

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

in Joint Session with

A. Academic and Student Affairs Committee

UW Tower Permanent Financing, Global Health and Data Center Financing Plan

RECOMMENDED ACTION

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

1. Approve by resolution the issuance of up to \$150 million in General Revenue Bonds to:

- a) Pay off interim financing for both the UW Tower Purchase and Global Health Tenant Improvements at 1616 Eastlake;
- b) Fund a portion of UW Tower Data Center project.

2. Delegate to the President or his designee the authority to execute all documents related to this transaction, including the authority to determine the final structure of the bonds.

BACKGROUND

Bond proceeds will provide permanent financing for the UW Tower and Data Center projects and for Global Health Tenant Improvements at 1616 Eastlake. Issuing the debt will not adversely impact the University's debt capacity. An analysis of the ability to repay long term debt associated with the UW Tower and Global Health Tenant Improvement projects was completed and approved by the Board prior to interim financing. The sources of debt repayment for the UW Tower Data Center will be indirect cost revenues (ICR).

FINANCING PLAN

The debt will be structured as a 30 year fixed-rate interest-only bond, callable in ten years, with a single principal payment in 2037. The 30 year structure was chosen to take advantage of the market's long term low rates and relatively flat yield curve. The non-amortizing or "bullet" structure will provide greater financial flexibility and help to manage the institution's overall portfolio interest costs. The University will make the principal payment in 2037, but will not dedicate specific funds for this purpose.

Interest-only bond structures are utilized by an increasing number of the University's highly-rated public peers, including the Universities of Michigan,

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North Carolina and Virginia as well as a significant percentage of private universities.

DECISION TO ISSUE DEBT NOW

The University's authority to permanently finance the UW Tower was effective on May 1st. Given the large size of the UW Tower financing, two financing alternatives were evaluated. They were:

- 1) Locking in rates using an interest rate swap and issuing permanent debt later or,
- 2) Issuing permanent debt now.

Issuing now was chosen due to the longer time it would take to get State Finance Committee approval for entering into an interest rate swap, and the desire to lock-in interest rates as soon as possible.

PROJECT DESCRIPTIONS

UW Tower (\$125.0 Million)

In September of 2006, the Regents approved the interim financing of the UW Tower and related properties and delegated the authority to issue permanent financing. UW Tower cash flows are currently better than pro-forma. Debt service will be repaid from "rent" paid by internal tenants and central funds as needed.

Global Health Tenant Improvement Project (\$5.9 Million)

In November 2006, the Regents approved issuing commercial paper as interim financing for tenant improvements at 1616 Eastlake and delegated authority to the administration to issue permanent financing. Debt service will be repaid from indirect cost recovery revenues.

Building C Data Center (\$12.0 Million)

The Data Center Task Force has recommended building a data center in Building C of the UW Tower. The Tower location was recommended because of its proximity to the main campus, reliable and adequate power, and existing connections to regional communications networks. The Data Center will be used for central campus computing needs as well as server space for the research enterprise.

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Debt will be repaid from indirect cost recovery revenues. The coverage ratio of the facilities portion of ICR to total debt service repaid from ICR is currently 5.6 times and is expected to level off at 4.0 times by 2009 under the current capital plan. At 4.0 times coverage, the cost of buildings (land, building, and interest) is about 25% of total facilities ICR, which is in line with peer institutions.

Attachment 1 shows total Sources and Uses for all three projects.

APPROVALS

The item, Resolution, and bond structure have been reviewed by bond counsel, and reviewed and approved by the President, the Executive Vice President, the Vice Provost for Planning and Budgeting, and the Treasurer of the Board of Regents.

Attachment 1

UW Tower, Global Health Improvements, and Tower Data Center Sources and Uses of Funds

Sources

| | |
|-----------------------------|---------------------------|
| Central Funds (Data Center) | 500,000 |
| State Funds (Data Center) | 20,000,000 |
| UW General Revenue Bonds | 142,921,000 |
| 2004 Parking Services Bonds | 5,500,000 |
| Total | <u>168,921,000</u> |

Uses

| | |
|---|---------------------------|
| Site Selection and Pre-design (Data Center) | 500,000 |
| Design / Construction (Data Center) | 32,000,000 |
| UW Tower Short Term Borrowing | 130,521,000 |
| Global Health Short Term Borrowing | 5,900,000 |
| Total | <u>168,921,000</u> |

BOARD OF REGENTS
UNIVERSITY OF WASHINGTON
RESOLUTION
DATED JULY ____, 2007

Authorizing the issuance and sale of
Not Exceeding \$150,000,000
UNIVERSITY OF WASHINGTON
GENERAL REVENUE BONDS, 2007

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BOARD OF REGENTS
UNIVERSITY OF WASHINGTON
RESOLUTION

A RESOLUTION of the Board of Regents of the University of Washington providing for the authorization, sale, issuance and delivery of the UNIVERSITY OF WASHINGTON GENERAL REVENUE BONDS, 2007, in an aggregate principal amount not exceeding \$150,000,000 to finance and refinance capital improvements for the University and to pay the costs of issuance; providing for the date, form, terms, maturities and redemption of the bonds; providing for the payment of and establishing the security for such bonds; delegating authority to an authorized representative of the University to make certain determinations with respect to the bonds of this issue from time to time; and authorizing the execution of documents in connection with the issuance and sale of such bonds.

WHEREAS, the Legislature, pursuant to the Bond Act (as hereinafter defined) has authorized the Board of Regents to sell and issue revenue bonds to finance the acquisition, construction, and equipping of University facilities; and

WHEREAS, the University finances the costs of certain capital improvements, including the acquisition of the Safeco property, with its commercial paper program and the University is also in need of financing for other capital facilities (collectively herein referred to as the "Project"); and

WHEREAS, in order to finance the Project, it is deemed necessary and desirable that the University now issue and sell its General Revenue Bonds, 2007 in the aggregate principal amount of not to exceed \$150,000,000 (the "2007 Bonds"); and

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

Section 1. Definitions.

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

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

Arbitrage and Tax Certification means the certificate executed by the Authorized Representative of the University at the time of issuance and delivery of the 2007 Bonds.

Authorized Denomination means \$5,000 and any integral multiple thereof within a maturity.

Authorized Representative of the University 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 Representative under this resolution.

Beneficial Owner means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2007 Bonds (including persons holding 2007 Bonds through nominees, depositories or other intermediary).

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 Act means, collectively, chapter 28B.140 RCW and chapter 24, Washington Laws 2007, in each case as amended from time to time.

Bond Counsel means an attorney or firm of attorneys whose opinion is accepted in the national tax-exempt capital markets as to the issuance and validity of municipal securities and as to the interest paid thereon being exempt from federal income taxation, which attorney or firm of attorneys has been approved by, selected by or retained by the University from time to time.

Bond Fund means the special fund designated as the General Revenue Bond Redemption Fund, 2007.

Bond Insurance Commitment means the commitment of the Bond Insurer, if any, to insure the 2007 Bonds.

Bond Insurance Policy means the policy of financial guaranty insurance delivered by the Bond Insurer at the time of issuance and delivery of 2007 Bonds to be insured pursuant to the Bond Insurance Commitment.

Bond Insurer means the issuer of any Bond Insurance Policy pertaining to any 2007 Bonds.

Bond Purchase Contract means the Bond Purchase Contract between the University and the underwriters for the 2007 Bonds pertaining to the initial sale and purchase of the 2007 Bonds.

Bond Register means the registration books maintained by the Registrar containing the names and addresses of the Registered Owners of the Bonds.

Bond Year means each one-year period that ends on the date selected by the University. The first and last Bond Years may be short periods. If no day is selected by the University before the earlier of the final maturity date of the 2007 Bonds or the date that is five years after the date of issuance of the 2007 Bonds, Bond Years end on each anniversary of the date of issue and on the final maturity date of the 2007 Bonds.

Bonds mean the Outstanding 2004 Bonds, the 2007 Bonds, any Additional Bonds and any other obligation payable from General Revenues.

Closing Date means the date on which the 2007 Bonds are issued and delivered in return for payment of the full purchase price therefor.

Code means the Internal Revenue Code of 1986, as heretofore or hereafter amended, together with all corresponding and applicable final, temporary or proposed regulations and revenue rulings as issued or amended with respect thereto by the United States Treasury Department or the Internal Revenue Service to the extent applicable to the 2007 Bonds.

Commission means the Securities and Exchange Commission.

Continuing Disclosure Certificate means the certificate of the University undertaking to provide ongoing disclosure to assist the underwriters for the 2007 Bonds in complying with the Rule.

Costs of the Project means any cost reasonably incurred by the University in accomplishing the Project, including, without limitation, the cost of necessary studies, surveys, plans, specifications and permits, architectural, engineering, legal or other special services, the cost of land, rights in land, buildings, structures, fixed and movable equipment, machinery, fixtures and furnishings and other costs of development, construction, reconstruction, renovation and installation necessary or useful in connection with accomplishing the Project, including capitalized interest, and the fees and costs of such other items as may be reasonable and necessary for the acquisition, construction and installation of the Project.

DTC means The Depository Trust Company, New York, New York as depository for the 2007 Bonds, or any successor or substitute depository for the 2007 Bonds.

Fiscal Year means the University's duly adopted fiscal year, currently ending June 30.

Fitch means Fitch Ratings, 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 Representative of the University and acceptable to the Bond Insurer.

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

- (a) Appropriations to the University by the State from the State's General Fund;
- (b) Each fund the purpose of which has been restricted in writing by the terms of the gift or grant under which such fund has been donated, or by the donor thereof;
- (c) Fees imposed upon students as a condition of enrollment at the University, including but not limited to services and activities fees, building fees, and technology fees; and
- (d) Revenues and receipts attributable to auxiliary systems established under RCW 28B.10.300 and Metro Tract Revenue.

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

Government Obligations means government obligations as are authorized to be used for refunding purposes by chapter 39.53 RCW, as amended or restated from time to time.

Irrevocable Deposit means the irrevocable deposit of money or Government Obligations in order to provide for the payment of all or a portion of the principal of, premium, if any, and interest on any 2007 Bonds in accordance with, and simultaneously meeting all the requirements of, Section 23.

Issuance Costs means, without intending thereby to limit or restrict any proper definition of such costs under any applicable laws and GAAP, the following:

- (a) costs reasonably incurred incident to preparing, offering, selling, issuing and delivering the 2007 Bonds, including, without limitation, the fees and expenses of Bond Counsel, special counsel (if any) and financial consultant to the University, bond printing, CUSIP bureau fees, rating agency fees, and recording and filing fees;
- (b) the fees and expenses payable to the Registrar incident to the Registrar's acceptance of its duties under this resolution; and
- (c) the premium payable to the Bond Insurer for any Bond Insurance Policy.

Legislature means the Legislature of the State.

Letter of Representations means the blanket issuer letter of representation, signed by the Authorized Representative of the University and accepted by DTC pertaining to the payment of the 2007 Bonds and the "book-entry" system for evidencing the beneficial ownership of the 2007 Bonds.

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 Representative of the University and acceptable to the Bond Insurer.

MSRB means the Municipal Securities Rulemaking Board or any successor to its functions.

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.

Opinion of Bond Counsel means an opinion in writing of Bond Counsel.

Outstanding means, as of any particular time, all Bonds issued theretofore except:

- (a) Bonds theretofore canceled by the Registrar after purchase by the University;
- (b) Bonds for which an Irrevocable Deposit has been made, but only to the extent that the principal of and interest on such Bonds are payable from such Irrevocable Deposit; provided, that the Bonds to be paid or redeemed with such Irrevocable Deposit shall be deemed to be Outstanding for the purpose of transfers and exchanges or replacement of mutilated, lost, stolen or destroyed Bonds under the proceedings authorizing their issuance;
- (c) temporary, mutilated, lost, stolen or destroyed Bonds for which new Bonds have been issued pursuant to the resolution authorizing their issuance; and
- (d) Bonds exchanged for new Bonds pursuant to the resolution authorizing their issuance.

Participant means (a) any person for which, from time to time, DTC effects book-entry transfers and pledges of securities pursuant to the book-entry system referred to in Section 7 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 partnership, limited liability company, 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.

Private Person means any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

Private Person Use means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a day-to-day basis if the rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a *de minimis* fee to cover custodial expenses.

Project means capital improvements to University facilities identified by the Authorized Representative of the University in a closing certificate or the Tax Certificate.

Rating Agency means Fitch, Moody's or S&P.

Rating Category means the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

RCW means the Revised Code of Washington, as now in existence or hereafter amended, or any successor codification of the laws of the State.

Rebate Amount means the amount, if any, determined to be payable with respect to the 2007 Bonds by the University to the United States of America in accordance with Section 148(f) of the Code.

Record Date means the 15th day (whether or not a Business Day) of the month next preceding each interest payment date for the 2007 Bonds.

Redemption Date means the date fixed for redemption of 2007 Bonds subject to redemption in any notice of redemption given in accordance with the terms hereof.

Redemption Price means amounts to be paid to redeem the 2007 Bonds on the Redemption Date as set forth in the Bond Purchase Contract or Section 12(a) as applicable.

Registered Owner means the person named as the registered owner of a 2007 Bond on the Bond Register. For so long as the 2007 Bonds are held by a Securities Depository or its nominee, such Securities Depository shall be deemed to be the Registered Owner.

Registrar means the fiscal agency(ies) of the State (as of the Closing Date, The Bank of New York) duly appointed by the State Finance Committee of the State from time to time pursuant to chapter 43.80 RCW, whose duties include registering and authenticating the 2007 Bonds, maintaining the Bond Register, registering the transfer of the 2007 Bonds, paying interest on and principal of the 2007 Bonds.

Rule means the Commission's Rule 15c2-12 under the Securities and Exchange Act of 1934, 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.

Serial Bonds means those 2007 Bonds designated as serial bonds in the Bond Purchase Contract.

SID means a state information depository for the state of Washington (if one is created).

State means the state of Washington.

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 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 Representative of the University and acceptable to the Bond Insurer.

Term Bonds means 2007 Bonds, if any, designated as term bonds in the Bond Purchase Contract.

2004 Bonds mean the University of Washington General Revenue Bonds, 2004, currently outstanding in the principal amount of \$60,720,000.

2007 Bonds means the University of Washington General Revenue Bonds, 2007, in an aggregate principal amount not exceeding \$150,000,000, authorized to be sold and issued by this resolution.

2007 Issuance Costs Account means the account of that name in the 2007 Project Fund, which account is created pursuant to Section 15.

2007 Project Account means the account of that name in the 2007 Project Fund, which Account is created pursuant to Section 15.

2007 Project Fund means the special fund of that name created pursuant to Section 15, including its accounts.

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

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, limited liability companies 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 Representative of the University or his or her designee, respectively, and all references herein to the Authorized Representative of the University shall be deemed to include references to his or her designee, as the case may be.

Section 2. **Findings.**

The Board hereby finds as follows:

(a) It is in the best interests of the University to finance the Project through the issuance of 2007 Bonds, upon the terms and conditions set forth for the 2007 Bonds in this resolution.

(b) It is necessary and in the best interest of the University to issue the 2007 Bonds payable from General Revenues.

Section 3. Authorization and Purpose of 2007 Bonds.

Pursuant to this resolution and the Bond Act, the Board hereby authorizes, subject to the determinations to be made pursuant to Section 25, the sale and issuance of the 2007 Bonds to be designated as “UNIVERSITY OF WASHINGTON GENERAL REVENUE BONDS, 2007” to finance or refinance all or a portion of the Costs of the Project and to pay Issuance Costs.

Section 4. Description of 2007 Bonds.

(a) *General Terms.* The 2007 Bonds shall be in an aggregate principal amount not exceeding \$150,000,000; shall be issued as a single series and under terms determined pursuant to Section 25; shall be numbered in the manner determined by the Registrar; and shall be issued in fully registered form in Authorized Denominations. In addition, the 2007 Bonds shall be dated such date, shall bear interest at such fixed rates and shall mature as determined pursuant to Section 25. All such 2007 Bonds shall be issued in the form of fully registered 2007 Bonds in Authorized Denominations and, unless the Registrar shall otherwise direct, shall be numbered R-1 and upwards.

(b) *Terms.* Principal of and interest and any premium on the 2007 Bonds shall be payable in lawful money of the United States of America.

Section 5. Execution.

The 2007 Bonds shall be executed on behalf of the University by the manual or facsimile signatures of the President and the Secretary or Treasurer of the Board, and the official seal of the University shall be reproduced thereon. The validity of any 2007 Bond so executed shall not be affected by the fact that one or more of the officers whose signatures appear on such 2007 Bond have ceased to hold office at the time of issuance or authentication or at any time thereafter.

Section 6. Authentication.

No 2007 Bonds 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 7. Registration, Transfer and Exchange.

(a) *Registrar.* The 2007 Bonds shall be issued only in registered form as to both principal and interest. The University hereby appoints the fiscal agency of the State as the Registrar for the 2007 Bonds. The University shall cause a bond register to be maintained by the Registrar. So long as any 2007 Bonds remain Outstanding, the Registrar shall make all

necessary provisions to permit the exchange or registration of transfer of 2007 Bonds at its principal corporate trust office. The Registrar may be removed at any time at the option of the Treasurer of the University and a successor Registrar appointed by the Authorized Representative of the University. Any successor Registrar must be a commercial bank with trust powers or a trust company. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder. The Registrar is authorized, on behalf of the University, to authenticate and deliver 2007 Bonds transferred or exchanged in accordance with the provisions of such 2007 Bonds 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 2007 Bonds.

The Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the 2007 Bonds which shall at all times be open to inspection by the University (the "Bond Register").

(b) *Letter of Representations/Book-Entry System.* To induce DTC to accept the 2007 Bonds as eligible for deposit at DTC, the University has executed and delivered the Letter of Representations. The 2007 Bonds 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 the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the 2007 Bonds 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 redemption price of or interest on the 2007 Bonds, 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 the 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 2007 Bonds or any consent given or other action taken by DTC as the Registered Owner.

(d) *DTC as Registered Owner.* Payment of any such 2007 Bond shall be made only as described in this section, but the transfer of such ownership may be registered as herein provided. All such payments made as described in this section shall be valid and shall satisfy and discharge the liability of the University upon such 2007 Bond to the extent of the amount or amounts so paid. Except as provided in Section 27, the University and the Registrar shall be entitled to treat the Securities Depository (as Registered Owner) as the absolute owner of all 2007 Bonds for all purposes of this resolution and any applicable laws, notwithstanding any notice to the contrary received by the Registrar or the University. Neither the University nor the Registrar will have any responsibility or obligation under this resolution or the 2007 Bonds, legal or otherwise, to any other party including DTC or its successor (or substitute Securities Depository or its successor), except to the Registered Owners. Notwithstanding the foregoing, so long as the Bond Insurer is not in default under the Bond Insurance Policy, the Bond Insurer shall be deemed to be the owner and holder of all 2007 Bonds for the purpose of granting

consents and exercising voting rights with respect thereto and for any other purpose identified and specified in the Bond Insurance Commitment accepted by the University as a condition of issuance of the Bond Insurance Policy.

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

(1) *2007 Bonds Registered in the Name Designated by DTC.* The 2007 Bonds shall be registered initially in the name of “CEDE & Co.,” as nominee of DTC, (or such other name as may be requested by an authorized representative of DTC) with one 2007 Bond maturing on each maturity date in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized 2007 Bonds, 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 Securities Depository appointed by the Authorized Representative of the University pursuant to subsection (2) below or such substitute Securities Depository’s successor; or (C) to any person as provided in paragraph (4) below.

(2) *Substitute Depository.* Upon the resignation of DTC or its successor (or any substitute Securities Depository or its successor) from its functions as Securities Depository or a determination by the Authorized Representative of the University 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 Securities Depository or its successor), the Authorized Representative of the University may hereafter appoint a substitute Securities Depository. Any such substitute Securities Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) *Issuance of New 2007 Bonds to Successor/Substitute Depository.* In the case of any transfer pursuant to clause (A) or (B) of paragraph (e)(1) above, the Registrar shall, upon receipt of all outstanding 2007 Bonds, together with a written request on behalf of the Authorized Representative of the University, issue a single new 2007 Bond for each maturity of such 2007 Bonds then Outstanding, registered in the name of such successor or such substitute Securities Depository, or their nominees, as the case may be, all as specified in such written request of the Authorized Representative of the University.

(4) *Termination of Book-Entry System.* In the event that (A) DTC or its successor (or substitute Securities Depository or its successor) resigns from its functions as Securities Depository, and no substitute Securities Depository can be obtained, or (B) the Authorized Representative of the University determines that it is in the best interest of the Beneficial Owners of the 2007 Bonds that they be able to obtain 2007 Bond certificates, the ownership of 2007 Bonds may then be transferred to any person or entity as herein provided, and the 2007 Bonds shall no longer be held in fully immobilized form. The Authorized Representative of the University shall deliver a written request to the Registrar, together with a supply of definitive 2007 Bonds, to issue 2007 Bonds as herein provided in any Authorized Denomination. Upon receipt of all then Outstanding 2007 Bonds by the Registrar together with a written request on behalf of the Authorized Representative of the University to the Registrar,

new 2007 Bonds shall be issued in such Authorized Denominations and registered in the names of such persons as are requested in such written request.

(f) *Transfer or Exchange of Registered Ownership; Change in Denominations.* If the 2007 Bonds are no longer held in immobilized, book-entry form, the transfer of ownership of any 2007 Bond may be registered and such 2007 Bonds may be exchanged, but no transfer of any 2007 Bond shall be valid unless it is surrendered to the Registrar with the assignment form appearing on such 2007 Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered 2007 Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new 2007 Bond (or 2007 Bonds at the option of the new Registered Owner) of the same date, designation, if any, maturity date and interest rate and for the same aggregate principal amount in any Authorized Denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered 2007 Bond, in exchange for such surrendered and canceled 2007 Bond. Any 2007 Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of 2007 Bonds of the same date, maturity date and interest rate, in any Authorized Denomination. The Registrar shall not be obligated to transfer or exchange any 2007 Bond during the five-day period prior to the selection of 2007 Bonds for redemption or the maturity date or following any mailing of notice of redemption. No charge shall be imposed upon Registered Owners in connection with any transfer or exchange, except for taxes or governmental charges related thereto.

(g) *Registration Covenant.* The University covenants that, until all 2007 Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each 2007 Bond that complies with the provisions of Section 149 of the Code.

Section 8. Mutilated, Destroyed, Lost or Stolen 2007 Bonds.

If any 2007 Bond is lost, stolen or destroyed, the University may execute and the Registrar may authenticate and deliver a new 2007 Bond or 2007 Bonds of like 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 Representative of the University of the destruction or loss of the original 2007 Bond and of the ownership thereof, and (b) such additional security, indemnity or evidence as may be required by the Authorized Representative of the University. No substitute 2007 Bond shall be furnished unless the applicant shall reimburse the University and the Registrar for their respective expenses in the furnishing thereof. Any such substitute 2007 Bond so furnished shall be equally and proportionately entitled to the security of this resolution with all other 2007 Bonds issued hereunder.

Section 9. Payments of Principal, Redemption Price and Interest; Persons Entitled Thereto.

(a) *Payments of Principal, Interest, Purchase and Redemption Prices.* The principal or Redemption Price of each 2007 Bond shall be payable upon surrender or delivery of such

2007 Bond to the Registrar. For so long as DTC is the Registered Owner, interest and principal shall be paid and delivery shall be made as described in the operational arrangements referred to in the Letter of Representations and pursuant to DTC's standard procedures.

(b) *Accrual of Interest.* Each 2007 Bond shall accrue interest from its date, payable on each June 1 and December 1 following the Closing Date. Interest shall be calculated on the basis of a year of 360 days and twelve 30-day months. The interest due on any 2007 Bond on any Interest Payment Date shall be paid to the Registered Owner of such 2007 Bond as shown on the Bond Register as of the Record Date. If the 2007 Bonds are no longer held by a Securities Depository, the interest on the 2007 Bonds shall be payable by check, provided that any Registered Owner of \$1,000,000 or more in aggregate principal amount of the 2007 Bonds, upon written request given to the Registrar at least five business days prior to the Record Date designating an account in a domestic bank, may be paid by wire transfer of immediately available funds. If the 2007 Bonds are no longer held by a Securities Depository, all payments of principal shall be made solely upon presentation of the 2007 Bond to the Registrar.

Section 10. 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 2007 Bond shall bind all future Registered Owners of the same 2007 Bond or of any 2007 Bond 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.

Except as provided in Sections 7(d) and 27, the Registrar and the University may treat the Registered Owner of a 2007 Bond as the absolute owner thereof for all purposes, whether or not such 2007 Bond 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 premium, if any, and interest on such 2007 Bond shall be made only to such Registered Owner, which payments shall satisfy and discharge the liability of the University with respect to such 2007 Bond to the extent of the sum or sums so paid.

Section 11. Form of 2007 Bonds.

The 2007 Bonds shall each be in substantially the following form, with appropriate or necessary insertions, depending upon the omissions and variations as permitted or required hereby. If the 2007 Bonds are no longer held in fully-immobilized form, the form of 2007 Bonds will be changed to reflect the changes required in connection with the preparation of certificated 2007 Bonds.

No. R-_____

\$_____

UNITED STATES OF AMERICA

[STATEMENT OF INSURANCE, IF ANY]

UNIVERSITY OF WASHINGTON
GENERAL REVENUE BOND, 2007

MATURITY DATE: December 1, 2037 ISSUE DATE

CUSIP

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The University of Washington (the "University") hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from July ____, 2007, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on the first days of each June and December, commencing on December 1, 2007. Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the University to DTC. The fiscal agency of the state of Washington is acting as the registrar, authenticating agent and paying agent for the bonds of this issue (the "Bond Registrar").

This bond is issued pursuant to a resolution of the Board of Regents of the University (the "Bond Resolution") to finance and refinance capital facilities for the University.

This bond 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 General Revenue Bond Redemption Fund, 2007 (the "Bond Fund") the various amounts required by the Bond Resolution to be paid into and maintained in such Fund, all within the times provided by the Bond Resolution.

The bonds of this issue are subject to redemption prior to their scheduled maturity under the terms of the bond purchase contract for such bonds.

The bonds of this issue are not private activity bonds and are not "qualified tax exempt obligations" eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

Except as otherwise provided in the Bond Resolution, this bond shall not be entitled to any right or benefit under the Bond Resolution, or be valid or become obligatory for any purpose, until this bond 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 bond and the 2007 Bonds 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 bond and the 2007 Bonds 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 Bond 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 bond and the 2007 Bonds of this issue and that the issuance of this bond and the 2007 Bonds of this issue does not contravene or violate any constitutional or statutory limitation.

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

UNIVERSITY OF WASHINGTON

(SEAL)

By _____
President, Board of Regents

ATTEST:

By _____
[Secretary, Board of Regents]
[Treasurer of the University]

The Certificate of Authentication for the 2007 Bonds shall be in substantially the following form and shall appear on each 2007 Bond:

AUTHENTICATION CERTIFICATE

This bond is one of the University of Washington General Revenue Bonds, 2007 described in the within-mentioned Bond Resolution.

WASHINGTON STATE FISCAL
AGENCY, as Registrar

By _____
Authorized Signatory

Date of Authentication: _____

Section 12. Redemption.

(a) *Optional Redemption.* 2007 Bonds shall be subject to redemption at the option of the University, in whole or in part, in Authorized Denominations on such dates and at such prices as determined by the University for such 2007 Bonds as set forth in the Bond Purchase Contract.

(b) *Selection of 2007 Bonds for Redemption.* Whenever fewer than all the Outstanding 2007 Bonds are to be redeemed, the 2007 Bonds to be redeemed shall be selected in accordance with the operational arrangements of DTC referred to in the Letter of Representations (or, in the event the 2007 Bonds are no longer in book-entry only form, randomly by the Registrar). In no event shall any 2007 Bond be Outstanding in a principal amount that is not an Authorized Denomination.

(c) *Notice of Redemption.* For so long as the book entry-system is in effect, notice of redemption shall be provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations, and no additional published or other notice shall be provided by the University. In any event, notice of redemption shall be given by the University to the Registrar who shall give notice to DTC at least 30 days prior to the proposed date of redemption.

(d) *Effect of Redemption.* If notice of redemption has been duly given and, in the case of an optional redemption, money for the payment of the Redemption Price of the 2007 Bonds or portions thereof to be redeemed is held by the Registrar, then on the Redemption Date the 2007 Bonds or portions thereof so called for redemption shall become payable at the Redemption Price specified in such notice; and from and after the Redemption Date, interest thereon or on portions thereof so called for redemption shall cease to accrue, such 2007 Bonds or portions thereof shall cease to be Outstanding and to be entitled to any benefit, protection or security hereunder and the Owners of such 2007 Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the Redemption Price upon delivery of such 2007 Bonds to the Registrar. Notwithstanding the foregoing, if 2007 Bonds have been paid from drawings under the Bond Insurance Policy, such 2007 Bonds shall remain Outstanding until the Bond Insurer is paid all amounts due in connection with such 2007 Bonds or portions thereof to be redeemed on the Redemption Date.

Section 13. Source of Repayment and Security for 2007 Bonds.

(a) *Special Fund Obligations.* The 2007 Bonds shall be special fund obligations of the University, payable solely from General Revenues and the money and investments deposited into the Bond Fund. The 2007 Bonds shall not constitute an obligation, either general, special or moral, of the State, nor a general or moral obligation of the University. The Registered Owners of the 2007 Bonds shall have no right to require the State, nor has the State any obligation or legal authorization, to levy any taxes or appropriate or expend any of its funds for the payment of the principal thereof or the interest or any premium thereon. The University has no taxing power.

(b) *All Bonds Have Equal Claim on General Revenues.* The Bonds shall be equally and ratably payable, without preference, priority or distinction because of date of issue or otherwise from General Revenues.

(c) *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) of this Section 13, excluded in the definition of General Revenues. (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: (A) 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 (B) 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 Revenue.

(d) *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.

Section 14. Application of 2007 Bond Proceeds.

The University covenants to deposit the proceeds of the 2007 Bonds received on the Closing Date into the 2007 Project Fund.

Section 15. 2007 Project Fund.

The University hereby establishes a special fund, to be held by the Controller of the University, separate and apart from all other funds and accounts of the University, and to be

known as the "2007 Project Fund." Net income earned on investments in the 2007 Project Fund shall be deposited in the 2007 Project Fund. Except to the extent the amounts therein are in excess of sums needed to finance or refinance the Costs of the Project, the University further covenants to use all money and investments deposited into the 2007 Project Fund solely to finance or refinance the Costs of the Project and hereby pledges such money and investments solely to said purpose. As soon as practicable following the completion of the Project, the University shall transfer any money and investments remaining in the 2007 Project Fund to the Bond Fund.

Section 16. Bond Fund.

The Controller of the University is hereby authorized and directed to establish the Bond Fund as a special fund of the University to be designated as the General Revenue Bond Redemption Fund, 2007 (the "Bond Fund"). The University covenants to deposit into the Bond Fund from General Revenues on or prior to each interest payment date, redemption date and maturity date an amount sufficient to pay the interest on the 2007 Bonds then coming due and the principal of the 2007 Bonds maturity or subject to redemption and redemption premium, if any. Such payments shall be made in sufficient time to enable the Registrar to pay interest on and/or principal of and redemption price of the 2007 Bonds to the Registered Owners, when due. Net income earned on investments in the Bond Fund, if any, shall be deposited in the Bond Fund.

Section 17. Investment of Funds.

The University covenants to invest and reinvest money deposited in the 2007 Project Fund and the Bond Fund only in those investments in which agencies of the State are authorized to invest pursuant to State law.

Section 18. Establishment of Additional Accounts and Subaccounts.

The University reserves the right, to be exercised in its sole discretion, to establish such additional accounts within the funds established pursuant to this resolution, and subaccounts within such accounts, as it deems necessary or useful for the purpose of identifying more precisely the sources of payments herein and disbursements therefrom; provided that the establishment of any such account or subaccount does not alter or modify any of the requirements of this resolution with respect to a deposit or use of money or result in commingling of funds not permitted hereunder.

Section 19. Additional Bonds.

The University shall have the right to issue one or more series of Additional Bonds for University purposes as permitted under the Bond Act or otherwise under State law, and the costs of issuing Additional Bonds, or to refund or advance refund any Bonds.

Section 20. Covenants Regarding Tax Exemption.

The University covenants and agrees that in accordance with the Arbitrage and Tax Certification:

(a) it will not make any use of the proceeds from the sale of the 2007 Bonds or any other funds of the University which may be deemed to be proceeds of the 2007 Bonds pursuant to Section 148 of the Code and the applicable regulations thereunder which will cause the 2007 Bonds to be “arbitrage bonds” within the meaning of said Section and said regulations. The University will comply with the applicable requirements of Section 148 of the Code (or any successor provision thereof applicable to the 2007 Bonds) and the applicable regulations thereunder throughout the term of the 2007 Bonds; and

(b) it will not take any action or permit any action to be taken that would cause the 2007 Bonds to constitute “private activity bonds” under Section 141 of the Code.

(c) it will not permit:

(1) More than 10% of the net proceeds of the 2007 Bonds to be used for any Private Person Use; and

(2) More than 10% of the principal or interest payments on the 2007 Bonds in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the University) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The University further covenants that, if:

(3) More than five percent of the net proceeds of the 2007 Bonds are to be used for any Private Person Use; and

(4) More than five percent of the principal or interest payments on the 2007 Bonds in a Bond Year are (under the terms of this resolution or any underlying arrangement) directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the University) in respect of property, or borrowed money, used or to be used for any Private Person Use, then, (i) any Private Person Use of the projects described in subsection (3) hereof or Private Person Use payments described in subsection (4) hereof that is in excess of the five percent limitations described in such subsections (3) or (4) will be for a Private Person Use that is related to the state or local governmental use of the Project financed or refinanced with 2007 Bond proceeds, and (ii) any Private Person Use will not exceed the amount of net proceeds of the 2007 Bonds used for the state or local governmental use portion of the projects to which the Private Person Use of such portion of such Project relates. The University further covenants that it will comply with any

limitations on the use of the Project by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to preserve the tax exemption of the interest on the 2007 Bonds. The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the 2007 Bonds.

Section 21. Arbitrage Rebate.

The University will pay the Rebate Amount, if any, to the United States of America at the times and in the amounts necessary to meet the requirements of the Code to maintain the federal income tax exemption for interest payments on the 2007 Bonds, in accordance with the Arbitrage and Tax Certification.

Section 22. No Recourse Against Individuals.

No owner of a 2007 Bond (registered or beneficial) shall have any recourse for the payment of any part of the principal or redemption price, if any, of or interest on the 2007 Bonds, or for the satisfaction of any liability arising from, founded upon, or existing by reason of, the issuance or ownership of such 2007 Bonds against the officers of the University or officers or members of the Board in their individual capacities.

Section 23. Defeasance.

Any 2007 Bonds shall be deemed to have been paid and not Outstanding under this resolution and shall cease to be entitled to any lien, benefit or security of this resolution and any money and investments held hereunder, except the right to receive the money and the proceeds and income from Government Obligations set aside and pledged in the manner hereafter described, if:

(a) in the event that any or all of 2007 Bonds are to be optionally redeemed, the University shall have given to the Registrar irrevocable instructions to give such notice of redemption of such 2007 Bonds as may be required by the provisions of this resolution;

(b) there shall have been made an Irrevocable Deposit, in trust, with the Registrar or another corporate fiduciary of money in an amount which shall be sufficient and/or noncallable Government Obligations maturing at such time or times and bearing such interest to be earned thereon, without considering any earnings on the reinvestment thereof, as will provide a series of payments which shall be sufficient, together with any money initially deposited, to provide for the payment of the principal of and the interest on the defeased 2007 Bonds, when due in accordance with their terms, or upon the earlier prepayment thereof in accordance with a refunding plan; and such money and the principal of and interest on such Government Obligations are set aside irrevocably and pledged in trust for the purpose of effecting such payment, redemption or prepayment; and

(c) there shall have been delivered to the University an opinion of Bond Counsel, to the effect that interest on the 2007 Bonds will not become subject to federal income taxation by reason of such defeasance.

Nothing contained in this Section 23 shall be construed to prohibit the partial defeasance of the lien of this resolution providing for the payment of one or more, but not all of the Outstanding 2007 Bonds. In the event of such partial defeasance, this resolution shall be discharged only as to the 2007 Bonds so defeased.

Section 24. Approval of Official Statement.

The University hereby authorizes and directs the Authorized Representative of the University to approve the information contained in the Preliminary Official Statement, if any, pertaining to the 2007 Bonds, to “deem final” the Preliminary Official Statement, if any, as of its date, except for the omission of information on offering prices, interest rates, selling compensation, delivery dates and any other terms or provisions of the 2007 Bonds dependent on such matters, for the sole purpose of the underwriter’s compliance with the Rule and to authorize the distribution thereof to prospective purchasers of the 2007 Bonds and others. The University further authorizes and directs any of such officers to approve the preparation, distribution and use of a Final Official Statement and to approve the information contained therein, in connection with the public offering and sale of the 2007 Bonds to the actual purchasers of the 2007 Bonds and others. The University hereby authorizes any of such officers to execute the Final Official Statement described above to indicate such approval.

Section 25. Determination of Certain Matters Affecting 2007 Bonds.

The 2007 Bonds shall be sold by negotiated sale. The Authorized Representative of the University is hereby authorized and directed to negotiate, review and execute at his or her discretion, a Bond Purchase Contract with the underwriters.

The Authorized Representative of the University is hereby authorized to approve the foregoing in the manner provided hereafter so long as the aggregate principal amount of the 2007 Bonds does not exceed \$150,000,000, the true interest cost for the 2007 Bonds does not exceed 6.5%; the date and time for the Closing Date is not later than December 31, 2007; and the final Maturity Date for the 2007 Bonds is not later than December 1, 2037.

The Authorized Representative of the University, 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 true interest cost on the 2007 Bonds to their maturity, including, but not limited to, current financial market conditions and current interest rates for obligations comparable in tenor and quality to the 2007 Bonds.

The University hereby authorizes and directs the Authorized Representative of the University, to execute and deliver the Bond Purchase Contract. Upon determination by the Authorized Representative of the University that all conditions to Closing set forth in the Bond Purchase Contract have been satisfied, or upon waiver of such conditions by the appropriate parties, the Authorized Representative of the University is hereby authorized and directed (a) to cause the 2007 Bonds, executed as provided in Section 5, to be authenticated and delivered to the underwriters; and (b) to execute, for and on behalf of the University, and to deliver to the persons

entitled to executed copies of the same, the Official Statement and all other documents required to be delivered, at or before the Closing Date pursuant to the Bond Purchase Contract. Such delivery shall be made at the offices of K&L Preston Gates Ellis LLP, 925 Fourth Avenue, Suite 2900, Seattle, Washington 98104, or at such other place as any of such officers and the underwriters shall agree. The proper University officials are hereby authorized and directed to do everything necessary and proper for the prompt printing, execution, authentication, issuance and delivery of the 2007 Bonds in exchange for the purchase price thereof.

Section 26. Undertaking to Provide Continuing Disclosure.

An Authorized Representative of the University is authorized to, in his or her discretion, execute and deliver a certificate regarding continuing disclosure in order to assist the underwriters for the 2007 Bonds in complying with Section (b)(5) of the Rule.

Section 27. Bond Insurance.

The payments of the principal of and interest on principal maturities of the 2007 Bonds may be insured by the issuance of the Bond Insurance Policy. An Authorized Representative of the University, with the assistance of the University's financial advisor, is hereby further authorized and directed to solicit proposals from municipal bond insurance companies for the issuance of a Bond Insurance Policy. In the event that the Authorized Representative of the University receives multiple proposals, the Authorized Representative of the University may select the proposal having the lowest cost and resulting in an overall lower interest cost with respect to the 2007 Bonds. The Authorized Representative of the University may execute a commitment received from each Bond Insurer selected by the Authorized Representative of the University. The Board further authorizes and directs all proper officers, agents, attorneys and employees of the University to cooperate with the Bond Insurer in preparing such additional agreements, certificates, and other documentation, including an Insurance Agreement, if any, on behalf of the University as shall be necessary or advisable in providing for the Bond Insurance Policy. To the extent that the 2007 Bonds are insured by a Bond Insurance Policy, the Bond Insurer of the 2007 Bonds so insured shall be deemed to the Registered Owner of such 2007 Bonds for all purposes, including consent, under this resolution.

Section 28. Supplemental Resolutions.

(a) *Without Consent of Owners.* The Board, from time to time and at any time, may adopt a resolution or resolutions supplemental to this resolution which supplemental resolution or resolutions thereafter shall become a part of this resolution, for any one or more or all of the following purposes:

(1) to add to the covenants and agreements of the University in this resolution other covenants and agreements thereafter to be observed, which shall not materially adversely affect the interests of the Registered Owners of any Outstanding 2007 Bonds, or to surrender any right or power herein reserved to or conferred upon the University;

(2) to make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this resolution or any resolution authorizing Additional Bonds in regard to matters or questions arising under such resolutions as the Board may deem necessary or desirable and not inconsistent with such resolution and which shall not materially adversely affect the interest of the Registered Owners of Outstanding 2007 Bonds.

Any such supplemental resolution of the Board may be adopted without the consent of the owners of any 2007 Bonds at any time outstanding, notwithstanding any of the provisions of subsection (b) of this section.

(b) *With Consent of Owners.* With the consent of the Registered Owners of not less than 51% in aggregate principal amount or accreted value, as applicable, of all Outstanding 2007 Bonds, the Board may adopt a resolution or resolutions supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this resolution or of any supplemental resolution provided, however, that no such supplemental resolution shall:

(1) extend the fixed maturity of any Outstanding 2007 Bonds, or reduce the rate of interest thereon, or extend the time of payment of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the owner of each 2007 Bond so affected; or

(2) reduce the aforesaid percentage of Registered Owners required to approve any such supplemental resolution, without the consent of the Registered Owners of all of the Outstanding 2007 Bonds.

It shall not be necessary for the consent of Registered Owners under this subsection (b) to approve the particular form of any proposed supplemental resolution, but it shall be sufficient if such consent shall approve the substance thereof.

Section 29. Concerning the Registered Owners.

(a) *Form of Consent of Registered Owners.* Any request, direction, consent or other written instrument required by this resolution to be signed or executed by the Registered Owners may be in any number of concurrent written instruments of similar tenor and may be signed or executed by such Registered Owners in person or by an agent or agents duly appointed by a written instrument. Proof of the execution of any such written instrument and of the ownership of the 2007 Bonds shall be sufficient for any purpose of this resolution and shall be conclusive in favor of the University, and/or the Registered Owners with regard to any action taken under such instrument, if made in the following manner:

(1) the fact and date of the execution by any Registered Owner of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments of deeds to be recorded within such jurisdiction, to

the effect that the Registered Owner signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution; and

(2) the ownership of 2007 Bonds shall be proved by the registry books maintained by the Registrar.

Nothing contained in this Section 29(a) shall be construed as limiting the University to the proof above specified, it being intended that the University may accept any other evidence of the matters herein stated to which it may seem sufficient.

(b) *Waiver of Form.* Except as otherwise provided herein, any notice or other communication required by this resolution to be given by delivery, publication or otherwise to the Registered Owners or any one or more thereof may be waived, at any time before such notice or communication is so required to be given, by written waivers mailed or delivered to the University by the Registered Owners of all 2007 Bonds entitled to such notice or communication.

(c) *Revocation; Conclusive Action.* At any time prior to (but not after) the evidencing to the University of the taking of any action by the Registered Owners of the percentage in aggregate principal amount of Outstanding 2007 Bonds specified in this resolution in connection with such action, any Registered Owner may, by filing written notice with the University, revoke any consent given by such Registered Owner or the predecessor Registered Owner of such 2007 Bond. Except as aforesaid, any such consent given by the Registered Owner of any 2007 Bond shall be conclusive and binding upon such Registered Owner and upon all future Registered Owners of such 2007 Bond and of any 2007 Bond issued in exchange therefor or in lieu thereof, irrespective of whether or not any notation in regard thereto is made upon such 2007 Bond. Any action taken by the Registered Owners of the percentage in aggregate principal amount of Outstanding 2007 Bonds specified in this resolution in connection with such action shall be conclusively binding upon the University and the Registered Owners of all Outstanding 2007 Bonds.

Section 30. Determination of Registered Owners' Concurrence.

In determining whether the Registered Owners of the requisite aggregate principal amount of Outstanding 2007 Bonds have concurred in any demand, request, direction, consent or waiver under this resolution, 2007 Bonds which are owned by or held in the name of the University shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. 2007 Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 30 if the pledgee shall establish to the satisfaction of the University the pledgee's right to vote such 2007 Bonds and that the pledgee is not the University.

Section 31. University Acquisition of 2007 Bonds; Remarketing.

The University may acquire 2007 Bonds by (a) purchase of 2007 Bonds offered to the University at any time and from time to time at such purchase price as the University deems

appropriate; or (b) gift at anytime and from time to time on terms as the University deems appropriate. 2007 Bonds so acquired need not be surrendered to the Registrar for cancellation pursuant to Section 7.

Section 32. Contract-Savings Clause.

The covenants contained in this resolution, the 2007 Bonds and the provisions of the Bond Act shall constitute a contract between the University and the Registered Owners of the 2007 Bonds and shall be construed in accordance with and controlled by the laws of the State. 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 2007 Bonds.

Section 33. No Benefits to Outside Parties.

Nothing in this resolution, express or implied, is intended or shall be construed to confer upon or to give to any person, other than the University, the Registrar, any Bond Insurer and the Registered Owners of 2007 Bonds, any right, remedy or claim under or by reason of this resolution; and the covenants, stipulations and agreements in this resolution are and shall be for sole and exclusive benefit of the University, the Registrar, any Bond Insurer and the Registered Owners of 2007 Bonds, their successors and assigns; provided, however, that all of the rights of any Bond Insurer (other than as subrogee to the Registered Owners of any 2007 Bonds actually paid by the Bond Insurer) as a third-party beneficiary of this resolution shall be wholly contingent upon timely payment by such Bond Insurer of all claims made under the Insurance Policy in accordance with its terms and timely satisfaction by such Bond Insurer of its other obligations under the Insurance Policy.

Section 34. Immediate Effect.

This resolution shall take effect immediately upon its adoption.

ADOPTED at an open public meeting of the Board of Regents of the University, after notice thereof was duly and regularly given as required by law, this _____ day of July, 2007.

BOARD OF REGENTS, UNIVERSITY OF
WASHINGTON

By _____

Attest:

By _____

Approved as to form:

Special Assistant
Attorney General
State of Washington