,626
Contribution deficiency (excess)	-	-	-	-	-	-	448,643
Covered employee payroll	$ 56,860,767	$ 53,462,578	$ 48,780,116	$ 21,229,587	$ 21,992,327	$ 22,004,400	$ 24,812,792
Contribution as a percentage of covered-employee payroll	4.38%	3.84%	4.28%	5.89%	5.34%	7.70%	6.86%

* This schedule is intended to present 10 years of information. Currently, only seven years of information is available. Information on future years will be added when it becomes available.

Schedule of Proportionate Share of Net OPEB Liability*
Employees Retirement System of Texas Plan

	2019	2018	2017
TSU's proportion of the net OPEB liability (asset)	0.23850393%	0.21979663%	0.00026482%
TSU's proportionate share of the net OPEB liability (asset)	$ 82,433,337	$ 65,142,759	$ 90,232
TSU's covered-employee payroll	$ -	$ -	$ 6,040,027
TSU's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	1.49%
Plan fiduciary net position as a percentage of the total OPEB liability	1.27%	1.27%	2.04%

* This schedule is intended to present 10 years of information. Currently, only three years of information is available. Information on future years will be added when it becomes available.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

Required Supplementary Information

For the Last Three Fiscal Years Ended August 31 *

Schedule of Employer Contributions*
Employees Retirement System of Texas

	2020	2019	2018
Statutorily required contributions	$ -	$ -	$ 6,040,027
Contributions in relation to the statutorily required contributions	-	-	6,040,027
Contribution deficiency (excess)	-	-	-
Covered employee payroll	$ -	$ -	$ 6,040,027
Contribution as a percentage of covered-employee payroll	0.00%	0.00%	100.00%

* This schedule is intended to present 10 years of information. Currently, only three years of information is available. Information on future years will be added when it becomes available.

APPENDIX E

FORM OF CO-BOND COUNSEL OPINION

BRACEWELL LLP 711 LOUISIANA STREET, SUITE 2300 HOUSTON, TEXAS 77002	BATES & COLEMAN, P.C. 1402 ALABAMA STREET HOUSTON, TEXAS 77004

____________, 2021

We have represented the Texas Public Finance Authority (the "Authority") as its bond counsel in connection with an issue of bonds (the "Bonds") on behalf of Texas Southern University (the "University") described as follows:

> TEXAS PUBLIC FINANCE AUTHORITY TEXAS SOUTHERN UNIVERSITY REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2021, the total authorized amount of $14,275,000.
>
> The Bonds are issued as obligations under the consolidated Revenue Financing System pursuant to a resolution adopted by the Board of Regents of the University (the "Board") on October 19, 1998 and the Board of Directors of the Authority on October 21, 1998 (the "Master Resolution"), an eleventh supplemental resolution adopted and approved by the Board on April 15, 2021 and adopted and approved by the Authority on May 6, 2021 (the "Eleventh Supplement") and a pricing certificate authorized and executed in conformity with the Eleventh Supplement (the "Pricing Certificate," and collectively with the Master Resolution and Eleventh Supplement, the "Resolution"). The Bonds mature, bear interest, are subject to redemption prior to maturity, and may be transferred and exchanged as set out in the Bonds and in the Resolution.

We have represented the Authority as its 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 excludability of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of certified proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Authority or the Board or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein. Capitalized terms used herein and not otherwise defined are used with the meanings assigned to such terms in the Resolution.

In providing the opinions set forth herein, we have relied on representations and certifications of the Authority, the University, and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Authority, the University, and such parties, respectively, which we have not independently verified. In addition, we have assumed for purposes of these opinions continuing compliance with the covenants in the Resolution, including, but not limited to, covenants relating to the tax-exempt status of the Bonds. We have further relied upon a certificate of PFM Financial Advisors LLC, as financial advisor to the Authority, certifying as to the sufficiency of the deposit funds made with the Paying Agent/Registrar under the Deposit Agreement for the bonds being refunded.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the authorization and issuance of the Bonds, and the bonds being refunded, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Authority and the University; customary certificates of officers, agents and representatives of the Authority and the University, and other public officials; and other certified showings relating to the authorization and issuance of the Bonds and the firm banking arrangements for the discharge and final payment of the bonds being refunded. We have also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, Treasury Regulations and published rulings of the Internal Revenue Service (the “Service”) as we have deemed relevant. We have also examined executed Bond No. I-1 of this issue.

Based on such examination, it is our opinion that:

(A) 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 effective and therefore the Bonds constitute valid and legally binding special obligations of the Authority;

(B) The Bonds together with any Additional Parity Obligations hereafter issued are payable from and are equally and ratably secured by a lien on and pledge of the Pledged Revenues;

(C) Firm banking and financial arrangements have been made for the discharge, defeasance and final payment of the bonds being refunded and therefore such bonds are deemed to be fully paid and no longer outstanding, except for the purpose of being paid from the funds provided in the Deposit Agreement therefore; and

(D) Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

The Authority has reserved the right to issue Additional Parity Obligations under the Revenue Financing System, subject to the restrictions contained in the Resolution and such supplemental resolutions authorizing such Additional Parity Obligations, secured by liens on the Pledged Revenues that are on a parity with, or junior and inferior to the lien on Pledged Revenues securing the Bonds.

Except as stated above, we express no opinion as to the amount of interest on the Bonds or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership, or disposition of the Bonds. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the certificates or representations of the Authority, the University or other parties upon which we have relied are determined to be inaccurate or incomplete or the Authority or the University fails to comply with the covenants of the Resolution, 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 inclusion occurs.

The opinions set forth above are based on existing law, and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective.

Very truly yours,

TEXAS PUBLIC FINANCE AUTHORITY • TEXAS SOUTHERN UNIVERSITY REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2021

TEXAS PUBLIC FINANCE AUTHORITY

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Printed by: ImageMaster, LLC
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