ACTION ITEM #2
Baseball Stadium Renovation and Enhancement Project
Financing Plan
(Stacy Pearson)

January 25, 2019

TO ALL MEMBERS OF THE BOARD OF REGENTS

SUBJECT: Financing plan and proposed authorizing Resolution for financing of a Baseball Clubhouse (Pearson)

PROPOSED: That the Board of Regents approve a General Revenue Obligation Resolution to authorize the issuance and sale of bonds or other obligations, in one or more series, to be used for the Baseball Clubhouse; with proceeds for the project not to exceed $3,500,000, a maximum term not to exceed 5.5 years, and a maximum interest rate not to exceed 5.5%; and delegate authority to the President or his designee to sell bonds, or other obligations including determining the final bond size, maturity schedule, redemption provisions and timing of sale.

SUPPORTING INFORMATION: The Board of Regents has legal authority to incur debt for various purposes through issuance of revenue bonds or notes (“obligations”) secured by general revenues of the University.

The University estimates total project cost of $10 million for the Baseball Clubhouse (the “Project”). The Project will be funded from available donated cash on hand for WSU Athletics, and pledges from various donors. The remaining pledged gifts are anticipated to be collected over a 5 year horizon, requiring some bridge financing to cover construction costs until the pledges are received. Given the projected timing and amounts of gifts, the University estimates that approximately $3.5 million (conservative case) of the Project cost will need to be funded with debt. The pro-forma funding plan is shown below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donated Cash on Hand (as of 9/2018)</td>
<td>$4.0</td>
</tr>
<tr>
<td>Pledges Receivable (10/2018-9/2019)</td>
<td>$2.5</td>
</tr>
<tr>
<td>Debt Financing</td>
<td>$3.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$10.0</strong></td>
</tr>
</tbody>
</table>
The bridge financing will be secured with General Revenues of the University but the debt service is obligated to be paid from the collected gift revenues in Athletics. While the University has pledge agreements in place specifying the timing of the gifts, the timing of the actual cash receipts may differ. Since WSU plans to fund the pledges with a bridge financing, there is risk that gifts will not be collected in time to make the debt payments. To mitigate this risk, WSU Office of Finance and Administration has established a project checkpoint for August 1, 2019 to measure progress in collected pledged donations. WSU will not proceed with construction of the design until 65% ($6.5 million) of the Project cost is collected in cash.

Proposed Repayment Sources

The $3.5 million in net proceeds, plus associated financing and closing costs (currently estimated at $100,000), will be repaid using pledged donation commitments for athletic facilities. The pledged donations of $4 million (to repay principal, financing costs and interest expenses) are expected to be collected during the expected repayment period of the loan from January 2020 through June 2025.

As depicted in the graph below, the available donated cash and the gift revenue balance are projected to be sufficient to fund the Project construction and the debt service related to the bridge financing.

Proposed Financing Structure

The University is considering different financing options including a 5.5 year fixed or variable rate note, a line of credit or similar short to medium term financial product. Determining the actual form of financing will be delegated to the President or his designee, and will be based on prevailing market conditions.
during fiscal year 2020 when the financing is expected to be needed.

Financial Impacts to the Athletics Budget and Operating Deficits

The WSU Athletics future operating budget will be revised to account for the increased cost of maintaining and operating the new facility, which is estimated at $50,000 per year. The use of donated funds in the Athletics budget will further increase the cumulative operating deficit by $4.0 million once these funds are expended on the project. This does not account for additional funds raised or other financial impacts that occur during each operating cycle.

ACTION

The Board of Regents will consider approval of the Resolution to authorize the issuance of general revenue obligations for the Project, in one or more series, and to delegate to the President or his designee the activities required for issuance of general revenue obligations to finance the Baseball Clubhouse.

The delegated authority to incur the obligations is conditioned on (1) not to exceed Project proceeds (issue an amount sufficient to fund the Project and costs of issuance); (2) a maximum true interest cost (TIC); and (3) a maximum financing term, all of which will be specified in the Resolution. Furthermore, the Resolution delegates authority to the President or his designee to approve the number of series, the method of sale, the final principal amounts, dates of the obligation, interest rates, payment dates, redemption provisions, and maturity dates, and other terms and conditions of the obligations.

ATTACHMENTS:

Attachment A: Provisions of the Resolution
Attachment B: Bond Resolution Legal Document
Attachment C: Market Update
Attachment D: Summary Baseball Clubhouse Project Financing
BOARD OF REGENTS
Baseball Stadium Renovation and Enhancement Project
Financing Plan

Resolution #190125-595

WHEREAS, the Board of Regents of Washington State University by virtue of RCW 28B.10.528 has authority to delegate by resolution to the President of the University, or designee, powers and duties vested in or imposed upon the Board by law and to enable the President, or designee to act on behalf of the Board of Regents in matters relating to the administration and governance of the University.

RESOLVED: That the Board of Regents approve a General Revenue Obligations Resolution (the "Resolution") to authorize the issuance and sale of bonds or other obligations, in one or more series, to be used for the Baseball Clubhouse; with net proceeds for the project not to exceed $3,500,000, a maximum term not to exceed 5.5 years, and a maximum interest rate not to exceed 5.5%; and delegate authority to the President or his designee to sell bonds or other obligations including the authority to determine the final issue size, amount of capitalized interest, maturity schedule, redemption provisions and timing of sale.

Dated this 25th day of January, 2019.

________________________________
Chair, Board of Regents

________________________________
Secretary, Board of Regents
ATTACHMENT A: PROVISIONS TO BE INCLUDED IN THE RESOLUTION

Security Pledge:

The financing will be secured by General Revenue of the University, generally defined in the Resolution to mean all non-appropriated 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.

As noted above, debt service on the proposed financing will be paid from gift revenues.

Issue Size:

The Resolution will allow the financing to be sized to an amount required to finance the Project costs, not to exceed $3,500,000 net proceeds, plus required financing costs.

Term/Maturity:

The financing is expected to have a term of up to 5.5 years.

Conditions of Delegation:

The delegated authority to incur the obligations will be conditioned on (1) maximum net proceeds for the Project; (2) a maximum true interest cost (TIC); and (3) a maximum financing term, all of which will be specified in the Bond Resolution. Furthermore, the Resolution delegates authority to the President or his designee to approve the number of series, the method of sale, the final principal amounts, dates of the obligation, interest rates, payment dates, redemption provisions, and maturity dates, and other terms and conditions of the obligations. The authority to enter into the financing obligations will terminate on a date to be specified in the Bond Resolution.

Timing of Issuance:

Assuming authorization is received in January 2019, the University expects to enter the marketplace during Fiscal Year 2020. The actual timing will be determined based on the need (timing) for funds for the Project, and market conditions.

Method of Sale:

The Resolution will delegate the method of sale, allowing for a negotiated sale, a competitive sale, or a direct bank placement.

Bond Rating:

If bond financing is used, the University will apply for bond ratings from Moody’s Investors Service (“Moody’s”) and S&P Global Ratings (“S&P”)
at the time of public bond sale. Ratings are anticipated to be consistent with the University’s ratings for parity bonds, as this potential financing has been taken into account in recent bond rating updates, assuming no changes in fiscal recovery efforts or other financial measures.

The University’s general revenue bonds carry ratings of Aa3 (stable outlook) and A+ (stable outlook) from Moody’s and S&P, respectively, as affirmed in October 2018.

**Estimated Interest Rates:**

The Bond Resolution will include a maximum average interest rate (”true interest cost” or ”TIC”). Current rates are estimated at 3.5% and the planning rate for the debt service shown in this document has been based on interest rates 1.5% above current market as a cushion for interest rate changes. As mentioned above, the University seeks the authority to sell the bonds in one or more series and requests flexibility for this and future series to have a maximum interest rate of 5.5%.

**Estimated Debt Service:**

Debt service is expected to be structured as level annual payments of approximately $740,000 to $850,000 per year.

**Other Covenants:**

Parity obligations will be secured by the General Revenues of the University, and the Bond Resolution does not include additional covenants, coverage tests, or reserves.

**University’s Advisors:**

Bond Counsel: K&L Gates (Cynthia Weed)
Financial Advisor: PFM Financial Advisors (Thomas Toepfer and Jeremy Bass)
WASHINGTON STATE UNIVERSITY
GENERAL REVENUE OBLIGATIONS

RESOLUTION NO. 190125-595

A RESOLUTION OF THE BOARD OF REGENTS OF WASHINGTON STATE UNIVERSITY AUTHORIZING THE SALE AND ISSUANCE OF GENERAL REVENUE OBLIGATIONS IN AN AGGREGATE DOLLAR AMOUNT TO PROVIDE NOT TO EXCEED $3,500,000 OF NET PROCEEDS (AFTER PAYMENT OF COSTS OF ISSUANCE) TO FINANCE CAPITAL PROJECTS OF THE UNIVERSITY INCLUDING A PORTION OF THE COSTS OF THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A BASEBALL CLUBHOUSE FACILITY; AUTHORIZING OFFICIAL STATEMENTS AS NECESSARY; DELEGATING AUTHORITY TO THE DESIGNATED UNIVERSITY REPRESENTATIVE TO DETERMINE THE MANNER OF SALE OF THE OBLIGATIONS; APPROVE THE NUMBER OF SERIES, THE SERIES DESIGNATION, FINAL PRINCIPAL AMOUNTS, DATE OF THE OBLIGATIONS, TAX STATUS OF EACH SERIES, DENOMINATIONS, INTEREST RATES, PAYMENT DATES, REDEMPTION PROVISIONS, AND MATURITY DATES FOR THE OBLIGATIONS UNDER THE TERMS AND CONDITIONS SET FORTH HEREIN.

ADOPTED: January 25, 2019

Prepared by:

K&L GATES LLP
Seattle, Washington
## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 1.</td>
<td>Definitions</td>
<td>2</td>
</tr>
<tr>
<td>Section 2.</td>
<td>Findings</td>
<td>7</td>
</tr>
<tr>
<td>Section 3.</td>
<td>Authorization and Purpose of Obligations</td>
<td>7</td>
</tr>
<tr>
<td>Section 4.</td>
<td>Obligation Details</td>
<td>7</td>
</tr>
<tr>
<td>Section 5.</td>
<td>Redemption and Purchase</td>
<td>8</td>
</tr>
<tr>
<td>Section 6.</td>
<td>Registration, Exchange and Payments</td>
<td>10</td>
</tr>
<tr>
<td>Section 7.</td>
<td>Form of Obligations</td>
<td>13</td>
</tr>
<tr>
<td>Section 8.</td>
<td>Execution</td>
<td>15</td>
</tr>
<tr>
<td>Section 9.</td>
<td>Sale of Obligations; Official Statement</td>
<td>16</td>
</tr>
<tr>
<td>Section 10.</td>
<td>Debt Service Fund</td>
<td>17</td>
</tr>
<tr>
<td>Section 11.</td>
<td>Project Fund; Application of Obligation Proceeds</td>
<td>18</td>
</tr>
<tr>
<td>Section 12.</td>
<td>Source of Repayment and Security for Obligations</td>
<td>18</td>
</tr>
<tr>
<td>Section 13.</td>
<td>Investment of Funds</td>
<td>19</td>
</tr>
<tr>
<td>Section 14.</td>
<td>Establishment of Additional Accounts and Subaccounts</td>
<td>19</td>
</tr>
<tr>
<td>Section 15.</td>
<td>Additional Obligations</td>
<td>19</td>
</tr>
<tr>
<td>Section 16.</td>
<td>Covenants Regarding Tax Exemption</td>
<td>19</td>
</tr>
<tr>
<td>Section 17.</td>
<td>Lost, Stolen or Destroyed Obligations</td>
<td>20</td>
</tr>
<tr>
<td>Section 18.</td>
<td>No Recourse Against Individuals</td>
<td>20</td>
</tr>
<tr>
<td>Section 19.</td>
<td>Defeasance</td>
<td>20</td>
</tr>
<tr>
<td>Section 20.</td>
<td>Supplemental Resolutions</td>
<td>20</td>
</tr>
<tr>
<td>Section 21.</td>
<td>Concerning the Registered Owners</td>
<td>21</td>
</tr>
<tr>
<td>Section 22.</td>
<td>Determination of Registered Owners’ Concurrence</td>
<td>22</td>
</tr>
<tr>
<td>Section 23.</td>
<td>Undertaking to Provide Ongoing Disclosure</td>
<td>23</td>
</tr>
<tr>
<td>Section 24.</td>
<td>Resolution a Contract with Owners</td>
<td>23</td>
</tr>
<tr>
<td>Section 25.</td>
<td>Contract-Savings Clause</td>
<td>23</td>
</tr>
<tr>
<td>Section 26.</td>
<td>No Benefits to Outside Parties</td>
<td>23</td>
</tr>
<tr>
<td>Section 27.</td>
<td>Immediate Effect</td>
<td>23</td>
</tr>
</tbody>
</table>
BOARD OF REGENTS
WASHINGTON STATE UNIVERSITY

RESOLUTION NO. 190125-___

A RESOLUTION OF THE BOARD OF REGENTS OF WASHINGTON STATE UNIVERSITY AUTHORIZING THE SALE AND ISSUANCE OF GENERAL REVENUE OBLIGATIONS IN AN AGGREGATE DOLLAR AMOUNT TO PROVIDE NOT TO EXCEED $3,500,000 OF NET PROCEEDS (AFTER PAYMENT OF COSTS OF ISSUANCE) TO FINANCE CAPITAL PROJECTS OF THE UNIVERSITY INCLUDING A PORTION OF THE COSTS OF ACQUISITION, CONSTRUCTION AND EQUIPPING OF A BASEBALL CLUBHOUSE FACILITY; AUTHORIZING OFFICIAL STATEMENTS AS NECESSARY; DELEGATING AUTHORITY TO THE DESIGNATED UNIVERSITY REPRESENTATIVE TO DETERMINE THE MANNER OF SALE OF THE OBLIGATIONS; APPROVE THE NUMBER OF SERIES, THE SERIES DESIGNATION, FINAL PRINCIPAL AMOUNTS, DATE OF THE OBLIGATIONS, TAX STATUS OF EACH SERIES, DENOMINATIONS, INTEREST RATES, PAYMENT DATES, REDEMPTION PROVISIONS, AND MATURITY DATES FOR THE OBLIGATIONS UNDER THE TERMS AND CONDITIONS SET FORTH HEREIN.

WHEREAS, the Legislature of the State of Washington, pursuant to the Bond Act (as hereinafter defined) has authorized the Board of Regents to sell and issue and incur revenue obligations to finance capital projects of the University, including a portion of the costs of the University’s Baseball Stadium Renovation and Enhancement Project, including the acquisition, construction and equipping of a baseball clubhouse facility to be located at the University’s campus in Pullman, Washington (the “Project”); and

WHEREAS, the Board of Regents has determined to issue one or more series of general revenue obligations in an aggregate dollar amount to provide not to exceed $3,500,000 of net proceeds (after payment of costs of issuance) (collectively, the “Obligations”) to finance all or a portion of the costs of the Project as described herein; and

WHEREAS, the Board of Regents wishes to delegate authority to the President of the University or his designee or the Vice President for Finance and Administration (hereinafter defined as the “Designated University Representative”) to approve the manner of sale of such Obligations, number of series, the series designation, the final principal amounts of the obligations, date of the obligations, tax status of each series, denominations, interest rates, payment dates, redemption provisions, and maturity dates of such Obligations to be fixed under such terms and conditions as are approved by this resolution;
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF WASHINGTON STATE UNIVERSITY, 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 Obligations means one or more series of additional obligations of the University payable from General Revenues.

Approved Bid means the winning bid submitted for a series of the Obligations if such series is sold by Competitive Sale.

Available System Revenues means all auxiliary revenues of a System less operating expenses and after payment of debt service on Outstanding System Obligations of the University to which such revenues have been pledged for repayment. The terms revenues and operating expenses shall be determined in accordance with the resolution(s) of the University authorizing the Outstanding System Obligations. From and after the date that all the Outstanding System Obligations of a System have been paid or defeased, all auxiliary revenues of such System shall be included in General Revenues.

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

Board means the Board of Regents of the University, which exists and functions pursuant to chapter 28B.30 RCW, as heretofore and hereafter amended.

Bond Act means, collectively, RCW 28B.10.300 through RCW 28B.10.330, inclusive, chapter 28B.140 RCW and chapter 28B.142 RCW, 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 governmental obligations capital markets as to the issuance and validity of municipal securities, which attorney or firm has been approved by, selected by or retained by the University from time to time.

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 Obligations.

Competitive Sale means the process by which the Obligations (or a portion of them) are sold through the public solicitation of bids from underwriting firms and/or financial institutions.

Debt Register means the registration records for the Obligations maintained by the Registrar.
Debt Service Fund means the special fund designated as the General Revenue Debt Redemption Fund, ______[year of issuance][series designation], created pursuant to Section 10 hereof.

Designated University Representative means, for purposes of this resolution, the President of the University or the Vice President for Finance and Administration or any additional designee appointed by the President of the University in writing.

DTC means The Depository Trust Company of New York, as depository for the Obligations, or any successor or substitute depository for the Obligations pursuant to Section 6 hereof.

Federal Tax Certificate means the certification of the University executed and delivered in connection with the issuance of Tax-Exempt Obligations.

Fiscal Year means the University’s duly adopted fiscal year.

General Revenues means all nonappropriated income, revenues, including Available System Revenues attributable to auxiliary systems established under RCW 28B.10.300, except as specifically provided below, and receipts of the University if and to the extent such funds are not restricted in their use by law, regulation, or contract. The following items are excluded:

1. Appropriations to the University by the State from the State’s General Fund;

2. Income or revenue from 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;

3. Fees imposed upon students as a condition of enrollment at the University, including but not limited to services and activities fees, the building fee component of tuition (established pursuant to RCW 28B.15.025), and technology fees;

4. (a) Pursuant to RCW 28B.30.741, all moneys received from the lease or rental on account of the trust lands set apart by the enabling act for a scientific school, all interest or income arising from the proceeds of the sale of such lands or of the timber, fallen timber, stone, gravel or other valuable material thereon, except for investment income derived pursuant to RCW 43.84.080 and, less the allocation to the State investment board expense account pursuant to RCW 43.33A.160 and all moneys received as interest on deferred payments on contracts for the sale of such lands, and (b) pursuant to RCW 28B.30.742, all moneys received from the lease or rental of lands set apart by the enabling act, pursuant to federal law, for an agricultural college, all interest or income arising from the proceeds of the sale of such lands or of the timber, fallen timber, stone, gravel or other valuable material thereon, except for investment income derived pursuant to RCW 43.84.080 and, less the allocation to the state investment board expense account pursuant to RCW 43.33A.160; and all moneys received as interest on deferred payments on contracts for the sale of such lands, and identified as the Washington State University Agricultural School Trust and the Washington State University Scientific School.
Trust and (c) any additional fees and revenues hereafter pledged by the University for payment of debt service on the Trust and Building Fee Revenue Bonds, Series 2009 and any obligations issued on a parity therewith or subordinate thereto as provided in Resolution No. 091009-367;

(5) (a) The gross revenues received from the ownership and operation of the comprehensive recreational facilities and amenities approved by referendum of the students of the University on April 16-17, 1997 (“Recreation Center”) and (b) the voluntary student fee approved by referendum of the students of the University on April 16-17, 1997;

(6) (a) The voluntary student fee approved by referendum of the students of the University on March 8-9, 2005 and approved and pledged by the Board as a services and activities fee to pay costs of renovating the Compton Union Building located on Wilson Road and Terrell Mall in the center of the University’s campus in Pullman, Washington (the “CUB”) and (b) all bookstore and other lease income and receipts and income derived from the operation of the CUB including room rental and vending receipts and income; and

(7) Income and revenue of the University separately pledged and used by it to pay and secure the payment of the principal of and interest on any issue or series of Special Revenue Obligations issued in the future, which income and revenue shall be excluded only for the term specified in the resolution authorizing the issuance of Special Revenue Obligations.

Unrestricted fund balances, to the extent that they were accumulated from money that was received as General Revenues, also are includable and available to pay obligations secured by General Revenues. Upon the inclusion of any source of revenue or income in General Revenues pursuant to Section 12(c) or removal of any income, revenues, or receipts from General Revenues pursuant to Section 12(d), this definition of General Revenues shall be deemed to be amended accordingly without further action by the University.

Government Obligations has the meaning given to such term in RCW Chapter 39.53, as the same may be amended from time to time, provided that such obligations are noncallable and are obligations issued or unconditionally guaranteed by the United States of America.

Housing and Dining System means the existing housing and dining system owned by the University.

Letter of Representations means the Blanket Issuer Letter of Representations from the University to DTC.

Negotiated Sale means the process by which the Obligations (or a portion of them) are sold by negotiation to one or more financial institutions or underwriting firms selected by the Designated University Representative.

Obligations means the Washington State University obligations, whether incurred in the form of notes, financing contracts or bonds, authorized to be issued by this resolution.
Official Notice of Sale means, if the Obligations shall be sold by Competitive Sale, the notice of bond sale authorized to be given in Section 9 of this resolution.

Official Statement means the Official Statement of the University pertaining to the sale of the Obligations, in either preliminary or final form.

Outstanding, when used as of a particular time with reference to the Obligations, means all Obligations delivered hereunder except:

(a) Obligations canceled by the Registrar or surrendered to the Registrar for cancellation;

(b) Obligations paid or deemed to have been paid within the meaning of this resolution; and

(c) Obligations in lieu of or in substitution for which replacement Obligations shall have been executed by the University and delivered by the Registrar hereunder.

Outstanding System Obligations mean all obligations previously issued and outstanding that are payable from and secured by auxiliary revenues of a System.

Person means any natural person, firm, joint venture, association, partnership, business trust, corporation, public body, agency or political subdivision thereof or any other similar entity.

Project means the approved capital projects of the University, including, but not limited to, the University’s Baseball Stadium Renovation and Enhancement Project, which encompasses the acquisition, construction and equipping of a baseball clubhouse facility to be located at the University’s campus in Pullman, Washington.

Project Fund means the fund designated by the Designated University Representative for the deposit of Obligation proceeds, including any account or subaccounts therein authorized to be created pursuant to Section 11 of this resolution for the purpose of holding a portion of the proceeds of the Obligations.

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

Registered Owner of any Obligation means the person named as the Registered Owner of such Obligation on the Debt Register.

Registrar means, at the option of the Designated University Representative, the University or the fiscal agent of the State of Washington, whose duties include registering and authenticating the Obligations, maintaining the Debt Register, transferring ownership of the Obligations, and paying the principal of and interest on the Obligations.
**Resolution** means this resolution of the Board and all supplements or amendments hereto made in conformity herewith.

**Rule** means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**Sale Contract** means, if the Obligations of a series shall be sold by Negotiated Sale, the purchase contract or approved term sheet relating to the Obligations between the University and the Underwriter.

**Special Revenue Obligations** means any issue or series of revenue bonds, revenue warrants or other revenue obligations of the University issued to directly or indirectly acquire (by purchase, lease or otherwise), construct, equip, install or improve part or all of particular facilities and which are payable from and secured in whole or in part by the income and revenue from such facilities.

**State** means the State of Washington.

**System** or **Systems** means the Housing and Dining System.

**Tax-Exempt Obligations** means the Obligations issued on a federally tax-exempt basis.

**Term Obligations** means the portion of the Obligations, if any, designated as “Term Obligations” in the Sale Contract or Approved Bid for such Obligations.

**Underwriter** means, the underwriter(s) of the Obligations if the Obligations are sold by a public Negotiated Sale, the financial institution if the Obligations are sold by a private Negotiated Sale or the successful bidder or proposer submitting the Approved Bid if the Obligations are sold by Competitive Sale.

**University** means Washington State University, a higher educational institution of the State, co-located in Pullman and Spokane, Washington, with additional campuses in Richland and Vancouver.

**Rules of 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 a Designated University Representative or his or her designee; and

(g) Whenever any transfer is required or permitted to be made to or from a Fund under this resolution, such transfer may be authorized by a Designated University Representative or his or her designee.

Section 2. Findings. The Board hereby finds as follows:

(a) It is in the best interests of the University to finance all or a portion of the costs of the Project through the issuance of Obligations upon the terms and conditions set forth for the Obligations in this resolution.

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

Section 3. Authorization and Purpose of Obligations. For the purpose of paying and reimbursing the University for all or a portion of the costs of the Project and paying costs of issuing the Obligations, the Board hereby authorizes the sale and issuance of general revenue obligations (the “Obligations”). The University may issue the Obligations in one or more series. The aggregate principal amount of the Obligations to be issued for each series and the maximum term for any series of Obligations under this resolution shall be determined by the Designated University Representative, pursuant to the authority granted in Section 9. The dollar amount of all Obligations to be issued under this resolution shall not exceed $3,500,000 of net proceeds (after payment of costs of issuance).

Section 4. Obligation Details. The Obligations shall be designated with the formal designation approved by the Designated University Representative. The Obligations shall be issued in fully registered form in the denominations approved by the Designated University Representative, and shall be numbered separately in the manner and with such additional designation as the Registrar deems necessary for purposes of identification, shall be designated, by series, dated and bear interest at the per annum rates, payable on the dates and maturing in principal amounts set forth in the Sale Contract or Approved Bid, pursuant to Section 9. The Obligations shall be obligations only of the Debt Service Fund and shall be payable and secured
as provided herein. The Obligations are not general obligations of the University. The Obligations shall not constitute an indebtedness of the University within the meaning of the constitutional provisions and limitations of the State of Washington.

**Section 5. Redemption and Purchase.**

(a) **Optional or Extraordinary Redemption.** The Obligations shall be subject to optional and/or extraordinary redemption on the dates, at the prices and under the terms set forth in the Sale Contract or Official Notice of Sale and Approved Bid approved by the Designated University Representative pursuant to Section 9.

(b) **Mandatory Redemption.** The Obligations shall be subject to mandatory redemption to the extent, if any, set forth in the Sale Contract or Official Notice of Sale and Approved Bid and as approved by the Designated University Representative pursuant to Section 9.

(c) **Purchase of Obligations.** If not otherwise provided in the Sale Contract or Approved Bid, the University reserves the right to use at any time any General Revenues available to purchase for retirement any of the Obligations offered to the University at any price deemed reasonable to the Designated University Representative.

(d) **Effect of Optional Redemption/Purchase.** If not otherwise provided in the Sale Contract or Approved Bid, to the extent that the University shall have optionally redeemed or purchased any Term Obligations prior to the scheduled mandatory redemption of such Term Obligations, the University may reduce the principal amount of the Term Obligations to be redeemed in like aggregate principal amount. Such reduction may be applied in the year specified by the Designated University Representative.

(e) **Selection of Obligations for Redemption.** If the Obligations are called for optional redemption, the series and maturities of the Obligations to be redeemed shall be selected as provided in the Sale Contract or Official Notice of Sale and Approved Bid.

(f) **Notice of Redemption.** Unless otherwise provided in the Sale Contract or Approved Bid (in which case, notice shall be given in accordance with the Sale Contract or Approved Bid) or waived by any Registered Owner of Obligations to be redeemed, official notice of any such redemption (which notice, in the case of an optional redemption, may be conditional and also shall state that redemption is conditioned by the Registrar on the receipt of sufficient funds for redemption) shall be given by the Registrar on behalf of the University by mailing a copy of an official redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to each Registered Owner of the Obligations to be redeemed at the address shown on the Debt Register or at such other address as is furnished in writing by such Registered Owner to the Registrar.
All official notices of redemption shall be dated and shall state:

(1) the redemption date,

(2) the redemption price,

(3) if fewer than all outstanding Obligations of a series are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Obligations of a series to be redeemed,

(4) that on the redemption date, provided that in the case of optional redemption the full amount of the redemption price is on deposit therefor, the redemption price will become due and payable upon each such Obligation or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(5) the place where such Obligations are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar.

Unless the University has revoked a notice of redemption in the case of an optional redemption, on or prior to any redemption date, the University shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Obligations or portions of Obligations which are to be redeemed on that date.

Failure to give notice as to redemption of any Obligation or any defect in such notice shall not invalidate redemption of any other Obligation.

Notwithstanding the foregoing, if the Obligations are then held in book-entry only form, notice of redemption shall be given only in accordance with the operational arrangements then in effect at DTC but not less than 20 days prior to the date of redemption.

(g) **Effect of Notice; Obligations Due.** Unless otherwise provided in the Sale Contract or Approved Bid (in which case, notice shall be given in accordance with the Sale Contract or Approved Bid) or unless the University has revoked a notice of redemption (or unless the University provided a conditional notice and the conditions for redemption set forth therein are not satisfied), official notice of redemption having been given as aforesaid, the Obligations or portions of Obligations so to be redeemed shall, on the redemption date (unless in the case of optional redemption the University shall default in the payment of the redemption price), become due and payable at the redemption price therein specified, and from and after such date such Obligations or portions of Obligations shall cease to bear interest. Upon surrender of such Obligations for redemption in accordance with said notice, such Obligations shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to a mandatory redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Obligation, there shall be prepared for the Registered Owner a new Obligation of the same maturity and series in the aggregate amount of the unpaid principal. All Obligations which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.
(h) Additional Notice. Unless otherwise provided in the Sale Contract or Approved Bid (in which case, notice shall be given in accordance with the Sale Contract or Approved Bid) in addition to the foregoing notice, further notice shall be given by the University as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Obligations being redeemed; (ii) the date of issue of the Obligations as originally issued; (iii) the rate of interest borne by each Obligation being redeemed; (iv) the maturity date of each Obligation being redeemed; and (v) any other descriptive information needed to identify accurately the Obligations being redeemed. Each further notice of redemption may be sent at least 20 days before the redemption date to each party entitled to receive notice pursuant to Section 23 of this resolution under agreements for continuing disclosure information, and to the Underwriter or to its business successors, if any, and with such additional information as the Registrar deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Obligations.

(i) Use of CUSIP Numbers. Upon the payment of the redemption price of Obligations being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number, if any, identifying, by maturity, the Obligations being redeemed with the proceeds of such check or other transfer.

(j) Amendment of Notice Provisions. The foregoing notice provisions of this Section 5, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended without the consent of any Registered Owners of Obligations by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 6. Registration, Exchange and Payments.

(a) Registrar/Debt Register. If the Obligations are issued in the form of revenue bonds or otherwise sold by public sale, the University will utilize the system of registration approved by the Washington State Finance Committee, which utilizes the fiscal agent of the State of Washington, as registrar, authenticating agent, paying agent and transfer agent. In the alternative, if determined by the Designated University Representative, the University may act as the registrar, authenticating agent, paying agent and transfer agent (in either case, collectively, the “Registrar”). The Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient records for the registration and transfer of the Obligations (the “Debt Register”), which shall be open to inspection by the University. The Registrar is authorized, on behalf of the University, to authenticate and deliver Obligations transferred or exchanged in accordance with the provisions of such Obligations 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 Obligations.
(b) **Registered Ownership.** The University and the Registrar may deem and treat the Registered Owner of each Obligation as the absolute owner for all purposes, and neither the University nor the Registrar shall be affected by any notice to the contrary. Payment of any such Obligation shall be made only as described in Section 6(h) hereof, but such registration may be transferred as herein provided. All such payments made as described in Section 6(h) shall be valid and shall satisfy the liability of the University upon such Obligation to the extent of the amount or amounts so paid.

(c) **DTC Acceptance/Letter of Representations.** If the Obligations are issued in the form of revenue bonds or otherwise sold by public sale, the Obligations shall initially be held in fully immobilized form by DTC acting as depository, and the provisions of subsection (d), (e) and (f) shall be applicable. To induce DTC to accept the Obligations as eligible for deposit at DTC, the University has heretofore executed and delivered to DTC the Letter of Representations.

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 Obligations for 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 of or interest on Obligations, any notice that 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 Obligations, or any consent given or other action taken by DTC as the Registered Owner. For so long as any Obligations are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes, and all references in this resolution to the Registered Owners shall mean DTC or its nominee and shall not mean the Beneficial Owners.

(d) **Use of Depository.**

(1) The Obligations shall be registered initially in the name of CEDE & Co., as nominee of DTC, with a single Obligation for each maturity of a series in a denomination equal to the total principal amount of such maturity. Registered ownership of such immobilized Obligations, 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 Designated University Representative pursuant to subsection (2) below or such substitute depository’s successor; or (C) to any person as provided in subsection (4) below.

(2) 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 University to discontinue the system of book-entry transfers through DTC or its successor (or any substitute depository or its successor), the Designated University Representative may 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) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Registrar shall, upon receipt of all outstanding Obligations, together with a written request on behalf of the University, issue a single new Obligation for each maturity of a series then outstanding, registered in the name of such successor or substitute depository, or its nominee, all as specified in such written request of the University.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Designated University Representative determines that it is in the best interest of the Beneficial Owners of the Obligations that the Obligations be provided in certificated form, the ownership of such Obligations may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The Designated University Representative shall deliver a written request to the Registrar, together with a supply of definitive Obligations in certificated form, to issue Obligations in any authorized denomination. Upon receipt by the Registrar of all then outstanding Obligations, together with a written request on behalf of the University to the Registrar, new Obligations of each series shall be issued in the appropriate denominations and registered in the names of such persons as are provided in such written request.

(e) **Transfer or Exchange of Registered Ownership; Change in Denominations.** The registered ownership of any Obligation may be transferred or exchanged, but no transfer of any Obligation shall be valid unless it is surrendered to the Registrar with the assignment form appearing on such Obligation 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 Obligation and shall authenticate and deliver, without charge to the Registered Owner or transferee, a new Obligation (or Obligations at the option of the new Registered Owner) of the same date, series, maturity 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 Obligation, in exchange for such surrendered and canceled Obligation. Any Obligation may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Obligations of the same date, series, maturity and interest rate, in any authorized denomination. The Registrar shall not be obligated to transfer or exchange any Obligation after the mailing of notice of the call of such Obligations for redemption.

(f) **Registrar’s Ownership of Obligations.** The Registrar may become the Registered Owner or Beneficial Owner of any Obligation with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the rights of the Registered Owners of the Obligations.

(g) **Registration Covenant.** The University covenants that it will maintain a system for recording the ownership of each Tax-Exempt Obligation that complies with the provisions of Section 149 of the Code.
(h) **Place and Medium of Payment.** Both principal of and interest on the Obligations shall be payable in lawful money of the United States of America. For so long as all Obligations are in fully immobilized form, payments of principal and interest shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Obligations are no longer in fully immobilized form, unless otherwise provided in the Sale Contract or the Approved Bid, interest on the Obligations shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Debt Register on the 15th day of the month preceding the interest payment date, and principal of the Obligations shall be payable upon presentation and surrender of such Obligations by the Registered Owners at the principal office of the Registrar; provided, however, that if so requested in writing by the Registered Owner of at least $1,000,000 principal amount of Obligations of a series, interest will be paid by wire transfer on the date due to an account with a bank located within the United States.

**Section 7. Form of Obligations.** The Obligations, if issued in the form of bonds, shall each be in substantially the following form, with appropriate or necessary insertions or series designation, depending upon the omissions and variations as permitted or required hereby. If the Obligations are no longer held in fully-immobilized form, the form of Obligations will be changed to reflect the changes required in connection with the preparation of certificated Obligations. If the Obligations are issued either in the form of notes or other type of contract, the following form shall be changed to reflect applicable changes approved by the Designated University Representative in the Sale Contract or Approved Bid.

UNITED STATES OF AMERICA

NO. ________  $_______

STATE OF WASHINGTON

WASHINGTON STATE UNIVERSITY

GENERAL REVENUE [BOND], ________[year of issuance][series designation]

INTEREST RATE: %  MATURITY DATE:  CUSIP NO.:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

WASHINGTON STATE UNIVERSITY (the “University”), a state university organized and existing under and by virtue of the laws of the State of Washington (the “State”), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the University known as the “General Revenue Debt Redemption Fund, _____[year of issuance][series designation]” (the “Bond Fund”) maintained by the University and General Revenues to be deposited therein pursuant to a Resolution adopted by the Board of Regents on January 25, 2019 (the “Resolution”), the Principal Amount indicated above and to pay interest thereon from the Bond Fund from _________ , _____[year of issuance], or the most recent date to which interest has been paid or duly provided for or until payment of this bond at the Interest Rate set forth above, payable on _________ , and semiannually thereafter on the first days of each _________ and _______. Both principal of and interest on this bond are payable in lawful money of the United States of America.
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 agent of the State is acting as the registrar, authenticating agent and paying agent for the bonds of this issue (the "Bond Registrar"). Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Resolution. Reference is made to the Resolution for other covenants of the University and other terms and conditions upon which this bond has been issued, which terms and conditions are made a part hereof by this reference. The University irrevocably and unconditionally covenants that it will keep and perform all of the covenants of this bond and of the Resolution.

This bond is issued pursuant to the Resolution to finance the Project and to pay costs of issuance.

This bond is payable first 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 Bond Fund the various amounts required by the Resolution to be paid into and maintained in such Fund, all within the times provided by the Resolution.

The bonds of this issue are subject to redemption prior to their scheduled maturity under the terms of the [Sale Contract][Official Notice of Sale and Approved Bid] for such obligations.

[The bonds of this issue are not private activity bonds. The bonds of this issue have [not] been designated by the University as "qualified tax-exempt obligations" for investment by financial institutions under Section 265(b) of the Internal Revenue Code of 1986, as amended.][The University has taken no action to cause the interest on this bond to be exempt from federal income taxation.]

Except as otherwise provided in the Resolution, this bond shall not be entitled to any right or benefit under the 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 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 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 adoption of the 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 bonds of this issue and that the issuance of this bond and the bonds of this issue does not contravene or violate any constitutional or statutory limitation.
IN WITNESS WHEREOF, Washington State University has caused this bond to be executed by the manual or facsimile signatures of the Chair and Secretary of the Board of Regents, and a facsimile corporate seal of the University to be imprinted hereon as of the _____ day of ______________, _____[year of issuance].

[SEAL] WASHINGTON STATE UNIVERSITY

By __________________________
Chair, Board of Regents

ATTEST:

______________________________
Secretary, Board of Regents

The Registrar’s Certificate of Authentication on the Obligations shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds described in the within mentioned Resolution and is one of the General Revenue Bonds, _____[year of issuance] of Washington State University, dated ________________, _____[year of issuance].

[WASHINGTON STATE FISCAL AGENT][UNIVERSITY], Registrar

By __________________________
Authorized Signer

Section 8. Execution. Unless otherwise provided in the Sale Contract or the Approved Bid, the following provisions of this Section 8 shall be applicable. The Obligations of each series shall be executed on behalf of the University with the manual or facsimile signature of the Chair of the Board of Regents, shall be attested by the manual or facsimile signature of the Secretary of the Board of Regents and shall have the seal of the University impressed or a facsimile thereof imprinted thereon.

Only such Obligations as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution. Such Certificate of Authentication shall be conclusive evidence that the Obligations so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this resolution.

In case either of the officers of the University who shall have executed the Obligations shall cease to be such officer or officers of the University before the Obligations so signed shall have been authenticated or delivered by the Registrar, or issued by the University, such Obligations may nevertheless be authenticated, delivered and issued and upon such
authentication, delivery and issuance, shall be as binding upon the University as though those
who signed the same had continued to be such officers of the University. Any Bond may also be
signed and attested on behalf of the University by such persons as at the actual date of execution
of such Bond shall be the proper officers of the University although at the original date of such
Bond any such person shall not have been such officer.


(a) Obligations. The Board of Regents has determined that it would be in the best
interest of the University to delegate to the Designated University Representative the authority to
approve the form of the Obligations, the manner of sale, the number of series, the series
designation, the final principal amounts of the Obligations, date of the Obligations, taxable or
tax-exempt status of each series, interest rates, payment dates, redemption provisions, and
maturity dates of such Obligations, and other terms and conditions of the Obligations in the
manner provided hereafter so long as

1. the net proceeds of sale (gross proceeds, minus costs of issuance), does not
   exceed $3,500,000;

2. the maximum term of the Obligations does not exceed five and a half
   years from the date of issue; and

3. the true interest cost to the University for the Obligations of a series does
   not exceed 5.5%.

In determining the manner of sale, number of series, the taxable or tax-exempt status of
each series, the series designation, the final principal amounts of the Obligations, date of the
Obligations, interest rates, payment dates, redemption provisions, and maturity dates of such
Obligations, the Designated University Representative, in consultation with University staff and
the University’s financial advisor, shall take into account those factors that, in his or her
judgment, will result in the most favorable interest cost on the applicable series of the
Obligations 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 applicable series
of the Obligations.

The Designated University Representative is hereby authorized to determine whether the
Obligations shall be sold by Negotiated Sale or by a Competitive Sale. Upon the selection of one
or more underwriters or financial institutions, the Designated University Representative shall
negotiate the terms of sale for the Obligations, including the terms described in this section, in a
contract of sale (a “Sale Contract”). If the Obligations, either in the form of notes or bonds, are
sold by a public Competitive Sale, sealed bids will be received by the Designated University
Representative or the Competitive Sale will be undertaken by electronic means, in the manner
and on such date and time as the Designated University Representative hereafter shall determine,
and the Designated University Representative will approve the bid offering to purchase the
Obligations at the lowest true interest cost to the University at such price as shall be determined
at the time of sale by the Designated University Representative, plus accrued interest to the date of delivery, on all the terms and conditions set out in the applicable Official Notice of Sale.

All bids submitted for the purchase the Obligations shall be as set forth in the applicable Official Notice of Sale or otherwise as established by the Designated University Representative which will be furnished upon request made to the Designated University Representative. Such bids may be accompanied by surety bond or a cashier’s or certified check, as a good faith deposit, made payable to the order of the University. The good faith deposit, if any, of the successful bidder shall be security for the performance of its bid and shall be held as liquidated damages in case the successful bidder fails to take up and pay for the applicable series of the Obligations.

Subject to the terms and conditions set forth in this Section 9, the Designated University Representative is hereby authorized to accept an Approved Bid in a Competitive Sale and/or execute the final form of a Sale Contract in a Negotiated Sale, upon his or her approval of the form of the Obligations, the number of series, the series designation, the final principal amounts of the obligations, date of the obligations, interest rates, payment dates, redemption provisions, and maturity dates of such obligations set forth therein. Following each sale of the Obligations, the Designated University Representative shall provide a report to the Board of Regents, describing the final terms of each series of the Obligations approved pursuant to the authority delegated in this section.

Upon the adoption of this resolution, the proper officials of the University including the Designated University Representative, are authorized and directed to undertake all other actions necessary for the prompt sale, execution and delivery of the Obligations and further to execute all closing certificates and documents required to effect the closing and delivery of the Obligations in accordance with the terms of the Sale Contract or Official Notice of Sale and Approved Bid. In furtherance of the foregoing, the Designated University Representative is authorized to approve and enter into agreements for the payment of costs of issuance, including Underwriter’s discount, the fees and expenses specified in the Sale Contract, including fees and expenses of Underwriter and other retained services, including Bond Counsel, rating agencies, fiscal agent, and other expenses customarily incurred in connection with issuance and sale of obligations.

(b) Official Statement. The Designated University Representative is authorized to ratify and to approve for purposes of the Rule, if applicable, on behalf of the University, an Official Statement for each series (and any Preliminary Official Statement) and any supplement thereto relating to the issuance and sale of each series of the Obligations and the distribution of each series of the Obligations pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate.

(c) Term of Authority. The authority granted by this section shall remain in effect until withdrawn by the Board.

Section 10. Debt Service Fund. The University hereby establishes a separate special fund to be held separate and apart from all other funds and accounts of the University to be
designated as the “General Revenue Debt Redemption Fund, _____[year of issuance][series designation]” (the “Debt Service Fund”). The University covenants to deposit into the Debt Service 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 Obligations then coming due and the principal of the Obligations maturing 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 Obligations to the Registered Owners, when due. Net income earned on investments in the Debt Service Fund, if any, shall be deposited in the Debt Service Fund.

Section 11. Project Fund; Application of Obligation Proceeds. The Designated University Representative is hereby authorized and directed to create a special fund of the University for the deposit of Obligation proceeds (the “Project Fund”). The following amounts shall be deposited to the Project Fund:

1. The proceeds of the Obligations received on the date of issuance shall be deposited into the Project Fund as shall be determined by the Designated University Representative; and

2. All interest earnings and receipts from investments of money held in the Project Fund.

Money on hand in the Project Fund shall be disbursed to pay costs of issuance of the Obligations, to pay and reimburse the University for costs of the Project, and to pay arbitrage rebate when due with respect to the Obligations. For purposes of accounting and compliance, the University shall segregate and separately account for the deposit and expenditure of Obligation proceeds and interest earnings thereon.

The Designated University Representative shall determine the application of available Obligation funds and other moneys in the Project Fund as between the various components of the Project so as to accomplish, as nearly as may be, all of the projects described or provided for in this resolution. The Designated University Representative shall determine the exact extent and specification for acquisition, equipping, installation or other improvements.

If the Designated University Representative shall determine that it has become impractical to accomplish any components of the Project or portions thereof by reason of State or local circumstances, including changed conditions or costs substantially in excess of those estimated, the University shall not be required to accomplish such components of the Project and may apply the Obligation proceeds or any portion thereof to other portions of the Project, or to other capital projects approved by the Board or to payment of debt service on the Obligations.


(a) Special Fund Obligations. The Obligations shall be special fund obligations of the University, payable solely from General Revenues and the money and investments deposited into the Debt Service Fund. The Obligations 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 Obligations 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 Obligations Have Equal Claim on General Revenues.** The Obligations 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.** The University reserves the right to include in General Revenues, at its sole option, in the future, other sources of revenue or income.

(d) **Deletions from General Revenues.** The University reserves the right to remove, at its sole option, in the future, any revenues from General Revenues; provided that the revenues to be deleted shall not be greater than five percent (5%) of the previous Fiscal Year’s General Revenues. The removal of General Revenues in compliance with this provision shall be evidenced by a certificate executed by the Vice President for Finance and Administration (or the successor to the functions of the Vice President for Finance and Administration) identifying the items to be deleted.

(e) **No Issuance of Obligations of Auxiliary Systems.** The University covenants not to issue obligations or obligations in the future that are solely payable from and secured by the revenues of the System. It is the intention of this Board that future obligations issued by the University for the benefit of the System be issued as Additional Obligations that are payable from General Revenues.

Section 13. **Investment of Funds.** The University covenants to invest and reinvest money deposited in the Debt Service Fund and the Project Fund only in those investments in which agencies of the State are authorized to invest pursuant to State law.

Section 14. **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 15. **Additional Obligations.** The University shall have the right to issue one or more series of Additional Obligations for University purposes as permitted under the Bond Act or otherwise under State law, and for the costs of issuing Additional Obligations, or to refund or advance refund any Obligations or Outstanding System Obligations.

Section 16. **Covenants Regarding Tax Exemption.** With respect to Obligations issued as Tax-Exempt Obligations, the University covenants and agrees that it will comply with the terms of the Federal Tax Certificate with respect to any series of Tax-Exempt Obligations. The
Designated University Representative is authorized to determine whether the series of the Obligations may be qualified under Section 265(b) of the Code and to designate the series of the Obligations as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Code for investment by financial institutions.

Section 17. Lost, Stolen or Destroyed Obligations. In case any Bond or Obligations shall be lost, stolen or destroyed, the Registrar may execute and deliver a new Bond or Obligations of like date, series, number and tenor to the Registered Owner thereof upon the owner’s paying the expenses and charges of the Registrar and the University in connection therewith and upon his or her filing with the Registrar evidence satisfactory to the Registrar that such Bond was actually lost, stolen or destroyed and of his or her ownership thereof, and upon furnishing the Registrar and the University with indemnity satisfactory to the Registrar and the University.

Section 18. No Recourse Against Individuals. No Registered Owner shall have any recourse for the payment of any part of the principal or redemption price, if any, of or interest on the Obligations, or for the satisfaction of any liability arising from, founded upon, or existing by reason of, the issuance or ownership of such Obligations against the officers of the University or officers or members of the Board in their individual capacities.

Section 19. Defeasance. In the event that money and/or noncallable Government Obligations maturing or having guaranteed redemption prices at the option of the owner at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of the Obligations in accordance with their terms, are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, and, if the Obligations are to be redeemed prior to maturity, irrevocable notice, or irrevocable instructions to give notice of such redemption has been delivered to the Registrar, then no further payments need be made into the Debt Service Fund or any account therein for the payment of the principal of, premium, if any, and interest on the Obligations so provided for. Such Obligations shall then cease to be entitled to any lien, benefit or security of this resolution, except the right to receive the funds so set aside and pledged. Such notices of redemption, if any, and such Obligations shall no longer be deemed to be Outstanding hereunder, under this resolution or under any resolution authorizing the issuance of obligations or other indebtedness of the University.

Within 20 days after any defeasance of Obligations, the University shall provide notice of defeasance of Obligations to Registered Owners of Obligations defeased and to each party entitled to receive notice under agreements for continuing disclosure entered into pursuant to Section 23.

Section 20. 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 Obligations affected by the supplemental resolution, or to surrender any right or power herein reserved to or conferred upon the University; or

(2) to make such provisions for the purpose of curing any ambiguities or of curing, correcting or modifying any provision contained in this resolution or any resolution authorizing Additional Obligations 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 Obligations.

Any such supplemental resolution of the Board may be adopted without the consent of the Registered Owners of any Obligations 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 of all Outstanding Obligations of a series affected by a supplemental resolution, 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 Obligations, 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 Registered Owner of each 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 Obligations affected by the reduction.

For purposes of granting any consent under this subsection, the issuer of any insurance policy or letter of credit guaranteeing the payment of any Obligations shall be deemed to be the Owner of those Obligations. 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 21. 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. For purposes of compliance with this section, the issuer of an irrevocable
letter of credit securing the repayment of the Obligations or an issuer of a policy of municipal bond insurance insuring the payment of the Obligations shall be deemed to be the Registered Owner of the Obligations. Proof of the execution of any such written instrument and of the ownership of the Obligations 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 or her the execution thereof, or by an affidavit of a witness to such execution; and

(2) the ownership of Obligations shall be proved by the Debt Register maintained by the Registrar.

Nothing contained in this Section 21(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 Obligations of a series 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 Obligations of a series 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 Bond. Except as aforesaid, any such consent given by the Registered Owner of any Bond shall be conclusive and binding upon such Registered Owner and upon all future Registered Owners of such Bond and of any Bond issued in exchange therefor or in lieu thereof, irrespective of whether or not any notation in regard thereto is made upon such Bond. Any action taken by the Registered Owners of the percentage in aggregate principal amount of a series of Outstanding Obligations specified in this resolution in connection with such action shall be conclusively binding upon the University and the Registered Owners of all Outstanding Obligations.

Section 22. Determination of Registered Owners’ Concurrence. In determining whether the Registered Owners of the requisite aggregate principal amount of Outstanding Obligations have concurred in any demand, request, direction, consent or waiver under this resolution, Obligations 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.
Obligations so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 22 if the pledgee shall establish to the satisfaction of the University the pledgee’s right to vote such Obligations and that the pledgee is not the University.

Section 23. Undertaking to Provide Ongoing Disclosure. If determined to be applicable, the Designated University Representative is authorized to, in his or her discretion, execute and deliver a certificate regarding continuing disclosure with respect to each series of Obligations in order to assist the Underwriter in complying with Section (b)(5) of the Rule.

Section 24. Resolution a Contract with Owners. This resolution is adopted under the authority of and in full compliance with the Constitution and laws of the State of Washington. In consideration of the purchase and acceptance of the Obligations by those who shall hold the same from time to time, the provisions of this resolution shall constitute a contract with the owner or owners of each Obligation and the coupons, if any, appurtenant thereto, and the obligations of the University and its Board under said laws and under this resolution shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein set forth to be performed on behalf of the University shall be for the equal benefit, protection and security of the owners of any and all of the Obligations and the coupons, if any, appurtenant thereto.

Section 25. Contract-Savings Clause. The covenants contained in this resolution, the Obligations and the provisions of the Bond Act shall constitute a contract between the University and the Registered Owners of the Obligations 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 Obligations.

Section 26. 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, and the Registered Owners of Obligations, 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, and the Registered Owners of Obligations, their successors and assigns.

Section 27. Immediate Effect. This resolution shall take effect immediately upon its adoption.
ADOPTED AND APPROVED by the Board of Regents of Washington State University, by a regular meeting of the Board held this 25th day of January, 2019.

WASHINGTON STATE UNIVERSITY

________________________________________
Chair, Board of Regents

ATTEST:

________________________________________
Secretary, Board of Regents
CERTIFICATE

I, the undersigned, Secretary of the Board of Regents (“Board”) of Washington State University (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 regular meeting of the Board of Regents held on the 25th day of January, 2019, 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 was present throughout the meeting and a legally sufficient number of members of the Board 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 25th day of January, 2019.

________________________________________
Secretary
U.S. economic conditions are characterized by:

- Strong growth fueled by tax cuts and increased federal government spending
- Consumer confidence remaining near an 18-year high
- Solid job growth, a low unemployment rate of 3.7%, and a pickup in wage growth to 3.1%
- Potential headwinds in the form of tariffs, slower housing market momentum and rising interest rates

U.S. Treasury yields have risen sharply in 2018, with short-term rates outpacing long-term yields. By early December, however, yields have come off their recent highs and the intermediate-term range of the yield curve from 2 to 5 years has inverted. This has stoked some concerns, as yield curve inversions have historically preceded recessions. At their December meeting, the Federal Reserve raised interest rates by 0.25%, as expected, increasing the fed funds target rate range to 2.25% - 2.50%. Central bankers reduced their 2019 growth and core inflation forecasts to 2.3% and 2%, respectively. The Fed signaled a milder approach toward raising rates next year, implying two hikes in 2019. The long-term estimate of the neutral rate was revised lower to 2.75%, indicating the Fed is nearing a pause in its tightening campaign. The Fed’s assessment of domestic economic activity remains upbeat, indicating expectations of steady growth going forward, with risks roughly balanced.

The housing market remains a soft spot for the U.S. economy. Sales and building activity are slowing, as higher mortgage rates and rising prices hurt affordability. The graph below shows taxable interest rates prior to the tax-reform in November 2017 compared to current rate levels. Short-term interest rates increased rapidly in 2018, but their pace is expected to slow in 2019.

![Municipal Market Data (MMD) “AA” Tax-Exempt Yield Curve](Image)
Financial Overview

<table>
<thead>
<tr>
<th>(millions)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Donated Cash on</td>
<td>$4.0</td>
</tr>
<tr>
<td>Hand (as of 9/2018)</td>
<td></td>
</tr>
<tr>
<td>Pledges Receivable</td>
<td>$2.5</td>
</tr>
<tr>
<td>(10/2018-9/2019)</td>
<td></td>
</tr>
<tr>
<td>Debt Financing</td>
<td>$3.5</td>
</tr>
<tr>
<td>Total</td>
<td>$10.0</td>
</tr>
</tbody>
</table>

Note: The WSU Office of Finance and Administration has established a project checkpoint for August 1, 2019 to measure progress in collected pledged donations. WSU will not proceed with construction of the design until 65% ($6.5 million) of the Project cost is collected in cash.

Due Diligence

- Confirmed cash in hand balance of $4.0M
- Confirmed that the cash is not committed to other projects
- Reviewed each gift pledge agreement to confirm the total pledge amount and payment schedule from FY2019 - FY2025
- Reviewed pledges for collectability with athletics development staff, and included a reasonable allowance for uncollectable pledges in the financial pro-forma
- Added a checkpoint at the completion of project design to confirm that expected pledges are received and total cash in hand is $6.5M prior to issuance of debt and full construction