

VII. STANDING COMMITTEES**B. Finance, Audit and Facilities Committee**Adoption of Supplemental Trust Agreement, Student Facilities Fee Refunding Revenue Bonds, Series 2005**RECOMMENDED ACTION:**

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents adopt the supplemental Trust Agreement in association with the Student and Activities Fee Refunding Revenue Bonds, Series 2005.

BACKGROUND:

When the Student Facilities Fee Revenue Bonds, Series 2000 were issued in November 2000 (and subsequently refunded in March 2005), the use of the bond proceeds was limited to the following:

- Improvements to the Intramural Activities (IMA) Building
- Improvements to the Golf Driving Range
- Night lighting and artificial turf on an outdoor sports field

In spring of 2006, the Services and Activities Fee Committee, in conjunction with the Office of Student Affairs, voted to broaden the scope of the uses of the remaining bond proceeds to include “any other capital facilities approved by the Services and Activities Fee Committee”.

The First Supplemental Trust Agreement makes the necessary modification to the project definition to incorporate this decision while retaining all of the other covenants and definitions associated with the original bonds.

This modification to the project definition required approval of Financial Security Assurance, the bond insurer. This approval was granted on May 31st, 2006.

INTERNAL REVIEWS AND APPROVALS:

The adoption of the modified Trust Agreement has been reviewed and approved by the Executive Vice President and the Vice Provost for Student Life.

Attachments:

- 1) First Supplemental Trust Agreement
- 2) FSA Approval

CONSENT OF FINANCIAL SECURITY ASSURANCE INC.

The undersigned hereby certifies that she is authorized to execute and deliver this Consent on behalf of Financial Security Assurance Inc. ("Financial Security"), as issuer of a municipal bond insurance policy for University of Washington, Student Facilities Fee Revenue Bonds, Series 2000 and Student Facilities Fee Refunding Revenue Bonds Series 2005 (collectively, the "Bonds"). Financial Security hereby consents to the First Supplemental Trust Agreement (in the form attached hereto as Exhibit A). Financial Security's consent is provided pursuant to Section 1201(a)(2) of the Trust Agreement between the University of Washington and Bank of New York Trust Company, N.A., dated as of June 1, 2005.

By granting this Consent Financial Security expresses no opinion as to whether the consent of any other person is required for such a supplement.

FINANCIAL SECURITY ASSURANCE INC.



Elizabeth Hill
Managing Director

Dated: May 31, 2006

FIRST SUPPLEMENTAL TRUST AGREEMENT

THE TRUST AGREEMENT (the “Original Agreement”) dated as of June 1, 2005, by and between the UNIVERSITY OF WASHINGTON (the “University”), an institution of higher education of the State of Washington, and THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association, as Trustee (the “Trustee”) is hereby amended by this FIRST SUPPLEMENTAL TRUST AGREEMENT (the “Supplemental Agreement”), dated as of June 1, 2006, by and between the University and the Trustee, as follows:

WITNESSETH

WHEREAS, on June 7, 2005, the University issued its University of Washington Student Facilities Fee Refunding Revenue Bonds, Series 2005 (the “Bonds”) in the principal amount of \$43,610,000; and

WHEREAS, the Bonds were issued pursuant to a Resolution of the Board of Regents of the University adopted on March 17, 2005 and the Original Agreement; and

WHEREAS, the Bonds refunded the University of Washington Student Facilities Fee Revenue Bonds, Series 2000, which were issued to pay costs of the Project (as defined below), to fund a debt service reserve account, and to pay costs of issuance; and

WHEREAS, the Project is defined in the Original Agreement to consist of the construction and equipping of the following capital facilities in the following order of priority: (i) improvements to the Intramural Activities Building; (ii) improvements to the Golf Driving Range; and (iii) night lighting and artificial turf on an outdoor sports field; and

WHEREAS, the University may determine not proceed with the improvements to the Golf Driving Range; and

WHEREAS, the University desires to amend the Project definition in the Original Agreement to replace the improvements to the Golf Driving Range with other capital facilities approved by the Services and Activities Fee Committee and payable from the Student Facilities Fee; and

WHEREAS, Financial Security Assurance Inc. (the “Bond Insurer”) issued its municipal insurance policy with respect to the Bonds; and

WHEREAS, pursuant to Section 12.01(a) of the Original Agreement, the Original Agreement may be amended “in regard to matters or questions arising under this Trust Agreement as the University may deem necessary or desirable and not inconsistent with this Trust Agreement and which shall not adversely affect the interest of the Registered Owners of any Parity Bonds”, upon compliance with the following conditions:

- A. Receipt of the written consent of the Bond Insurer;

- B. Receipt of an opinion of Preston Gates & Ellis LLP, Bond Counsel to the University, to the effect that the Supplemental Agreement complies with the provisions of Article XII of the Original Agreement, and does not adversely affect the interests of the Registered Owners of any Parity Bond; and
- D. Notice by the Trustee to Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., and Moody's Investor Service, as rating agencies for the Bonds; and

WHEREAS, each of the foregoing conditions has or will have been satisfied as of the date of execution of this Supplemental Agreement; and

NOW THEREFORE, the University does hereby agree and covenant with the Trustee and with the Registered Owners of the Bonds as follows:

Section 1. Except as amended by this Supplement Agreement, the Original Agreement is in all respects ratified and confirmed, and all the terms, provision and conditions thereof shall remain in full force and effect. This Supplemental Agreement shall be deemed to be part of the Original Agreement.

Section 2. All words and phrases not otherwise defined herein shall have the meanings given to them in the Original Agreement.

Section 3. All references in the Original Agreement to "this Trust Agreement" or words of similar import, and the terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in the Original Agreement shall be deemed to refer to the Original Agreement, as amended by this Supplemental Agreement.

Section 4. The definition of "Project" in Exhibit B to the Original Agreement is hereby amended to read as follows (deletions are stricken and additions are underlined):

"Project" means the construction and equipping of the following capital facilities in the following order of priority: (i) improvements to the IMA; (ii) ~~improvements to the Golf Driving Range; and (iii)~~ night lighting and artificial turf on an outdoor sports field; and (iii) any other capital facilities approved by the Services and Activities Fee Committee and payable from the Student Facilities Fee.

Section 5. This Supplemental Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

IN WITNESS WHEREOF, the University and the Trustee have caused this Supplemental Agreement to be signed by their respective and duly authorized representatives, all as of the date above.

UNIVERSITY OF WASHINGTON

By _____

Its _____

THE BANK OF NEW YORK TRUST
COMPANY, N.A., as Trustee

By _____

Title _____

Attachments:

1. Consent of Bond Insurer
2. Copy of notice to ratings agencies
3. Opinion of Bond Counsel

CONSENT OF FINANCIAL SECURITY ASSURANCE INC.

The undersigned hereby certifies that she is authorized to execute and deliver this Consent on behalf of Financial Security Assurance Inc. ("Financial Security"), as issuer of a municipal bond insurance policy for University of Washington, Student Facilities Fee Revenue Bonds, Series 2000 and Student Facilities Fee Refunding Revenue Bonds Series 2005 (collectively, the "Bonds"). Financial Security hereby consents to the First Supplemental Trust Agreement (in the form attached hereto as Exhibit A). Financial Security's consent is provided pursuant to Section 1201(a)(2) of the Trust Agreement between the University of Washington and Bank of New York Trust Company, N.A., dated as of June 1, 2005.

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FINANCIAL SECURITY ASSURANCE INC.



Elizabeth Hill
Managing Director

Dated: May 31, 2006

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WHEREAS, the Bonds were issued pursuant to a Resolution of the Board of Regents of the University adopted on March 17, 2005 and the Original Agreement; and

WHEREAS, the Bonds refunded the University of Washington Student Facilities Fee Revenue Bonds, Series 2000, which were issued to pay costs of the Project (as defined below), to fund a debt service reserve account, and to pay costs of issuance; and

WHEREAS, the Project is defined in the Original Agreement to consist of the construction and equipping of the following capital facilities in the following order of priority: (i) improvements to the Intramural Activities Building; (ii) improvements to the Golf Driving Range; and (iii) night lighting and artificial turf on an outdoor sports field; and

WHEREAS, the University may determine not proceed with the improvements to the Golf Driving Range; and

WHEREAS, the University desires to amend the Project definition in the Original Agreement to replace the improvements to the Golf Driving Range with other capital facilities approved by the Services and Activities Fee Committee and payable from the Student Facilities Fee; and

WHEREAS, Financial Security Assurance Inc. (the “Bond Insurer”) issued its municipal insurance policy with respect to the Bonds; and

WHEREAS, pursuant to Section 12.01(a) of the Original Agreement, the Original Agreement may be amended “in regard to matters or questions arising under this Trust Agreement as the University may deem necessary or desirable and not inconsistent with this Trust Agreement and which shall not adversely affect the interest of the Registered Owners of any Parity Bonds”, upon compliance with the following conditions:

- A. Receipt of the written consent of the Bond Insurer;

- B. Receipt of an opinion of Preston Gates & Ellis LLP, Bond Counsel to the University, to the effect that the Supplemental Agreement complies with the provisions of Article XII of the Original Agreement, and does not adversely affect the interests of the Registered Owners of any Parity Bond; and
- D. Notice by the Trustee to Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., and Moody's Investor Service, as rating agencies for the Bonds; and

WHEREAS, each of the foregoing conditions has or will have been satisfied as of the date of execution of this Supplemental Agreement; and

NOW THEREFORE, the University does hereby agree and covenant with the Trustee and with the Registered Owners of the Bonds as follows:

Section 1. Except as amended by this Supplement Agreement, the Original Agreement is in all respects ratified and confirmed, and all the terms, provision and conditions thereof shall remain in full force and effect. This Supplemental Agreement shall be deemed to be part of the Original Agreement.

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