

VII. STANDING COMMITTEES**B. Finance, Audit and Facilities Committee****Adoption of a Resolution Authorizing the Sale of General Revenue Notes
(Commercial Paper)****RECOMMENDED ACTION:**

It is the recommendation of the administration and the Finance, Audit, and Facilities Committee that the Board of Regents:

1. Adopt the attached resolution authorizing the issuance of University of Washington General Revenue Notes (i.e. commercial paper) in an aggregate principal amount not to exceed \$250 million, and
2. Delegate to the President or his designee, the authority to sign all necessary documents relating to the ongoing issuance of commercial paper.

BACKGROUND:

Commercial paper (CP) notes are short term obligations used by corporations, banks, and municipalities to finance capital facilities and short term cash needs. Maturities on commercial paper range from 1 day to 270 days and can be rolled over as needed.

CP notes will primarily be used by the University to fund capital projects on an interim basis before permanent funding is arranged. The benefits are the ability to fund multiple projects on a just-in-time basis which results in lower borrowing costs and greater flexibility in the timing and structuring of permanent financing.

Merrill Lynch has been selected to the broker/dealer to issue and maintain the University's CP note program. The University determines the amount and maturities of the notes sold by the broker/dealer based on borrowing needs. Interest and principal on the notes is payable at maturity. The University will have the option of insuring repayment of the notes using its own liquidity or by arranging a credit facility with a third party. The source of repayment for the notes will be the University's general local revenues.

This action item only establishes the CP program and adopts the overall CP Resolution. In accordance with current policy, authority for specific projects, along with the associated financing plan, will continue to be brought to the Board for approval.

INTERNAL REVIEW AND APPROVALS:

The establishment of the commercial paper program and associated bond resolution have been reviewed and approved by the Executive Vice President, Vice Provost for Budgeting and Planning, and the Treasurer of the Board of Regents.

Attachments: Resolution of the Board of Regents authorizing the sale of General Revenue Notes
Commercial Paper Program

RESOLUTION OF THE BOARD OF REGENTS

A RESOLUTION of the Board of Regents of the University of Washington, authorizing the sale of General Revenue Notes (Commercial Paper), in tax-exempt and taxable series from time to time in an aggregate principal amount not to exceed \$250,000,000, payable from general revenues of the University, for University purposes, and delegating authority to the President and Executive Vice President or designees thereof to arrange for the sale and delivery of the notes, to determine their final terms, to appoint one or more dealers and issuing, authenticating and paying agents and to arrange for credit enhancement to support the repayment of the notes.

Prepared by:

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Seattle, Washington

Adopted: _____, 2006

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RESOLUTION

A RESOLUTION of the Board of Regents of the University of Washington, authorizing the sale of General Revenue Notes (Commercial Paper), in tax-exempt and taxable series from time to time in an aggregate principal amount not to exceed \$250,000,000, payable from general revenues of the University, for University purposes, and delegating authority to the President and Executive Vice President or designees thereof to arrange for the sale and delivery of the notes, to determine their final terms, to appoint one or more dealers and issuing, authenticating and paying agents and to arrange for credit enhancement to support the repayment of the notes.

WHEREAS, the Board of Regents (the “Board”) of the University of Washington (the “University”) previously has issued its University of Washington General Revenue Bonds, 2004 (the “Outstanding General Revenue Bonds”), pursuant to a resolution of the Board of Regents adopted on July 16, 2004 (the “2004 Resolution”); and

WHEREAS, the 2004 Resolution permits the Board of Regents to authorize additional obligations payable from the University’s General Revenues (as defined below) to finance the construction, installation, equipping, repair, renovation, alteration or betterment of University facilities as permitted under Chap. 28B.140 RCW or otherwise under State law; and

WHEREAS, the University is authorized under state law to borrow for various purposes including, pursuant to chapter 28B.140 RCW for research purposes, pursuant to RCW 28B.10.300 *et seq.* for certain auxiliary facilities, pursuant to RCW 28B.20.395 *et seq.* for the Metropolitan Tract, and, pursuant to RCW 28B.20.145 for any University purpose within a biennium; and

WHEREAS, the University has determined to establish a commercial paper program payable from the University’s General Revenues to provide financing and refinancing for University purposes;

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

ARTICLE I. DEFINITIONS; INTERPRETATION

Section 1.01. Definitions. Unless the context otherwise requires, the following terms shall have the following meanings:

Additional Bonds means one or more series of additional obligations of the University payable from General Revenues.

Aggregate Interest Coverage means, with respect to any Notes payable from Drawings under a Credit Facility, as of any date, the aggregate amount of Interest Coverage determined with respect to all Notes payable from Drawings under that Credit Facility, including Notes then proposed to be issued as additional Notes payable from Drawings under that Credit Facility, including all Interest Periods then in effect.

Authorized Denominations means \$100,000 and any integral multiple of \$1,000 in excess thereof.

Authorized University Representative means the President of the University, the Executive Vice President of the University or the designee(s) of the President or Executive Vice President for the purposes of one or more duties of the Authorized University Representative under this resolution.

Beneficial Owner means the beneficial owner of all or a portion of a Note while the Note is in fully immobilized form.

Biennium means each two-year period constituting a State fiscal biennium.

Biennium Note Act means RCW 28B.20.145, as may be amended, and any successor statute.

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.

Bond Counsel means a firm of lawyers nationally recognized and accepted as bond counsel and so employed by the University for any purpose under this resolution applicable to the use of that term.

Business Day, with respect to any Note, means a day (a) on which banks in Washington or New York or the city in which demands for payment are to be presented under any Credit Facility are not closed and (b) on which the New York Stock Exchange is not closed.

Capital Fund – Tax-Exempt means the account by that name maintained by the University or in the office of the Treasurer of the University for the purpose of holding certain proceeds of the Series A Notes and Series C Notes.

Code means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable final, temporary or proposed regulations or revenue rulings issued or amended with respect thereto by the U.S. Treasury Department or the Internal Revenue Service, to the extent applicable to the Notes.

Credit Agreement means any written agreement entered into between the University and a Credit Facility Issuer in connection with the provision of a Credit Facility and any and all modifications, alterations, and amendments and supplements thereto.

Credit Facility or Facilities means one or more policies of municipal bond insurance, letters of credit, lines of credit, guarantees or other financial instruments or any combination of the foregoing, which obligates a third party to make payment or provide funds for the payment of financial obligations of the University, including but not limited to payment of the scheduled principal of and interest on one or more Notes. A **Credit Facility** may, but is not required to, provide only liquidity support rather than liquidity and credit support. There may be one or more Credit Facilities outstanding at any time providing for the payment of the principal of and interest on Notes. The term **Credit Facility** is not intended to include the “Unutilized Commitment” (as such term may be defined in a Credit Agreement).

Credit Facility Issuer means the issuer or provider of a Credit Facility, which may be a financial institution or municipal bond insurance company. There may be more than one Credit Facility Issuer with respect to the Notes.

Credit Facility Repayment Account means the account of that name created pursuant to Section 3.07 of this resolution.

Dealer means one or more dealers for Notes appointed by the Authorized University Representative pursuant to Section 5.01.

Dealer Agreement means a written agreement between the University and a Dealer for the services of the Dealer with respect to the Notes.

Drawing means a request for funds as specified in a Credit Facility (other than a municipal bond insurance policy).

DTC means The Depository Trust Company, New York, New York, as depository for the Notes or any successor or substitute Securities Depository for such Notes.

Electronic Means mean any electronic means of communication that produces a written record.

Favorable Opinion of Bond Counsel means, with respect to any action, a written legal opinion of Bond Counsel, to the effect that such action is permitted under the laws of the State and this resolution and will not impair the exclusion of interest on a Series A Note or Series C Note from gross income for federal income tax purposes (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of such Series A Note or Series C Note).

Fiscal Agency Agreement means the agreement of that name between the State and a bank or trust company, as fiscal agent, entered into pursuant to chapter 43.80 RCW and any amendments and supplements thereto and replacements thereof.

Fitch means Fitch, Inc., organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, **Fitch** shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Moody's) designated by the Authorized University Representative with prior notice to the Credit Facility Issuer.

General Revenue Note Fund means the University of Washington General Revenue Note Fund (Commercial Paper), created in the office of the Treasurer of the University by authority granted in Section 4.01 of this resolution.

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;
- (d) Revenues and receipts attributable to auxiliary systems established under RCW 28B.10.300; and
- (e) 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**.

Government Obligations has the meaning given to such term in chapter 39.53 RCW, as amended.

Governmental Projects means those capital projects of the University that may be financed with tax-exempt governmental (not private activity) obligations.

Instruction has the meaning given such term in Section 3.01

Interest Coverage means with respect to each Note that is payable from Drawings under a Credit Facility, a dollar amount determined in accordance with the following formula:

$$((R \times P) \div 365) \times (D + 15)$$

R = Interest Rate, applicable to such Note

P = Principal amount of Note bearing interest at such Interest Rate

D = Duration (in days) of the Interest Period applicable to such Note

Interest Payment Date means for each Note, the maturity date of such Note or, with respect to a Reimbursement Obligations, the dates specified therefor in the applicable Credit Agreement.

Interest Period means the period of time beginning on and including the date of issuance to but excluding the maturity date for each Note, which period shall be a period of at least one day but not more than 269 days, established pursuant to Section 2.02(b) and 2.08.

Interest Portion means the dollar amount available through Drawings under a Credit Facility then in effect to pay interest on the Notes.

Interest Rate means the per annum interest rate for each Note determined pursuant to Section 2.08.

Issue Date, with respect to the Notes, means the first date the aggregate principal amount of Notes issued and Outstanding equals or exceeds \$100,000.

Letter of Representations means the Blanket Issuer Letter of Representations between DTC and the University.

Limit, with respect to a Credit Facility, means the dollar amount available through Drawings under a Credit Facility then in effect to pay principal on the Notes.

Master Note means each Note delivered to DTC to evidence one or more Series or portions of Series.

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.

Moody's means Moody's Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns,

except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term **Moody's** shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch or S&P) selected by the Authorized University Representative with prior notice to the Credit Facility Issuer.

Net Revenue means, with respect to any item or auxiliary revenues proposed to be added to General Revenues, revenues of such item or auxiliary less operating expenses. If the item or auxiliary revenues have previously been pledged to pay debt service on outstanding obligations of the University, the terms revenues and operating expenses shall be determined in accordance with the resolution(s) authorizing the outstanding indebtedness.

Note Payment Account has the meaning given such term in Section 3.05.

Note Register means the records maintained on behalf of the University containing the name and mailing address of each owner of the Notes or the nominee of such owner, and such other information as the Registrar shall determine.

Notes means the general revenue obligations identified herein as the Series A Notes, Series B Notes, Series C Notes and Series D Notes. When used in this resolution, the term **Note** is not intended to mean or include a Reimbursement Obligation.

Notice Parties means the University, each Dealer, the Registrar and each Credit Facility Issuer.

Outstanding, when used as of a particular time with reference to Notes delivered under authority of this resolution, means all Notes delivered under authority of this resolution, except:

- (a) Notes canceled by the Registrar or surrendered to the Registrar for cancellation;
- (b) Notes paid or deemed to have been paid within the meaning of this resolution; and
- (c) Notes in lieu of or in substitution for which replacement Notes shall have been executed by the University and delivered by the Registrar hereunder.

A Reimbursement Obligation shall be deemed to remain Outstanding until the Credit Facility Issuer is paid all amounts due on such Reimbursement Obligation and the Credit Facility has expired or been terminated.

Participant means (a) any person for which, from time to time, DTC effectuates book-entry transfers and pledges of securities pursuant to the book-entry system referred to in Section 2.05 hereof or (b) any securities broker or dealer, bank, trust company or other person that clears through or maintains a custodial relationship with a person referred to in (a).

Person means an individual, a corporation, a limited liability company, a partnership, an association, a joint stock company, a trust, an unincorporated organization, a governmental body

or a political subdivision, a municipal corporation, a public corporation or any other group or organization of individuals.

Rate Determination Date means the date on which the interest rate and maturity date for a Note (other than a Reimbursement Obligation) shall be determined.

Rating Agency means a securities rating agency defined herein as Fitch, Moody's or S&P.

Record Date means the close of business as of the day (whether or not a Business Day) next preceding each Interest Payment Date.

Registered Owner means the person named as the registered owner of a Note on the Note Register. For so long as a Securities Depository or its nominee holds the Notes, such Securities Depository shall be deemed to be the Registered Owner.

Registered Owners' Trustee means the bank or financial institution selected by the Registered Owners of the Notes pursuant to Section 4.09 hereof.

Registrar means the fiscal agent under the Fiscal Agency Agreement or any other or additional financial institution appointed as Registrar by the Authorized University Representative pursuant to Section 5.01 and each successor thereto for the purposes of (a) registering and authenticating the Notes, (b) maintaining the Note Register, (c) paying interest on and principal of the Notes and (d) utilizing any Credit Facility for the purpose of paying the interest on and principal of any Notes.

Reimbursement Obligation means a note delivered to a Credit Facility Issuer pursuant to Section 4.01(d) hereof and the Credit Agreement.

Request has the meaning given such term in Section 3.01.

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

Securities Depository means any "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended.

Series shall refer, as the context may require, to all Notes issued under the designation Series A, Series B, Series C or Series D or may refer to any separately identified set of Notes within any such Series.

Series A Notes means the University of Washington General Revenue Notes – Short Program (Tax-Exempt Commercial Paper), Series A authorized by Section 2.02 of this resolution.

Series B Notes means the University of Washington General Revenue Notes – Short Program (Taxable Commercial Paper), Series B authorized by Section 2.02 of this resolution.

Series C Notes means the University of Washington General Revenue Notes – Extended Program (Tax-Exempt Commercial Paper), Series C authorized by Section 2.02 of this resolution.

Series D Notes means the University of Washington General Revenue Notes – Extended Program (Taxable Commercial Paper), Series D authorized by Section 2.02 of this resolution.

S&P means Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, and its successors and assigns, except that if such corporation or division shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term **S&P** shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody’s or Fitch) selected by the Authorized University Representative with prior notice to the Credit Facility Issuer.

Sum means, with respect to Notes payable from Drawings under a particular Credit Facility the aggregate principal amount of those Notes plus the balance then outstanding under the Reimbursement Obligation relating to that Credit Facility.

State means the State of Washington.

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

Section 1.02. Interpretation. In this resolution, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this resolution, refer to this resolution as a whole and not to any particular article, section, subdivision or clause hereof, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this resolution;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and sections of this resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this resolution, nor shall they affect its meaning, construction or effect;

(e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

(f) Whenever any consent or direction is required to be given by the University, such consent or direction shall be deemed given when given by the Authorized University Representative or his or her designee, respectively, and all references herein to the Authorized University Representative shall be deemed to include references to his or her designee, as the case may be.

ARTICLE II. ISSUANCE, CONDITIONS AND TERMS OF NOTES

Section 2.01. Plan of Finance.

(a) *Series A Notes and Series C Notes.* The University intends to undertake certain capital projects of the University including the construction, installation, equipping, repair, renovation, alteration or betterment of University facilities. The University may at its option use the Series A Note or Series C Note proceeds for any capital purpose, including refunding Outstanding Series A Notes or Series C Notes, so long as such use shall not cause any Series A Note or Series C Note to be considered a “private activity bond.” The costs of Governmental Projects are expected to be paid or reimbursed in whole or in part with the proceeds of the Series A Notes and Series C Notes.

(b) *Series B Notes and Series D Notes.* The proceeds of the Series B Notes and Series D Notes may be used for any lawful expenditure of the University, including refunding other Notes.

Section 2.02. Authorization of Notes; Terms.

(a) *Authorization.* For the purpose of providing all or a part of the funds necessary to finance or refinance for the University’s purposes, to refund maturing Notes and to pay costs of issuance, the University is hereby authorized to borrow and reborrow from time to time, and to issue general revenue obligations (herein collectively referred to as the “Notes”) in one or more Series to evidence such borrowing or reborrowing. This resolution constitutes the master legal document pursuant to which the Notes may be issued.

The aggregate principal amount of Notes Outstanding under this resolution at any time or from time to time shall not exceed \$250,000,000 less the outstanding balance, if any, on any Reimbursement Obligation (subject to the further limitations of Section 3.04).

The tax-exempt Notes shall be designated “University of Washington, General Revenue Notes – Short Program (Tax-Exempt Commercial Paper), Series A” and “University of Washington, General Revenue Notes – Extended Program (Tax-Exempt Commercial Paper), Series C”. The taxable Notes shall be designated “University of Washington, General Revenue Notes – Short Program (Taxable Commercial Paper), Series B” and “University of Washington, General Revenue Notes – Extended Program (Taxable Commercial Paper), Series D”. Each Note issued for the purpose of financing or refinancing a Governmental Project shall be designated “Series A” or “Series C” and shall include additional designations to distinguish

among Credit Facilities and any additional designations as shall be approved or requested by the Registrar from time to time (e.g., numerical designations identifying Notes payable from drawings under a particular Credit Facility). Each Note issued for the purpose of financing or refinancing University purposes other than Governmental Projects shall be designated “Series B” or “Series D” and shall include additional designations to distinguish among Credit Facilities and any additional designations as shall be approved by the Registrar from time to time (e.g., numerical designations identifying Notes payable from drawings under a particular Credit Facility).

(b) *Issuance; Interest; Dating.* The Notes of each Series shall be issued in fully registered form, shall be issued in Authorized Denominations within a Series, shall be numbered separately in the manner and with any additional designations as the Registrar deems necessary for purposes of identification including the designations identified in subsection (a), shall be dated the date of their issuance and shall bear interest payable at maturity, determined from time to time as provided herein.

The Notes shall be issued at such times, be sold to such purchasers at such prices, bear interest (calculated on the basis of a year of actual (365/366) days, as appropriate), mature on such Business Days and otherwise have such terms and conditions as shall be determined by the Authorized University Representative in concert with the Dealer in accordance with the applicable Dealer Agreement; provided, however, that the maturity of each Note shall comply with all of the following requirements:

(1) No Note shall be issued with a maturity date later than 270 days from its date of issuance of the Instruction by the Registrar to DTC;

(2) Each maturity date shall be a Business Day;

(3) If a Note is payable from Drawings under a Credit Facility, such Note must have a maturity date at least one business day prior to the stated expiration date of the Credit Facility then in effect and securing payment of such Note; and

(4) No Note may be issued under this resolution having a maturity later than June 30, 2036; provided, however, all Notes issued under authority of the Biennium Note Act shall be issued as Series A Notes or Series B Notes and shall mature and be payable from University funds received from sources other than refunding no later than the end of the Biennium in which they were issued. Within a Biennium, Series A Notes and Series B Notes may be payable from the proceeds of refunding Series A Notes and Series B Notes, respectively.

No Note shall be sold at a price other than par. The principal amount of any Outstanding Notes that are paid on their maturity date from the proceeds of other Notes issued on such date shall not be considered Outstanding.

Section 2.03. Execution. The Notes for each Series shall be executed by the manual or facsimile signatures of the President and Secretary or Treasurer of the Board of Regents, and the official seal of the University shall be reproduced thereon. The validity of any Note so executed

shall not be affected by the fact that one or more of the officers whose signatures appear on such Note have ceased to hold office at the time of issuance or authentication or at any time thereafter.

Section 2.04. Authentication. No Notes shall be valid for any purpose hereunder until the certificate of authentication printed thereon is duly executed by the manual signature of an authorized signatory of the Registrar. Such authentication shall be proof that the Registered Owner is entitled to the benefit of the trusts hereby created.

Section 2.05. Registration. The provisions of this Section 2.05 shall not be applicable to the Reimbursement Obligation.

(a) *Registrar/Note Register*. The Notes shall be issued only in registered form as to both principal and interest. The Authorized University Representative shall appoint one or more Registrars for the Notes pursuant to the authority provided in Section 5.01. The University shall cause the Note Register to be maintained by each Registrar. A Registrar may be removed at any time at the option of the Treasurer of the University upon prior notice to the Registrar, the University, each Dealer and each Credit Facility Issuer and a successor Registrar appointed by the Treasurer of the University. No resignation or removal of a Registrar shall be effective until a successor shall have been appointed and until a successor Registrar shall have accepted the duties of Registrar hereunder, and the Credit Facilities shall have been transferred, together with all other funds then held by the Registrar, to the successor Registrar. Each Registrar is authorized, on behalf of the University, to authenticate and deliver Notes of a Series for which it is acting as Registrar in accordance with the provisions of such Notes and this resolution and to carry out all of the Registrar's powers and duties under this resolution. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Notes for which it is acting as Registrar.

The Registrar shall keep, or cause to be kept, at its principal corporate trust office, the Note Register, which shall at all times be open to inspection by the University.

(b) *Letter of Representations/Book-Entry System*. Initially, to induce DTC to accept the Notes as eligible for deposit at DTC, the University has executed and delivered the Letter of Representations. The Notes initially issued shall be held in fully immobilized form by DTC acting as depository pursuant to the terms and conditions set forth in the Letter of Representations.

(c) *University and Registrar Not Responsible for DTC*. Neither the University nor any Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Notes in respect of the accuracy of any records maintained by DTC or any DTC participant, the payment by DTC or any DTC participant of any amount in respect of the principal or interest on the Notes, any notice which is permitted or required to be given to Registered Owners under this resolution (except such notices as shall be required to be given by the University to a Registrar or to DTC), the selection by DTC or any DTC participant of any person to receive payment in the event of a partial redemption of the Notes or any consent given or other action taken by DTC as the Registered Owner.

(d) *DTC as Registered Owner.* The University and any Registrar, each in its discretion, may deem and treat the Registered Owner as the absolute owner thereof for all purposes, and neither the University nor a Registrar shall be affected by any notice to the contrary. Payment of any such Note shall be made only as described in this section. All such payments made as described in this section shall be valid and shall satisfy and discharge the liability of the University upon such Note to the extent of the amount or amounts so paid. The University and any Registrar shall be entitled to treat DTC as the absolute owner of all Notes for all purposes of this resolution and any applicable laws, notwithstanding any notice to the contrary received by a Registrar or the University. Neither the University nor any Registrar will have any responsibility or obligation, legal or otherwise, to any other party including DTC or its successor (or substitute depository or its successor), except to the Registered Owners.

(e) *Use of DTC/Book-Entry System.*

(1) *Notes Registered in the Name Designated by DTC.* A Master Note shall be issued for each Series and separately designated set within a Series and shall be registered initially in the name of "CEDE & Co.," as nominee of DTC. The Notes so registered shall be held in fully immobilized form by DTC as depository. Registered ownership of such immobilized Notes, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, *provided that* any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Authorized University Representative pursuant to subsection (2) below or such substitute depository's successor; or (C) to any person as provided in paragraph (4) below.

Each Registrar shall enter into a Certificate Agreement with DTC, which Agreement shall be amended by the Registrar to include the Notes. The Certificate Agreement shall supplement the provisions of this resolution with respect to the obligations and duties of the Registrar who shall be bound thereby and shall perform its duties hereunder in accordance therewith.

(2) *Substitute Depository.* Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Authorized University Representative that it is no longer in the best interest of Beneficial Owners to continue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Authorized University Representative may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) *Issuance of New Notes to Successor/Substitute Depository.* In the case of any transfer pursuant to clause (A) or (B) of paragraph (e)(1) above, the applicable Registrar shall, upon receipt of all Master Notes, together with a written request by the Authorized University Representative, issue new Master Notes, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Authorized University Representative.

(4) *Termination of Book-Entry System.* In the event that (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the Authorized University Representative determines that it is in the best interest of the beneficial owners of the Notes that they be able to obtain Note certificates, the ownership of Notes may then be transferred to any person or entity as herein provided, and the Notes shall no longer be held in fully immobilized form. The Authorized University Representative shall deliver a written request to the Registrar, together with a supply of definitive Notes, to issue Notes as herein provided in any Authorized Denomination. Upon receipt of all then Outstanding Notes by the Registrar together with a written request by the Authorized University Representative to the Registrar, new Notes shall be issued in such Authorized Denominations and registered in the names of such persons as are requested in such written request.

(f) *Registration Covenant.* The University covenants that, until all Series A Notes and Series C Notes have been surrendered and canceled, it will maintain a system for recording the ownership of each Series A Note and Series C Note that complies with the provisions of Section 149 of the Code.

Section 2.06. Mutilated, Destroyed, Lost or Stolen Master Notes. In case any Master Note shall be lost, stolen or destroyed, the University may execute and the Registrar may authenticate and deliver a new Master Note or Master Notes of Series and designations, date and tenor to the Registered Owner thereof, all in accordance with law. However, no substitution or payment shall be made unless and until the applicant shall furnish (a) evidence satisfactory to said Registrar and Authorized University Representative of the destruction or loss of the original Master Note and of the ownership thereof, and (b) such additional security, indemnity or evidence as may be required by the Authorized University Representative. No substitute Master Note shall be furnished unless the applicant shall reimburse the University and the Registrar for their respective expenses in the furnishing thereof. Any such substitute Master Note so furnished shall be equally and proportionately entitled to the security of this resolution with all other Master Notes issued hereunder.

Section 2.07. Acts of Registered Owners; Evidence of Ownership. Any action to be taken by Registered Owners may be evidenced by one or more concurrent written instruments of similar tenor signed or executed by such Registered Owners in person or by an agent appointed in writing. The fact and date of the execution by any person of any such instrument may be proved by acknowledgment before a notary public or other officer empowered to take acknowledgments or by an affidavit of a witness to such execution or by any other method satisfactory to the Registrar. Any action by the Registered Owner of any Note shall bind all future Registered Owners of the same Note or of any Note issued upon the exchange or registration of transfer thereof in respect of anything done or suffered by the University or the Registrar in pursuance thereof.

The Registrar and the University may treat the Registered Owner of a Note as the absolute owner thereof for all purposes, whether or not such Note shall be overdue, and the Registrar and the University shall not be affected by any knowledge or notice to the contrary; and payment of the principal of and interest on such Note shall be made only to such Registered

Owner, which payments shall satisfy and discharge the liability of the University with respect to such Note to the extent of the sum or sums so paid.

Section 2.08. Determination of Interest Rates.

(a) *Determination by Dealer.* In accordance with the applicable Dealer Agreement, a Dealer shall determine an Interest Rate and a maturity date for each Note in compliance with the requirements set forth in Section 2.02(b). Subject to the requirements in Section 2.02(b), each Interest Rate and maturity date shall be determined by a Dealer with respect to each Note for which the Dealer is responsible under the terms of a Dealer Agreement in order to minimize the net interest cost on the Notes as a whole, taking into account the par amount of the Notes and prevailing market conditions; *provided, however*, that the foregoing shall not prohibit the Dealer from establishing longer Interest Periods (and at higher Interest Rates) than are otherwise available at the time if the Dealer determines that, taking into account prevailing market conditions, a lower net interest cost on the Notes can be achieved over the longer Interest Period.

(b) *Interest Periods and Interest Rates.*

(1) Any Note may accrue interest at an Interest Rate for an Interest Period different from any other Note. Each Interest Period shall commence on a Business Day and end on a day immediately preceding the maturity date. Interest on each Note shall be paid on the maturity date. If the Notes are held in book-entry form, principal and interest payments shall be distributed in accordance with the procedures of DTC then in effect. If the Notes are no longer in book-entry only form, then principal and interest shall be paid on the maturity date, upon presentation and surrender of each Note at the office designated by the Registrar in New York City.

(2) Not later than 3:30 p.m., New York City time (or such other time specified in a Dealer Agreement), on each Rate Determination Date, each Dealer shall provide to the applicable Registrar by telephonic or Electronic Means, the principal amount, Series, each additional set designation within a Series, and interest rate for each Note sold by such Dealer. The Registrar shall obtain CUSIP numbers for each Note for which an Interest Rate and Interest Period have been determined on such date.

Section 2.09. Interest Rate on Reimbursement Obligation. Each Reimbursement Obligation shall bear interest as set forth in the applicable Credit Agreement.

Section 2.10. Form of Notes. The Notes shall each be in substantially the following form and/or may be delivered to DTC and the Registrar in the form of Master Notes, with appropriate or necessary insertions, depending upon the omissions and variations as permitted or required hereby. If the Notes are no longer held in uncertificated form, the form of Notes will be changed to reflect the changes required in connection with the preparation of printed Notes.

[DTC LEGEND]

UNITED STATES OF AMERICA

UNIVERSITY OF WASHINGTON

GENERAL REVENUE NOTE [SHORT PROGRAM][EXTENDED PROGRAM]
([TAX-EXEMPT/TAXABLE] COMMERCIAL PAPER)SERIES [A][B][C][D]
[Additional Designations]

Master Note

MATURITY DATE: Not later than _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TOGETHER WITH ALL OTHER NOTES OUTSTANDING
NOT EXCEEDING TWO HUNDRED AND FIFTY MILLION
DOLLARS (\$250,000,000)

The University of Washington (the "University") promises to pay to the registered owner named above, or registered assigns, but solely from the sources hereinafter mentioned, on the Maturity Date specified above, the Principal Amount shown above or so much thereof as shall have been advanced hereunder and remain outstanding and to pay interest thereon, at the rate determined as herein provided at the rates and from and on the dates shown in the records of the University and the Registrar (identified below). The principal and interest on this Note may be paid in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public or private debts. The principal of and interest on this Note are payable to the registered owner hereof in immediately available funds as shown on the books of _____ (the "Registrar"). Both principal of and interest on this Note shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") between the State and The Depository Trust Company ("DTC"). Capitalized terms used in this Note have the meanings given such terms in the Resolution of the Board of Regents adopted on July 20, 2006 (the "Note Resolution"). Interest on this Note shall accrue as provided in the Note Resolution.

This Note is issued pursuant to the Note Resolution to provide funding for University purposes.

This Note is payable solely from General Revenues of the University, and the University does hereby pledge and bind itself to set aside from such General Revenues, and to pay into the University of Washington General Revenue Note Fund (Commercial Paper) (the "General Revenue Note Fund") the various amounts required by the Note Resolution to be paid into and maintained in the General Revenue Note Fund, all within the times provided by the Note Resolution.

Except as otherwise provided in the Note Resolution, this Note shall not be entitled to any right or benefit under the Note Resolution, or be valid or become obligatory for any purpose, until this Note shall have been authenticated by execution by the Registrar of the certificate of authentication inscribed hereon.

It is hereby certified, recited and represented that the issuance of this Note and the Notes of this issue is duly authorized by law; that all acts, conditions and things required to exist and necessary to be done or performed precedent to and in the issuance of this Note and the Notes of this issue to render the same lawful, valid and binding have been properly done and performed and have happened in regular and due time, form and manner as required by law; that all acts, conditions and things necessary to be done or performed by the University or to have happened precedent to and in the execution and delivery of the Note Resolution have been done and performed and have happened in regular and due form as required by law; that due provision has been made for the payment of the principal of and premium, if any, and interest on this Note and the Notes of this issue and that the issuance of this Note and the Notes of this issue does not contravene or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, the University of Washington has caused this Note to be executed on behalf of the University with the manual or facsimile signatures of the President and Secretary or Treasurer of its Board of Regents and caused a facsimile of the official seal of the University to be reproduced hereon.

UNIVERSITY OF WASHINGTON

(SEAL)

By _____
/s/
President, Board of Regents

ATTEST:

By _____
/s/
Secretary/Treasurer, Board of Regents

The Certificate of Authentication for the Notes shall be in substantially the following form and shall appear on each Note:

AUTHENTICATION CERTIFICATE

This Note is one of the University of Washington General Revenue Notes – [Short-Program][Extended Program] ([Tax-Exempt/Taxable] Commercial Paper), Series [A][B][C][D] described in the Note Resolution.

_____, as Registrar

By _____/s/_____
Authorized Signatory

Date of Authentication: _____

Section 2.11. Defeasance. If money and/or noncallable Government Obligations maturing at such time(s) and bearing such interest to be earned thereon (without any reinvestment thereof) as will provide a series of payments which shall be sufficient together with any money initially deposited, to provide for the payment when due of the principal of, and interest on all or a designated portion of the Notes are set aside in a special fund to effect such payment and are pledged irrevocably in accordance with a refunding or defeasance plan adopted by the University for the purpose of effecting such payment, then no further payments need be made in the General Revenue Note Fund for the payment of the principal of and interest on such Notes, the Registered Owners thereof shall cease to be entitled to any lien, benefit or security of this resolution, except the right to receive payment of the principal of and interest on such Notes when due in accordance with their respective terms from the money and the principal and interest proceeds on the Government Obligations set aside in such special fund, and such Notes shall no longer be deemed to be Outstanding hereunder.

ARTICLE III. ISSUANCE; DELIVERY AND PAYMENT PROCEDURES

Section 3.01. Authorization and Delivery of Notes in Book-Entry Form. So long as the Notes are held in book-entry form by DTC or a successor depository, the Dealer, as designated agent for the University or any Authorized University Representative, may from time to time, in accordance with this resolution, submit to the Registrar a request regarding the issuance of Notes which shall include the Series designation, the proposed date of issuance, principal amount, maturity date, Interest Rate, identity and type of the Credit Facility and information regarding the purchaser(s) of interests in Notes (the "Request"). A copy of each Request shall be given to any Credit Facility Issuer whose Credit Facility secures the Notes.

Upon receipt of a Request, the Registrar shall:

- (a) prepare an instruction for DTC (the "Instruction") that sets forth the name, address, the identity of the issuer of the Credit Facility, if any, and taxpayer identification number of the purchaser of an interest in the Notes, the date of issuance, maturity, principal amount and Interest Rate of such interest in Notes, and a CUSIP number;
- (b) deliver such Instruction to DTC in accordance with the Letter of Representations and other applicable DTC procedures, and receive from DTC a confirmation that such delivery was effected; and
- (c) confirm to the University and the Dealer that delivery to DTC of each Instruction has been made.

All Requests given to the applicable Registrar shall be given by telephone (promptly confirmed in writing), facsimile or other written form. The Registrar shall have no duty to act in the absence of written instructions.

If a Registrar receives a Request by 12:30 p.m., New York City time, on any Business Day, it shall issue an Instruction to DTC by 1:00 p.m. on such Business Day. If a Registrar receives a Request after 12:30 p.m. New York City time, it shall issue an Instruction to DTC by 1:00 p.m. on the next succeeding Business Day. The foregoing times may be modified in accordance with the terms of an approved Dealer Agreement.

Section 3.02. Authorization and Delivery of Notes in Certificated Form. If at any time the Notes are no longer held in book-entry form by DTC or a successor depository, and the University has determined pursuant to Section 2.05 of this resolution that the Notes should be issued in certificated form, the University shall provide the applicable Registrar, at the University's sole expense, a supply of Note certificates in substantially the form set forth in this resolution, with the Series designation, issue date, maturity date, principal amount, interest rate and interest amount left blank. Such Note certificates shall be executed in accordance with this resolution and shall be held in safekeeping by the Registrar.

Each Dealer, as designated agent for the University, or any Authorized University Representative may from time to time, in accordance with this resolution, submit to the Registrar a Request regarding the issuance of Notes in certificated form.

Upon receipt of such a Request, the Registrar shall:

- (a) withdraw the necessary number of Notes from safekeeping;
- (b) in accordance with the Request, complete each such Note as to the Series designation, the amount of principal, the interest rate and interest amount, the issue date, the maturity date and registered owner;
- (c) authenticate each such Note by executing by manual or facsimile signature the certificate of authentication thereon; and
- (d) deliver, as provided herein, each such Note to the Dealer for delivery to the purchaser specified in such instructions or to the consignee to or for the account of the purchaser thereof, against receipt of payment to the Note Payment Account, and confirm to the University and the Dealer delivery of such Notes.

Section 3.03. Reliance on Instructions. A Registrar shall incur no liability to the University or the Dealer(s) in acting hereunder upon telephonic or other instructions contemplated hereby that the Registrar reasonably believed in good faith to have been given by a Dealer or an Authorized University Representative. All telephonic instructions given pursuant to Sections 3.01 and 3.02 hereof shall be promptly confirmed in writing to the applicable Registrar.

Section 3.04. Limitations on Issuance.

A Registrar shall not be instructed to deliver any certificated Note that:

- (a) is not in an Authorized Denomination;
- (b) has a maturity date that does not comply with the maturity date requirements in Section 2.02(b); or
- (c) (with respect to any Instruction regarding Notes payable from Drawings under any Credit Facility) would result in the Aggregate Interest Coverage with respect to all Outstanding Notes payable from a particular Credit Facility being greater than the Interest portion with respect to such Credit Facility or the Sum with respect to all Outstanding Notes payable from a particular Credit Facility being greater than the Limit with respect to such Credit Facility.

Prior to each issuance of any Note payable from Drawings under a Credit Facility, the University shall confirm that (taking into account such issuance and the refunding of maturing Notes) the Aggregate Interest Coverage with respect to all Outstanding Notes payable from a particular Credit Facility will be less than or equal to the Interest portion with respect to such Credit Facility and the Sum with respect to all Outstanding Notes payable from a particular Credit Facility will not exceed the Limit with respect to such Credit Facility.

Section 3.05. Note Payment Account; Draws on Credit Facility.

(a) *Note Payment Account.* The University or each Registrar shall establish a special account to be used by the Registrar for payment of Notes (the “Note Payment Account”). The Note Payment Account shall be held by the University or Registrar in trust for the Registered Owners and Beneficial Owners of the Notes and, to the extent described in Section 3.05(d) hereof, for the Credit Facility Issuer; provided, however, that all money drawn under a Credit Facility shall be held under the exclusive control of the Registrar. The Registrar shall not have a lien on the Note Payment Account for the payment of any fees or expenses or other obligations owing to the Registrar hereunder. The remaining provisions of this Section 3.05(b), (c) and (d) shall be applicable only to Notes payable from Drawings under a Credit Facility that is an irrevocable direct pay letter of credit.

(b) *Drawings.* For each Note payable from Drawings under a Credit Facility that is an irrevocable direct pay letter of credit, the Registrar shall submit to the Credit Facility Issuer a Drawing in accordance with the terms of the Credit Facility or Credit Agreement, in such form as is set forth in the Credit Facility, no later than 11:00 a.m., New York City time (or such other time specified in an approved Credit Agreement) in order to draw thereunder an amount that will be sufficient to pay the Notes payable from Drawings under such Credit Facility (including principal and interest) maturing on such date. The Registrar shall deposit the amount of any such Drawing in the Note Payment Account and apply the amount thereof in accordance with Section 3.06 hereof.

(c) *Drawings and Note Proceeds.* On any day that Notes payable from Drawings under a Credit Facility that is an irrevocable direct pay letter of credit mature, if the amount of any Drawing received by the Registrar pursuant to paragraph (b) above, together with any Note proceeds actually received from the Dealer on such day pursuant to Section 3.08 hereof, exceeds the amount of principal and interest paid with respect to the Notes maturing on such day, the Registrar shall promptly distribute the excess to the University, unless the Credit Facility Issuer is then owed financial obligations under the Reimbursement Obligation.

(d) *Deficiency.* If the Registrar fails to receive a payment drawn under the Credit Facility, the Registrar will notify the University of the amount of the deficiency, and the University will remit an amount sufficient to remedy the deficiency from the appropriate General Revenue Note Fund. There is no expectation that University money and proceeds of a Drawing will ever be on deposit at the same time in the Note Payment Account. If, for any reason, money is received from a Credit Facility Issuer and the University, the Registrar is hereby directed to segregate and not commingle the moneys.

(e) *Credit Facilities.* If Notes are payable from Drawings under a Credit Facility, then that Credit Facility may not be replaced except upon a date on which all Outstanding Notes then payable from Drawings under such Credit Facility are scheduled to mature. All Notes payable from Drawings under a Credit Facility that is a direct pay letter of credit will be paid from Drawings upon the Credit Facility currently in effect and such Credit Facility will not be released until such draws are honored.

Section 3.06. Payment of Matured Notes.

(a) So long as the Notes are held in book-entry form, the Registrar will pay the principal of and interest on matured Notes to DTC in accordance with the Letter of Representations and other applicable DTC procedures. Such payments shall be made from and to the extent that sufficient funds are available in the Note Payment Account for a given Series from the following sources in the following order of priority:

- (1) amounts received from a Drawing if the Credit Facility secures the Notes and is a direct pay letter of credit;
- (2) proceeds of sale of Notes; and
- (3) amounts received from the University and/or from a Credit Facility that secures the Notes and is not a direct pay letter of credit.

The Registrar shall have no obligation to pay, at maturity, the amounts referred to in this Section 3.06 unless sufficient funds have been received by the Registrar.

(b) The Registrar shall confirm in writing to an Authorized University Representative and to the applicable Dealer by 3:00 p.m., New York City time, on each Business Day prior to a day on which Notes marketed by that Dealer mature (i) the aggregate principal amount of Notes marketed by that Dealer maturing on such day and the interest due thereon and (ii) the aggregate

principal of and the interest to accrue to maturity on all Outstanding Notes marketed by that Dealer that mature after such day.

(c) The University shall give the Dealer, the Credit Facility Issuer and the Registrar notice at least three Business Days prior to any date on which it wishes to increase or decrease the aggregate principal amount of Notes Outstanding.

(d) In the event any Note is not presented for payment when the principal thereof becomes due, if funds sufficient to pay the principal and interest accrued thereon to such date shall have been made available to the Registrar for the benefit of the Owner thereof, the Registrar shall hold such principal and interest accrued thereon to such date without liability to the Noteowner for further interest thereon, for the benefit of the Owner of such Note, for a period of five years from the date such Note shall have become due, and thereafter the Registrar shall remit said funds pursuant to the Uniform Unclaimed Property Act, RCW 63.29, as amended, or its successor. In the event the Uniform Unclaimed Property Act, as amended, or its successor, should require by law other action to be taken by the Registrar, then the Registrar shall comply with such law and this Section shall be deemed amended. After the payment pursuant to the Uniform Unclaimed Property Act as herein provided, the Registrar's liability for payment to the Owner of such Note shall cease, terminate and be completely discharged and thereafter the Owner shall be restricted exclusively to his or her rights of recovery provided under the Uniform Unclaimed Property Act.

If the Notes are in certificated form during the period prior to the date all such unclaimed moneys are transferred pursuant to the Uniform Unclaimed Property Act, the Registrar shall hold such amounts in cash as provided in the Agreement for Fiscal Agency Services.

The University shall remit any such earnings to the Registrar if required under the Uniform Unclaimed Property Act.

Section 3.07. Credit Facility Repayment Account. The Registrar shall establish a special account to be used by the Registrar for payments to the Credit Facility Issuer with respect to Drawings under its Credit Facility ("Credit Facility Repayment Account"). The Credit Facility Repayment Account shall be held by the Registrar in trust for the benefit of the Credit Facility Issuer unless that Credit Facility Issuer fails to honor a Drawing, in which case this account shall be held in trust for the benefit of the holders of the Notes to be paid from such Credit Facility. The Registrar shall give notice to the University of any Note proceeds credited to a Credit Facility Repayment Account pursuant to Section 3.08 hereof and shall promptly pay such amounts to the Credit Facility Issuer, provided that such Credit Facility Issuer has not refused to honor a properly presented Drawing. The University shall have no right to receive money held in the Credit Facility Repayment Account.

Section 3.08. Delivery and Application of Note Proceeds. No later than 3:00 p.m., New York City time, on the day that any Notes are issued hereunder, the Dealer for such Notes shall deliver to the Registrar the proceeds of sale of such Notes in immediately available funds. The Registrar shall apply proceeds from the sale of each Series of Notes in the following order of priority:

(a) First, to the extent of any deficiency therein, as a result of a failure by the Credit Facility Issuer to honor a Drawing under the Credit Facility, credited to the Note Payment Account for the payment of Notes of the same Series maturing on such date;

(b) Second, credited to the Credit Facility Repayment Account for the reimbursement of the Credit Facility Issuer and satisfaction of the University's obligations under the Reimbursement Obligation; and

(c) Third, paid to the University.

ARTICLE IV.
PAYMENT OF NOTES; DISPOSITION OF NOTE PROCEEDS

Section 4.01. Payment of Notes.

(a) *General Revenue Note Fund.* The General Revenue Note Fund is hereby authorized to be created in the office of the Treasurer of the University as a special fund for the purpose of paying and securing the payment of the Notes and the Reimbursement Obligation(s). The General Revenue Note Fund shall be held separate and apart from all other funds and accounts of the University and shall be trust funds for the owners, from time to time, of the Notes and for the Credit Facility Issuer(s) with respect to the Reimbursement Obligation. At the option of an Authorized University Representative, the University may establish separate subaccounts within the General Revenue Note Fund for the purpose of paying separate Series of Notes and/or Reimbursement Obligations.

The University hereby irrevocably obligates and binds itself for as long as any Note or any Reimbursement Obligation remains Outstanding to set aside and pay into the General Revenue Note Fund from General Revenue on or prior to the respective dates the same become due if and to the extent that payment of such amounts is not made from the proceeds of the issuance of new Notes (and if such payment is made on the due date, such payment shall be made in immediately available funds):

(1) Such amounts as are required to pay the interest scheduled to become due on Outstanding Notes and Reimbursement Obligations; and

(2) Such amounts as are required to pay maturing principal of Outstanding Notes and Reimbursement Obligations.

(b) *Special Fund Obligations.* The Notes and any Reimbursement Obligation shall be special fund obligations of the University, payable solely from General Revenues and the money and investments deposited into the General Revenue Note Fund. The Note and any Reimbursement Obligation shall not constitute an obligation, general, special or moral, of the State, and shall not be a general or moral obligation of the University. The Registered Owners of the Note or the Credit Facility Issuer 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 or any premium thereon. The University has no taxing power.

(c) *All Notes Have Equal Claim on General Revenues.* The Outstanding General Revenue Bonds, the Notes and any Additional Bonds shall be equally and ratably payable, without preference, priority or distinction because of date of issue or otherwise from General Revenues.

(d) *Additions to General Revenues.*

(1) The University reserves 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 added pursuant to subsection (2) below.

(2) Such additions shall occur on the date and as provided in a certificate executed by the Controller of the University (or the successor to the functions of the Controller). The Controller shall, in the case of additions of items or auxiliaries to General Revenues, certify that for the preceding two Fiscal Years for which audited financial statements are available, the item or auxiliary maintained a “coverage ratio” of at least 125%, where the “coverage ratio” equals: (i) Net Revenue (for those items or auxiliaries whose debt has a lien on Net Revenues) or gross revenues (for those items or auxiliaries whose debt has a lien on gross revenues), divided by (ii) debt service with respect to the then-outstanding revenue debt of the auxiliary or item and state-reimbursed bonds allocable to such auxiliary or item. In the event an auxiliary or item is added to General Revenues, the obligations of that auxiliary or item may remain outstanding and have a prior claim on auxiliary Net Revenues.

(e) *Deletions from General Revenues.* The University reserves the right to remove, at its sole option, in the future, any revenues from General Revenues. The removal of General Revenues shall be evidenced by a certificate executed by the Controller of the University (or the successor to the functions of the Controller) identifying the items to be deleted.

(f) *Reimbursement Obligation.* The obligations of the University under a Credit Agreement may be evidenced by a “Reimbursement Obligation” issued by the University thereunder. The “Reimbursement Obligation” shall also be secured by the General Revenue Note Fund (but not by moneys drawn under a Credit Facility), all in accordance with the Credit Agreement.

Section 4.02. Use of Moneys in the General Revenue Note Fund and Moneys Drawn Under Credit Facilities. Money in the General Revenue Note Fund shall be used solely for the payment of the principal of and interest on, the Notes and the Reimbursement Obligations as the same shall become due and payable.

Funds for the payment of the principal of and interest on the Notes shall be derived from the following sources in the order of priority indicated:

- (a) Drawings by the Registrar under a Credit Facility that is an irrevocable direct pay letter of credit, for the payment of the principal of or interest on the Notes secured by that Credit Facility;
- (b) proceeds from the sale of other Notes of the same Series; and
- (c) payments made by the University pursuant to Section 4.01 hereof and/or drawings under a Credit Facility that is not an irrevocable direct pay letter of credit for the payment of the principal of or interest on the Notes secured by that Credit Facility.

Each direct pay Credit Facility shall be the obligation of the Credit Facility Issuer to pay to the Registrar, in accordance with the terms thereof, such amounts as shall be specified therein and available to be drawn thereunder for the timely payment of the principal of and interest on all or any portion of the Notes. Money drawn under each Credit Facility by the Registrar shall be held by the Registrar separate and apart and shall not be commingled with any University funds. Such money shall not be invested. Each Credit Facility shall be reduced to the extent of any drawings thereunder and reinstated in accordance with the terms thereof.

The University may request an extension of the termination date of each Credit Facility or may provide for the delivery of another Credit Facility prior to its expiration date.

Section 4.03. Enforcement of Rights. The Registered Owner of each of the Notes, any Credit Facility Issuer or a trustee for the Registered Owners of any of the Notes may by mandamus or other appropriate proceeding require the transfer and payment of money as directed in this resolution.

Section 4.04. Future General Revenue Bonds. The University shall have the right to issue one or more series of Additional Bonds to finance the construction, installation, equipping, repair, renovation, alteration or betterment of University facilities as permitted under the Research Bond Act or otherwise under State law including without limitation the Biennium Note Act, and the costs of issuing Additional Bonds, or to refund or advance refund any Notes.

Section 4.05. Disposition of Note Proceeds.

(a) *Series A Notes and Series C Notes.* The University or the Treasurer of the University is hereby authorized and directed to create a special fund or account of the University, designated as the “University of Washington Capital Fund, Tax-Exempt” (the “Capital Fund-Tax-Exempt”). The money on deposit in the Capital Fund-Tax-Exempt shall be utilized to pay or reimburse the University for Governmental Projects and costs incidental thereto, and costs incurred in connection with the issuance and sale of the Series A Notes and Series C Notes, to the extent designated by the Authorized University Representative.

The proceeds of the Series A Notes (other than proceeds of Series A Notes issued to refund Series A Notes or Series C Notes or to pay Reimbursement Obligations) specified from time to time by the Authorized University Representative shall be paid into the Capital Fund-Tax-Exempt. The proceeds of the Series C Notes (other than proceeds of Series C Notes issued to refund Series A Notes or Series C Notes or to pay Reimbursement Obligations) specified from time to time by the Authorized University Representative shall be paid into the Capital Fund-Tax-Exempt.

All or part of the proceeds of the Series A Notes and Series C Notes may be temporarily invested in or with such institutions or in such obligations as may now or hereafter be permitted to University districts of the State of Washington by law which will mature prior to the date on which such money shall be needed.

(b) *Series B Notes and Series D Notes.* The proceeds of the Series B Notes (other than the proceeds of refunding Notes or the proceeds used to pay the Reimbursement Obligation) shall be deposited in any fund of the University and may be used for any lawful expenditure. The proceeds of the Series D Notes (other than the proceeds of refunding Notes or the proceeds used to pay the Reimbursement Obligation) shall be deposited in any fund of the University and may be used for any lawful expenditure.

Section 4.06. Tax Covenants.

(a) *Tax Covenant.* The Board of Regents covenants to undertake all actions required to maintain the tax-exempt status of interest on the Series A Notes and the Series C Notes under the Code.

(b) *No Bank Qualification.* The Notes are not qualified tax-exempt obligations pursuant to Section 265(b) of the Code for investment by financial institutions.

**ARTICLE V.
DEALERS; REGISTRARS; SALE OF NOTES;
EXECUTION OF AGREEMENTS**

Section 5.01. Determination of Certain Matters Affecting the Notes.

The Authorized University Representative is hereby authorized and directed to make the following determinations and/or take the following actions, prior to the sale of the Notes, subject to the limitations described below, affecting the security for and the sale and issuance of the Notes:

- (a) appoint one or more Registrars and successor Registrars and remove Registrar(s);
- (b) select one or more Dealers and any successor Dealer and remove Dealer(s);
- (c) negotiate, review and execute at his or her discretion, one or more Dealer Agreements and agreements with Registrar(s);
- (d) determine if it is in the best interest of the University for any or all of the Notes to be secured by a Credit Facility and, if so, select the Credit Facility Issuer and enter into the Credit Agreement(s);
- (e) approve any Reimbursement Obligation to evidence the University's obligations to reimburse the Credit Facility Issuer for payments made under a Credit Facility;
- (f) approve Offering Memoranda with respect to the Notes and any amendments thereto;
- (g) negotiate extensions of the stated expiration date of any Credit Facility, and execute documents necessary to effect such changes; and
- (h) determine if it is in the best interest of the University to pay interest accrued on the Notes during some portion or all of the period of the construction of the Project from proceeds of the Notes.

In determining the items described in this section, the Authorized University Representative, in consultation with University staff and the University's financial advisor, shall take into account those factors that, in his/her judgment, will result in the lowest cost of borrowing with respect to the Notes, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Notes.

Section 5.02. Dealers. A Dealer may at any time resign and be discharged of the duties and obligations created by this resolution by giving the notice set forth in the Dealer Agreement(s). The Dealer may be removed upon notice set forth in the Dealer Agreement at the direction of an Authorized University Representative, by written notice to the Dealer, each

Credit Facility Issuer of a Credit Facility then in effect and the applicable Registrar. Any successor Dealer shall be authorized by law to perform all the duties set forth in this resolution.

Section 5.03. Additional Duties of Registrar(s). Each Registrar shall perform the duties specified hereunder consistent with the terms of the agreement between the Registrar and the University or the Fiscal Agency Agreement, if applicable, and this resolution.

ARTICLE VI. MISCELLANEOUS

Section 6.01. Contract; Severability. The covenants in this resolution and in the Notes shall constitute a contract among the University, each Registrar, the Credit Facility Issuers and the Registered Owner of each and every Note. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the University shall be declared by any court of competent jurisdiction and final appeal (if any appeal be taken) to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Notes.

Section 6.02. Notice. Any notice required to be given hereunder by mail to the Registered Owners shall be given by mailing a copy of such notice, first class postage prepaid, to the Registered Owners of all the Notes at their addresses appearing in the Note Register.

Section 6.03. References to Credit Facility Issuer. Notwithstanding any provisions contained herein to the contrary, after the expiration or termination of any Credit Facility and after all obligations owed to the Credit Facility Issuer pursuant to the applicable Credit Agreement and Reimbursement Obligation have been paid in full or discharged, all references to such Credit Facility Issuer and such Credit Facility contained herein shall be null and void and of no further force and effect. A Registrar shall not have any lien on moneys received under any Credit Facility for payment of its fees and expenses, and the Registrar shall not seek indemnity as a condition to making a Drawing under any Credit Facility, making payments to then Registered Owners of Notes.

Section 6.04. Notices. All written notices to be given hereunder to any Notice Party or any Rating Agency shall be given by first-class mail, postage prepaid to the party or parties entitled thereto at the address set forth below, or at such other address as may be provided to the other Notice Parties in writing from time to time:

The University:	University of Washington Senior Associate Treasurer University of Washington Treasury Office 4311 11th Avenue NE Suite 600 PO Box 354998
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Seattle, Washington 98105-6369
Telephone: (206) 616-1103
Fax: (206) 543-3698

Credit Facility Issuer: (as shown in the applicable Credit Agreement)

The Dealer: (as shown in the applicable Dealer Agreement)

Registrar: (as shown in the applicable Registrar agreement)

Moody's: Moody's Investors Service, Inc.
99 Church Street
New York, New York 10007
Attention: Structural Finance/LOC Group

S&P: Standard & Poor's Ratings Services,
a Division of the McGraw Hill Companies
55 Water Street
New York, New York 10041
Attention: Manager, Public Finance Department

Fitch: Fitch, Inc.
One State Street Plaza, 28th Floor
New York, New York 10004
Attention: Public Finance

Section 6.05. Notices to Rating Agencies. The University shall give immediate notice to each Rating Agency then maintaining a rating on the Notes in the event:

- (a) A Dealer or the Registrar resigns or is replaced;
- (b) This resolution is amended or supplemented;
- (c) A Credit Facility is provided;
- (d) There has been a termination of the Note program authorized by this resolution;

or

(e) A written agreement between the University and a Dealer, Registrar or Credit Facility Issuer is amended, supplemented, extended, terminated or expired or replaced.

Section 6.06. Amendments Without Registered Owners' Consent. This resolution may be amended or supplemented from time to time, without the consent of the Registered Owners by a Supplemental Resolution adopted by the Board of Regents for one or more of the following purposes:

(a) to add additional covenants of the Board of Regents or to surrender any right or power herein conferred upon the University; or

(b) to cure any ambiguity or to cure, correct or supplement any defective (whether because of any inconsistency with any other provision hereof or otherwise) provision of this resolution in such manner as shall not be inconsistent with this resolution or to make any other provisions with respect to matters or questions arising under this resolution, provided such action shall not impair the security hereof or adversely affect the interests of the Registered Owners; or

(c) to provide or modify procedures permitting Registered Owners to utilize a certificated system of registration for Notes; or

(d) to modify, alter, amend, supplement or restate this resolution in any and all respects necessary, desirable or appropriate in connection with the delivery of a Credit Facility, so long as such amendment or supplement does not adversely affect the security for any Outstanding Notes or Reimbursement Obligations; or

(e) to modify, alter, amend, supplement or restate this resolution in any and all respects necessary, desirable or appropriate in order to satisfy the requirements of any Rating Agency which may from time to time provide a rating on the Notes, or in order to obtain or retain such rating on the Notes as is deemed necessary by the University; or

(f) to modify the definition of General Revenues solely to reflect additions or deletions of revenues permitted pursuant to Section 4.01(d) and 4.01(e); or

(g) for any purpose, if such amendment becomes effective only on a date on which all Notes are scheduled to mature.

The administrative procedures with respect to Note issuance, including timing of Requests, Instructions and other actions, provided in this resolution may be changed in a written agreement with the Registrar or the Dealer, with the consent of the Authorized University Representative, Registrar and applicable Dealer; provided that the Authorized University Representative shall not consent to any change that impairs the security hereof or adversely affect the interests of the Registered Owners or the rating by a Rating Agency.

Section 6.07. Amendments with Registered Owners Consent. This resolution may be amended from time to time by a Supplemental Resolution approved by the Registered Owners of a majority in aggregate principal amount of the Notes then Outstanding; provided, that (a) no amendment shall be made which affects the rights of some but fewer than all of the Registered Owners of the Outstanding Notes without the consent of the Registered Owners of a majority in aggregate principal amount of the Notes so affected, and (b) except as expressly authorized hereunder, no amendment which alters the interest rates on any Notes, the maturity date or Interest Payment Dates of any Notes without the consent of the Registered Owners of all Outstanding Notes affected thereby.

Section 6.08. Amendments With Credit Facility Issuer's Consent; Consent of Credit Facility Issuer. Notwithstanding anything herein to the contrary, any amendment or supplement to this resolution that requires Note owner consent shall require the prior written consent of the Credit Facility Issuer, if any. If Notes are payable from a Credit Facility that is an irrevocable direct pay letter of credit or a municipal bond insurance policy, the issuer of such Credit Facility shall be considered to be the Registered Owner of such Notes for purposes of granting any consent to an amendment or supplement pursuant to Section 6.07 hereof except for amendments that alter the interest rates on any Notes, the maturity date or Interest Payment Dates of any Notes.

Section 6.09. Immediate Effect. This resolution shall take effect immediately upon its adoption.

ADOPTED by the Board of Regents of the University of Washington at a meeting thereof, held this 20th day of July, 2006, and duly authenticated in open session by the signatures of the Board of Regents voting in favor thereof.

UNIVERSITY OF WASHINGTON

Board of Regents

CERTIFICATE

I, the undersigned, Secretary of the Board of Regents (the "Board of Regents") of the University of Washington, Washington (the "University"), DO HEREBY CERTIFY:

1. That the attached resolution (the "Resolution"), is a true and correct copy of a resolution of the University, as finally adopted at a meeting of the Board of Regents held on the 20th day of July, 2006, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum of the Board of Regents was present throughout the meeting and a legally sufficient number of members of the Board of Regents voted in the proper manner for the adoption of said Resolution; that all other requirements and proceedings incident to the proper adoption of said Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of July, 2006.

Secretary

University of Washington



Commercial Paper Program

July 20, 2006



SEATTLE-NORTHWEST
SECURITIES CORPORATION

What is Commercial Paper?

- Commercial paper notes (“CP”) are short-term obligations issued by corporations, banks and municipalities to finance operating requirements or in anticipation of long-term funding of capital projects during construction.
 - If issued for operating purposes, CP is usually redeemed from seasonal cash flow.
 - If issued for capital projects, CP is usually redeemed with the proceeds of long-term debt.
- Maturities range from one days to 270 days but CP can be rolled over to meet longer term needs.
- Amounts outstanding can increase or decrease over time as financing needs dictate.

Why Does CP Make Sense for UW?

- UW's growing capital needs and the recently established General Revenue borrowing platform positions the UW to take advantage of a commercial paper program
- The benefits are:
 - Access to funds on an as-needed basis within days
 - Low Fees
 - Annual underwriter fee of 4 basis points on average outstanding debt
 - Approximately \$200K per year for liquidity facility
 - Minimal ongoing rating agency monitoring fees
 - Increased flexibility:
 - Multiple capital projects can be financed on an interim basis
 - Borrowings can be matched to construction draws providing just-in-time funding
 - Short term liquidity to manage institutional cash flows
 - Lower borrowing costs over time
 - Since August 1989 short term municipal rates have on average been 2% less than long term rates

How is it Structured?

- University issues CP in the amounts needed
- Maturities are typically in 30-day increments up to 270 days
- Interest is paid at maturity. Notes are rolled over into another CP note if takeout is not desired.
- Liquidity is needed to assure buyers that funds will be there when notes mature, typically in the form of a bank letter of credit.
- A broker-dealer is responsible for marketing and re-marketing the notes
- The source of repayment for the notes will be UW General Revenues to insure competitive interest rates