

VII. STANDING COMMITTEES

- B. Finance and Audit Committee
In Joint Session With
- C. Capital Assets Committee

Approval of a Resolution to Refund Outstanding Bonds**RECOMMENDED ACTION:**

It is the recommendation of the administration, the Finance and Audit and Capital Assets Committees that the Board of Regents approve:

1. the attached resolution to allow for refunding of bonds issued by or on behalf of the University under specific conditions:
 - a) if the savings after expenses are greater than 5% of the value of the bonds refunded
 - b) if the refunding bonds are issued as fixed rate bonds
 - c) for only the three refunding candidates specified in the resolution
 - d) for one year through April 1, 2006
2. Authorize the President or his designee to authorize the issuance of the bonds, to establish all other terms of the bonds, and to execute other documents and approvals required to complete the transaction.

BACKGROUND:

In the last six months, as short term interest rates have risen and long term interest rates have fallen, there have been opportunities for refunding bonds issued by or on behalf of the University. The bonds that are candidates for refunding are the 2000 Student Facilities Bonds, the 2000 ICA bonds, and the 1999 Educational Research Properties bonds (4225 Roosevelt). Since the interest rate environment is constantly changing, it is important that the university be able to quickly react to potential savings opportunities.

FINANCING STRUCTURE:

These are purely financial transactions and will only be undertaken if the benefits from refunding meet the required level of savings. All of the bonds are fixed rate and will be refunded only as fixed rate. The final maturity of the bonds will not be

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extended. The 5% savings minimum is the same threshold that the State of Washington uses on its General Obligation bonds.

REVIEW AND APPROVALS:

The resolution and terms have been recommended by the University's financial advisor and reviewed by the Treasury Office, the Vice President for Financial Management, and the Executive Vice President. This recommendation has been reviewed by the University's financial advisor and bond counsel.

ENCLOSURE:

Resolution

BOARD OF REGENTS
UNIVERSITY OF WASHINGTON
RESOLUTION
DATED MARCH 17, 2005

Authorizing the issuance of
Not Exceeding \$13,500,000
UNIVERSITY OF WASHINGTON
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS REFUNDING REVENUE BONDS,
SERIES 2005

Not Exceeding \$48,500,000
UNIVERSITY OF WASHINGTON
STUDENT FACILITIES FEE REFUNDING REVENUE BONDS, SERIES 2005

Not Exceeding \$33,500,000
UNIVERSITY OF WASHINGTON
GENERAL REVENUE BONDS, 2005

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BOARD OF REGENTS
UNIVERSITY OF WASHINGTON
RESOLUTION

A RESOLUTION of the Board of Regents of the University of Washington authorizing the issuance of Department of Intercollegiate Athletics, Student Facilities Fee, and General Revenue Bonds of the University to defease and redeem certain outstanding bonds; establishing the source of payment and security for each of such bonds; delegating to the President of the University or his designee the authority to approve the issuance, sale and delivery of such bonds, subject to specified parameters, to select specified bonds to be redeemed or defeased and to call such bonds for redemption, and to provide for the date, form, maturities, redemption and other terms of the bonds; authorizing the selection of one or more trustees, escrow agents and underwriters; and authorizing the execution of documents in connection with the issuance and sale of such bonds.

WHEREAS, the Legislature, pursuant to RCW 28B.10.300 through RCW 28B.10.330 (the "Auxiliary Bond Act") has authorized the Board of Regents to sell and issue revenue bonds to finance the acquisition, construction, and equipping of University facilities including intercollegiate athletics and student recreation facilities; and

WHEREAS, the Legislature, pursuant to RCW 28B.140 (the "Research Bond Act") has authorized the Board of Regents to sell and issue revenue bonds to finance the acquisition, construction, and equipping of research facilities; and

WHEREAS, pursuant to the Auxiliary Bond Act, the University issued its University of Washington Department of Intercollegiate Athletics Revenue Bonds, Series 2000 in the principal amount of \$16,310,000 (the "Series 2000 ICA Bonds"), to pay a portion of the cost of constructing and equipping an indoor practice facility and outdoor practice field and renovating the Bank of America Arena at "Hec" Edmundson Pavilion, and to pay costs of issuance; and

WHEREAS, pursuant to the Resolution of the Board of Regents authorizing the Series 2000 ICA Bonds, the Series 2000 ICA Bonds maturing on and after June 1, 2008, may be redeemed on any date on and after June 1, 2007 at a price of par plus accrued interest; and

WHEREAS, pursuant to the Auxiliary Bond Act, the University issued its University of Washington Student Facilities Fee Revenue Bonds, Series 2000, in an aggregate principal amount of \$49,210,000 (the "Series 2000 IMA Bonds"), to pay a portion of the cost of constructing and equipping improvements to the Intramural Activities Building and to other

student recreational sports facilities, to fund a debt service reserve account, and to pay costs of issuance; and

WHEREAS, pursuant to the Resolution of the Board of Regents authorizing the Series 2000 IMA Bonds, the Series 2000 IMA Bonds may be redeemed on any date on and after June 1, 2010 at a price of 101% of the principal amount to be redeemed plus accrued interest; and

WHEREAS, pursuant to a Resolution of the Board of Regents dated March 19, 1999, the Board approved the issuance by Educational Research Properties, a Washington nonprofit corporation, of not to exceed \$35,000,000 in tax-exempt bonds (the "Roosevelt I Bonds") on behalf of the University pursuant to U.S. Department of Treasury Revenue Ruling 63-20 and Revenue Procedure 82-26, to pay the costs of acquiring and making repairs and upgrades to medical laboratory, clinic and office facilities at 4225 Roosevelt Way Northeast (the "4225 Roosevelt Building"), to fund a debt service reserve fund, and to pay costs of issuance; and

WHEREAS, pursuant to an Indenture of Trust, dated as of June 1, 1999 (the "Roosevelt I Indenture"), by and between Educational Research Properties and Chase Manhattan Trust Company, National Association, as bond trustee, Educational Research Properties issued the Roosevelt I Bonds in two series: its Lease Revenue Bonds (4225 Roosevelt Project), Series 1999A in the aggregate principal amount of \$26,050,000 (the "Roosevelt I Bonds, Series A") and its Lease Revenue Bonds (4225 Roosevelt Project), Series 1999B (Taxable) in the aggregate principal amount of \$4,505,000 (the "Roosevelt I Bonds, Series B"); and

WHEREAS, the University has entered into three leases with Educational Research Properties for the 4225 Roosevelt Building, each with a term of ten years plus four options to extend the lease for five years; and

WHEREAS, under the leases, rent is payable solely from nonappropriated revenues of the University, subject to the payment of ordinary and necessary operating expenses of the University, the obligation of the University to reimburse the State of Washington for bonds issued for the benefit of the University and the payment of debt service on future parity revenue bonds, if any, issued by Educational Research Properties for the benefit of the University; and

WHEREAS, the Roosevelt I Bonds, Series A may be redeemed by Educational Research Properties on any date on and after June 1, 2009, at a price of par plus accrued interest and all of the Roosevelt I Bonds may be defeased; and

WHEREAS, the Roosevelt I Indenture provides that Educational Research Properties will convey to the University unencumbered title to the 4225 Roosevelt Building, without recourse or warranty and in its then condition, upon the full payment and retirement or defeasance of all the outstanding Roosevelt I Bonds, Series A pursuant to the terms of the Roosevelt I Indenture; and

WHEREAS, the University may realize significant debt service savings if the Series 2000 IMA Bonds and/or the Series 2000 ICA Bonds are redeemed prior to their maturities through the issuance of refunding bonds; and

WHEREAS, the University may realize significant savings if the Roosevelt I Bonds are redeemed or defeased, causing title to the 4225 Roosevelt Building to be transferred to the University, because annual debt service to be paid on the University's bonds is projected to be less than the debt service paid on the Roosevelt I Bonds (which is reflected in the University's current annual rent obligation), because the University will no longer be obligated to pay certain administrative fees to Educational Research Properties, and because of property tax savings associated with the University taking title to the property; and

WHEREAS, it is in the best interests of the University to issue Department of Intercollegiate Athletics Refunding Revenue Bonds to redeem the Series 2000 ICA Bonds maturing on and after June 1, 2008, to issue Student Facilities Fee Refunding Revenue Bonds to redeem the Series 2000 IMA Bonds, and to issue new General Revenue Bonds to defease and redeem the Roosevelt I Bonds, in each case if, as a result of such issuance, significant debt service or similar savings to the University can be achieved; and

WHEREAS, pursuant to RCW 28B.10.528, the Board of Regents has the power, when exercised by resolution, to delegate to the President or his designee, any of the powers and duties vested in or imposed upon the Board, including the powers and duties vested in or imposed upon the Board under the Auxiliary Bond Act and the Research Bond Act; and

WHEREAS, because the amount of debt service savings depends on market conditions, which fluctuate significantly from time to time, the Board desires to approve the issuance of such bonds and to delegate to the President of the University or his designee the authority to approve the issuance, sale and delivery of such bonds, subject to specified timing, savings and other parameters set forth herein; and

WHEREAS, the Board desires to delegate to the President of the University or his designee the authority to provide for the date, form, maturities, redemption provisions and other terms of the bonds, to determine whether to redeem or defease the Series 2000 ICA Bonds, Series 2000 IMA Bonds and/or Roosevelt I Bonds, to call any such bonds for redemption, to establish one or more escrow accounts to accomplish the foregoing, to select one or more trustees, escrow agents and underwriters, and to execute documents in connection with the issuance and sale of such bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY OF WASHINGTON, as follows:

Section 1. Definitions.

The terms defined in this Section 1 shall, for all purposes of this resolution (including the recitals), have the following meanings:

Authorized Representative means the President or his designee.

Auxiliary Bond Act means RCW 28B.10.300 through RCW 28B.10.330, as amended from time to time.

Board means the Board of Regents of the University, which exists and functions pursuant to chapter 28B.20 RCW, as amended from time to time.

Department of Intercollegiate Athletics means the Department of Intercollegiate Athletics of the University and any successor, as determined by the Board.

General Revenues means all nonappropriated income, revenues, and receipts of the University if and to the extent such funds are not restricted in their use by law, regulation, or contract. For example, the following items are restricted and, therefore, excluded:

(a) Appropriations to the University by the State from the State's General Fund;

(b) Each fund the purpose of which has been restricted in writing by the terms of the gift or grant under which such fund has been donated, or by the donor thereof;

(c) Fees imposed upon students as a condition of enrollment at the University, including but not limited to services and activities fees, building fees, and technology fees; and

(d) Revenues and receipts attributable to auxiliary systems established under the Auxiliary Bond Act and Metro Tract Revenue.

Unrestricted fund balances, to the extent that they were accumulated from money that was received as **General Revenues**, also would be includable and available to pay obligations secured by **General Revenues**.

ICA Bond Fund means the Bond Fund defined in the Series 2000 ICA Resolution.

ICA Revenue Fund means the Revenue Fund defined in the Series 2000 ICA Resolution.

ICA Reserve Fund means the Reserve Fund defined in the Series 2000 ICA Resolution.

Metro Tract means the "university tract" as defined in RCW 28B.20.381 to include the tract of land in the city of Seattle, consisting of approximately ten acres, originally known as the "old university grounds," as amended to the date of this resolution, and more recently referred to as the "metropolitan tract," together with all buildings, improvements, facilities, and appurtenances thereon.

Metro Tract Revenue means all revenues of the University derived from operating, managing, and leasing the Metro Tract.

Net Revenue of the Department of Intercollegiate Athletics means, for any period, the excess of Revenue over Operating Expenses.

Operating Expenses of the Department of Intercollegiate Athletics means, for any period, all necessary and proper operating expenses of conducting the programs of the Department of Intercollegiate Athletics, including, but not limited to, salaries, travel expenses, scholarships, supplies and equipment, current maintenance charges, expenses of reasonable upkeep and repair, properly allocated shares of charges for insurance, properly allocated shares of charges for general administrative expenses of the University in relation to the Department of Intercollegiate Athletics, but shall exclude depreciation, capital expenditures, payments of debt service and payments, if any, required to be made into any reserve fund for bonds of the Department of Intercollegiate Athletics, all determined in accordance with generally accepted accounting principles.

RCW means the Revised Code of Washington, as amended from time to time, or any successor codification of the laws of the State.

Refunding Candidates means the Refunding Candidates (ICA), Refunding Candidates (IMA) and Refunding Candidates (Roosevelt I).

Refunding Candidates (ICA) means the Series 2000 ICA Bonds maturing on and after June 1, 2008, which may be redeemed on any date on and after June 1, 2007 at a price of par plus accrued interest.

Refunding Candidates (IMA) means the Series 2000 IMA Bonds, which may be redeemed on any date on and after June 1, 2010 at a price of 101% of the principal amount to be redeemed plus accrued interest.

Refunding Candidates (Roosevelt I) means the Roosevelt I Bonds, Series A, which may be redeemed by Educational Research Properties on any date on and after June 1, 2009, at a price of par plus accrued interest, and the Roosevelt I Bonds, Series B, which may be defeased on any date.

Research Bond Act means chapter RCW 28B.140, as amended from time to time.

Revenue of the Department of Intercollegiate Athletics means all receipts, rentals, fees, charges, income and other revenue derived by the Department of Intercollegiate Athletics, including, without limiting the generality of the foregoing:

(a) Gross revenue earned by the Department of Intercollegiate Athletics from ticket sales for home and away athletic events less applicable taxes and opposing teams' share of revenue;

(b) Contributions (unrestricted and restricted, unless prohibited) received for use by the Department of Intercollegiate Athletics;

(c) Television and radio fees earned from local, regional, national, and international broadcasts of Department of Intercollegiate Athletics events;

(d) Gross revenue earned by the Department of Intercollegiate Athletics from post season events including, without limiting the generality of the foregoing, football bowl game distributions, men's and women's basketball season playoff revenue and like revenue;

(e) Revenue generated from the sale of concessions and souvenirs at Department of Intercollegiate Athletics events;

(f) Sponsorship and signage income;

(g) Amounts received from the University pursuant to an agreement dated December 1, 2000 to pay a portion of the costs of the Bank of America Arena at "Hec" Edmundson Pavilion; and

(h) Other income including Conibear Shellhouse rental and operating income, if any;

together with interest and profit from the investment thereof, all determined in accordance with generally accepted accounting principles.

Roosevelt I Bonds means the Roosevelt I Bonds, Series A and the Roosevelt I Bonds, Series B.

Roosevelt I Bonds, Series A means the Educational Research Properties Lease Revenue Bonds (4225 Roosevelt Project), Series 1999A issued in the aggregate principal amount of \$26,050,000 pursuant to the Roosevelt I Indenture.

Roosevelt I Bonds, Series B means the Educational Research Properties Lease Revenue Bonds (4225 Roosevelt Project), Series 1999B (Taxable) issued in the aggregate principal amount of \$4,505,000 pursuant to the Roosevelt I Indenture.

Roosevelt I Indenture means the Indenture of Trust between Educational Research Properties and Chase Manhattan Trust Company, National Association, dated as of June 1, 1999 authorizing the issuance of the Roosevelt I Bonds.

Series 2000 ICA Bonds means the University of Washington Department of Intercollegiate Athletics Revenue Bonds, Series 2000, dated October 15, 2000, issued in the aggregate principal amount of \$16,310,000 pursuant to the Series 2000 ICA Resolution.

Series 2000 ICA Resolution means the Resolution of the Board dated September 14, 2000, authorizing the issuance of the Series 2000 ICA Bonds.

Series 2005 ICA Bonds means the University of Washington Department of Intercollegiate Athletics Refunding Revenue Bonds, Series 2005 or Series 2006, authorized to be issued in an aggregate principal amount of not to exceed \$13,500,000 pursuant to this resolution and a Trust Agreement.

Series 2000 IMA Bonds means the University of Washington Student Facilities Fee Revenue Bonds, Series 2000, dated December 1, 2000, issued in the aggregate principal amount of \$49,210,000 pursuant to the Series 2000 IMA Resolution.

Series 2000 IMA Resolution means the Resolution of the Board dated October 20, 2000, authorizing the issuance of the Series 2000 IMA Bonds.

Series 2005 IMA Bonds means the University of Washington Student Facilities Fee Refunding Revenue Bonds, Series 2005 or Series 2006, authorized to be issued in an aggregate principal amount of not to exceed \$48,500,000 pursuant to this resolution and a Trust Agreement.

Series 2005 General Revenue Bonds means the University of Washington General Revenue Bonds, 2005 or 2006, authorized to be issued in an aggregate principal amount of not to exceed \$33,500,000 pursuant to this resolution and a Trust Agreement.

Series 2004 General Revenue Bond Resolution means a Resolution of the Board dated July 16, 2004 authorizing the issuance of the University of Washington General Revenue Bonds, 2004.

State means the State of Washington.

Student Facilities Fee means that certain fee heretofore established by the Board, which is charged to and collected from full-time and part-time students registered at the University for each academic quarter as a component of the Services and Activities Fee (defined by RCW 28B.15.041, as amended from time to time). The amount of the Student Facilities Fee shall be as determined by the Board from time to time and, with respect to Spring Quarter of 2005, is \$86.27 per academic quarter for full-time undergraduate students plus a fee approved by the Board on June 12, 1998, of \$35 per academic quarter for all full-time students. The Services and Activities Fee (of which the Student Facilities Fee is a component part), with respect to Spring Quarter of 2005, is \$97 per academic quarter for all full-time students plus the additional \$35 per academic quarter approved by the Board on June 12, 1998.

Student Facilities Fee Bond Fund means the Student Facilities Fee Revenue Bond Fund identified in Section 19 of the Series 2000 IMA Resolution.

Student Facilities Fee Reserve Fund means the Debt Service Reserve Account in the Bond Fund identified in Section 19 of the Series 2000 IMA Resolution.

Student Facilities Fee Revenue Fund means the Student Facilities Fee Revenue Account identified in Section 18 of the Series 2000 IMA Resolution.

Trust Agreement means a Trust Agreement entered into between the University and a Trustee with respect to the Series 2005 IMA Bonds, Series 2005 ICA Bonds or Series 2005 General Revenue Bonds, setting forth the terms of the Series 2005 IMA Bonds, Series 2005 ICA Bonds or Series 2005 General Revenue Bonds, as applicable.

Trustee means a bond trustee selected by the Authorized Representative to act on behalf of the owners of the Series 2005 IMA Bonds, Series 2005 ICA Bonds or Series 2005 General Revenue Bonds pursuant to a Trust Agreement.

University means the University of Washington, a higher educational institution of the State, the main campus of which is located at Seattle, Washington.

4225 Roosevelt Building means the medical laboratory, clinic and office facilities at 4225 Roosevelt Way Northeast currently owned by Educational Research Properties and leased to the University.

Section 2. Findings; Authorization Regarding Determination of Parity Findings.

The Board hereby finds as follows:

(a) It is in the best interests of the University to refund the callable Series 2000 ICA Bonds through the issuance of the Series 2005 ICA Bonds if the projected debt service savings meet or exceed the threshold set forth in Section 8(a)(i).

(b) It is in the best interests of the University to refund the Series 2000 IMA Bonds through the issuance of the Series 2005 IMA Bonds if the projected debt service savings meet or exceed the threshold set forth in Section 8(b)(i).

(c) It is in the best interests of the University to finance the redemption and defeasance of the Roosevelt I Bonds through the issuance of the Series 2005 General Revenue Bonds if the projected savings generated by such redemption and/or defeasance meet or exceed the threshold set forth in Section 8(c)(i).

(d) Pursuant to Section 24 of the Series 2000 ICA Resolution, the University may issue bonds with a lien on Net Revenue of the Department of Intercollegiate Athletics on a parity with the lien thereon of the outstanding Series 2000 ICA Bonds to refund all or a portion of the Series 2000 ICA Bonds if the University is not in default of any of its covenants and undertakings in connection with the Series 2000 ICA Bonds, if the University has received a certificate of the Controller of the University described in Section 24(2)(A) or (B) of the Series 2000 ICA Resolution, and if the resolution authorizing the refunding bonds meets specified debt service reserve fund requirements. The Board hereby authorizes the Authorized Representative to approve the certificate of the Controller and determine that each of these conditions will be satisfied on or before the date of issuance of the Series 2005 ICA Bonds.

(e) Pursuant to Section 13 of the Series 2000 IMA Resolution, the University may issue bonds with a lien on Student Facilities Fees on a parity with the lien thereon of the outstanding Series 2000 IMA Bonds to refund all or a portion of the Series 2000 IMA Bonds if the University is not in default of any of its covenants and undertakings in connection with the Series 2000 IMA Bonds and if the University has received a certificate of the Controller of the University described in Section 13(b)(1) or (2) of the Series 2000 IMA Resolution. The Board

hereby authorizes the Authorized Representative to approve the certificate of the Controller and determine that each of these conditions will be satisfied on or before the date of issuance of the Series 2005 IMA Bonds.

(f) Since the date of issuance of the Roosevelt I Bonds, the Research Bond Act was passed, authorizing the University to issue bonds for research purposes payable from General Revenues. The University has previously issued its General Revenue Bonds, 2004, pursuant to the Series 2004 General Revenue Bond Resolution. Pursuant to Section 19 of the Series 2004 General Revenue Bond Resolution, the University may issue additional bonds payable from General Revenues for the purposes permitted under the Research Bond Act. The Board hereby determines that financing the redemption and defeasance of the Roosevelt I Bonds is permitted by the Research Bond Act. The Board hereby further determines that financing such redemption and defeasance through the issuance of the Series 2005 General Revenue Bonds and that the resulting delivery of unencumbered title to the 4225 Roosevelt Building are in the best interests of the University.

Section 3. Authorization and Purpose of the Bonds.

(a) *Series 2005 ICA Bonds.* Pursuant to this resolution and the Auxiliary Bond Act, the Board hereby authorizes, subject to the determinations to be made pursuant to Section 8 and the parameters set forth therein, the issuance of the Series 2005 ICA Bonds to be designated as “UNIVERSITY OF WASHINGTON DEPARTMENT OF INTERCOLLEGIATE ATHLETICS REFUNDING REVENUE BONDS, SERIES 2005 OR SERIES 2006” (depending on the year of issuance) to advance refund all or a portion of the Series 2000 ICA Bonds maturing on and after June 1, 2008, and to pay costs of issuance.

(b) *Series 2005 IMA Bonds.* Pursuant to this resolution and the Auxiliary Bond Act, the Board hereby authorizes, subject to the determinations to be made pursuant to Section 8 and the parameters set forth therein, the issuance of the Series 2005 IMA Bonds to be designated as “UNIVERSITY OF WASHINGTON STUDENT FACILITIES FEE REFUNDING REVENUE BONDS, SERIES 2005 OR SERIES 2006” (depending on the year of issuance) to advance refund all or a portion of the Series 2000 IMA Bonds and to pay costs of issuance.

(c) *Series 2005 General Revenue Bonds.* Pursuant to this resolution and the Research Bond Act, the Board hereby authorizes, subject to the determinations to be made pursuant to Section 8 and the parameters set forth therein, the issuance of the Series 2005 General Revenue Bonds to be designated as “UNIVERSITY OF WASHINGTON GENERAL REVENUE BONDS, 2005 OR 2006” (depending on the year of issuance) to finance the defeasance or redemption of the Roosevelt I Bonds.

Section 4. Description of the Bonds.

(a) *Limits on Principal Amount.* The Series 2005 ICA Bonds may be issued in the aggregate principal amount determined by the Authorized Representative pursuant to Section 8; provided that such aggregate principal amount shall not exceed \$13,500,000. The Series 2005

IMA Bonds may be issued in the aggregate principal amount determined by the Authorized Representative pursuant to Section 8; provided that such aggregate principal amount shall not exceed \$48,500,000. The Series 2005 General Revenue Bonds may be issued in the aggregate principal amount determined by the Authorized Representative pursuant to Section 8; provided that such aggregate principal amount shall not exceed \$33,500,000. Subject to the terms of this resolution, the Authorized Representative may determine to issue all of the Series 2005 ICA Bonds, Series 2005 IMA Bonds, and Series 2005 General Revenue Bonds, none of the foregoing or any combination of the foregoing.

(b) *Terms in Trust Agreements.* The dated date, maturity dates, form, interest rates, interest payment dates, principal maturities, registration, transfer and exchange provisions, authorized denominations, redemption provisions, defeasance provisions, covenants, events of default, remedies, reserve fund provisions, if any, consent, notice and amendment provisions, additional bonds provisions, the Refunding Candidates to be redeemed or defeased, and other terms of any Series 2005 ICA Bonds, Series 2005 IMA Bonds and Series 2005 General Revenue Bonds determined to be issued by the Authorized Representative shall be determined by the Authorized Representative pursuant to Section 8 and shall be set forth in the applicable Trust Agreement; provided, that the rate of interest on any such bonds shall be fixed in the Trust Agreement and shall not be variable. Subject to Section 8, other terms of any Series 2005 ICA Bonds, Series 2005 IMA Bonds and Series 2005 General Revenue Bonds determined to be issued by the Authorized Representative shall be approved by the Authorized Representative and set forth in the Trust Agreement. The approval of the Authorized Representative of the terms of the Series 2005 ICA Bonds, Series 2005 IMA Bonds and 2005 General Revenue Bonds shall be evidenced by his or her execution of the applicable Trust Agreement. The Authorized Representative shall also approve the plan of refunding and plan of defeasance for the applicable Refunding Candidates selected for defeasance or redemption by the Authorized Representative, provisions for the establishment of one or more escrow accounts for the defeasance or redemption of such Refunding Candidates, and call of redemption with respect to such Refunding Candidates.

(c) *Execution and Authentication.* The Series 2005 ICA Bonds, Series 2005 IMA Bonds and Series 2005 General Revenue Bonds shall be executed on behalf of the University by the manual or facsimile signatures of the President and the Secretary or Treasurer of the Board, and the official seal of the University shall be reproduced thereon. No Series 2005 ICA Bonds, Series 2005 IMA Bonds or Series 2005 General Revenue Bonds shall be valid for any purpose hereunder or under the applicable Trust Agreement until the certificate of authentication printed thereon is duly executed by the manual signature of an authorized signatory of the registrar for such bonds.

Section 5. Source of Repayment and Security for Series 2005 ICA Bonds.

(a) The Series 2005 ICA Bonds shall be payable solely from Revenue of the Department of Intercollegiate Athletics and the ICA Bond Fund. All Series 2000 ICA Bonds, Series 2005 ICA Bonds and any future bonds issued on a parity of lien with the Series 2005 ICA Bonds pursuant to the terms of the Trust Agreement for the Series 2005 ICA Bonds shall be equally and ratably secured by (i) a lien on the Revenue of the Department of Intercollegiate

Athletics and the money and investments in the ICA Revenue Fund, subject only to the amounts necessary for the payment of Operating Expenses of the Department of Intercollegiate Athletics, as and when needed; and (ii) a first lien on the money and investments in the ICA Bond Fund and the ICA Reserve Fund.

(b) The liens created in this Section 5 shall be immediately valid and binding upon the issuance of the Series 2005 ICA Bonds, without possession by any third party and such security interests shall be prior to any party having any claim against such money, investments or fund without filing or recording, and regardless of whether such competing party has notice of said security interest.

(c) The Series 2005 ICA Bonds shall be special, limited obligations of the University and shall not constitute an obligation, either general, special or moral, of the State, nor a general or moral obligation of the University. The owners of the Series 2005 ICA Bonds shall have no right to require the State, nor has the State any obligation or legal authorization, to levy any taxes or appropriate or expend any of its funds for the payment of the principal thereof or the interest thereon. Said principal and interest are payable solely and only from the sources specified in this Resolution and in the Trust Agreement for the Series 2005 ICA Bonds. The University has no taxing power.

Section 6. Source of Repayment and Security for Series 2005 IMA Bonds.

(a) The Series 2005 IMA Bonds shall be payable solely from Student Facilities Fees and the Student Facilities Fee Bond Fund. All Series 2000 IMA Bonds, Series 2005 IMA Bonds and any future bonds issued on a parity of lien with the Series 2005 IMA Bonds pursuant to the terms of the Trust Agreement for the Series 2005 IMA Bonds shall be equally and ratably secured by (i) a first lien on Student Facilities Fees and the money and investments in the Student Facilities Fee Revenue Fund; and (ii) a first lien on the money and investments in the Student Facilities Fee Bond Fund and the Student Facilities Fee Reserve Fund.

(b) The liens created in this Section 6 shall be immediately valid and binding upon the issuance of the Series 2005 IMA Bonds, without possession by any third party and such security interests shall be prior to any party having any claim against such money, investments or fund without filing or recording, and regardless of whether such competing party has notice of said security interest.

(c) The Series 2005 IMA Bonds shall be special, limited obligations of the University and shall not constitute an obligation, either general, special or moral, of the State, nor a general or moral obligation of the University. The owners of the Series 2005 IMA Bonds shall have no right to require the State, nor has the State any obligation or legal authorization, to levy any taxes or appropriate or expend any of its funds for the payment of the principal thereof or the interest thereon. Said principal and interest are payable solely and only from the sources specified in this Resolution and in the Trust Agreement for the Series 2005 IMA Bonds. The University has no taxing power.

Section 7. Source of Repayment and Security for Series 2005 General Revenue Bonds.

(a) *Special Fund Obligations.* The Series 2005 General Revenue Bonds shall be special fund obligations of the University, payable solely from General Revenues and the money and investments identified in the Trust Agreement. The 2005 General Revenue Bonds shall not constitute an obligation, either general, special or moral, of the State, nor a general or moral obligation of the University. The registered owner of the Series 2005 General Revenue Bonds shall have no right to require the State of Washington, nor has the State of Washington any obligation or legal authorization, to levy any taxes or appropriate or expend any of its funds for the payment of the principal thereof or the interest or any premium thereon. The University has no taxing power.

(b) *All General Revenue Bonds Have Equal Claim on General Revenues.* The 2005 General Revenue Bonds shall be equally and ratably payable, without preference, priority or distinction because of date of issue or otherwise from General Revenues on the same basis as the University's General Revenue Bonds, 2004.

(c) *Additions to General Revenues.* The University has reserved the right to include in General Revenues, at its sole option, in the future, other sources of revenue or income, specifically including, but not limited to, all or any portion of the items or the auxiliary systems on the terms set forth in the Series 2004 General Revenue Bond Resolution, which reservation of rights shall be set forth in substantially the same form in any Trust Agreement for the Series 2005 General Revenue Bonds.

(d) *Deletions from General Revenues.* The University has reserved the right to remove, at its sole option, in the future, any revenues from General Revenues, which reservation of rights shall be set forth in substantially the same form in any Trust Agreement for the Series 2005 General Revenue Bonds

Section 8. Determination of Certain Matters Affecting the Bonds.

The Authorized Representative is hereby authorized to make the following determinations and take the following actions with respect to the Series 2005 ICA Bonds, Series 2005 IMA Bonds and Series 2005 General Revenue Bonds, or with respect to any of the foregoing, subject to the limitations described below:

(a) determine whether to issue the Series 2005 ICA Bonds; provided that the conditions set forth under (i) through (v) are satisfied. In the event that the Authorized Representative determines to issue the Series 2005 ICA Bonds, the Authorized Representative shall identify which of the Refunding Candidates (ICA) shall be defeased or called for redemption, and proceed to defease and/or call for redemption such Series 2000 ICA Bonds on behalf of the Board. The conditions to be satisfied prior to the issuance of the Series 2005 ICA Bonds are as follows:

(i) that no Series 2005 ICA Bonds shall be issued unless the issuance of the Series 2005 ICA Bonds will result in present value savings equal to at least 5% of the par amount of the outstanding Series 2000 ICA Bonds to be refunded;

(ii) that the aggregate principal amount of the Series 2005 ICA Bonds shall not exceed the maximum aggregate principal amount set forth in Section 4(a);

(iii) that the true interest cost for the Series 2005 ICA Bonds shall not exceed 6.5%;

(iv) that the closing date for the sale of the Series 2005 ICA Bonds shall be no later than April 1, 2006 (unless such date is extended with the approval of the Board); and

(v) that the final maturity date for the Series 2005 ICA Bonds shall be not later than the final maturity date for the outstanding Series 2000 ICA Bonds;

(b) determine whether to issue the Series 2005 IMA Bonds; provided that the conditions set forth under (i) through (v) are satisfied. In the event that the Authorized Representative determines to issue the Series 2005 IMA Bonds, the Authorized Representative shall identify which of the Refunding Candidates (IMA) shall be defeased or called for redemption, and proceed to defease and/or call for redemption such Series 2000 IMA Bonds on behalf of the Board. The conditions to be satisfied prior to the issuance of the Series 2005 IMA Bonds are as follows:

(i) that no Series 2005 IMA Bonds shall be issued unless the issuance of the Series 2005 IMA Bonds will result in savings equal to at least 5% of the value of the outstanding Series 2000 IMA Bonds to be refunded;

(ii) that the aggregate principal amount of the Series 2005 IMA Bonds shall not exceed the maximum aggregate principal amount set forth in Section 4(a);

(iii) that the true interest cost for the Series 2005 IMA Bonds shall not exceed 6.5%;

(iv) that the closing date for the sale of the Series 2005 IMA Bonds shall be no later than April 1, 2006 (unless such date is extended with the approval of the Board); and

(v) that the final maturity date for the Series 2005 IMA Bonds shall be not later than the final maturity date for the outstanding Series 2000 IMA Bonds;

(c) determine whether to issue the Series 2005 General Revenue Bonds; provided that the conditions set forth under (i) through (v) are satisfied. In the event that the

Authorized Representative determines to issue the Series 2005 General Revenue Bonds, the Authorized Representative shall identify which of the Refunding Candidates (Roosevelt I) shall be defeased or called for redemption, and proceed, on behalf of the Board, to defease and/or request that Educational Research Properties call for redemption such Roosevelt I Bonds. The conditions to be satisfied prior to the issuance of the Series 2005 General Revenue Bonds are as follows:

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(i) that no Series 2005 General Revenue Bonds shall be issued unless the issuance shall result in present value savings to the University equal to at least 5% of the par amount of the outstanding Roosevelt I Bonds (measured by comparing the debt service on the Roosevelt I Bonds with the debt service to be paid on the Series 2005 General Revenue Bonds);

(ii) that the aggregate principal amount of the Series 2005 General Revenue Bonds shall not exceed the maximum aggregate principal amount set forth in Section 4(a);

(iii) that the true interest cost for the Series 2005 General Revenue Bonds shall not exceed 6.5%;

(iv) that the closing date for the sale of the Series 2005 General Revenue Bonds shall be no later than April 1, 2006 (unless such date is extended with the approval of the Board); and

(v) that the final maturity date for the Series 2005 General Revenue Bonds shall be not later than the final maturity date for the outstanding Roosevelt I Bonds;

(d) select a Trustee for the owners of any or all of the Series 2005 ICA Bonds, Series 2005 IMA Bonds and Series 2005 General Revenue Bonds, as applicable; and fix its or their rights, duties, powers, and obligations under the applicable Trust Agreement;

(e) determine and approve the dated date, maturity dates, form, interest rates, interest payment dates, principal maturities, registration, transfer and exchange provisions, authorized denominations, redemption provisions, defeasance provisions, covenants, events of default, remedies, reserve fund provisions, if any, consent, notice and amendment provisions, additional bonds provisions, Refunding Candidates to be redeemed or defeased, and other terms of any or all of the Series 2005 ICA Bonds, Series 2005 IMA Bonds and Series 2005 General Revenue Bonds, as applicable, subject to Section 4; which approval shall be evidenced by the execution by the Authorized Representative of the applicable Trust Agreement setting forth such terms;

(f) approve the information contained in the Preliminary Official Statement pertaining to any or all of the Series 2005 ICA Bonds, Series 2005 IMA Bonds and Series 2005 General Revenue Bonds, as applicable; "deem final" such Preliminary Official Statement(s) as of its date, except for the omission of information on offering prices, interest rates, selling

compensation, delivery dates and any other terms or provisions of any or all of the Series 2005 ICA Bonds, Series 2005 IMA Bonds and Series 2005 General Revenue Bonds dependent on such matters, for the sole purpose of the applicable underwriter's compliance with Securities and Exchange Commission Rule 15c2-12; authorize the distribution of such Preliminary Official Statement(s) to prospective purchasers of any or all of the Series 2005 ICA Bonds, Series 2005 IMA Bonds and Series 2005 General Revenue Bonds, as applicable, and others; approve and execute the Final Official Statement in connection with the public offering and sale of any or all of the Series 2005 ICA Bonds, Series 2005 IMA Bonds and Series 2005 General Revenue Bonds to the actual purchasers of such bonds and others;

(g) determine the manner of sale of any or all of the Series 2005 ICA Bonds, Series 2005 IMA Bonds and Series 2005 General Revenue Bonds; select an underwriter(s) for any or all of the Series 2005 ICA Bonds, Series 2005 IMA Bonds and Series 2005 General Revenue Bonds to be issued; negotiate, review and execute at his or her discretion, a Bond Purchase Contract for the sale of any or all of the Series 2005 ICA Bonds, Series 2005 IMA Bonds and Series 2005 General Revenue Bonds, as applicable;

(h) negotiate, review and execute at his or her discretion Trust Agreements with respect to any or all of the Series 2005 ICA Bonds, Series 2005 IMA Bonds and Series 2005 General Revenue Bonds;

(i) select one or more trust companies to serve as escrow agent in connection with the refunding or defeasance of the Refunding Candidates determined pursuant to this section to be redeemed or defeased; provide for the establishment of one or more escrow accounts for the defeasance or redemption of such Refunding Candidates; provide for notices of redemption and defeasance; and negotiate, approve and execute one or more Escrow Agreements for these purposes;

(j) determine if it is in the best interest of the University for any or all of the Series 2005 ICA Bonds, Series 2005 IMA Bonds and/or Series 2005 General Revenue Bonds to be insured and, if so, select the insurer, purchase such bond insurance, pay the premium therefor and enter into any reimbursement agreement, each as applicable;

(k) execute such documents or certificates on behalf of the University, and to do all things on its behalf, necessary to proceed with any determination of the Authorized Representative to issue, sell and deliver any or all of the Series 2005 ICA Bonds, Series 2005 IMA Bonds and Series 2005 General Revenue Bonds as authorized herein and consistent with the terms of this resolution.

In determining the items described in this section, the Authorized Representative, in consultation with University staff and the University's financial advisor, shall take into account those factors that, in his or her judgment, will result in the lowest true interest cost on the Series 2005 ICA Bonds, Series 2005 IMA Bonds and Series 2005 General Revenue Bonds, as applicable, to their maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Series 2005 ICA Bonds, Series 2005 IMA Bonds and Series 2005 General Revenue Bonds, as applicable. The

Authorized Representative is directed to report to the Board promptly after the issuance and sale of any Series 2005 ICA Bonds, Series 2005 IMA Bonds or the Series 2005 General Revenue Bonds.

Section 10. General Authorization; Ratification of Prior Acts. The Authorized Representative and other appropriate officers of the University are authorized to take any actions and to execute documents as in their judgment may be necessary or desirable in order to carry out the terms of, and complete the transactions contemplated by, this resolution. All acts taken pursuant to the authority of this resolution but prior to its effective date are hereby ratified.

Section 11. Severability . If any provision in this resolution is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provision of this resolution and shall in no way affect the validity of the other provisions of this resolution or the Series 2005 ICA Bonds, Series 2005 IMA Bonds or Series 2005 General Revenue Bonds.

Section 12. Immediate Effect. This resolution shall take effect immediately upon its adoption.

ADOPTED at an open public meeting of the Board of Regents of the University, after notice thereof was duly and regularly given as required by law, this 17th day of March, 2005.

BOARD OF REGENTS, UNIVERSITY OF
WASHINGTON

By _____

Attest:

By _____

Approved as to form:

Jay A. Reich
Special Assistant
Attorney General
State of Washington