

WILLIAM MARSH RICE UNIVERSITY



Continuing Disclosure of Selected Financial Information and Operating Data

Fiscal Year Ended: June 30, 2016

Report Dated: December 14, 2016

**WILLIAM MARSH RICE UNIVERSITY
ANNUAL REPORT
OF
SELECTED FINANCIAL INFORMATION AND OPERATING DATA**

Fiscal Year Ended: June 30, 2016

**Relating to:
City of Houston Higher Education Finance Corporation
Higher Education Revenue Bonds
Rice University Project Series 2007A and 2007B
CUSIP Nos. 442378CD5, CE3, CF0, CG8, CH6, CJ2, CK9, CL7, CM5, CN3, CP8, CQ6, CR4, CS2,
CT0, CU7, CV5, CW3, CX1, CY9, CZ6, DA0, CB9, and CC7
AND
Higher Education Revenue Bonds
Rice University Project Series 2010A
CUSIP Nos. 442378DX0, DY8**

This Annual Report of Selected Financial Information and Operating Data ("*Annual Report*") is filed by William Marsh Rice University for the benefit of its bond holders. This Annual Report relates to the aforementioned bonds. The terms of the Bonds are described in an Official Statement dated May 18, 2010 (the "*Official Statement*"), which is on file with the Municipal Securities Rulemaking Board. Terms used herein that are not defined herein have the meanings ascribed to such terms in the Official Statement.

Audited Financial Statements

The consolidated financial statements of William Marsh Rice University as of and for its fiscal year ended June 30, 2016 are being sent separately. Such financial statements have been prepared in accordance with generally accepted accounting principles and have been audited by PricewaterhouseCoopers L.L.P., independent public accountants, as stated in their report appearing therein.

Selected academic and financial data for Rice is presented below:

**William Marsh Rice University
Selected Data**

Financial data:

Endowment market value (as of June 30, 2016)	\$ 5.32 billion
Annual budget (Fiscal Year 2017)	\$ 679.9 million
Decrease in net assets (for the year ended June 30, 2016)	\$ 224.9 million
Endowment market value/student FTE ¹	\$ 819.5 thousand

Faculty Data

As of Fall 2015, Rice's administrative, teaching, and research faculty headcount totaled 867 including 315 professors, 118 associate professors, 93 assistant professors, 18 tenured administrators, and 16 other research faculty. In addition, there were 151 full-time and 156 part-time instructors and lecturers. On a full time equivalent (FTE) basis, tenured and tenure-track faculty totaled 536 and accounted for 71 percent of total faculty FTE.

	Fall 2011	Fall 2012 ²	Fall 2013	Fall 2014	Fall 2015
Faculty Headcount	800	820	863	860	867
Faculty, FTE	724	718	737	736	754
Instructional Tenured and Tenure Track Faculty, FTE ³	506	510	501	515	518
Instructional Tenured Faculty, FTE ³	395	400	408	421	425

In addition to faculty, as of Fall 2015, Rice employed 2,207 full-time and 198 part-time (2,273 FTE) non-academic staff. These employees include administrative staff, officers not on faculty appointment, police, and facilities, grounds, and kitchen staff. Rice outsources very few services. Texas is a right-to-work state. None of Rice's employees is represented by a union for collective bargaining purposes.

Student Enrollment Data

As of Fall 2016, Rice had an undergraduate and graduate student population of 6,740 degree-seeking students.

	2012-13	2013-14	2014-15	2015-16	2016-17
Number of students (degree seeking):					
Undergraduate	3,810	3,920	3,888	3,879	3,879
Graduate	<u>2,543</u>	<u>2,567</u>	<u>2,610</u>	<u>2,744</u>	<u>2,861</u>
Total	6,353	6,487	6,498	6,623	6,740

Undergraduate Student Enrollment Data

	2012-13	2013-14	2014-15	2015-16	2016-17
	Fall 12	Fall 13	Fall 14	Fall 15	Fall 16
Selectivity: ⁴					
Number of applications	15,133	15,415	17,728	17,951	18,236
Number of students admitted	2,528	2,581	2,677	2,865	2,785
Admit rate	17%	17%	15%	16%	15%
Number of students enrolled ⁵	935	978	949	969	981
Yield rate	37%	38%	35%	34%	35%
Freshman SAT:					
Top 25% scored at or above:	1510	1520	1530	1540	1540
Top 75% score at or above:	1380	1400	1420	1410	1430
Graduation rates ⁶	91% (2007 Cohort)	93% (2008 Cohort)	91% (2009 Cohort)	93% (2010 Cohort)	N/A

Graduate Student Enrollment Data for Masters and Doctoral Programs⁷

	2012-13	2013-14	2014-15	2015-16	2016-17
	Fall 12	Fall 13	Fall 14	Fall 15	Fall 16
Selectivity: ⁸					
Number of applications	7,676	7,734	7,752	8,109	8,888
Number of students admitted	1,463	1,525	1,657	1,875	2,078
Admit rate	19%	20%	21%	23%	23%
Number of students enrolled ⁹	867	798	843	906	957
Yield rate	59%	52%	51%	48%	46%

Endowment and Investments

The endowment market value was \$5.32 billion at June 30, 2016 compared with \$5.56 billion at June 30, 2015. Over the 3-, 5-, and 10- year periods ended June 30, 2016, the University has achieved nominal returns of approximately 7.3%, 7.8% and 7.1%, respectively.

Grants and Contracts

The following table summarizes grant and contract revenue received by Rice in the last five fiscal years.

Fiscal Year Ended June 30,					
	2012	2013	2014	2015	2016
	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)
Government	\$88,298	\$90,549	\$86,583	\$88,443	\$97,253
Private	20,653	27,226	30,126	38,633	37,924
Total	\$108,951	\$117,775	\$116,709	\$127,076	\$135,177

Gifts and Bequests

The following table presents total gifts and pledges received by Rice for the past five fiscal years by restriction category. The table includes gifts and pledges for property and endowment as well as for operations.

Fiscal Year Ended June 30,					
	2012	2013	2014	2015	2016
	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)
Unrestricted	\$23,605	\$25,231	\$33,545	\$41,926	\$38,753
Temporarily Restricted	64,860	43,271	37,436	73,325	26,732
Permanently Restricted	19,881	51,926	15,355	17,075	21,010
Total	\$108,346	\$120,428	\$86,336	\$132,326	\$86,495

Undergraduate Tuition Rates

The tuition rates for entering students and continuing students are shown below. In addition to tuition, all undergraduates are charged mandatory fees, which totaled \$698 for 2016-2017.

Academic Year	Tuition
2012-13	\$36,610
2013-14	\$38,260
2014-15	\$39,880
2015-16	\$41,560
2016-17	\$43,220

Miscellaneous

The information in this Annual Report is provided by William Marsh Rice University. This Annual Report is not made by William Marsh Rice University in connection with its purchase or sale of bonds and accordingly may not contain all information material to a decision to purchase or sell bonds.

The information set forth herein has been obtained from William Marsh Rice University's records and other sources which are considered reliable. Any statement in this Annual Report which includes a matter of opinion or estimates, whether or not expressly so stated, is intended merely as such, and not as a representation of fact. The information contained in this Annual Report is provided as of the respective dates specified herein and is subject to change without notice, and the filing of this Annual Report shall not, under any circumstances, create any implication that there has been no change in the affairs of William Marsh Rice University since the date as of which such information is provided.

In the Official Statement, William Marsh Rice University disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its Disclosure Agreement or from any statement made pursuant to its agreement, including the statements in this Annual Report.

William Marsh Rice University

¹ June 30, 2016 endowment market value (\$5,324,289,366) divided by Fall 2015 full-time equivalent (FTE) student enrollment (6,497 degree seeking students) = \$819,500.

² Beginning with Fall 2012, Rice is reporting faculty headcount based on IPEDS definitions.

³ In Fall 2015, Rice had 18 tenured faculty (16 Professors and 2 Associate Professors) serving in Executive/Administrative positions. These faculty are not included in Instructional Faculty counts.

⁴ For admissions in the academic year indicated.

⁵ Number of Undergraduate students enrolled is the count of students that matriculated (paid a deposit and attended the orientation meetings during the week before the first day of the fall semester).

⁶ Percent of students who enrolled in the prior 6 years and received a bachelor's degree in this or a preceding academic year.

⁷ Graduate student enrollment figures include doctoral students, professional master's and other terminal master's programs including Masters of Business Administration (MBA), Executive and Professional MBAs, Master of Accounting (MAcc), Master of Arts in Teaching (MAT), and Master of Liberal Studies (MLS) students.

⁸ For admissions in the academic year indicated.

⁹ Number of Graduate students enrolled as of the census date (Monday of the 8th week of the fall semester).