

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 3, 2019

SALE DATE: September 12, 2019 at 8:30 a.m. Pacific Time
NEW ISSUE - BOOK-ENTRY ONLY

MOODY'S RATING: A1
(See "RATING," herein)

In the opinion of K&L Gates LLP, Bond Counsel, assuming compliance with certain covenants of the University, interest on the Series 2019 Bonds is excludable from gross income for federal income tax purposes under existing law. Interest on the Series 2019 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. See "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel.



\$63,065,000*
Western Washington University
Housing and Dining System Revenue Bonds, Series 2019

Dated: Date of Delivery

Maturity Dates: April 1, as shown on the inside cover

Western Washington University (the "University") is issuing its Housing and Dining System Revenue Bonds, Series 2019 (the "Series 2019 Bonds"), along with other funds of the University, to pay or reimburse the costs of demolishing an old residence hall and construction and equipping of a new residence hall, and additional housing system renovations including upgrades to Buchanan Towers, Ridgeway Commons enhancements and residential facility access control, and to pay the costs of issuing the Series 2019 Bonds.

Interest on the Series 2019 Bonds from their date of delivery is payable semiannually on each April 1 and October 1, commencing on April 1, 2020. Principal of the Series 2019 Bonds is payable on April 1 in each of the years shown on the inside cover hereof. The fiscal agent of the State of Washington, currently U.S. Bank National Association, is the registrar for the Series 2019 Bonds. When issued, the Series 2019 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2019 Bonds. Purchases of beneficial interests in the Series 2019 Bonds will be made in book entry form, in denominations of \$5,000 and integral multiples thereof within a maturity. Purchasers will not receive certificates representing their interests in the Series 2019 Bonds, except as described herein. So long as DTC or its nominee is the registered owner of the Series 2019 Bonds, payments of principal of and interest on the Series 2019 Bonds will be made directly to DTC or to such nominee. Disbursements of such payments to DTC's Direct Participants are the responsibility of DTC, and disbursements of such payments to the Beneficial Owners are the responsibility of the Direct Participants and the Indirect Participants as more fully described herein.

The Series 2019 Bonds are subject to redemption prior to their stated maturities as described herein. See "THE SERIES 2019 BONDS - Redemption Provisions" herein.

Maturity Schedule on Inside Cover

The Series 2019 Bonds are being offered at public sale by competitive bids to be received electronically through Parity[®], pursuant to the Official Notice of Sale contained herein.

The Series 2019 Bonds, the University's outstanding system revenue bonds and any bonds to be issued in the future under the Master Resolution as Parity Bonds (each as defined herein) are secured solely by (i) a lien on the Gross Revenue of the System, subject to the obligation of the System to pay Operating Expenses, and (ii) other rights and money as provided in the Master Resolution, and are payable from Net Revenues (each as defined herein). The Series 2019 Bonds are revenue obligations of the University and are not general obligations of the University or the state of Washington, its agencies, instrumentalities, or political subdivisions. The University has no taxing power. See "SECURITY FOR THE SERIES 2019 BONDS" herein.

The University has not designated the Series 2019 Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code").

This cover page contains certain information for quick reference only. A full review should be made of the entire Official Statement. The offering of the Series 2019 Bonds to potential investors is made only by means of the entire Official Statement.

The Series 2019 Bonds are offered when, as and if executed and delivered, and are subject to receipt of the legal opinion of K&L Gates LLP, Seattle, Washington, Bond Counsel to the University, and certain other conditions. It is expected that the Series 2019 Bonds will be available for delivery through the facilities of DTC in New York, New York, or to the Registrar on behalf of DTC by Fast Automated Securities Transfer on or about September 25, 2019).

* Preliminary, subject to change.

\$63,065,000⁽¹⁾
Western Washington University
Housing and Dining System Revenue Bonds, Series 2019

Due April 1	Principal ⁽¹⁾	Interest Rate	Price or Yield	CUSIP Number ⁽²⁾
2022	\$ 1,305,000			
2023	1,360,000			
2024	1,415,000			
2025	1,475,000			
2026	1,530,000			
2027	1,590,000			
2028	1,650,000			
2029	1,720,000			
2030	1,790,000			
2031	1,855,000			
2032	1,930,000			
2033	2,010,000			
2034	2,090,000			
2035	2,180,000			
2036	2,265,000			
2037	2,355,000			
2038	2,445,000			
2039	2,545,000			
2040	2,650,000			
2041	2,750,000			
2042	2,865,000			
2043	2,980,000			
2044	3,095,000			
2045	2,810,000			
2046	2,920,000			
2047	3,040,000			
2048	3,160,000			
2049	3,285,000			

⁽¹⁾ Preliminary; subject to change.

⁽²⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© 2019 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. The University takes no responsibility for the accuracy of the CUSIP® numbers.

No quotations from or summaries or explanations of the provisions of laws or documents herein purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. This Preliminary Official Statement is not to be construed as a contract or agreement between the University and the purchasers or owners of any of the Series 2019 Bonds. The cover page hereof and appendices attached hereto are part of this Preliminary Official Statement.

No dealer, broker, sales representative, or other person has been authorized by the University to give any information or to make any representations other than as contained in this Preliminary Official Statement in connection with the offering made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by the University. The information and expressions of opinions herein are subject to change without notice, and neither the delivery of this Preliminary Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the information set forth herein since the date hereof. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2019 Bonds by any person, in any jurisdiction in which it is unlawful for such persons to make such offer, solicitation or sale.

Certain statements contained in this Preliminary Official Statement reflect not historical facts but forecasts and “forward-looking statements.” The words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. The achievement of certain results or other expectations contained in forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as described in the continuing disclosure undertaking of the University, the University does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations or events, conditions or circumstances on which such statements are based occur.

THE SERIES 2019 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE BOND RESOLUTION HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2019 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE SERIES 2019 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2019 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The inactive textual references to the websites identified herein are not hyperlinks and do not incorporate the identified websites by reference. The websites are not a part of this Official Statement, and investors should not rely on information presented in the websites in determining whether to purchase the Series 2019 Bonds.

Pursuant to Securities and Exchange Commission Rule 15c2-12, the University has deemed this Preliminary Official Statement “final” as of its date, except for the omission of information dependent upon the pricing of the issue and the completion of the purchase contract such as offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, and other terms of the Series 2019 Bonds dependent on the foregoing matters.

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Telephone: (360) 650-3000
www.wwu.edu⁽¹⁾

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Bond and Disclosure Counsel

K&L Gates LLP
Seattle, Washington

Financial Advisor

PFM Financial Advisors LLC
Seattle, Washington

Paying Agent and Registrar

U.S. Bank National Association
Seattle, Washington

⁽¹⁾ The University's website is not part of this Official Statement, and investors should not rely on information presented in the University's website in determining whether to purchase the Series 2019 Bonds. This inactive textual reference to the University's website and any other websites named in this Official Statement are not hyperlinks and are not incorporated to this Official Statement by reference.

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OFFICIAL NOTICE OF SALE

\$63,065,000*

Western Washington University Housing and Dining System Revenue Bonds, Series 2019

NOTICE IS HEREBY GIVEN that electronic bids will be received by Western Washington University (the "University"), for purchase of the above described Series 2019 Bonds (the "Series 2019 Bonds") at

8:30 a.m. Pacific Time on September 12, 2019

or such other day or time and under such other terms and conditions as may be established by the University and communicated as described under "Modification; Cancellation; Postponement."

The Series 2019 Bonds will be sold on an all-or-none basis.

Bids must be submitted electronically as described below.

Bids must be submitted electronically via the Qualified Electronic Bid Provider in accordance with this Official Notice of Sale. The University has designated PARITY® as the Qualified Electronic Bid Provider for purposes of receiving electronic bids for the Series 2019 Bonds. Electronic bids will be received via PARITY® until the time and date of sale, and no bid will be accepted after that time. For further information about PARITY® including any fees charged, potential bidders may contact PARITY® at (212) 849-5021. By designating a bidding service as a Qualified Electronic Bid Provider, the University does not endorse the use of such bidding service. See "BIDDING INFORMATION AND AWARD—Submission of Bids" below.

The successful bid shall remain in effect until 5:00 p.m. Pacific Time, on the date set for the receipt of bids. All bids properly received will be considered and acted on by the University by 5:00 p.m. Pacific Time on the sale date pursuant to a delegation of authority adopted by the University Board of Trustees.

Bidders are referred to the Preliminary Official Statement for additional information regarding the University, the Series 2019 Bonds, the security therefor, and other matters.

Modification; Cancellation; Postponement. Bidders are advised that the University may modify the terms of this Official Notice of Sale prior to the time set for the receipt of bids. Any such modifications will be provided to the Qualified Electronic Bid Provider and i-Deal Prospectus on or prior to the time bids are due. In addition, the University may cancel or postpone the date and time for the receipt of bids for the Series 2019 Bonds at any time prior to the time bids are due. Notice of such cancellation or postponement will be communicated to the Qualified Electronic Bid Provider and i-Deal Prospectus as soon as practical following such cancellation or postponement. If a postponement occurs, bids will be received at the time and in the manner the University will determine. As an accommodation to bidders, telephonic, or electronic notice of any amendment or modification of this Official Notice of Sale will be given to any bidder requesting such notice from the University's Financial Advisor, PFM Financial Advisors LLC, telephone: (206) 858-5363 or e-mail at: sea-advisors@pfm.com. Failure of any bidder to receive such notice by telephone, the Qualified Electronic Bid Provider or i-Deal Prospectus will not affect the legality of the sale.

Each bidder (and not the University or its Financial Advisor) is responsible for the timely delivery of its bid. The official time will be determined by the University and not by any bidder or Qualified Electronic Bid Provider.

* Preliminary, subject to change.

Description of the Series 2019 Bonds

Bond Details. Each Bond will be dated its date of initial delivery. The Series 2019 Bonds will bear interest payable semiannually on each April 1 and October 1, beginning April 1, 2020, to maturity or earlier redemption. Principal will be payable on the dates and in the amounts shown below, except as may be adjusted as described herein.

Due April 1⁽¹⁾	Amount⁽¹⁾	Due April 1⁽¹⁾	Amount⁽¹⁾
2022	\$ 1,305,000	2036	\$ 2,265,000
2023	1,360,000	2037	2,355,000
2024	1,415,000	2038	2,445,000
2025	1,475,000	2039	2,545,000
2026	1,530,000	2040	2,650,000
2027	1,590,000	2041	2,750,000
2028	1,650,000	2042	2,865,000
2029	1,720,000	2043	2,980,000
2030	1,790,000	2044	3,095,000
2031	1,855,000	2045	2,810,000
2032	1,930,000	2046	2,920,000
2033	2,010,000	2047	3,040,000
2034	2,090,000	2048	3,160,000
2035	2,180,000	2049	3,285,000

⁽¹⁾ Preliminary; subject to adjustment by the University as provided in this Official Notice of Sale. These amounts will represent serial maturities unless term bonds are specified, by the successful bidder, as described in this Official Notice of Sale, in which case these amounts will represent mandatory redemption amounts of term bonds. See “Redemption Provisions—Mandatory Redemption” below.

Adjustment of Principal Amount of Series 2019 Bonds and Bid Price for the Series 2019 Bonds

Before Bid Opening. Bidders are advised that the University may increase or decrease the total principal amount and/or the amounts of individual maturities of Series 2019 Bonds stated in this Official Notice of Sale (including any amendments issued by the University through the Qualified Electronic Bid Provider and i-Deal Prospectus) prior to the bidding. If such changes are made, they will be reflected in the Official Bid Form to be made available through the Qualified Electronic Bid Provider.

After Receipt of the Bids. Following the time bids are due, the University reserves the right to increase or decrease the aggregate principal amount of the Series 2019 Bonds by an amount not to exceed 15 percent, rounded up to the nearest \$5,000. Adjustments of the aggregate principal amount in excess of 15 percent, rounded up to the nearest \$5,000, may be made with approval of the successful bidder. The price bid by the successful bidder will be adjusted by the University to reflect an increase or decrease in the principal amount and maturity schedule for the Series 2019 Bonds, taking into account the interest rates and underwriting compensation in the bid as submitted. In the event the University elects to adjust the bond size after the bid pursuant to this Official Notice of Sale, the underwriter’s discount (net of bond insurance expense, if any), expressed in dollars per thousand, will be held constant. The University will not be responsible in the event and to the extent that any adjustment affects the net compensation to be realized by the successful bidder, or the true interest cost of the winning bid or its ranking relative to other bids.

Redemption Provisions

Optional Redemption. The Series 2019 Bonds maturing on April 1, 2022, through April 1, 2029, are not subject to redemption prior to their stated maturity dates. The Series 2019 Bonds maturing on or after April 1, 2030, are subject to optional redemption, as a whole or in part (and if in part, with maturities to be selected by the University), on any date on or after April 1, 2029, at a price of par plus accrued interest, if any, to the date fixed for redemption.

Mandatory Redemption. Bidders have the option to designate part or all of the Series 2019 Bonds as term bonds subject to mandatory redemption at a price of par plus accrued interest, in the years and in the amounts set forth in the serial maturity schedule for the Series 2019 Bonds, subject to adjustment as described herein. Any term bonds so designated must consist of the total principal payments for two or more consecutive years and mature on the latest of such years. If no term bonds are designated, the Series 2019 Bonds will mature in the amounts and on the dates

set forth in the serial maturity schedule set forth above and subject to adjustment as described herein. See “DESCRIPTION OF THE SERIES 2019 BONDS—Redemption Provisions” in the Preliminary Official Statement.

Purpose of the Series 2019 Bonds

Proceeds of the Series 2019 Bonds will be used, together with other funds of the University, to (i) pay or reimburse the cost of demolishing an old residence hall and construction and equipping of a new residence hall, and additional housing system renovations including upgrades to Buchanan Towers, Ridgeway Commons enhancements and residential facility access control; and (ii) pay costs of issuance of the Series 2019 Bonds.

Security for the Series 2019 Bonds

The Series 2019 Bonds are special revenue fund obligations of the University, payable solely from the revenues of the Housing and Dining System and other revenues deposited into the Series 2019 Bond Fund. The University has pledged to deposit Net Revenues of the Housing and Dining System into the Series 2019 Bond Fund at the times and in the amounts sufficient to pay and redeem the Series 2019 Bonds when due. The University has reserved the right to issue bonds in the future having a parity of lien on Net Revenues. The Series 2019 Bonds are not an obligation, either general or special, of the state of Washington, nor a general obligation of the University. The University has no taxing power.

Registration and Book-Entry Transfer System

The Series 2019 Bonds will be issued as fully registered Series 2019 Bonds and, when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as the initial securities depository for the Series 2019 Bonds. Individual purchases and sales of the Series 2019 Bonds will be made in book-entry form only in minimum denomination of \$5,000 or integral multiples thereof within a maturity. Purchasers (“Beneficial Owners”) will not receive physical certificates representing their interests in the Series 2019 Bonds. So long as Cede & Co. is the Registered Owner of the Series 2019 Bonds, as nominee for DTC, references to the Registered Owners herein will mean Cede & Co. or its successor and will not mean the Beneficial Owners of the Series 2019 Bonds. See “APPENDIX C—DTC AND ITS BOOK-ENTRY SYSTEM” in the Preliminary Official Statement for the Series 2019 Bonds.

BIDDING INFORMATION AND AWARD

Submission of Bids

Bids for the Series 2019 Bonds are to be submitted electronically via the Qualified Electronic Bid Provider.

Hard copy bids will not be accepted. By submitting a bid for the Series 2019 Bonds, such bidder thereby agrees to the following terms and conditions:

- (i) If any provision in this Official Notice of Sale with respect to the Series 2019 Bonds conflicts with information or terms provided or required by the Qualified Electronic Bid Provider, this Official Notice of Sale, including any amendments issued through the Qualified Electronic Bid Provider and i-Deal Prospectus, shall control.
- (ii) Each bidder is solely responsible for making necessary arrangements to access the Qualified Electronic Bid Provider for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale (including any amendments issued by the University through the Qualified Electronic Bid Provider and i-Deal Prospectus).
- (iii) The University has no duty or obligation to provide or assure access to the Qualified Electronic Bid Provider to any bidder, and the University shall not be responsible for proper operation of, or have any liability for, any delays, interruptions or damages caused by use or attempted use of the Qualified Electronic Bid Provider or any incomplete, inaccurate or untimely bid submitted by any bidder through the Qualified Electronic Bid Provider.
- (iv) The University is permitting the use of the Qualified Electronic Bid Provider as a communication mechanism, and not as the University’s agent, to conduct the electronic bidding for the Series 2019 Bonds. The Qualified Electronic Bid Provider is acting as an independent contractor, and is not acting for or on behalf of the University.

- (v) The University is not responsible for ensuring or verifying bidder compliance with any Qualified Electronic Bid Provider procedures.
- (vi) If a bid is accepted by the University, this Official Notice of Sale (including any amendments issued by the University through the Qualified Electronic Bid Provider and i-Deal Prospectus) and the information that is submitted electronically through the Qualified Electronic Bid Provider shall form a contract, and the bidder shall be bound by the terms of such contract.
- (vii) Information provided by the Qualified Electronic Bid Provider to bidders shall form no part of any bid or of any contract between the successful bidder and the University unless that information is included in this Official Notice of Sale (including any amendments issued by the University through the Qualified Electronic Bid Provider and i-Deal Prospectus).

Bid Details and Parameters

Form of Bids. Bids for the Series 2019 Bonds must be unconditional, and for not less than the entire offering of the Series 2019 Bonds. By submitting a bid, each bidder agrees to all of the terms and conditions of this Official Notice of Sale (including any amendments issued by the University through the Qualified Electronic Bid Provider and i-Deal Prospectus). Bids must be submitted electronically via the Qualified Electronic Bid Provider. Bids may not be withdrawn or revised after the time that bids are due.

Interest Rates Bid. Bids may specify any number of interest rates in multiples of one-eighth of one percent (1/8 of 1 percent) or one-hundredth of one percent (1/100 of 1 percent). All Series 2019 Bonds of the same maturity must bear interest at the same rate and no Bond shall bear interest at more than one rate. No rate of interest may exceed 5.0 percent.

Premium and Discount. No bid will be considered for a price that is less than 98 percent or more than 130 percent of the par value of the Series 2019 Bonds. Each maturity must be reoffered at a yield that will produce a price of not less than 98 percent of the principal amount for that maturity. For purposes of the preceding sentences, “price” means the price as calculated using the lesser of the yield to the redemption date, if any, or the yield to the maturity date.

Good Faith Deposit

The successful bidder for the Series 2019 Bonds shall deliver a good faith deposit in the amount of \$600,000 to the University. The good faith deposit must be paid by federal funds wire transfer delivered no later than two hours following the successful bidder’s receipt of the verbal award. Wiring instructions will be provided to the successful bidder at the time of the verbal award. The good faith deposit will be retained by the University as security for the performance of the successful bidder and shall be applied to the purchase price of the Series 2019 Bonds upon delivery of the Series 2019 Bonds to the successful bidder. Pending delivery of the Series 2019 Bonds, the good faith deposit may be invested for the sole benefit of the University. If the Series 2019 Bonds are ready for delivery and the successful bidder fails or neglects to complete the purchase within 30 days following acceptance of its bid, the good faith deposit shall be retained by the University as reasonable liquidated damages, and not as a penalty.

Such retention will constitute a full release and discharge of all claims by the University against the successful bidder and, in that event, the University may call for additional proposals. The University’s actual damages may be higher or lower than the amount of such good faith deposit. Such amount constitutes a good faith estimate of the University’s actual damages. Each bidder waives the right to claim that actual damages arising from such default are less than such amount.

Selection of the Successful Bidder

The bids for the Series 2019 Bonds will be considered by the University at the date and time set for sale. The Series 2019 Bonds will be sold to the bidder submitting a bid in conformance with this Official Notice of Sale that produces the lowest true interest cost to the University, based on the bid price, the interest rates specified in the bid and the principal amounts identified in this Official Notice of Sale. The true interest cost will be the rate necessary, on a 30/360 basis and semiannual compounding, to discount the debt service payments from the payment dates to the date of the Series 2019 Bonds and to the price bid. The true interest cost calculations will be performed by the University’s Financial Advisor, and the University will base its determination of the best bid solely on such calculations.

The successful bidder for the Series 2019 Bonds will be bound to purchase the Series 2019 Bonds in the principal amount, at such price, and with such interest rates as are specified in its bid, unless there is an adjustment in the principal amounts of the Series 2019 Bonds, in which case the successful bidder shall be bound to purchase the Series 2019 Bonds in the adjusted principal amounts at the revised bid amount, as described above under the heading “Adjustment of Principal Amount of Series 2019 Bonds and Bid Price for the Series 2019 Bonds.”

The University reserves the right to reject any or all bids and to waive any irregularity in any bid or the bidding process. If all bids are rejected, then the Series 2019 Bonds may be sold in any manner provided by law. Any bid presented after the time specified for receipt of the bids will not be accepted, and any bid not backed by the required good faith deposit will not be considered.

Bond Insurance; Rating

Bond Insurance. The purchase of any insurance policy for the Series 2019 Bonds or the issuance of any commitment therefor will be at the sole option and expense of the successful bidder for such Series 2019 Bonds. Bids may not be conditioned upon qualification for or the receipt of municipal bond insurance. Any increased costs of issuance of the Series 2019 Bonds resulting from such purchase of insurance will be paid by the successful bidder for the Series 2019 Bonds and will not, in any event, be paid by the University. Payment of any bond insurance premium and satisfaction of any conditions to the issuance of the municipal bond insurance policy will be the sole responsibility of the successful bidder. In particular, the University will not provide any opinions or enter into any agreements with respect to the provisions of any such policy. Failure of any municipal bond insurer to issue or deliver its policy will not in any way relieve the successful bidder of its contractual obligations arising from acceptance of its proposal for the purchase of the Series 2019 Bonds. The name of the provider of a policy of bond insurance will not be noted in the final Official Statement.

The successful bidder must provide the University with the municipal bond insurance commitment and information with respect to the municipal bond insurance policy and the insurance provider within two business days following the award of the bid by the University. The University will require delivery, on or prior to the date of initial delivery of the Series 2019 Bonds, of:

- (i) a certificate from the insurance provider regarding the accuracy and completeness of the information provided for inclusion in the Official Statement,
- (ii) an opinion of counsel to the insurance provider regarding the validity and enforceability of the municipal bond insurance policy, and
- (iii) a certificate with respect to certain tax matters,

each in a form reasonably satisfactory to the University and Bond Counsel.

Rating. The University has received a rating from Moody’s Investors Service, Inc. as shown on the cover of the Preliminary Official Statement. The University will pay the fees for this rating. Any other ratings are the responsibility of the successful bidder. See “RATING” in the Preliminary Official Statement.

Delivery of Series 2019 Bonds

The Series 2019 Bonds will be delivered to the Bond Registrar on behalf of DTC by Fast Automated Securities Transfer, less payment of the purchase price to the University in immediately available federal funds, less the amount of the applicable good faith deposit. Closing is expected to occur within 30 days after the sale date set forth on the cover page of the Preliminary Official Statement.

If, prior to delivery of the Series 2019 Bonds, the interest receivable by the owners of such Series 2019 Bonds becomes includable in gross income for federal income tax purposes, or becomes subject to federal income tax other than as described in the Preliminary Official Statement, the successful bidder, at its option, may be relieved of its obligation to purchase the Series 2019 Bonds and, in that case, the good faith deposit accompanying its bid will be returned without interest.

The Series 2019 Bonds will be delivered in “book-entry only” form in accordance with the letter of representations from the University to DTC. As of the date of the award of the Series 2019 Bonds, each successful bidder must either participate in DTC or clear through or maintain a custodial relationship with an entity that participates in DTC. The University will furnish to the successful bidder one CD-ROM or USB transcript of proceedings; additional transcripts will be furnished at the successful bidder’s cost.

Establishment of Issue Price

Hold-the-Offering-Price Rule May Apply if Competitive Sale Requirements are Not Satisfied

The successful bidder shall assist the University in establishing the issue price of the Series 2019 Bonds and shall execute and deliver to the University on the Closing Date an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Series 2019 Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the University and Bond Counsel. All actions to be taken by the University under this Official Notice of Sale to establish the issue price of the Series 2019 Bonds may be taken on behalf of the University by the University’s financial advisor identified herein and any notice or report to be provided to the University may be provided to the University’s financial advisor.

The University intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Series 2019 Bonds) will apply to the initial sale of the Series 2019 Bonds (the “competitive sale requirements”) because:

- (i) the University shall disseminate this Official Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (ii) all bidders shall have an equal opportunity to bid;
- (iii) the University may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (iv) University anticipates awarding the sale of the Series 2019 Bonds to the bidder who submits a firm offer to purchase the Series 2019 Bonds at the highest price (or lowest interest cost), as set forth in this Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Series 2019 Bonds, as specified in the bid. **By submitting a bid for the Series 2019 Bonds, each bidder certifies that it has an established industry reputation for underwriting new issuance of municipal bonds unless specifically noted in the bid.**

In the event that the competitive sale requirements are not satisfied, the University shall so advise the successful bidder. The University will treat (i) the first price at which 10% of a maturity of the Series 2019 Bonds (the “10% test”) is sold to the public on the sale date as the issue price of that maturity or (ii) the initial offering price to the public as of the sale date of any maturity of the Series 2019 Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis. The successful bidder shall advise the University if any maturity of the Series 2019 Bonds satisfies the 10% test as of the date and time of the award of the Series 2019 Bonds. The University shall promptly advise the successful bidder, at or before the time of award of the Series 2019 Bonds, which maturities of the Series 2019 Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. **Bids will not be subject to cancellation in the event that the University determines to apply the hold-the-offering-price rule to any maturity of the Series 2019 Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Series 2019 Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Series 2019 Bonds.**

By submitting a bid, the successful bidder shall (i) confirm that the underwriters have offered or will offer the Series 2019 Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Series 2019 Bonds, that the underwriters will neither offer nor sell unsold Series 2019 Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the underwriters have sold at least 10% of that maturity of the Series 2019 Bonds to the public at a price that is no higher than the initial offering price to the public.

The successful bidder shall promptly advise the University when the underwriters have sold 10% of that maturity of the Series 2019 Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The University acknowledges that, in making the representation set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2019 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Series 2019 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The University further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Series 2019 Bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Series 2019 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report on the sale date the prices at which it sells to the public the unsold Series 2019 Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Series 2019 Bonds of that maturity or all Series 2019 Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the successful bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Series 2019 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Series 2019 Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report on the sale date the prices at which it sells to the public the unsold Series 2019 Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Series 2019 Bonds of that maturity or all Series 2019 Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Series 2019 Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Official Notice of Sale. Further, for purposes of this Official Notice of Sale:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the University (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2019 Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2019 Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2019 Bonds to the public),
- (iii) a purchaser of any of the Series 2019 Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

- (iv) “sale date” means the date that the Series 2019 Bonds are awarded by the University to the successful bidder.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Series 2019 Bonds; however, neither the failure to print CUSIP numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Series 2019 Bonds. The University’s Financial Advisor will request CUSIP numbers for the Series 2019 Bonds. The charge of the CUSIP Service Bureau for assignment of CUSIP numbers shall be paid by the successful bidder.

Bond Counsel Opinion

The University will furnish to the purchaser of the Series 2019 Bonds, the bond counsel opinion of K&L Gates LLP, Seattle, Washington, Bond Counsel, in substantially the form attached to the Preliminary Official Statement in Appendix D.

Continuing Disclosure

The University has entered into an undertaking for the benefit of the owners of the Series 2019 Bonds to provide certain financial information and operating data and notice of certain events to the Municipal Securities Rulemaking Board (“MSRB”) pursuant to the requirements of paragraph (b)(5)(i) of Securities and Exchange Commission (“SEC”) Rule 15c2-12 (the “Rule”). See “CONTINUING DISCLOSURE UNDERTAKING” in the Preliminary Official Statement.

Closing Documents

As a condition to the obligation of the successful bidder to accept delivery of and pay for the Series 2019 Bonds, the University will furnish a certificate of an official or officials of the University stating that to the best knowledge of such official(s), as of the date of the Official Statement and as of the date of delivery of the Series 2019 Bonds, the information (including financial information) contained in the Official Statement was, as of its date, and is, as of the date of closing, true and correct in all material respects and did not and does not contain any untrue statement of a material fact or omit any statement or information which is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (however, the University will make no representation regarding Bond Counsel’s form of opinion or the information provided by or obtained from DTC or any entity providing bond insurance or other credit facility).

A no-litigation certificate will also be included in the closing documents for the Series 2019 Bonds.

Official Statement

The Preliminary Official Statement is in a form deemed final by the University for the purpose of the Rule, but is subject to revision, amendment and completion in a final Official Statement which the University will deliver, to the successful bidder, at the University’s expense, not later than seven business days after the University’s acceptance of the successful bidder’s proposal, in sufficient quantities to permit the successful bidder to comply with the Rule. The successful bidder shall file, or cause to be filed, the final Official Statement with the MSRB within one business day following the receipt of the Official Statement from the University.

The successful bidder also agrees:

- (i) to provide to the University, in writing, promptly after the acceptance of the bid, pricing and other related information, including initial reoffering prices of the Series 2019 Bonds, necessary for completion of the final Official Statement;
- (ii) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any amendments or supplements prepared by the University; and
- (iii) to take any and all actions necessary to comply with applicable SEC and MSRB rules governing the offering, sale and delivery of the Series 2019 Bonds to ultimate purchasers, including without limitation, the delivery of a final Official Statement to each investor who purchases Series 2019 Bonds.

Additional Information

The Preliminary Official Statement may be obtained from i-Deal Prospectus, a service of i-Deal LLC, at www.i-dealprospectus.com, telephone (212) 849-5021. In addition, the Preliminary Official Statement may be obtained upon request to the University's Financial Advisor. Additional information may be obtained from the University's Financial Advisor, PFM Financial Advisors LLC (by telephone: (206) 858-5363; or by e-mail: sea-advisors@pfm.com).

WESTERN WASHINGTON UNIVERSITY

By: /s/ Richard Van Den Hul
Vice President for Business and Financial Affairs

EXHIBIT A TO OFFICIAL NOTICE OF SALE

FORMS OF ISSUE PRICE CERTIFICATE

VERSION 1 — ISSUE PRICE CERTIFICATE

**IF COMPETITIVE SALE REQUIREMENTS ARE SATISFIED
(I.E., 3 BIDS FROM COMPETITIVE PROVIDERS ARE RECEIVED)
(TO BE DELIVERED BY THE PURCHASER AS DESCRIBED IN THE
OFFICIAL NOTICE OF SALE)**

This certificate is being delivered by [NAME OF UNDERWRITER], the purchaser (the “Purchaser”) in connection with the execution and delivery of Western Washington University, Housing and Dining System Revenue Bonds, Series 2019 (the “Series 2019 Bonds”). The Purchaser hereby certifies and represents that:

1. *Reasonably Expected Initial Offering Price.*

(a) As of the Sale Date, the reasonably expected initial offering prices of the Series 2019 Bonds to the Public by the Purchaser are the prices listed on the inside cover page of the Official Statement in respect of such Bonds dated [____], 2019 (the “Initial Offering Prices”). The Initial Offering Prices are the prices for the Maturities of the Series 2019 Bonds used by the Purchaser in formulating its bid to purchase the Series 2019 Bonds. Attached as Schedule A is a true and correct copy of the bid provided by the Purchaser to purchase the Series 2019 Bonds.

(b) The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Purchaser constituted a firm offer to purchase the Series 2019 Bonds.

2. *Defined Terms.*

(a) *Maturity* means Series 2019 Bonds with the same credit and payment terms. Series 2019 Bonds with different maturity dates, or Series 2019 Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2019 Bonds. The Sale Date of the Series 2019 Bonds is [____], 2019.

(d) *University* means the Western Washington University.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the University (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2019 Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2019 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2019 Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the University with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Series 2019 Bonds, and by K&L Gates LLP, Bond Counsel, in connection with rendering its opinion that the interest evidenced by the Series 2019 Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the University from time to time relating to the Series 2019 Bonds.

[UNDERWRITER]

By: _____

Name: _____

Dated: [EXECUTION AND DELIVERY DATE]

SCHEDULE A

COPY OF UNDERWRITER'S BID

(Attached)

VERSION 2 — ISSUE PRICE CERTIFICATE

**IF COMPETITIVE SALE REQUIREMENTS ARE NOT SATISFIED
AND THE UNIVERSITY SELECTS HOLD-THE-OFFERING-PRICE RULE**

**(TO BE DELIVERED BY THE PURCHASER AS DESCRIBED IN THE
OFFICIAL NOTICE OF SALE)**

This certificate is being delivered by [NAME OF UNDERWRITER], the purchaser (the “Purchaser”) in connection with the execution and delivery of the Western Washington University, Housing and Dining System Revenue Bonds, Series 2019 (the “Series 2019 Bonds”). The Purchaser hereby certifies and represents that:

1. *Initial Offering Price of the Series 2019 Bonds.*

(a) The Purchaser offered each Maturity of the Series 2019 Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on the Sale Date. A copy of the pricing wire or equivalent communication for the Series 2019 Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Official Notice of Sale and bid award, the Purchaser has agreed in writing that, (i) for each Maturity of the Series 2019 Bonds indicated on Schedule A as a hold-the-offering-price Maturity, it would neither offer nor sell any of the Series 2019 Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Series 2019 Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Series 2019 Bonds during the Holding Period; and (iii) for each Maturity of the Series 2019 Bonds indicated on Schedule A as a 10%-rule Maturity, the first single price or yield at which at least 10% of each such Maturity of the Series 2019 Bonds was sold by the Purchaser to the Public was the price set forth in Schedule A.

2. *Defined Terms.*

(a) Holding Period means, for each Maturity of the Series 2019 Bonds, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([____], 2019), or (ii) the date on which the Purchaser has sold at least 10% of such Maturity of the Series 2019 Bonds to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(b) *Maturity* means Series 2019 Bonds with the same credit and payment terms. Series 2019 Bonds with different maturity dates, or Series 2019 Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2019 Bonds. The Sale Date of the Series 2019 Bonds is [____], 2019.

(e) *University* means Western Washington University.

(f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the University (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2019 Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2019 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2019 Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the University with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Series 2019 Bonds, and by K&L Gates LLP, Bond Counsel, in connection with rendering its opinion that the interest evidenced by the Series 2019 Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the University from time to time relating to the Series 2019 Bonds.

[UNDERWRITER]

By: _____

Name: _____

Dated: [EXECUTION AND DELIVERY DATE]

INITIAL OFFERING PRICES OF THE SERIES 2019 BONDS

- (1) Preliminary, subject to change as provided in the Official Notice of Sale.
- (2) These amounts will constitute principal maturities of the Series 2019 Bonds unless all or a portion of these Series 2019 Bonds are designated as Term Bonds by the successful bidder, in which case these amounts will constitute mandatory sinking fund redemptions of such Term Bonds.

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

OFFICIAL STATEMENT

WESTERN WASHINGTON UNIVERSITY

\$63,065,000*

HOUSING AND DINING SYSTEM REVENUE BONDS, SERIES 2019

INTRODUCTION

This Official Statement of Western Washington University (the “University”), a regional university of the state of Washington (the “State”), is provided for the purpose of setting forth information in connection with the issuance by the University of its Housing and Dining System Revenue Bonds, Series 2019 (the “Series 2019 Bonds”).

The Series 2019 Bonds are payable from and secured by Gross Revenues of the University’s Housing and Dining System (the “System”) as defined in the Bond Resolution (as defined below), available after providing for the payment of Operating Expenses not paid from other sources. The University has irrevocably obligated and bound itself to set aside and pay into the Series 2019 Bond Fund out of Net Revenues, on or prior to the date on which the interest on or principal of and interest on the Series 2019 Bonds shall become due, the amount necessary to pay such interest or principal and interest coming due on the Series 2019 Bonds. Amounts pledged to be paid into the Series 2019 Bond Fund are a prior lien and charge upon the Gross Revenue superior to all other charges of any kind or nature whatsoever except for Operating Expenses and except for the charges equal in rank that have been made thereon to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds and that may be made in the future to pay and secure any Future Parity Bonds. Net Revenues is defined in the Bond Resolution as Gross Revenue less any part thereof that must be used to pay Operating Expenses. See “SECURITY FOR THE SERIES 2019 BONDS,” and “THE HOUSING AND DINING SYSTEM,” herein.

The Series 2019 Bonds do 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 Series 2019 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.

Capitalized terms used in this Official Statement are to have the meanings assigned to them in the Bond Resolution (as defined below), a copy of which is attached as Appendix B. This Official Statement speaks only as of its date and the information contained herein is subject to change. All summaries herein of documents, provisions, and agreements are qualified in their entirety by reference to the actual instruments, copies of each of which are available for inspection at the offices of the University.

THE SERIES 2019 BONDS

General Description

The Series 2019 Bonds will be dated as of their date of issuance, will be issued in denominations of \$5,000 or any integral multiple thereof within a single maturity, and will bear interest from their dated date (or the most recent date to which interest has been paid thereon). Interest on the Series 2019 Bonds will be payable semiannually on each April 1 and October 1, commencing April 1, 2020. The Series 2019 Bonds will bear interest at the rates and will mature on the dates and in the amounts set forth on the inside cover of this Official Statement subject to prior redemption as described herein. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

** Preliminary, subject to change.*

Authorization of the Series 2019 Bonds

The Series 2019 Bonds are authorized pursuant to a master resolution adopted by the Board of Trustees (the “Board”) on December 5, 1997 (the “Master Resolution”), and a series resolution, No. 2019-04, adopted by the Board on August 23, 2019 (the “Series Resolution”) (collectively, the “Bond Resolution”), in accordance with the authority granted to the University in sections 28B.10.300 through 28B.10.330, inclusive, of the Revised Code of Washington (“RCW”). Copies of the Master Resolution and Series Resolution are attached as Appendix B hereto.

Form and Denomination

The Series 2019 Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as Registered Owner and nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository for the Series 2019 Bonds. Individual purchases will initially be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Series 2019 Bonds so purchased.

Registrar

The University has adopted the system of registration for the Series 2019 Bonds approved, from time to time, by the State Finance Committee (the “Committee”). Pursuant to chapter 43.80 RCW, the Committee designates one or more fiscal agents for bonds issued within the State. The State’s fiscal agent will authenticate the Series 2019 Bonds and act as paying agent and registrar for the Series 2019 Bonds (the “Registrar”). U.S. Bank National Association is currently under contract with the State to act as fiscal agent.

To meet payment requirements for interest on and principal of the Series 2019 Bonds as the same becomes due and payable, the University will remit money to the Registrar. The Registrar is obligated to remit payment to DTC in accordance with the terms of the DTC procedures as then in effect. Principal of the Series 2019 Bonds will be paid to Registered Owners upon presentation and surrender of the Series 2019 Bonds to the office of the Registrar at maturity or upon earlier redemption. See Appendix E - “DTC and Its Book-Entry Only System.”

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 Series 2019 Bonds 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 the Series 2019 Bonds, any notice that is permitted or required to be given to Registered Owners under the Bond Resolution (except such notices as are 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 Series 2019 Bonds, or any consent given or other action taken by DTC as the Registered Owner. For so long as any Series 2019 Bonds are held in fully immobilized form, DTC or its successor depository will be deemed to be the Registered Owner for all purposes, and all references to the Registered Owners will mean DTC or its nominee and will not mean the Beneficial Owners.

Procedure in the Event of Termination of Book-Entry System

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 University determines that it is in the best interest of the Beneficial Owners of the Series 2019 Bonds that the Series 2019 Bonds be provided in certificated form, ownership of the Series 2019 Bonds may be transferred to any person or entity as provided in the Bond Resolution and will no longer be held in fully immobilized form. Thereafter, (i) interest on the Series 2019 Bonds will be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date (the “Record Date”), and principal of the Series 2019 Bonds will be payable upon presentation and surrender of such Series 2019 Bonds 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 Series 2019 Bonds, interest will be paid by wire transfer on the date due to an account with a bank located within the United States; and (ii) the Series 2019 Bonds will be transferable as provided in the Bond Resolution.

Redemption Provisions

Optional Redemption for the Series 2019 Bonds. The Series 2019 Bonds maturing on April 1, 2022, through 2029 are not subject to redemption prior to their stated maturity. The Series 2019 Bonds maturing on and after April 1,

2030, are subject to optional redemption, as a whole or in part (from maturities determined by the University), on any date on or after April 1, 2029 at par plus accrued interest to the date fixed for redemption.

[Mandatory Redemption for the Series 2019 Bonds. The Term Bonds due on April 1, _____, and _____ are subject to mandatory redemption, in part, on or after April 1, _____, at par plus accrued interest to the date fixed for redemption, as follows:

Term Bonds Maturing in 20____		Term Bonds Maturing in 20____	
Year	Amount	Year	Amount
(1)		(1)	

(1) Final maturity

To the extent that the University has optionally redeemed or purchased any Term Bonds prior to the scheduled mandatory redemption of such Term Bonds, the University may reduce the principal amount of the Term Bonds to be redeemed in like aggregate principal amount. Such reduction may be applied in the year(s) specified by the University.]

Selection of Series 2019 Bonds to be Redeemed. If less than all the Series 2019 Bonds of a maturity are called for redemption, they shall be redeemed for so long as the Series 2019 Bonds are held in fully immobilized form by DTC, in accordance with DTC's operational arrangements then in effect

Notice of Redemption. Unless waived by any Registered Owners of Series 2019 Bonds 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 Series 2019 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notwithstanding the foregoing, if the Series 2019 Bonds are then held in book-entry only form, notice of redemption will 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. Failure to give notice as to redemption of any Series 2019 Bond or any defect in such notice will not invalidate redemption of any other Series 2019 Bond.

Effect of Notice of Redemption. 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, the Series 2019 Bonds or portions of Series 2019 Bonds to be redeemed on the redemption date (unless in the case of optional redemption the University shall default in the payment of the redemption price) will become due and payable at the redemption price specified. From and after such date such Series 2019 Bonds or portions of Series 2019 Bonds will cease to bear interest.

Defeasance

In the event that money and/or noncallable Government Obligations (as defined in RCW Chapter 39.53, as the same may be amended from time to time) that are direct obligations of the United States or obligations unconditionally guaranteed by the United States, maturing or having guaranteed redemption prices at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of the Series 2019 Bonds in accordance with their terms, are set aside in a special account of the University to effect such redemption and retirement, and such moneys and the principal of and interest on such obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Series 2019 Bond Fund of the University for the payment of the principal of and interest on the Series 2019 Bonds so provided for, and such Series 2019 Bonds shall cease to be entitled to any lien, benefit or security of the Master Resolution and the Series Resolution, except the right to receive the moneys so set aside and pledged, such Series 2019 Bonds will be deemed not to be outstanding hereunder.

Purchase

The Series 2019 Bonds may be purchased at any time at any price deemed reasonable by the University but only to the extent of Gross Revenue available after providing for the payments required by the Master Resolution.

PURPOSE

Proceeds of the Series 2019 Bonds will be used, together with other funds of the University, to (i) pay or reimburse the cost of demolishing an old residence hall and construction and equipping of a new residence hall, and additional housing system renovations including upgrades to Buchanan Towers, Ridgeway Commons enhancements and residential facility access control (collectively, the “Projects”); and (ii) pay costs of issuance of the Series 2019 Bonds.

Sources and Uses of Funds

The proceeds of the Series 2019 Bonds are expected to be applied, together with other funds, as follows:

TABLE 1
Sources and Uses of Funds

Sources of Funds	Total
Principal Amount of Series 2019 Bonds	\$
Net Reoffering Premium/(Discount)	
Total Sources	\$
Uses of Funds	
Deposit to Project Account	\$
Costs of Issuance ⁽¹⁾	
Total Uses	\$

⁽¹⁾ *Costs of issuance include legal fees, financial advisor’s fees, underwriting fee, rating agency fees and other costs incurred in connection with the issuance of the Series 2019 Bonds.*

SECURITY FOR THE SERIES 2019 BONDS

The Series 2019 Bonds are being issued on a parity of lien with the Outstanding Parity Bonds, as described under the heading “Outstanding Parity Bonds,” below. Under the terms of the Master Resolution, the University is permitted to issue Parity Bonds in series from time to time upon compliance with the conditions set forth in the Master Resolution.

Pledge of Revenue

The Series 2019 Bonds and all Parity Bonds are secured by a lien on Net Revenues of the System and are payable from the special funds established in the Bond Resolution.

The term “Net Revenues” means Gross Revenue minus any part thereof that must be used to pay Operating Expenses. The term “Gross Revenue” means all income and revenue derived by the University from time to time from any source whatsoever, from the ownership and operation of the System, including rentals, fees, charges, special student fees charged to all or any segment of the student population, if pledged to the System, and including interest income. Services and Activities Fees, in the Pledged Amount (described below), and Pledged Building Fees are a part of Gross Revenues. In addition, a Series Resolution may pledge additional amounts as Gross Revenue.

The term “Operating Expenses” means the current expenses incurred for operation or maintenance of the System (other than special facilities), as defined under generally accepted accounting principles, including an allocable share of insurance expenses and other administrative expenses of the University directly applicable to the operation of the System, as in effect from time to time, excluding any allowances for depreciation or amortization or interest on any obligations of the System incurred in connection with and payable from Gross Revenue. Operating Expenses also

excludes general administrative expenses of the University, not directly applicable to the System through the application of generally accepted accounting principles.

Pledged Amount. Under the Master Resolution, for as long as any Parity Bonds remain Outstanding, the Board is to establish, maintain and collect Services and Activities Fees at the Pledged Amount, which is to be at least equal to \$32.00 per academic quarter for each full-time student and \$6.40 per academic quarter for each part-time student. The Master Resolution also provides that the Pledged Amount may be increased to include additional fees specifically pledged to one or more series of Parity Bonds. The Board, in the Series Resolution, covenanted that it will allocate such additional portion of the aggregate Services and Activities Fees (imposed by the Board from time to time in the future) and shall utilize voluntary student fees to the extent available and as are necessary to meet the required payments into the Series 2019 Debt Service Account to pay the principal of and interest on the Series 2019 Bonds as the same becomes due and payable. No voluntary student fees have been approved by the students for the purpose of undertaking the Projects being financed with the Series 2019 Bonds. See “THE HOUSING AND DINING SYSTEM – Pledged Services and Activities Fees” and “-Pledged Building Fees.”

The Series 2019 Bonds are limited special obligations of the University payable from and secured solely by the sources described above. The Series 2019 Bonds will not in any manner or to any extent constitute general obligations of the University, the State or any political subdivision of the State or a charge upon any general fund or upon any money or other property of the University or the State, its agencies, instrumentalities, or political subdivisions not specifically pledged thereto by the Master Resolution. The University has no taxing power.

Outstanding Parity Bonds

The University has outstanding the following parity bonds payable from Housing and Dining System revenue (the “Outstanding Parity Bonds”) as of August 1, 2019.

TABLE 2
Outstanding Parity Bonds

Name of Issue	Outstanding Principal	Final Scheduled Maturity Date
Housing and Dining System Junior Lien Revenue Refunding Bonds, 1998 Series A	\$ 4,350,000	10/1/2022
Housing and Dining System Revenue Refunding Bonds, Series 2012	4,395,000	10/1/2023
Housing and Dining System Revenue Refunding Bonds, Series 2015	9,240,000	4/1/2026
Housing and Dining System Revenue Refunding Bonds, Series 2018A	10,695,000	4/1/2034
Housing and Dining System Revenue Bonds, Series 2018B	<u>33,265,000</u>	4/1/2043
Total Outstanding Parity Bonds	\$61,945,000	

Funds and Accounts

Bond Fund. Debt service funds for the payment of debt service on Parity Bonds are maintained by the University on a series by series basis. The Bond Resolution established the Bond Fund for the purpose of paying and securing the payment of debt service on the Series 2019 Bonds. The University is obligated to deposit funds into the Debt Service Account on or prior to each date on which a payment of debt service is due in amount sufficient for the payment coming due.

No Reserve Account. The University will not establish a reserve account as additional security for the Series 2019 Bonds. The University may use money in its Renewal and Replacement Fund (described below) to pay principal and interest on any Parity Bonds to the extent other funds are not legally available. The reserve requirement for each series of currently outstanding Parity Bonds for which there is a reserve account, has been funded with separate surety policies, and those surety policies are not available as security for the Series 2019 Bonds.

Flow of Funds from the Revenue Fund

The University maintains one or more funds separately to account for and receive Gross Revenue of the System (the “Revenue Fund”). All Gross Revenue is deposited in the Revenue Fund as collected. Gross Revenue deposited is used only for the following purposes and in the following order of priority:

First, to pay Operating Expenses not paid from other sources;

Second to make all payments, including sinking fund payments, required to be made into the debt service account(s) of any bond redemption fund to pay the principal of and interest and premium, if any, on any Parity Bonds;

Third, to make all payments required to be made into any reserve account(s) to secure the payment of any Parity Bonds;

Fourth, to make all payments required to be made into any other revenue bond redemption fund and debt service account or reserve account established for junior lien revenue obligations of the University;

Fifth, to make all payments required to be made into the Renewal and Replacement Fund to maintain the required balance therein (see "Renewal and Replacement Fund"); and

Sixth, to retire by redemption or purchase any outstanding revenue bonds or other revenue obligations of the University as authorized in the various resolutions of the Board authorizing their issuance or to make necessary additions, betterments, improvements and repairs to or extension and replacements of the System, or any other lawful University purposes.

Rate Covenant

The University has covenanted at all times to establish, maintain and collect rates, fees, and charges in the operation of the System for as long as any Parity Bonds are outstanding that will produce Net Revenues at least equal to the greater of (i) 125 percent of the amounts required in such fiscal year to be paid as scheduled debt service (principal and interest) on Parity Bonds or (ii) amounts required to be deposited during such fiscal year from Net Revenues into bond funds and reserve accounts established for Parity Bonds (including the Bond Fund) and into the Renewal and Replacement Fund (the "Rate Covenant").

Other Specific Covenants

Payment of Debt Service. The University is to duly and punctually pay or cause to be paid out of the Bond Fund for the Series 2019 Bonds the principal of and interest on the Series 2019 Bonds at the times and places as provided in the Series Resolution and is to at all times faithfully perform and observe any and all covenants, undertakings and provisions contained in the Master Resolution and the Series Resolution, as applicable, and in the Series 2019 Bonds.

Operations and Maintenance. The University is to at all times keep and maintain the System in good repair, working order and condition, and is to at all times operate the same and the business or businesses in connection therewith in an efficient manner and at a reasonable cost.

Sale/Condemnation. In the event any portion of the System which contributes in some measure to the Gross Revenue is sold by the University or is condemned pursuant to the power of eminent domain, the University is to apply the net proceeds of such sale or condemnation to capital expenditures upon or for the System which will contribute in some measure to the Gross Revenue or to the retirement of Parity Bonds then Outstanding.

Insurance on Facilities. The University is to keep all facilities of the System insured, if such insurance is obtainable at reasonable rates and upon reasonable conditions, against such risks, in such amounts, and with such deductibles as the Board or the Designated University Representative deems necessary for the protection of the University and of the owners of Parity Bonds then Outstanding. Insurance may be obtained through third parties or may be provided by a program of self-insurance or through an insurance pool, including other governmental entities.

Liability and Property Damage Insurance. The University is to at all times keep or arrange to keep in full force and effect policies of public liabilities and property damage insurance which will protect the University against anyone claiming damages of any kind or nature, if such insurance is obtainable at reasonable rates and upon reasonable conditions, in such amounts and with such deductibles as the Board shall deem necessary for the protection of the University and of the owners of the Parity Bonds then Outstanding. Insurance may be obtained through third parties or may be provided by a program of self-insurance or through an insurance pool, including other governmental entities.

Books and Accounts. The University is to keep and maintain proper books of account and accurate records of all of its revenue received from any source whatsoever, and of all costs of administration and maintenance and operation of all of its business that are in accordance with generally accepted accounting principles as in effect from time to time.

Renewal and Replacement Fund

The University has covenanted to make deposits into the Renewal and Replacement Fund from Gross Revenue of the System, after payment of Operating Expenses and any and all payments with respect to the Parity Bonds, sufficient to maintain a balance therein that is not less than five percent of the principal balance of Parity Bonds outstanding. Money in the Renewal and Replacement Fund may be used by the University to pay extraordinary operating and maintenance expenses, make capital replacements, additions, expansions, additions, repairs and renewals of the System, and to pay principal of and interest on any Parity Bonds to the extent other funds are not legally available. If withdrawals are made from the Renewal and Replacement Fund such that the remaining balance therein is less than five percent of the principal balance of the Outstanding Parity Bonds, the University will restore said balance within the next 36-month period.

Annual budgeted reserve contributions as well as any net revenues are transferred to the System's capital plan reserve to increase both debt capacity and resources for planned future capital plan projects. The balance in the Renewal and Replacement Fund as of December 31, 2018, was \$13,251,742.

Future Parity Bonds

Future Parity Bonds may be issued upon satisfaction of certain conditions set forth in the Master Resolution so long as (i) the University is not in default of the Rate Covenant for the immediately preceding fiscal year and (ii) a certificate is filed (prepared as described in the Master Resolution) demonstrating fulfillment of the Additional Bonds Test, commencing with the first full fiscal year following the later of (a) the Date of Commercial Operation of the System to be financed with the proceeds of the series of Parity Bonds then being issued or (b) the date on which any portion of interest on the series of Parity Bonds then being issued no longer will be paid from the proceeds of such series of Parity Bonds, and for the following two fiscal years.

No certificate will be required if the Parity Bonds to be issued will refund any Outstanding Parity Bonds or will provide additional funds for construction for which Parity Bonds have been issued previously, so long as the par amount of the additional Parity Bonds does not exceed 15 percent of the par amount of the previously issued Parity Bonds.

THE HOUSING AND DINING SYSTEM

General

The System is defined in the Bond Resolution as the existing housing and dining system of the University as the same shall be added to, improved and extended out of the proceeds of the sale of bonds and as such System may be added to, improved and extended, for as long as bonds are outstanding. The System was established by the University in 1965. All facilities are located on or near the University campus. The System has the capacity to provide housing and support programs to 4,144 students in a variety of residence halls and apartment complexes that are designated for either single students or families. The University does not have a mandatory live-in requirement for students, but approximately 90 percent of incoming freshmen choose to live on campus. Students who live in residence halls are required to purchase a meal plan, while students living in University-owned apartments and students living off campus may purchase a voluntary meal plan.

System Facilities

The System currently includes 16 residence halls, an apartment complex, 3 dining halls, 12 retail food locations, a commissary building, and 2 student union/activity buildings.

The residence halls were constructed at various times from 1921 to 2011, with each building's designed occupancy ranging from 112 to 667 students. The residential program supports key elements of the University mission and strategic plan. Total operating capacity in the 16 residence halls was 3,599 students for Fall 2018. The University-owned apartments were constructed in 1970, and offer 132 two-bedroom units with shared living and dining areas, for a student operating capacity of 514. In addition, in the Fall of 2018, the System leased 31 spaces in off-campus private apartments to address potential current and future housing space needs. The System's housing capacity can vary from year to year based on unit configuration and additional arrangements for lease of private facilities by the University. The Series 2019 bonds will fund the removal of the 136-bed Highland Hall and building a new 400-bed residence hall on that general site. The opening is planned for September 2021.

The Viking Union on the main Bellingham campus and Lakewood facility at Lake Whatcom provide student activity and meeting space for campus constituents and guests. The Viking Union was remodeled in 2002 and the remodel of the facility to add the Multicultural Center has been completed.

The dining halls and retail food venues are managed by Aramark, a private contractor. The University contracts with Aramark to provide for its residential, retail, conference, and catering dining needs. Five residential dining plans are offered, all using a “Campus Card” which allows a portion of the dining plan to be used in the retail venues of the dining system. The Aramark contract is in place through August 2021.

The System provides a program for Housing Conference Services that offers accommodations to conference groups in order to generate revenue during summer months and other periods of low student occupancy. Meals and a variety of other services are available to conference participants. For fiscal year 2018, Housing Conference Services resulted in revenue to the System of \$615,640.

Occupancy

Occupancy levels are related to the University’s enrollment management decisions. System management expects to maintain high occupancy levels through competitive rate structuring and infrastructure enhancements such as sprinkler installation, room renovations, and wireless access point installations. Occupancy rate is calculated as the number of students accommodated as a percentage of housing capacity, based on housing policies in effect each fall. The following table shows fall occupancy data for the System for the past five fiscal years.

TABLE 3
Housing Capacity, Occupancy Rates, and Students Housed on Campus

	<u>Fall 2018</u>	<u>Fall 2017</u>	<u>Fall 2016</u>	<u>Fall 2015</u>	<u>Fall 2014</u>
<u>Housing Capacity</u>					
Residence Halls (bed spaces) ⁽¹⁾	3,599	3,631	3,535	3,519	3,528
Apartments – Family Units ⁽²⁾	<u>545</u>	<u>514</u>	<u>515</u>	<u>519</u>	<u>517</u>
Total Housing Capacity	4,144	4,145	4,050	4,038	4,045
<u>Number of Students Housed</u>					
Residence Halls	3,493	3,617	3,511	3,473	3,523
Apartments	<u>522</u>	<u>501</u>	<u>505</u>	<u>498</u>	<u>500</u>
Total Students Housed on Campus ⁽³⁾	4,015	4,118	4,016	3,971	4,023
<u>Housing Occupancy Rates</u>					
Residence Halls	97.1%	99.6%	99.3%	98.7%	99.9%
Apartments	95.8%	97.5%	98.1%	96.0%	96.7%
Enrollment, Bellingham Campus	15,094	14,968	14,582	14,425	14,260
Percent of Students Housed by System	26.6%	27.5%	27.5%	27.5%	28.2%

⁽¹⁾ Additional spaces in the form of triple rooms were added Fall 2017 to accommodate housing demand due to increased enrollment.

⁽²⁾ Includes leased apartments. During Fall 2018, 31 beds were temporarily leased to help meet anticipated demand.

⁽³⁾ Growth in international students through the Study Group contract did not materialize for Fall 2018, resulting in reduced occupancy rates.

Source: The University.

Room and Board Rates

Rates for room and board are established by the Board each year based on evaluation and recommendation from the administration, after review by a student advisory committee. Rates are generally increased annually, with increases averaging approximately 4.8 percent over the past three years.

The following table shows typical room and board rates at the University based on double occupancy and the most frequently selected meal plan level (125 Plan).

TABLE 4
Room and Board Rates

<u>Academic Year</u>	<u>Annual Rate</u>
2018-19	\$11,465
2017-18	10,971
2016-17	10,350
2015-16	9,952
2014-15	9,662

Source: The University.

Pledged Services and Activities Fees

Student Services and Activities Fees (“S&A Fees”), a portion of which are pledged for payment of debt service on Parity Bonds, are set by the Board in accordance with the budgeting procedures set forth in RCW 28B.15.045. RCW 28B.15.069 limits the annual percentage increase of these fees to 4.0%. Such limitation on this increase does not apply to that portion of the S&A Fees previously committed to the repayment of bonded debt.

S&A Fees are charged to all University students, and are prorated by credit for students enrolled less than full time. The total S&A Fee for fiscal year 2018 is \$216.60 per student per academic quarter. The Master Resolution includes a pledge of S&A Fees in the amount of at least \$32 per academic quarter per full-time student and at least \$6.40 per academic quarter for each part-time student for the payment of debt service on Parity Bonds. For fiscal year 2018, this resulted in revenues to the System of \$1,323,752, and the University estimates this revenue will be similar for fiscal year 2019.

Pledged Building Fees

A non-academic building fee is charged to all University students enrolled for at least six credits, and was pledged by the Board to the System for the life of the Series 2015 Bonds (which are Parity Bonds) as described below. This fee which was originally approved by the students as a voluntary student fee was intended to provide for payment of financing for the Viking Union renovations completed in 2002 and has been increased over time to the fiscal year 2018 level of \$47 to keep up with operational cost increases. The original building fee has been pledged until retirement of the Series 2015 Bonds, which is scheduled for fiscal year 2026. In October 2017, the Associated Students of Western Washington University Board (the “AS Board”) redirected and reaffirmed this building fee for continuing needs of the student union/activity facilities and programs beyond the retirement of the Series 2015 Bonds. The fee may be increased by the AS Board in any year and is intended to continue indefinitely for this purpose. The 2018B series resolution pledged this voluntary fee to the repayment of the Series 2018B Bonds. Although there is no current limit on the dollar amount of voluntary student fees that may be imposed, they remain subject to then effective state law as well as the approval by the students and the AS Board. For fiscal year 2018, this building fee resulted in revenue to the System of \$1,915,064, and the University estimates this revenue to be approximately four percent higher for fiscal year 2019.

In 2015 students approved a new voluntary student fee of \$30 per quarter for all students enrolled for at least six credits to fund the debt service and facility operations and maintenance of the new multicultural center. This fee has been in effect since Fall 2017. In fiscal year 2018, it generated \$1,205,261. The University estimates this revenue to be similar for fiscal year 2019. A portion of the non-academic building fee revenue freed up through a recent bond refunding as well as other revenues from the University also support the multicultural center.

System Financial Principles

The Board approved a set of “Housing and Dining Principles,” which were updated in 2000, to provide guidance for the System’s financial planning. The six principles address (i) Revenue Fund levels, (ii) Renewal and Replacement Fund levels, (iii) Major maintenance expenditures, (iv) Capital planning efforts, (v) Debt Service Coverage Ratio, and (vi) Occupancy. The System has exceeded the minimum requirements set by these principles. The Board periodically reviews the principles to ensure that they continue to support the goals of the System and that the System is in compliance.

Housing and Dining System Capital Plan

The University maintains a System capital plan to address major capital project needs of the System over a ten year planning horizon. The plan has the following goals: provide housing to support the University's enrollment plan; meet or exceed the System's financial principles; invest in infrastructure to ensure System facility longevity, health, and safety needs; and respond to the changing student needs and expectations. The plan is updated every two years.

A Housing and Dining Development Assessment to determine the long-range capital needs of the system is in process. This assessment will evaluate the System's facilities, programs, amenities, demand, capacity, and financing capabilities to provide the basis for an updated comprehensive capital plan. It is expected that the projects resulting from this plan will be funded from net revenue of the System and reserves, as well as bond proceeds. The Series 2019 bonds will fund the initial work of the capital plan by removing the 136-bed Highland Hall and building a new 400-bed residence hall on that general site. The opening is planned for September 2021.

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Historical Operating Results

The following table depicts historical revenue, expenses and changes in net position attributable to the System for the past five fiscal years. The University anticipates an increase in net position of the System of approximately 3.0 percent for fiscal year 2019, primarily reflecting an increase in operating revenue.

TABLE 5
Housing and Dining System Statement of Revenues, Expenses and Changes in Net Position
For Fiscal Years ending June 30⁽¹⁾

	2018	2017 ⁽²⁾	2016 ⁽²⁾	2015	2014
Operating Revenues					
Room rent and food services	\$39,959,454	\$37,820,901	\$36,093,685	\$35,455,523	\$34,550,060
Service and activity fees	1,323,752	1,300,396	1,298,129	1,285,318	1,273,981
Student building fees	3,120,325	1,792,613	1,635,332	1,620,654	1,607,137
Conferences	615,640	341,218	540,584	586,883	543,220
Viking Union income	470,358	428,672	403,265	365,937	359,409
Rent	140,163	130,372	126,093	121,732	117,082
Commissions	2,742,720	1,922,977	2,400,423	2,145,538	1,998,562
Fees, penalties, and other income	<u>296,281</u>	<u>290,625</u>	<u>347,112</u>	<u>299,390</u>	<u>133,009</u>
Total operating revenue	\$48,668,693	\$44,027,774	\$42,844,623	\$41,880,975	\$40,582,460
Operating Expenditures					
Cost of food services	\$14,055,608	\$13,404,829	\$12,757,706	\$12,464,544	\$12,104,441
Salaries and related benefits	7,770,136	6,942,051	6,946,816	6,469,319	6,326,648
Utilities	2,627,076	2,632,016	2,639,892	2,550,964	2,522,045
Repairs and maintenance	2,839,675	2,948,062	2,526,759	2,425,126	1,798,643
Communications	198,995	203,057	228,903	229,537	254,286
Insurance	469,325	468,810	398,839	315,645	552,192
Supplies	337,463	315,376	278,710	274,654	259,501
Furniture and equipment	605,230	239,410	246,933	211,212	180,338
Institutional services	1,963,871	1,666,105	1,748,889	1,719,902	1,543,545
Depreciation	6,994,253	6,649,491	6,832,845	6,747,400	6,437,903
Non-capitalizable renewals and replacements	5,584,177	4,261,674	3,285,919	1,119,577	2,528,955
Other	<u>1,035,956</u>	<u>881,941</u>	<u>836,152</u>	<u>828,603</u>	<u>626,152</u>
Total operating expenses	\$44,481,765	\$40,612,822	\$38,728,363	\$35,356,483	\$35,134,649
Income from operations	\$ 4,186,928	\$ 3,414,952	\$ 4,116,260	\$ 6,524,492	\$ 5,447,811
Non-operating Revenues (Expenses)					
Investment income	\$ 424,813	\$ 180,739	\$ 178,610	\$ 124,909	\$ 91,973
Build America Bonds interest subsidy	284,735	290,732	296,114	295,479	293,248
Other capital contribution	184,795	6,325	841,600	110,865	(769,634)
Interest expense	(2,352,618)	(2,012,596)	(2,149,163)	(2,400,442)	(2,451,547)
Amortization of bond discounts and costs	<u>279,099</u>	<u>195,607</u>	<u>210,250</u>	<u>(136,804)</u>	<u>(19,795)</u>
Total non-operating revenues (expenses)	\$ (1,179,176)	\$ (1,339,193)	\$ (622,589)	\$ (2,005,993)	\$ (1,316,487)
Increase (Decrease) in net assets	\$ 3,007,751	\$ 2,075,758	\$ 3,493,671	\$ 4,518,499	\$ 4,131,324
Net position, beginning of year	\$73,775,313	\$75,307,948	\$71,814,277	\$69,060,359	\$64,929,035
Restatement	<u>-</u>	<u>(3,608,394)</u>	<u>-</u>	<u>(1,764,581)</u>	<u>-</u>
Net position, end of year	\$76,783,064	\$73,775,313	\$75,307,948	\$71,814,277	\$69,060,359

⁽¹⁾ Information is based on audited financial statements of the System.

⁽²⁾ Information for fiscal years 2016 and 2017 is based on restated audited financial statements of the System.

Source: The University.

TABLE 6
Schedule of Housing and Dining System Revenue Bond Debt Service
(Fiscal Years Ending June 30)

Fiscal Year	Outstanding Bonds		The Series 2019 Bonds		Total Debt Service
	Principal	Interest	Principal	Interest	
2020	\$ 4,400,000	\$ 2,498,031			
2021	4,600,000	2,296,031			
2022	4,825,000	2,080,156			
2023	4,415,000	1,874,156			
2024	3,770,000	1,692,531			
2025	3,210,000	1,537,931			
2026	3,360,000	1,388,081			
2027	1,910,000	1,231,131			
2028	2,000,000	1,147,131			
2029	2,080,000	1,067,131			
2030	2,160,000	983,931			
2031	2,230,000	910,481			
2032	2,305,000	843,581			
2033	2,370,000	772,713			
2034	2,445,000	698,075			
2035	1,510,000	619,250			
2036	1,560,000	566,400			
2037	1,620,000	511,800			
2038	1,685,000	447,000			
2039	1,755,000	379,600			
2040	1,820,000	309,400			
2041	1,895,000	236,600			
2042	1,970,000	160,800			
2043	2,050,000	82,000			
2044	--	--			
2045	--	--			
2046	--	--			
2047	--	--			
2048	--	--			
2049	--	--			
Total	\$61,945,000	\$24,333,944			

Calculation of Debt Service Coverage

The following table shows the calculation of debt service coverage for the five most recent fiscal years, based on audited financial data.

TABLE 7
Calculation of Debt Service Coverage

	Audited 2018	Audited 2017⁽¹⁾	Audited 2016⁽¹⁾	Audited 2015	Audited 2014
Operating Revenues	\$ 48,668,693	\$ 44,027,774	\$ 42,844,623	\$ 41,880,975	\$ 40,582,460
Operating Expenditures ⁽²⁾	<u>(37,331,675)</u>	<u>(34,131,984)</u>	<u>(31,884,434)</u>	<u>(28,609,083)</u>	<u>(28,696,746)</u>
Net Operating Revenue	\$ 11,337,018	\$ 9,895,790	\$ 10,960,189	\$ 13,271,892	\$ 11,885,714
Plus: Interest & Other Earnings	<u>709,548</u>	<u>471,471</u>	<u>474,724</u>	<u>420,388</u>	<u>385,221</u>
Available for Debt Service	\$ 12,046,566	\$ 10,367,261	\$ 11,434,914	\$ 13,692,280	\$ 12,270,935
Annual Debt Service ⁽³⁾	\$ 5,206,943	\$ 5,212,160	\$ 5,208,122	\$ 5,396,314	\$ 5,386,139
Debt Service Coverage Ratio	2.31	1.99	2.20	2.54	2.28

⁽¹⁾ Information for fiscal years 2016 and 2017 is based on restated audited financial statements of the System.

⁽²⁾ Excludes depreciation and GASB pension amount.

⁽³⁾ Reflects annual debt service before the application of the federal credit payment for interest on the Housing and Dining System Revenue Bonds, Series 2009B (Taxable Build America Bonds – Direct Payment).

Source: The University.

Debt Payment Record

The University has always promptly met principal and interest payments on outstanding bonds when due. No refunding bonds have been issued for the purpose of preventing an impending default.

Future Financing

The University does not intend to issue additional Parity Bonds in the next 18 months. The University routinely monitors its outstanding obligations for refunding opportunities and may issue refunding debt when deemed beneficial.

LEGAL INFORMATION

Litigation

At the time of delivery of and payment for the Series 2019 Bonds, the University will deliver a certificate stating that there is no litigation then pending or threatened (i) to restrain or enjoin the issuance, sale, execution or delivery of the Series 2019 Bonds, application of the proceeds of the Series 2019 Bonds as contemplated by the Bond Resolution or (ii) in any way contesting or affecting the validity of the Series 2019 Bonds, any proceedings of the University taken with respect to the issuance or sale thereof, the pledge or application of any money or security provided for the payment of the Series 2019 Bonds, the existence or powers of the University or the title of any officers of the University to their respective positions.

The University is a party to various types of litigation. After consideration and investigation, the University has concluded that it has meritorious defenses against such litigation, that such litigation is immaterial, or that such litigation will have no impact on timely payment of the Series 2019 Bonds.

Approval of Counsel

Legal matters incident to the authorization, execution and delivery of the Series 2019 Bonds are subject to the unqualified approving legal opinion of K&L Gates LLP, Bond Counsel and Disclosure Counsel. The form of the opinion relating to the Series 2019 Bonds is included in Appendix D of this Official Statement. Any opinion of such firm will be limited in scope, delivered solely to the Underwriter and cannot be relied upon by investors.

Limitations on Remedies

Any remedies available to the owners of the Series 2019 Bonds upon the occurrence of a default under the Bond Resolution are in many respects dependent upon judicial actions which are in turn often subject to discretion and delay and could be both expensive and time-consuming to obtain. If the University fails to pay principal of or interest on the Series 2019 Bonds, there can be no assurance that available remedies will be adequate to fully protect the interest of the owners of the Series 2019 Bonds.

In addition to the limitations on remedies contained in the Bond Resolution, the rights and obligations under the Series 2019 Bonds and the Bond Resolution may be limited by and are subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases. The opinion to be delivered by K&L Gates LLP, as Bond Counsel, concurrently with the issuance of the Series 2019 Bonds, will be subject to limitations regarding bankruptcy, insolvency and other laws relating to or affecting creditors' rights. A copy of the form of opinion of Bond Counsel is set forth in Appendix D.

TAX MATTERS

In the opinion of Bond Counsel, interest on the Series 2019 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals.

Federal income tax law contains a number of requirements that apply to the Series 2019 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the use of proceeds of the Series 2019 Bonds and the facilities financed with proceeds of the Series 2019 Bonds and certain other matters. The University has covenanted to comply with all applicable requirements.

Bond Counsel's opinion is subject to the condition that the University comply with the above-referenced covenants and, in addition, will rely on representations by the University and its advisors with respect to matters solely within the knowledge of the University and its advisors, respectively, which Bond Counsel has not independently verified. If the University fails to comply with such covenants or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Series 2019 Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2019 Bonds, regardless of the date on which the event causing taxability occurs.

Except as expressly stated above, Bond Counsel expresses no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Series 2019 Bonds. Owners of the Series 2019 Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2019 Bonds, which may include tax issues associated with original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, the extent to which interest on the Series 2019 Bonds is included in adjusted current earnings for the purposes of computing the federal alternative minimum tax imposed on certain corporations and various withholding requirements.

Prospective purchasers of the Series 2019 Bonds should be aware that ownership of the Series 2019 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2019 Bonds. Bond Counsel expresses no opinion regarding any collateral tax consequences. Prospective purchasers of the Series 2019 Bonds should consult their tax advisors regarding collateral federal income tax consequences.

Payments of interest on tax-exempt obligations, such as the Series 2019 Bonds, are in many cases required to be reported to the Internal Revenue Service (the "IRS"). Additionally, backup withholding may apply to any such payments made to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Bond Counsel gives no assurance that any future legislation or clarifications of amendments to the Internal Revenue Code of 1986, as amended (the "Code"), if enacted into law, will not cause the interest on the Series 2019 Bonds to be subject, directly or indirectly, to federal income taxation. From time to time, legislation is proposed that, if enacted, could alter the federal income tax consequences described herein or otherwise prevent owners of the Series 2019 Bonds from realizing the full current benefit of the tax status of the interest on the Series 2019 Bonds. Prospective purchasers of the Series 2019 Bonds should consult their own tax advisors regarding any pending or proposed federal legislation, as to which Bond Counsel expresses no view.

Bond Counsel's opinion is not a guarantee of result and is not binding on the IRS; rather, the opinion represents Bond Counsel's legal judgment based on its review of existing law and in reliance on the representations made to

Bond Counsel and the University's compliance with its covenants. The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the Series 2019 Bonds. Owners of the Series 2019 Bonds are advised that, if the IRS does audit the Series 2019 Bonds, under current IRS procedures, at least during the early stages of an audit, the IRS will treat the University as the taxpayer, and the owners of the Series 2019 Bonds may have limited rights to participate in the audit. The commencement of an audit could adversely affect the market value and liquidity of the Series 2019 Bonds until the audit is concluded, regardless of the ultimate outcome.

Not Qualified Tax-Exempt Obligations. The University has not designated the Series 2019 Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

INITIATIVE AND REFERENDUM

Under the State Constitution, the voters of the State have the ability to initiate legislation and to modify adopted legislation through the power of initiative and referendum, respectively. The initiative power may not be used to amend the State Constitution. Initiatives and referenda are submitted to the voters upon receipt of petitions signed by at least eight percent (initiatives) and four percent (referenda) of the number of voters registered and voting for the office of Governor at the preceding regular gubernatorial election. Qualifying initiatives to the voters are submitted at the next state general election and must be approved by a majority of voters to be enacted into law. Initiatives to the State Legislature are submitted to the State Legislature at its regular session each January. Once submitted, the State Legislature must either adopt the initiative as proposed, reject the proposed initiative (in which case the initiative must be placed on the ballot at the next state general election) or approve an amended version of the proposed initiative (in which case both the amended version and the original proposal must be placed on the next state general election ballot). Any law approved in this manner by a majority of voters may not be amended or repealed by the State Legislature within a period of two years following enactment, except by a vote of two-thirds of all the members elected to each house of the State Legislature; after two years, the law is subject to amendment or repeal by the State Legislature in the same manner as other laws.

In recent years there have been a number of initiatives filed in the State, although the University cannot predict whether this trend will continue, whether any filed initiatives will receive the requisite signatures to be certified to the ballot, whether such initiatives will be approved by the voters, whether, if challenged, such initiatives will be upheld by the courts, and whether any future initiative could have a material adverse impact on the University.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with Section (b)(5) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule"), the University will agree to provide or cause to be provided to the Municipal Securities Rulemaking Board ("MSRB"), the following annual financial information and operating data for the prior fiscal year (commencing in 2020 for the fiscal year ended June 30, 2019):

Annual financial statements, which statements may or may not be audited, showing ending fund balances for the University prepared in accordance with generally accepted accounting principles ("GAAP") and follow the guidance given by the Governmental Accounting Standards Board ("GASB") and generally of the type included in this Official Statement in Table 5 - "Housing and Dining System Statement of Revenues, Expenses and Changes in Net Position;" and in Appendix C, "Audited Financial Statements of the University." Additionally, the University will provide operating data generally of the type included in this Official Statement in Table 2 - "Outstanding Parity Bonds," Table 3 - "Housing Capacity, Occupancy Rates, and Students Housed on Campus," Table 4 - "Room and Board Rates," Table 6 - "Schedule of Housing and Dining System Revenue Bond Debt Service," Table 7 - "Calculation of Debt Service Coverage;" and in Appendix A, under the following headings:

- (1) Table 11 entitled "Average Annual Enrollment;"
- (2) Table 12 entitled "Enrollment Statistics – Fall Quarter;"
- (3) Table 14 entitled "Academic Year Tuition and Fees;"
- (4) Table 17 entitled "Western Washington University Statement of Revenues, Expenses, and Changes in Net Position;"
- (5) Table 21 entitled "University Operating Budget;"

- (6) Table 22 entitled “Investments at Fair Market Value;”
- (7) the contribution and covered payroll for the WWURP under “Pension Plans;” and
- (8) the contribution rates table and total employer contributions for PERS, TRS and LEOFF, under “Pension Plans;”

Each of the above items shall be required only to the extent that such information is not included in the annual financial statements of the University. However, the University reserves the right to change the format of such annual information to reflect any changes in reporting formats or accounting policies which may be required due to changes in GAAP.

Such annual information and operating data described above will be so provided on or before the end of nine months after the end of the University’s fiscal year. The University may adjust such date if the University changes its fiscal year by providing written notice of the change of fiscal year to the MSRB. The University’s current fiscal year ends on June 30. In lieu of providing such annual financial information and operating data, the University may cross-reference to other documents available to the public on the MSRB’s internet website or filed with the Securities and Exchange Commission.

If not provided as part of the annual financial information discussed above, the University will provide its audited annual financial statements prepared in accordance with GAAP when and if available to the MSRB.

Listed Events. The University agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of the occurrence of any of the following events with respect to the Series 2019 Bonds, not in excess of ten business days after the occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2019 Bonds, or other material or events affecting the tax status of the Series 2019 Bonds;
- (7) Modifications to the rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property, securing the repayment of the Series 2019 Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the University;
- (13) The consummation of a merger, consolidation, or acquisition involving the University or the sale of all or substantially all of the assets of the University, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a financial obligation of the University, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the University, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the University, any of which reflect financial difficulties.

The term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Solely for purposes of information, but without intending to modify the undertaking, with respect to the notice regarding credit enhancement, property or debt service reserves securing the repayment of the Series 2019 Bonds,

the University advises that no credit enhancement, real property, or debt service reserves secure repayment of the Series 2019 Bonds.

Notification Upon Failure to Provide Financial Data. The University will agree to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described above in this section on or prior to the date set forth above.

EMMA; Format for Filings with the MSRB. Until otherwise designated by the MSRB or the Securities and Exchange Commission, any information or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at www.emma.msrb.org (which is not incorporated into this Official Statement by reference). All notices, financial information and operating data required by the undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to the undertaking must be accompanied by identifying information as prescribed by the MSRB.

Termination/Modification. The University's obligations to provide annual financial information and notices of listed events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2019 Bonds. Any provision of the undertaking shall be null and void if the University (1) obtains an opinion of nationally recognized bond counsel to the effect that the portions of the Rule that require the undertaking or any such provision are invalid, have been repealed retroactively or otherwise not apply to the Series 2019 Bonds, and (2) notifies the MSRB of such opinion and the cancellation of the undertaking. The University may amend the undertaking with an approving opinion of nationally recognized bond counsel in accordance with the Rule.

In the event of any amendment of a provision of the University's undertaking, the University will describe such amendment in the next annual report, and will include, as applicable, a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the University. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (a) notice of such change will be given in the same manner as for a listed event, and (b) the annual report for the year in which the change is made will present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Bondowner's Remedies Related to Continuing Disclosure Undertaking. A Bondowner's or a Beneficial Owner's right to enforce the provisions of the University's undertaking described in this section will be limited to a right to obtain specific enforcement of the University's obligations, and any failure by the University to comply with the provisions of the undertaking will not be an event of default with respect to the Series 2019 Bonds under the Bond Resolution. For purposes of this section, "Beneficial Owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2019 Bonds, including persons holding Bonds through nominees or depositories.

Continuing Disclosure Undertakings of the University. The University has entered into prior undertakings under the Rule with respect to its outstanding obligations. The University discovered that it filed some, but not all, ratings downgrades of the insurers of five series of the University's outstanding Housing and Dining System Revenue Bonds and one series of the University's outstanding Student Recreation Fee Revenue Bonds. A notice of failure to provide timely notice of insurer rating changes was filed on EMMA on October 30, 2014.

OTHER SERIES 2019 BOND INFORMATION

Rating

A rating of A1 has been assigned to the Series 2019 Bonds by Moody's Investors Service, Inc. ("Moody's"). Such rating reflects only the view of the rating organization and an explanation of the significance of the rating may be obtained from Moody's. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of the agency, circumstances so warrant. An explanation of the significance of the rating may be obtained from Moody's, 7 World Trade Center, 250 Greenwich Street, New York, NY 10007, (212) 553-0300. Any such downward revision or withdrawal of any of the rating may have an adverse effect on the market price of the Series 2019 Bonds.

Financial Advisor

PFM Financial Advisors LLC has served as Financial Advisor to the University relative to the preparation of the Series 2019 Bonds for sale, timing of the sale and other factors relating to the Series 2019 Bonds. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement or other information provided relative to the Series 2019 Bonds. PFM Financial Advisors LLC makes no guaranty, warranty or other representation on any matter related to the information contained in the Official Statement. The Financial Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, marketing, trading or distributing municipal securities. A portion of the Financial Advisor's compensation is contingent upon the sale of the Series 2019 Bonds and delivery thereof to the Underwriter.

Underwriter

The Series 2019 Bonds are being purchased by _____ (the "Underwriter") at a price of \$ _____. The Series 2019 Bonds will be re-offered at a price of \$ _____. The Underwriter may offer and sell the Series 2019 Bonds to certain dealers (including dealers depositing Series 2019 Bonds into investment trusts) and others at prices lower than the initial offering prices set forth on cover hereof, and such initial offering prices may be changed from time to time by the Underwriter. After the initial public offering, the public offering prices may be varied from time to time.

Potential Conflicts

Some or all of the fees of the Financial Advisor, Bond Counsel and Disclosure Counsel are contingent upon the sale of the Series 2019 Bonds. Bond Counsel may serve as counsel to other parties involved with the preparation and sale of the Series 2019 Bonds with respect to transactions other than the issuance of the Series 2019 Bonds.

Official Statement

Statements in this Official Statement, including matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the University or the Underwriter and the Owners of the Series 2019 Bonds.

At the time of the delivery of the Series 2019 Bonds, one or more officials of the University will furnish a certificate stating that to the best of his knowledge and belief at the time of the sale or delivery of the Series 2019 Bonds, this Official Statement did not and does not contain any untrue statements of material fact or omit to state a material fact necessary in order to the statements made, in light of the circumstances under which they were made, not misleading in any material respect.

The preparation and distribution of this Official Statement have been authorized by the University.

WESTERN WASHINGTON UNIVERSITY

By: _____
Richard Van Den Hul
Vice President for Business and Financial Affairs

APPENDIX A

WESTERN WASHINGTON UNIVERSITY

General Information

The University is one of six public, four-year institutions of higher education in the state of Washington (the “State”). In 1893 Governor John H. McGraw signed legislation creating New Whatcom Normal School, which later became Western Washington College of Education in 1937, Western Washington State College in 1961, and achieved university status in 1977. Since the first class of 88 students entered in 1899, the school has grown into a comprehensive university of approximately 16,000 full and part-time students, making it the third largest institution of higher education in the State.

The University is located in Bellingham, a city of 89,000 that overlooks Bellingham Bay and many of Salish Sea’s 172 San Juan Islands. The University is located 90 miles north of Seattle, 55 miles south of Vancouver, British Columbia, and within a 90-minute drive from the recreational ski area on 10,778-foot Mount Baker. The University is the third largest employer in Whatcom County.

The main campus of the University, including Sehome Arboretum (38 acres), measures 212 acres. Off-campus sites include the Shannon Point Marine Center in Anacortes (87 acres), Lakewood Recreational Center on Lake Whatcom (15 acres), Whatcom County property utilized for environmental/aquatic analysis (25 acres), administrative offices owned near the Sehome Village Shopping Center, and various other smaller parcels of land.

The University’s facilities include 55 academic and support buildings, eight auxiliary buildings, and 35 residential housing/food service facilities. Academic facilities, both on and off the main campus, total roughly 2.2 million square feet of gross enclosed area, and the academic/service support functions and residential/food facilities add approximately 1.2 million additional square feet of enclosed area. The University offers extended education which provides students the opportunity to complete their degree through evening or distance education options; the University collaborates with colleges, departments and the community to provide the same high standards of quality for which the University is known. The University offers degree programs, online and at six sites in western Washington: Anacortes, Bellingham, Bremerton, Everett, Port Angeles and Poulsbo.

The University was ranked second for top public regional universities in the 14-state western region, according to the 2017, 2018 and 2019 U.S. News & World Report college rankings, and as the highest ranking public master’s granting university in the Pacific Northwest 2018 U.S. News & World Report college rankings. In addition, Kiplinger’s ranks the University on its 2019 list of 100 Best Values in Public Colleges and Universities.

Academic Programs

The University is a liberal arts institution. The University offers over 175 academic programs in its eight colleges, which include the College of Humanities and Social Sciences, College of Science and Engineering, College of Business and Economics, Fairhaven College of Interdisciplinary Studies, College of Fine and Performing Arts, Huxley College of the Environment, Woodring College of Education, and the Graduate School. The University offers 41 masters programs, including masters in teaching, arts, business administration, education, music, professional accounting and science and a clinical doctorate in audiology.

Accreditation

The University is accredited by (i) the Northwest Commission on Colleges and Universities, (ii) the National Association of Schools of Music, (iii) the National Recreation and Parks Association, (iv) the American Speech and Hearing Association, (v) the National Council for Accreditation of Teacher Education, (vi) the Computing Sciences Accreditation Board, (vii) the Technology Accreditation Commission of the Accreditation Board for Engineering and Technology, (viii) the Association to Advance Collegiate Schools of Business, (ix) the Council for Accreditation of Counseling and Related Education Programs, (x) National Association of Schools of Arts and Design, (xi) the American Chemical Society, (xii) Engineering Accreditation Commission of ABET, (xiii) the Commission on Collegiate Nursing Education, (xiv) the SOPHE/AAHE Baccalaureate Approval Committee, and (xv) the Commission on English Language Accreditation..

Governance

The University is governed by an eight-member Board of Trustees (the “Board”), which has broad responsibilities to supervise, coordinate, manage and regulate the University, as provided by State law. Trustees are appointed by the Governor for a term of six years, except a student Trustee, who is appointed to a one-year term. In addition to other powers and duties, the Board employs the President; has full control of the University and its property of various kinds except as otherwise provided by law; with the assistance of the faculty, prescribes the course of study in the various schools and departments thereof, and publish such catalogues thereof as the Board deems necessary; establishes divisions, schools, or departments necessary to carry out the purposes of the University and not otherwise proscribed by law; may acquire real and other property; may purchase supplies and purchase or lease equipment and other personal property needed for the operation or maintenance of the University; and may promulgate such rules and regulations, and perform all other acts not forbidden by law, as the Board deems necessary or appropriate to the administration of the University.

Current members of the Board are shown in the following table.

TABLE 8
Members of the Board of Trustees

Individual	Professional Affiliation	Year of Initial Appointment	Expiration of Term
Earl Overstreet, Chair	President, General Microsystems Inc.	2014	9/30/2020
Chase Franklin, Vice Chair	Start-up Advisor, Investor and Management Consultant	2014	9/30/2019
John M. Meyer, Secretary	Retired, Skagit County Superior Court Judge	2015	9/30/2021
Karen Lee	CEO Pioneer Human Services	2010	9/30/2022
Faith Li Pettis	Partner, Pacifica Law Group	2018	9/20/2024
Sue Sharpe	Executive Director, Chuckanut Health Foundation	2012	9/30/2024
Maureen West	Faculty UW, Bothell School of Nursing and Health Studies	2015	9/30/2021
Hunter Stuehm	Student Trustee	2019	6/30/2020

Source: The University.

Officers of the Board of Trustees

Earl Overstreet, Chair, was first appointed to the Board in 2014 to a term effective until 2020. Mr. Overstreet is president of General Microsystems Inc. Mr. Overstreet has served his community in a number of different ways including Chair of the Board of Directors for the Bellevue Chamber of Commerce, as a member of the Central Washington University College of Business Advisory Board, the State of Washington Office of Minority and Women’s Business Enterprise’s Advisory Committee, the South King County STEM Advisory Committee and on the Bellevue College Presidential Search Advisory Committee. Mr. Overstreet earned his bachelor’s degree in mechanical engineering from Case Institute of Technology and his Masters of Business Administration from Case Western Reserve University in his hometown of Cleveland, Ohio.

Chase Franklin, Vice Chair, was first appointed to the Board in 2014 to a term effective until 2019. Mr. Franklin serves as a member of the Advisory Board of the WWU College of Business and Economics’ Center for Excellence in Management Education. Mr. Franklin, a resident of Seattle, is currently a startup advisor, investor and management consultant. Previously he was CEO of Daptiv Inc., Chief of Strategy for Content and Media at Amdocs Ltd., and co-founder and CEO of Qpass Inc. Prior to founding Qpass in 1997, Mr. Franklin spent more than a decade at Microsoft Corp. in key product development and management positions. He played a notable role in Microsoft’s transition from standalone productivity applications to the Microsoft Office suite. He was part of the original design team for Word for Windows before taking on the integration and interoperation of the elements of Microsoft Office. He later spearheaded some of Microsoft’s early interactive TV initiatives, as well as e-commerce and business development within MSN and early internet platform products. Mr. Franklin is the recipient of multiple patents relating to the design of Microsoft and Qpass technologies in the areas of commerce, secure payments, business process automation and customer management in highly scaled network operating environments. Mr. Franklin earned his bachelor’s degree from Western Washington University in Mathematics and Economics in 1986.

John M. Meyer, Secretary, was first appointed to the Board in 2015 to fill a term through 2021. Mr. Meyer served as a Skagit County Superior Court Judge from 1997 until 2015. He also served as a District Court judge in Skagit County from 1995 to 1997. He was in private practice and partner in the Gilbert and Meyer Law Firm from 1975 to 1994. Prior to that he served as a staff attorney with the Federal Power Commission in Washington, D.C. Mr. Meyer has served as a member on the Board of Judicial Administration, the Sentencing Guidelines Commission Board, the Washington State Trial Lawyers Association Board, and Skagit Valley College Board; serving as chair of the Board of Judicial Administrations Court Education Committee, the Skagit County Law and Justice Board, and the Skagit Homeless Youth Task Force; serving as dean of the Washington State Judicial College; serving as treasurer of the Superior Court Judges' Association; and serving as president of the University of Washington Alumni Association Board, the Skagit County Bar Association, the Skagit Valley College Foundation, Mount Vernon Kiwanis, and the Skagit Valley Family YMCA. Mr. Meyer earned his bachelor's degree in education from the University of Washington and his Juris Doctorate degree from the University of California, Hastings College of the Law.

University Administration

The University is administered by a President, who is appointed by the Board to act as the chief executive officer of the University. The President leads the University in development and fulfillment of institution-wide goals and its long-term strategic plan. The President has appointed a team to assist in management of the University.

The University's administrative officers are listed below.

TABLE 9
Administrative Officers of the University

Individual	Office	Year Hired by the University	Year of Current Appointment
Dr. Sabah Randhawa	President	2016	2016
Dr. Brent Carbajal	Provost/Vice President for Academic Affairs	1997	2013
Stephanie Bowers	Vice President for University Advancement/ Executive Director for WWU Foundation	2001	2002
Donna Gibbs	Vice President for University Relations and Marketing	2017	2017
Dr. Melynda Huskey	Vice President for Enrollment and Student Services	2017	2017
Richard Van Den Hul	Vice President for Business and Financial Affairs	2010	2010

Source: The University.

Brief resumes for the President and Provost follow.

Dr. Sabah Randhawa, President. Dr. Randhawa was appointed as the University's fourteenth president in 2016. Prior to his appointment, Dr. Randhawa served as Provost and Executive Vice President at Oregon State University ("OSU") from June 2005 through July 2016. Previous to becoming OSU's provost, Dr. Randhawa was Vice Provost for Academic Affairs and International Programs at OSU from 2001 to 2004. He was interim Dean of OSU's College of Business from 2001 to 2002, and prior to that, associate dean for operations in the OSU College of Engineering from 1999 to 2000 and department head of Industrial and Manufacturing Engineering from 1993 to 1999. He holds a B.S. in chemical engineering from the University of Engineering & Technology, Pakistan, a M.S. in Industrial Engineering from Oregon State University, and a Ph.D. in industrial engineering from Arizona State University.

Brent Carbajal, Provost/Vice President for Academic Affairs. Dr. Carbajal was appointed as the University's Provost and Vice President for Academic Affairs in June 2013. Prior to his appointment Dr. Carbajal served as Dean of the College of Humanities & Social Sciences and Chair of the University's Department of Modern and Classical Languages. Prior to the University, he was an assistant and associate professor of Spanish at Stephen F. Austin State University in Nacogdoches, Texas. Dr. Carbajal earned his bachelor's from Lewis & Clark College and his master's and PhD from the University of Washington.

State Oversight of Higher Education

The State Governor appoints members of the Board and the State Senate confirms the appointments. The Washington Student Achievement Council ("WSAC") provides planning, coordination, monitoring, and policy analysis for higher education. The WSAC proposes and tracks progress toward State higher education goals and priorities. The agency administers State-funded financial aid, and conducts research and analysis. The State Legislature sets broad academic and fiscal policy for postsecondary education, including authorizing degree categories, setting tuition policy, funding maintenance and construction of academic buildings, articulating laws for dual credit programs, and funding about 42 percent of the operating costs of public comprehensive baccalaureates. The Office of Financial Management ("OFM")

oversees the allocation of State funds to baccalaureate institutions. The Washington State Professional Educator Standards Board approves teacher preparation programs offered by baccalaureate institutions.

Faculty, Employees and Labor Relations

As of October 16, 2018, the University had 1,621 full-time equivalent (“FTE”) employees and 2,785 part-time/temporary employees, this includes 2,095 student employees.

The following shows the number of full and part-time instructional faculty, percentage tenured, and degree status.

TABLE 10
Instructional Faculty, Tenure and Degrees

Instructional Faculty	Fall 2018	Fall 2017	Fall 2016	Fall 2015	Fall 2014
Full-time Instructional Faculty	639	643	619	598	570
Part-time Instructional Faculty	<u>310</u>	<u>310</u>	<u>318</u>	<u>330</u>	<u>328</u>
Total Instructional Faculty	949	953	937	928	898
Percent of full-time faculty tenured	58.8%	57.2%	57.2%	59.7%	63.7%
Percent of full-time faculty with PhD or Terminal Degree	88.7%	88.3%	87.4%	86.6%	88.6%
Percent of total faculty with PhD or Terminal Degree	73.9%	72.8%	72.6%	68.4%	67.9%

Source: The University.

The University’s classified employees are represented by two unions, the Washington Federation of State Employees (the “WFSE”), representing 428 employees, and the Public School Employees union (the “PSE”), representing 380 employees. In accordance with the State’s Personnel System Reform Act and RCW 41.80, the University negotiates two-year contracts with the unions, which require ratification of the union membership, and submission to the State Legislature for funding. The University reached agreement with WFSE and PSE on a contract for the 2019-21 State biennium. The contracts were submitted to the Office of Financial Management for review of financial feasibility by October 1, 2018 and were approved by the legislature in the 2019 Legislative session.

The University’s faculty is represented by the United Faculty of Western Washington (the “UFWW”). The current contract is in effect until September 15, 2020.

University management considers relations with all categories of its employees to be good.

Student Enrollment

Approximately 87 percent of the University’s students are State residents. Approximately 33 percent of students are from King County, followed by Snohomish, Whatcom and Pierce counties, which together make up 68 percent of students. Additionally, the student body includes residents from 48 other states and other U.S. territories, led by California, Oregon, Colorado and Alaska. International students come from 39 other nations, led in numbers by Canada, Japan, China, Vietnam and Saudi Arabia.

Historically, the highest share of the University’s students enter directly from high school and, therefore, the campus is characterized by a young student body with an average age of 21 for undergraduates. Most students enrolled at the University are full-time students. For Fall 2018, the average grade point average (“GPA”) for entering freshmen was 3.46 and the average GPA for transfer students was 3.23. The following shows average annual enrollment, by FTE and headcount, for the five prior academic years.

TABLE 11
Average Annual Enrollment⁽¹⁾

Year	FTE Enrollment	Headcount Enrollment
2018-19	14,187	15,357
2017-18	14,053	15,213
2016-17	13,726	14,867
2015-16	13,587	14,742
2014-15	13,397	14,452

⁽¹⁾ Includes students enrolled in distance and evening degree programs.

Source: The University.

Enrollment numbers for Fall 2019 will not be available until early October, but early indicators suggest that the headcount for 2019 will be similar to that of 2018. Commitments from new first-year students are currently at 3,280, as compared to

3,303 at this time last year. The University anticipates a slight increase in the number of continuing students due to strategic efforts to enhance retention and record levels of new student enrollment in recent years.

The following table shows graduate and undergraduate headcount enrollment, and freshman and transfer applications and acceptances, based on fall quarter enrollment for each of the past five years.

TABLE 12
Enrollment Statistics – Fall Quarter⁽¹⁾

	<u>Fall 2018</u>	<u>Fall 2017</u>	<u>Fall 2016</u>	<u>Fall 2015</u>	<u>Fall 2014</u>
Fall Quarter Enrollment (Headcount)					
Undergraduates					
Seniors	4,740	4,585	4,591	4,448	4,368
Juniors	4,263	4,168	3,983	3,950	3,722
Sophomores	2,877	2,898	2,785	2,759	2,721
Freshmen	<u>3,191</u>	<u>3,225</u>	<u>3,124</u>	<u>3,179</u>	<u>3,243</u>
<i>Total Undergraduates</i>	15,071	14,876	14,483	14,336	14,054
Graduates and Post-Baccalaureates					
Graduates	754	722	728	707	653
Post-Baccalaureates	<u>197</u>	<u>225</u>	<u>254</u>	<u>223</u>	<u>255</u>
<i>Total Graduates and Post-Baccalaureates</i>	951	947	982	930	908
Non-Matriculated	<u>99</u>	<u>92</u>	<u>109</u>	<u>66</u>	<u>98</u>
Total Headcount Enrollment	16,121	15,915	15,574	15,332	15,060
Fall Quarter Enrollment (FTE)	15,049	14,779	14,486	14,194	14,029
Freshmen Applications and Enrollment					
Applications	11,124	11,244	10,519	9,917	9,285
Offered	9,751	9,534	8,743	8,168	7,852
Percent of Applications Offered Admission	88%	85%	83%	82%	85%
Enrolled	3,147	3,114	2,888	2,809	2,786
Enrolled as a Percent of Admissions	32%	33%	33%	34%	35%
Transfer Students Applications and Enrollment					
Applications	2,432	2,741	2,664	2,569	2,525
Offered	1,896	1,962	1,886	1,883	1,817
Percent Applicants Offered Admissions	78%	72%	71%	73%	72%
Enrolled	1,165	1,181	1,141	1,161	1,108
Enrolled as a Percent of Admissions	61%	60%	60%	62%	61%

⁽¹⁾ Includes students enrolled in distance and evening degree programs.

Source: The University.

Tuition and Fees

For the 2015-17 biennium, the State Legislature provided appropriations sufficient to backfill tuition reductions for resident undergraduate students amounting to 5.0% in fiscal year 2016 and 15.0% in fiscal year 2017. For the 2017-19 biennium, the State Legislature approved resident undergraduate tuition increases at 2.2 percent for fiscal year 2018 and 2.0 percent for fiscal year 2019, and for fiscal year 2020, 2.4% resident undergraduate increases were approved. In the last three biennia, the State Legislature maintained the ability for public universities to set tuition levels for graduate and non-resident undergraduate students without limitation. The Board of Trustees approves all increases to tuition and mandatory fees prior to the beginning of the academic year.

There are two components of fees: tuition (consisting of building fees and operating fees) plus service and activities (“S&A”) fees, some of which are State-mandated and some of which are approved based on recommendations from students through a formal process.

The percentages of increases in tuition and other fees over the past two years are detailed in the following table.

TABLE 13
Percentage of Tuition and Fees Increases

	FY 2020	FY 2019
Resident Undergraduate	2.4%	2.2%
Non-resident Undergraduate	5.0	5.0
Resident Graduate	4.5	4.5
Non-resident Graduate	4.5	4.5
S&A fees	3.4	3.4
Other mandatory fees	Ranged between 0.00% - 4.8%	Ranged between 0.00% - 28.6%

Source: The University.

Resident and non-resident tuition and fees for the current academic year, and the four prior academic years are shown below. This information includes the building fee and operating fee components of tuition and S&A fees, but excludes the other mandatory fees.

TABLE 14
Academic Year Tuition and Fees

Academic Year	Undergraduate Students		Graduate Students	
	Resident	Non-Resident	Resident	Non Resident
2019-20	\$7,213	\$23,562	\$10,807	\$22,430
2018-19	7,038	22,450	10,349	21,471
2017-18	6,879	21,391	9,910	20,554
2016-17	6,731	20,675	9,582	19,866
2015-16	7,734	20,086	9,305	19,300

Source: The University.

TABLE 15
Comparative Tuition and Fees for Academic Year 2018-19
Washington State Public Universities/Colleges

	Resident Undergraduate	Resident Graduate
University of Washington	\$10,535	\$15,918
Washington State University	10,257	11,761
Western Washington University	7,038	10,349
Central Washington University	6,881	9,925
The Evergreen State College	6,825	10,530
Eastern Washington University	6,381	11,439

Source: Provided by the University based on institutional websites.

Student Financial Aid and Scholarships

The following table shows a summary of financial aid delivered to students for the last two academic years. In addition to the disbursements listed below, an estimated 3,000 students earned \$10.6 million in wages in the Bellingham community, through part-time employment obtained through the University Federal Job Location and Development Program.

TABLE 16
Summary of Financial Aid

Funding Source	Academic Year 2018	Percent of Totals	Academic Year 2017	Percent of Totals
Federal	\$ 84,532,402	58.1%	\$ 83,881,688	59.7%
State	18,451,155	12.7	16,370,203	11.6
Institutional	33,952,439	23.3	31,761,703	22.6
Private Donor/Other	<u>8,512,054</u>	<u>5.9</u>	<u>8,504,192</u>	<u>6.1</u>
Total	\$145,448,050	100.0%	\$140,517,786	100.0%
Programs				
Grants	\$ 39,748,053	27.3%	\$ 36,747,126	26.2%
Scholarships	20,824,810	14.3	18,429,695	13.1
Employment	13,479,480	9.3	12,494,356	8.9
Loans	<u>71,395,707</u>	<u>49.1</u>	<u>72,846,609</u>	<u>51.8</u>
Total	\$145,448,050	100.0%	\$140,517,786	100.0%

Source: The University.

The University is required by the State Legislature to reserve at least 4 percent of tuition operating fees for college-based student scholarships and assistance. The majority of the University's students have repaid their federal student loans in a timely manner, as evidenced by the University's low default rates for the last several fiscal years. The University's official cohort default rate for the William D. Ford Federal Direct Loan Program was 2.3 percent for fiscal year 2015 (the most recent year for which data is available) and 2.5 percent for fiscal year 2014, substantially below the 25 percent rate which would endanger the ability of an institution to participate in federal student loan programs. The University's Financial Aid Department rigorously applies federal, State, and institutional regulations to assure that the delivery of student aid funds is conducted accurately, expediently, and with integrity.

FINANCIAL OPERATIONS

Basis of Accounting

The financial statements of the University are presented in accordance with generally accepted accounting principles ("GAAP") following guidance given by the Governmental Accounting Standards Board ("GASB"). For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. As defined by GAAP, the financial reporting entity consists of the University, as well as its component unit, the Western Washington University Foundation, described below. The Statement of Revenues, Expenses and Changes in Net Position from the audited financial statements for the five most recent fiscal years are shown on the next page.

Auditing

The University's Financial Statements and selected auxiliary units are audited annually by the State Auditor's Office, which provides an opinion on the financial statements. The auditor's opinion on the University and auxiliary financial statements is unqualified for the period ending June 30, 2018.

The State Auditor's Office also performs accountability audits to provide reasonable assurance of the University's compliance with legal requirements and to determine if adequate internal controls are in place. In recent years, the University has had no audit findings.

In addition, the State Auditor's Office performs an annual audit of federal grant expenditures for the State as required by the Single Audit Act. This audit is performed on a statewide basis and includes major federal programs at the University if selected for audit.

Historical Operating Results

The following table depicts historical revenue, expenses and changes in net position for the University for the past five fiscal years. The University anticipates fiscal year 2019 results to be similar to fiscal year 2018.

TABLE 17
Western Washington University
Statement of Revenues, Expenses, and Changes in Net Position⁽¹⁾
For Fiscal Years Ended June 30

	2018	2017	2016 Restated	2015	2014
Operating Revenues					
Student tuition and fees	\$ 144,408,819	\$ 137,353,788	\$ 147,574,484	\$145,246,475	\$141,124,174
less tuition discounts	(30,964,892)	(27,763,925)	(29,381,240)	(29,042,676)	(27,181,020)
Federal grants and contracts	5,693,982	6,702,355	6,802,053	6,910,295	5,986,263
State and local grants and contracts	19,913,051	20,516,219	19,007,109	18,579,094	17,805,187
Nongovernmental grants and contracts	4,214,617	4,161,010	3,657,551	3,347,378	2,661,042
Sales and services of educational activities and other	4,613,182	4,788,981	5,871,459	5,401,957	4,650,219
Interest earned on loans to students	173,018	182,998	183,533	207,772	192,000
Other operating revenue	362,411	325,548	315,137	232,656	164,600
Auxiliary enterprises	72,431,731	64,818,838	64,223,571	62,931,583	61,608,600
less scholarship allowances	<u>(7,949,128)</u>	<u>(7,216,452)</u>	<u>(6,950,206)</u>	<u>(6,845,019)</u>	<u>(6,417,020)</u>
Total operating revenue	\$ 212,896,791	\$ 203,869,360	\$ 211,303,451	\$206,969,515	\$200,594,045
Operating Expenditures					
Salaries and wages	\$ 161,887,240	\$ 153,431,945	\$ 147,482,500	\$137,978,506	\$128,689,182
Benefits ⁽²⁾	52,096,057	46,494,049	58,927,393	37,828,906	39,988,628
Scholarships and fellowships	20,918,289	19,936,045	19,023,856	18,031,770	17,489,523
Utilities	5,156,640	5,492,251	5,407,290	5,329,942	5,515,154
Supplies and materials	58,330,267	55,796,061	48,883,074	47,861,095	46,298,546
Purchased and personal services	5,165,762	4,584,902	6,568,393	6,454,566	6,384,324
Depreciation	<u>26,543,190</u>	<u>24,336,383</u>	<u>25,079,964</u>	<u>24,912,316</u>	<u>24,390,381</u>
Total operating expenses	\$ 330,097,445	\$ 310,071,636	\$ 311,372,470	\$278,397,101	\$268,755,738
Operating income (loss)	\$(117,200,654)	\$(106,202,276)	\$(100,069,019)	\$(71,427,586)	\$(68,161,693)
Non-operating Revenues(Expenses)					
State appropriations	\$ 78,652,047	\$ 76,135,377	\$ 62,469,383	\$ 49,623,384	\$ 52,028,184
Federal Pell Grant Revenue	17,635,311	15,468,268	15,928,096	15,597,411	14,952,723
Investment income	1,775,765	1,250,295	1,023,615	921,794	712,531
Interest on indebtedness	(3,616,033)	(3,142,255)	(3,164,726)	(3,486,933)	(3,554,252)
Gains (Loss) on endowments	938,744	1,397,746	(572,048)	290,833	1,674,587
Non-operating rental property income	<u>30,231</u>	<u>(12,959)</u>	<u>4,902</u>	<u>26,015</u>	<u>28,186</u>
Total Non-operating revenues (expenses)	\$ 95,416,065	\$ 91,096,472	\$ 75,689,222	\$ 62,972,504	\$ 65,841,959
Income or (loss) before other revenues, expenses, gains, or losses	\$(21,784,589)	\$ (15,105,804)	\$ (24,379,797)	\$ (8,455,082)	\$ (2,319,734)
Capital appropriations	2,397,857	35,332,800	23,443,759	6,989,901	2,549,922
Other capital revenue	2,626,143	2,163,946	2,471,553	2,792,384	3,491,369
Pledged gift revenue from the Foundation	<u>3,255,646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,732</u>
Total other revenues	\$ 8,279,646	\$ 37,496,746	\$ 25,915,312	\$ 9,782,285	\$ 6,138,023
Increase (Decrease) in net assets	\$ (13,504,943)	\$ 22,390,942	\$ 1,535,515	\$ 1,327,203	\$ 3,818,289
Net position, beginning of year	\$ 356,691,042	\$ 432,988,022	\$ 431,452,507	\$461,671,507	\$457,853,218
Restatement ⁽³⁾	<u>-</u>	<u>(98,687,922)</u>	<u>-</u>	<u>(31,546,203)</u>	<u>-</u>
Net position, end of year	\$ 343,186,099	\$ 356,691,042	\$ 432,988,022	\$431,452,507	\$461,671,507

⁽¹⁾ Information is based on audited financial statements of the University for fiscal years 2014, 2015, 2017 and 2018. Information for fiscal year 2016 is based on restated audited financial statements of the University.

⁽²⁾ Benefits for fiscal year 2016 required a \$13.3 million restatement due to the implementation of GASB 73 regarding supplemental pensions.

⁽³⁾ Beginning Net Position required a restatement for fiscal year 2015 due to the implementation of GASB 68 regarding pensions and fiscal year 2017 due to the implementation of GASB 75 regarding Postemployment benefits.

Source: The University.

State Funding for the University

The University is one of six public universities in the State, and has traditionally received significant State funding for operations and capital projects. The Board has responsibility under State law for submitting a biennial budget plan for operations, as well as a list of prioritized capital project needs for which it is seeking funding, to the Governor for submission to the State Legislature.

State Funding for Operations. Historically, the State Legislature has provided funding for operations on the basis of a budgeted level of FTE student enrollment for each institution of higher education in the State. The State considered one FTE student to be an undergraduate carrying 15 credits or a graduate student carrying 10 credits. The level of funding for budgeted enrollment was determined by the State Legislature each year. Historically, the State provided operating support for academic buildings, based on a formula relating to estimated square footage of academic facilities, although the amount funded under the formula has declined in recent years.

Historically, enrollment demand at the University has exceeded State-budgeted enrollment level. The following table shows current and historical budgeted and actual enrollment for the University.

TABLE 18
State Funded Enrollment – Budgeted Compared to Actual
Annual Average FTE

Fiscal Year	Budgeted	Actual	Difference
2019	11,762	13,428	1,666
2018	11,762	13,271	1,509
2017	11,762	12,961	1,199
2016	11,762	12,853	1,091
2015	11,762	12,749	987
2014	11,762	12,565	803

Source: The University.

December 2007 through June 2009, the State Legislature reduced operating appropriations before and during the biennium, which required the University to make budget adjustments to reduce operating expenditures. However, the State Legislature provided the University with greater authority to increase tuition to help offset some of the damaging reductions. Coming out of the recession, the 2013-15 biennial budget included new investments in higher education by the State, but required that resident undergraduate tuition rates be held at 2012-13 levels for both years of the biennium. In the 2015-17 biennial budget, the State Legislature included an unprecedented cut in resident undergraduate tuition rates of 5% in fiscal year 2016 and 15% in fiscal year 2017, which was backfilled with State appropriation funding in the amount of \$17,743,000 in the 2015-17 biennial budget. That tuition backfill is adjusted annually for inflation based on the Seattle CPI. The current law regarding resident undergraduate tuition provides that rates may increase by no more than the average annual percentage growth rate in the median hourly wage for the State for the previous fourteen years as the wage is determined by the Federal Bureau of Labor Statistics.

The following table shows the history of operating budget appropriations to the University for the five most recent biennia. State budget adjustments may be made during subsequent legislative sessions, which modify the level of State funding support for the University's operating budget.

TABLE 19
Historical State Appropriations for University Operating Budget

	2019-21 Biennium	2017-19 Biennium	2015-17 Biennium	2013-15 Biennium	2011-13 Biennium
State Operating Appropriations	\$180,670,000	\$158,720,000	\$133,111,000	\$100,757,000	\$79,719,000

Source: The University.

State Funding for Capital Projects. The State has historically funded capital projects for construction or renovation of academic buildings and minor capital improvements for the University in its capital budget. The University has historically funded capital projects for auxiliaries or student facilities with auxiliary revenues or special revenue bonds, which do not require State funding or approval. Prior to each biennium, the University provides a prioritized list of capital projects for which it is seeking State funding to OFM, which is scored relative to capital project lists provided by other public higher education institutions. OFM develops a ranked list of capital priorities for the public higher education institutions for presentation to the Governor and the State Legislature.

The following table shows the history of new capital budget appropriations to the University for the five most recent biennia (these appropriations include both GO Bonds and Local funds). **The table below does not include alternative financing such as certificate of participation sales, which are legislatively approved and included in the biennial capital budgets.**

TABLE 20
Historical State Appropriations for University Capital Budget

	2019-21 Biennium	2017-19 Biennium	2015-17 Biennium	2013-15 Biennium	2011-13 Biennium
State Capital Appropriations	\$76,460,000	\$27,131,000	\$76,072,000	\$22,389,000	\$28,291,000

Source: The University.

University Operating Budget

The information below shows the University budget plan provided to the State for the 2019-21 and the 2017-19 biennia. The biennial budget plans do not include auxiliary operations, which are separately budgeted.

TABLE 21
University Operating Budget

Fund	2019-21 Biennium	2017-19 Biennium⁽¹⁾
State General Fund	\$160,172,000	\$143,406,000
Education Legacy Trust	13,831,000	13,831,000
Capital Projects Account ⁽²⁾	5,038,000	5,097,000
Workforce Education Investment Account ⁽³⁾	<u>5,243,000</u>	<u>0</u>
Total State Appropriations	\$184,284,000	\$162,334,000
WWU Operating Fees Account	162,469,000	150,419,000
Local Fund	66,158,000	62,700,000
Grants and Contracts	<u>102,200,000</u>	<u>101,300,000</u>
Total Operating Funds	\$515,111,000	\$476,753,000

⁽¹⁾ Based on State General Funds currently appropriated by the State Legislature, and subject to change.

⁽²⁾ \$3,614,000 (in both biennia) are costs appropriated in the capital budget and are associated with facility maintenance and repairs. In addition, \$1,483,000 was appropriated in the operating budget for additional maintenance and operations (\$540,000) and debt service associated with a March 2017 issued Certificate of Participation sale (\$943,000). The additional amount was slightly reduced in the 2019-21 biennium to \$1,424,000.

⁽³⁾ New in 2019-21 biennium.

Source: The University.

The following provides discussion for the University's major budget sources, as shown in the table above.

State Appropriations. In 2019-21, the legislature authorized a new dedicated revenue source for public institutions of higher education, the Workforce Education Investment Account. This provided a total of \$5,038,000 in new appropriations to the University, \$3,426,000 of which is dedicated to increasing enrollments in STEM majors, and the remainder of which is purposed to alleviate financial pressures caused by the State's cap on resident undergraduate tuition increases. In the 2017-19 biennial budget, the State appropriated \$1,000,000 to the University for student success initiatives to improve retention and graduation rates.

WWU Operating Fees Account. Tuition Operating Fees represent the operating portion of the tuition charged to students attending the University, and investment income on the operating fees. Other than a set percentage of the operating fee that is mandated to be used for student financial aid (currently four percent), operating fees are budgeted and used for operation of the University, at the discretion of the Board.

Local Fund. The Local Fund is used by the University to account for dedicated revenue sources, such as indirect cost reimbursement on sponsored research projects, institutional administrative fees, miscellaneous student fees and interest earnings, self-sustaining program revenues, distance education, conferences, non-credit outreach courses, summer session tuition, and other sales of materials and services to university units or non-university customers.

Grants and Contracts. Federal and state grant programs provide the largest source of funding in this category of activity, including student work study programs. Revenue in this category, other than financial aid, scholarships and student loans, includes approximately \$9.5 million in Federal research grants and other grants.

Western Washington University Foundation and University Endowments

The University is supported by a private not-for-profit corporation, the Western Washington University Foundation (the “Foundation”). The Foundation is legally separate from the University, and acts as the University’s primary fundraising organization to supplement State and other funding. The Foundation has been recognized as a tax-exempt charitable organization under section 501(c)3 of the Internal Revenue Code. In addition to funds raised directly by the Foundation, all unrestricted gifts to the University, with the exception of those involving a State match of funds, are forwarded to the Foundation. In July 2011, the University transferred approximately \$9.4 million in University-owned endowment funds to be held in trust by the Foundation. These funds are held, invested and managed by the Foundation in accordance with the Foundation’s investment policies under direction of the Foundation’s Finance Investment Committee.

As of June 30, 2018, total investments managed by the Foundation were \$104.1 million (audited), which includes \$13.5 million held in trust for the University. As of June 30, 2018, total net assets of the Foundation were \$94.4 million, of which \$18.8 million was unrestricted, \$26.7 million was temporarily restricted and \$48.9 million was permanently restricted.

Under GASB 39 criteria, the Foundation is an affiliated organization that meets the criteria for discrete presentation. The Foundation maintains separately audited financial statements, and the financial condition and activities are presented as a discretely reported component unit in the University’s financial statements.

The Foundation’s Finance Committee is comprised of at least five members, excluding standing, non-voting members, of which a majority are Foundation Board members. The Board Treasurer serves as a standing, voting member of the committee. Standing, non-voting members of the committee are the President and CEO of the Foundation, the Vice President and CFO of the Foundation, and the Vice President for Business and Financial Affairs for the University (or his/her assign). Members of the committee are nominated by the Foundation Treasurer, approved by the Executive Committee, and work in professions ranging from banking to investment management to business development.

Investment and Spending Policies. The Foundation has formal investment and spending policies relating to endowments and investments. The target asset allocation for endowment investments is 68 percent US and global equities, 13 percent fixed income, 10 percent diversifying and alternative assets and 9 percent real assets. The Foundation seeks investments within these broad categories that provide diversification and enhance fund returns. During the fiscal years ended June 30, 2018 and 2017, the University endowment returned 8.1 percent and 13.1 percent, respectively.

The Foundation’s spending formula generally follows a formula commonly referred to as the “Yale spending rule.” This is a weighted combination of a percentage of the prior year spending and a percentage of the (average) portfolio value. Currently endowment spending in a given year sums to 70 percent of the prior year’s distribution, adjusted for inflation plus 30 percent which is calculated by applying the targeted long-term spending rate (4 percent) to the rolling three year average of the endowment balance. This smoothing rule and the diversified nature of the endowment’s investments are designed to mitigate the impact of short-term market volatility on the flow of funds to support University operations and student support. During fiscal year 2018, the Foundation distributed \$3.4 million in financial support from the endowments. In fiscal year 2017, the amount was \$3.6 million.

Investments

The University manages cash and investments centrally, and pools University operating funds for investment purposes. Funds such as bond and reserve funds, unexpended bond proceeds, and renewal and replacement funds for certain auxiliary enterprises are separately invested. The University’s investment policy is structured to limit exposure to fair value losses by limiting the duration of the portfolio. University endowment funds are managed by the Foundation.

TABLE 22
Investments at Fair Market Value

	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016
University Investment Pool			
Cash and cash equivalents	\$ 10,112,824	\$ 14,925,551	\$ 15,294,317
Commercial Paper	997,430	7,996,440	3,995,980
Corporate	5,885,720	0	0
Certificate of Deposit	4,000,000	4,000,000	6,000,000
U.S. Treasuries	30,753,390	19,913,250	30,124,658
U.S. Agencies	41,154,960	54,886,600	55,452,866
University Endowment Funds			
Cash and cash equivalents	1,014,269	162,319	107,276
Fixed Income	2,336,081	2,467,544	2,036,595
Equity securities	8,069,252	7,665,370	6,631,273
Real estate	604,764	520,422	469,800
Alternative investments	1,473,889	2,036,460	2,200,336
Other University Funds⁽¹⁾			
Renewal/replacement Certificates of Deposit	1,608,913	1,608,913	1,521,563
Renewal/replacement U.S. Treasuries	1,128,707	0	0
Renewal/replacement U.S. Agencies	385,655	1,521,310	1,537,640
H&D Bond Inv. Cash & Cash Equivalents	4,728,475	0	0
H&D Bond Inv. U.S. Treasuries	17,622,070	0	0
H&D Bond Inv. U.S. Agencies	4,497,750	0	0
Miscellaneous	1,010	1,010	1,010
Total	\$136,375,159	\$117,705,189	\$125,373,314

⁽¹⁾ Includes bond funds and reserves and unexpended bond proceeds.

Source: The University.

State Normal School Permanent Fund

The University is a beneficiary of the State's Normal School Permanent Fund (the "Permanent Fund"), established under RCW 43.79.160 as a permanent endowment fund, the earnings from which are invested and used for the benefit of the State's four regional universities, including Central and Eastern Washington Universities, The Evergreen State College, and the University. The primary source of new principal for the Permanent Fund are revenues, primarily timber sales, from certain State lands granted to the State by the Federal government for state normal schools, and which are managed by the State's Department of Natural Resources. The principal and revenue of the Permanent Fund are invested by the State Treasurer's Office. For the year ending June 30, 2018, the University received \$2,626,143 in earnings and distributions from the Permanent Fund, which is used for capital purposes of the University, after appropriation by the State Legislature. For the year ending June 30, 2017, the University received \$2,163,946 in earnings and distributions from the Permanent Fund.

Risk Management

The University participates in the State's Self-Insurance Liability Program ("SILP"). Premiums to the State are based on a formula for allocating costs to participating State agencies, including higher education institutions, based on an independent actuarial study of the State's projected liabilities. University also maintains various commercially obtained liability insurance policies that provide coverage for certain exclusions under the SILP.

During the past three fiscal years, no settlements have been greater than the insurance coverage. University participates in the State's L&I Workers Compensation Insurance Program for all employees. In addition, University purchases "all risk" buildings, contents and business interruption insurance for the Housing and Dining System, Wade King Student Recreation Center, Viking Union Complex, and other auxiliaries through its participation in the State's Alliant Property Insurance Program. At a minimum, coverage is maintained in accordance with the related bond resolutions.

Pension Plans

The University offers four contributory pension plans that cover eligible employees: (i) the Public Employees' Retirement System ("PERS"), (ii) the Washington State Teachers' Retirement System ("TRS"), (iii) the Law Enforcement Officers' and Firefighters' Retirement System ("LEOFF") and (iv) the Western Washington University Retirement Plan ("WWURP"). Under these plans, the employee and employer contribute a percentage of the employee's compensation. PERS, TRS and LEOFF are cost sharing, multiple-employer defined benefit public retirement plans administered by the State. An actuarial valuation of these plans for University employees is not available on a stand-alone basis. See Appendix C, Note 19, for additional discussion of the University's pension plans.

WWURP. The WWURP is a defined contribution pension plan with a supplemental payment, when required. The WWURP plan covers faculty, professional staff, and certain other employees and is administered by the University. The University's Board is authorized to establish and amend benefit provisions. Contributions to the plan are invested in annuity contracts or mutual fund accounts offered by one or more fund sponsors. Benefits from fund sponsors are available upon separation or retirement at the employee's option. Employees have at all times a 100 percent vested interest in their accumulations. Employee contribution rates to WWURP are based on age, and range from 5 percent to 10 percent of salary. The University matches employee contributions to this plan, and all required contributions have been made.

The WWURP contributions for the year ending June 30, 2018, were \$7,735,512 for employees and \$7,735,655 for the University.

PERS, TRS and LEOFF. PERS, TRS and LEOFF are cost sharing multiple-employer defined benefit pension plans administered by the State Department of Retirement Services (the "DRS"). The authority to establish and amend benefits provisions resides with the State Legislature. The DRS issues a publicly available financial report that includes financial statements and required supplementary information for PERS, TRS and LEOFF. PERS Plan 1 provides retirement and disability benefits and minimum benefit increases to eligible nonacademic plan members hired prior to October 1, 1977. PERS Plans 2 and 3 provide retirement and disability benefits and a cost-of-living adjustment to eligible nonacademic plan members hired on or after October 1, 1977. Retirement benefits are vested after five years of eligible service. Beginning July 1, 2011, TRS Plan 3 is a retirement plan option offered to academic plan members, in addition to the WSURP. PERS Plan 3 and TRS Plan 3 have a defined contribution component that members may elect to self-direct as established by the Employee Retirement Benefits Board. PERS, TRS Plan 3 and LEOFF defined benefit plan benefits are vested after an employee completes ten years of eligible service, with some exceptions in which only five years of eligible service may be required. Each biennium, the state Pension Funding Council adopts PERS and TRS Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates.

Employee contribution rates for PERS Plan 1 and TRS Plan 1 are established by statute. Under LEOFF, employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund the plan. All employers are required to contribute at the level established by State law.

The required contribution rates expressed as a percentage of covered payroll and required contributions at June 30, 2018, were as follows:

	Contribution Rates		Required Contribution
	Employee	University	University
PERS			
Plan 1	6.00%	12.70%	\$ 90,772
Plan 2	7.38	12.70	3,778,063
Plan 3	5 to 15	12.70	1,186,176
TRS ⁽¹⁾			
Plan 1	6.00	15.20	7,418
Plan 2	7.06	15.20	2,042
Plan 3	5 to 15	15.20	250,133
LEOFF			
Plan 2	8.75	8.93 ⁽²⁾	106,591

⁽¹⁾ TRS rates are effective September 1 through August 31 for each year; all other plans are effective July 1. Employee rates for PERS Plan 1 and TRS Plan 1 are set by statute.

⁽²⁾ Includes a State funded contribution of 3.36%.

Source: The University.

Funding Status of State Retirement Systems

The information in this section concerning the Funding Status of State Retirement Systems has been obtained from the Office of the State Actuary, Actuarial Valuation as of June 30, 2017, which the University believes to be reliable, but the University takes no responsibility for the accuracy thereof.

While the University's contributions in fiscal year 2017 represented its full current liability under PERS, TRS and LEOFF, any unfunded pension benefit obligations within the systems could be reflected in future years as higher contribution rates. The website of the Office of the State Actuary includes information regarding the values and funding levels of these retirement plans.

To calculate the funded status, the DRS retirement plans compare the Actuarial Value of Assets ("AVA") to the Entry Age Normal ("EAN") liabilities. The EAN cost method projects future benefits under the plans, using salary growth and other assumptions, and applies the service that has been earned as of the valuation date to determine accrued liabilities. The AVA is calculated using a methodology that smooths the effect of short-term volatility in the Market Value of Assets ("MVA") by deferring a portion of the annual investment gains or losses over a period of up to eight years. This helps limit fluctuations in contribution rates and funded status that would otherwise arise from short-term changes in the MVA.

PERS Plans 2 and 3 are accounted for in the same pension trust fund and TRS Plans 2 and 3 are accounted for in the same pension trust fund and as such, may legally be used to pay the defined benefits of any PERS Plan 2 or 3 or TRS Plan 2 or 3 members, respectively. Assets for other plans may not be used to fund benefits for another plan; however, all employers in PERS and all employers in TRS are required to make contributions at rates (percentage of payroll) determined by the Office of the State Actuary every two years for the purpose of amortizing within a rolling 10-year period the unfunded actuarial accrued liability in PERS Plan 1 and TRS Plan 1, respectively. The State Legislature has established certain minimum contribution rates that became effective in 2015 and remain in effect until the actuarial value of assets in PERS Plan 1 and in TRS Plan 1 equals 100% of their respective actuarial accrued liability. These rates are subject to change by future legislation enacted by the State Legislature to address future changes in actuarial and economic assumptions and investment performance. In 2011, the State Legislature ended the future automatic annual increase, which is a fixed dollar amount multiplied by the member's total years of service, for most retirees in PERS Plan 1 and TRS Plan 1.

The Office of the State Actuary actuarial valuation as of June 30, 2017, was as follows:

TABLE 24
Funded Status
(\$ millions)

Plan	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability/(Surplus)	Funded Ratio
PERS Plan 1	\$12,341	\$ 7,042	\$5,299	57%
PERS Plans 2/3	37,166	33,191	3,975	89
TRS Plan 1	8,918	5,371	3,547	60
TRS Plans 2/3	13,095	11,885	1,210	91
LEOFF Plan 2	10,160	11,037	(878)	109

Source: Office of the State Actuary, Actuarial Valuation as of June 30, 2017.

Pension Costs

At June 30, 2018 the University reported a liability of \$28.98 million and \$0.75 million for its proportionate share of net pension liability and net pension asset, respectively. The net pension liability and net pension asset were measured as of June 30, 2017 by an actuarial valuation as of that date. The University's share was 0.31 percent for PERS Plan 1, 0.38 percent for PERS Plans 2/3, 0.02 percent for TRS Plan 1, 0.02 percent for TRS Plan 2 of the State's proportionate share of DRS liability plus 0.05 percent for LEOFF Plan 2 of the State's proportionate share of DRS asset.

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB 68 for the University as an employer for the fiscal year 2018, expressed in thousands.

TABLE 25
Aggregate Pension Amounts – All Plans

Pension liabilities	\$28,979,258
Pension Assets	753,328
Deferred outflows of resources related to pensions	7,557,614
Deferred inflows of resources related to pensions	5,230,965
Pension expense/expenditures	2,505,029

Source: The University.

Supplemental Component to WWURP

The supplemental payment plan determines a minimum retirement benefit goal based upon a one-time calculation at each employee's retirement date. The University makes direct payments to qualified retirees when the retirement benefit provided by the fund sponsor does not meet the benefit goal. The University received an actuarial evaluation of the supplemental component of the WWURP during fiscal 2015. The previous evaluation was performed in 2013. See Appendix C, Note 19D, for additional discussion of the WWURP.

Other Post-Employment Benefits

Health care and life insurance programs for employees of the State are administered by the Washington State Health Care Authority ("HCA"). The HCA calculates the premium amounts each year that are sufficient to fund the State-wide health and life insurance programs on a pay-as-you-go basis. These costs are passed through to individual state agencies based upon active employee headcount; the agencies pay the premiums for active employees to the HCA. The agencies may also charge employees for certain higher cost options elected by the employees. State retirees may elect coverage through State health and life insurance plans, for which they pay less than the full cost of the benefits, based on their age and other demographic factors.

The health care premiums for active employees, which are paid by the agency during employees' working careers, subsidize the "underpayments" of the retirees. An additional factor in the OPEB obligation is a payment that is required by the State Legislature to reduce the premiums for retirees covered by Medicare (an "explicit subsidy"). For fiscal 2017, this amount is the lesser of \$150 or 50% of the plan premium per retiree eligible for parts A and B of Medicare, per month. This is also passed through to State agencies via active employees rates charged to the agency. There is no formal State or University plan that underlies the subsidy of retiree health and life insurance. An actuarial study performed by the Washington Office of the State Actuary ("OSA") was utilized to calculate under GASB 75 the total OPEB liability, deferred outflows and inflows and OPEB expense as of June 30, 2018 as follows:

TABLE 26
Total OPEB Amounts

Total OPEB Liability	\$ 94,060,078
Deferred outflows of resources related to OPEB	2,002,916
Deferred inflows of resources related to OPEB	12,951,181
OPEB expense	7,808,981

Source: The University.

APPENDIX B

COPIES OF THE MASTER RESOLUTION AND THE SERIES RESOLUTION

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MASTER RESOLUTION

RESOLUTION NO. 97-09

A RESOLUTION OF THE BOARD OF TRUSTEES OF WESTERN WASHINGTON UNIVERSITY, AUTHORIZING REVENUE BONDS OF THE HOUSING AND DINING SYSTEM TO BE ISSUED IN SERIES TO FINANCE AND REFINANCE FACILITIES FOR THE SYSTEM; CREATING AND ESTABLISHING A NEW LIEN UPON NET REVENUES OF THE HOUSING AND DINING SYSTEM FOR THE PAYMENT OF SUCH BONDS; CLOSING THE SENIOR LIEN AND MAKING COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING.

ADOPTED: December 5, 1997

Prepared by:

PRESTON GATES & ELLIS LLP
Seattle, Washington

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MASTER RESOLUTION

RESOLUTION NO. 97-09

A RESOLUTION OF THE BOARD OF TRUSTEES OF WESTERN WASHINGTON UNIVERSITY, AUTHORIZING REVENUE BONDS OF THE HOUSING AND DINING SYSTEM TO BE ISSUED IN SERIES TO FINANCE AND REFINANCE FACILITIES FOR THE SYSTEM; CREATING AND ESTABLISHING A NEW LIEN UPON NET REVENUES OF THE HOUSING AND DINING SYSTEM FOR THE PAYMENT OF SUCH BONDS; CLOSING THE SENIOR LIEN AND MAKING COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING.

WHEREAS, Western Washington University (the "University") maintains a housing and dining system (hereinafter defined more specifically as the "System") which is in need of expansion, renovation and improvement from time to time; and

WHEREAS, the University currently has outstanding two series of revenue bonds, issued under dates of November 1, 1991 and October 1, 1992 (hereinafter defined as the "Senior Lien Bonds") pursuant to Master Resolution No. 91-6 and series resolutions authorized thereunder; and

WHEREAS, the University and its financial advisor have reviewed the existing Master Resolution No. 91-6 and have determined that certain technical updates and amendments are appropriate; and

WHEREAS, each of the resolutions authorizing the issuance of the Senior Lien Bonds permitted the University to issue revenue bonds in the future with a subordinate lien on the revenues of the University; and

WHEREAS, the Board of Trustees hereby further deems it advisable to close the lien of the outstanding senior lien revenue bonds and issue no bonds in the future on a parity therewith, except as specifically provided herein; and

WHEREAS, the Board of Trustees deems it advisable and in the best interest of the University and the System to establish a new lien of revenue bonds of the System hereafter

issued for any of its legal purposes under the provisions, terms and conditions of this resolution; and

WHEREAS, the principal of and interest on the revenue bonds authorized by this resolution shall be payable solely from and shall constitute a lien and charge against net revenues of the System (hereinafter defined more specifically as the "Net Revenues");

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

Section 1. Definitions. As used in this resolution, the following words and phrases shall have the meanings hereinafter set forth unless the context clearly shall indicate that another meaning is intended:

"Accreted Value" means (1) with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the amount set forth in the Series Resolution as the amount representing the initial principal amount of such Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (2) with respect to Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial public offering price of such Bonds plus the amount of discounted principal which has accreted since the date of issue. In each case the Accreted Value shall be determined in accordance with the provisions of the Series Resolution authorizing the issuance of such Bonds.

"Additional Bonds Test" means, for each fiscal year or part of a fiscal year, as required in Section 5(b) of this resolution, Net Revenues at least equal to 1.25 times the average Annual Debt Service for the period during which the Bonds then proposed to be issued will remain Outstanding. For purposes of this test, Net Revenues generated from Pledged Amounts (fees levied on upon all students of the University and/or other amounts specifically pledged under any Series Resolution) may be computed on the basis of student population officially enrolled on the records of the University as of the Fall quarter during which Parity Bonds are to be issued (if Parity Bonds are being issued during a Fall quarter) or immediately preceding the date of issuance of Parity Bonds. Such calculation shall be made by multiplying the number of full-time

and part-time students by the actual fee charged on an annualized basis to determine the Pledged Amount.

"Aggregate Annual Debt Service" means Annual Debt Service for all Outstanding Bonds and all Bonds authorized but unissued under a Series Resolution unless such Bonds are authorized to provide permanent financing in connection with the issuance of short-term obligations.

"Annual Debt Service" means the total amount of Debt Service for any Bond or series of Bonds in any fiscal year or Base Period.

"Balloon Maturity Bonds" means any Bonds which are so designated in the Series Resolution pursuant to which such Bonds are issued. Commercial paper (obligations with a maturity of not more than 270 days from the date of issuance) shall be deemed to be Balloon Maturity Bonds.

"Base Period" means any consecutive 12-month period selected by the University out of the 30-month period next preceding the date of issuance of an additional series of Bonds. The calculation of Gross Revenues from the Pledged Amount during any Base Period shall be based on the number of full-time and part-time students officially enrolled on the records of the University as of the Fall quarter during which Parity Bonds are to be issued (if Parity Bonds are being issued during a Fall quarter) or immediately preceding the date of issuance of Parity Bonds. Such calculation shall be made by multiplying the number of full-time and part-time students by the actual fee charged on an annualized basis to determine the Pledged Amount.

"Board" means the Board of Trustees of the University, or any successor thereto as provided by law.

"Bonds" means the bonds, notes or other evidences of indebtedness issued from time to time in series pursuant to and under authority of Section 4 hereof. The term "Bonds" may include reimbursement obligations of the University to the issuer of a Credit Facility.

"Capital Appreciation Bonds" means Bonds all or a portion of the interest on which is compounded, accumulated and payable only upon redemption or on the maturity date of such

Bonds. If so provided in the Series Resolution authorizing their issuance, Bonds may be deemed to be Capital Appreciation Bonds for only a portion of their term. On the date on which Bonds no longer are Capital Appreciation Bonds, they shall be deemed Outstanding in a principal amount equal to their Accreted Value.

"Consultant" means at any time an independent consultant recognized in education matters or an engineer or engineering firm or other expert appointed by the Designated University Representative to perform the duties of the Consultant as required by this resolution. For the purposes of delivering any certificate required by Section 5 hereof and making the calculation required by Section 5 hereof, the term Consultant shall also include any independent public accounting firm appointed by the Designated University Representative to make such calculation or to provide such certificate or recognized financial advisor appointed by the University for purposes of making such calculation.

"Costs of Construction" means all costs paid or incurred by the University in connection with the acquisition and construction of capital additions, improvements and betterments to and extensions of the System, and the placing of the same in operation, including, but without limiting the generality of the foregoing, paying all or a portion of the interest on the series of Bonds or any portion thereof issued to finance the costs of such improvements during the period of construction of such improvements, and for a period of time thereafter; paying amounts required to meet any reserve requirement for the fund or account established or maintained for such series of Bonds from the proceeds thereof; paying or reimbursing the System or any fund thereof or any other person for expenses incident and properly allocable to the acquisition and construction of said improvements and the placing of the same in operation; and all other items of expense incident and properly allocable to the acquisition and construction of said additions and improvements, the financing of the same and the placing of the same in operation.

"Coverage Requirement" means Net Revenues equal to or greater than 125% of Aggregate Annual Debt Service.

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"Credit Facility" means a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, guarantee, standby purchase agreement or other financial instrument issued by a third party whose debt obligations are rated by Standard & Poor's Ratings Group and Moody's Investors Service or their successors at rating(s) not lower than the then current long term rating on the Bonds which Credit Facility obligates a third party to make payment or provide funds for the payment of financial obligations of the University, including but not limited to payment of the principal of, interest on or purchase price of Bonds or meeting reserve requirements therefor.

"Date of Commercial Operation" means (1) the date upon which any facilities of the System are first ready for normal continuous operation or, (2) if portions of the System are placed in normal continuous operation at different times, shall mean the midpoint of the dates of continuous operation of all portions of such System, as estimated by the Designated University Representative or, (3) if used with reference to facilities to be acquired, shall mean the date on which such acquisition is final.

"Debt Service" means, for any period of time,

(1) with respect to any Outstanding Original Issue Discount Bonds or Capital Appreciation Bonds which are not designated as Balloon Maturity Bonds in the Series Resolution authorizing their issuance, the principal amount thereof shall be equal to the Accreted Value thereof maturing or scheduled for redemption in such period, and the interest payable during such period;

(2) with respect to any Outstanding Fixed Rate Bonds, an amount equal to (A) the principal amount of such Bonds due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, (B) the amount of any payments required to be made during such period into any sinking fund established for the payment of any such Bonds, plus (C) all interest payable during such period on any such Bonds Outstanding and with respect to Bonds with mandatory sinking fund requirements, calculated on

the assumption that mandatory sinking fund installments will be applied to the redemption or retirement of such Bonds on the date specified in the Series Resolution authorizing such Bonds;

(3) with respect to Balloon Maturity Bonds, an amount for any period equal to the amount which would have been payable for principal and interest on such Bonds during such period computed on the assumption that the amount of Bonds Outstanding as of the date of such computation would be amortized on an essentially level debt service basis during the period such Bonds are Outstanding;

(4) with respect to Bonds bearing variable rates of interest and Commercial Paper, an amount for any period equal to the amount which would have been payable for principal and interest on such Bonds during such period computed on the assumption that the amount of Bonds Outstanding as of the date of such computation would be amortized in accordance with the Series Resolution at the maximum rate of interest permitted under the terms of the Series Resolution are Outstanding; and

(5) with respect to all other series of Bonds Outstanding (other than those mentioned in the preceding paragraphs), an amount for any period equal to the amount which would have been payable for principal and interest on such Bonds during such period computed on the assumption that the amount of Bonds Outstanding as of the date of such computation would be amortized (i) in accordance with the mandatory redemption provisions, if any, set forth in the Series Resolution authorizing the issuance of such Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance (ii) at an interest rate equal to the maximum rate of interest permitted under the terms of the Series Resolution, (iii) to provide for essentially level annual debt service of principal and interest over such period.

With respect to any Bonds payable in other than U. S. Dollars, Debt Service shall be calculated as provided in the Series Resolution authorizing the issuance of such Bonds. Debt Service shall be net of any interest funded out of Bond proceeds. Debt Service shall include reimbursement obligations (calculated in accordance with the terms of the Reimbursement

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Agreement) to providers of Credit Facilities which are issued on a parity of lien with Parity Bonds.

"Designated University Representative" means the President of the University or his or her designee or such other person as may be directed from time to time by resolution of the Board.

"Fixed Rate Bonds" means those Bonds other than Capital Appreciation Bonds, Original Issue Discount Bonds or Balloon Maturity Bonds issued under a Series Resolution in which the rate of interest on such Bonds is fixed and determinable through their final maturity or for a specified period of time. If so provided in the Series Resolution authorizing their issuance, Bonds may be deemed to be Fixed Rate Bonds for only a portion of their term.

"Gross Revenue" means all income and revenue derived by the University from time to time from any source whatsoever, from the ownership and operation of the System, including rentals, fees, charges, special student fees charged to all or any segment of the student population, if pledged to the System, and including interest income, but shall not include:

- (1) the proceeds of any borrowing by the University and the earnings thereon (other than earnings on proceeds deposited in reserve funds),
- (2) income and revenue which may not legally be pledged for revenue bond debt service,
- (3) state or federal grants or substitutes therefor allocated to capital projects;
- (4) payments made under Credit Facilities issued to pay or secure the payment of a particular series of Bonds;
- (5) proceeds of insurance or condemnation proceeds other than business interruption insurance;
- (6) income and revenue of the System 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 Bonds of the University issued to acquire, construct, equip, install or improve part or all of the particular facilities from which such income and revenue are derived, provided that

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"Parity Bonds" means any Bonds issued in the future under a Series Resolution which provides that such Bonds shall be on a parity of lien with other series of Bonds, as provided in Section 5 hereof.

"Paying Agent" shall mean any person, firm, association, corporation or public body as designated and appointed from time to time by resolution of the Board or by a Series Resolution to act as paying agent for one or more series of Bonds.

"Pledged Amount" means Services and Activities Fees of \$32.00 per academic quarter levied against each full-time student and \$6.40 per academic quarter levied against each part-time student or such increased amount as shall be established pursuant to Section 7(h) of this resolution. In addition, the term "Pledged Amount" shall include any additional revenues and/or fees which are levied upon all full-time and/or part-time students by the Board of Trustees and specifically pledged to be maintained in substance for any period while one or more series of Bonds are Outstanding.

"Rate Covenant" means for each fiscal year of the University, Net Revenues in each such fiscal year at least equal to the greater of (i) 125% of the amounts required in such fiscal year to be paid as scheduled debt service (principal and interest) on Outstanding Senior Lien Bonds and Bonds, or (ii) amounts required to be deposited during such fiscal year from Net Revenues into bond funds and reserve funds established for Outstanding Senior Lien Bonds and Bonds and into the Renewal and Replacement Fund, but excluding from each of the foregoing, payments made from refunding debt and capitalized debt service.

"Rating Agencies" means Moody's Investors Service or its successors and assigns, Standard & Poor's Ratings Group or its successors and assigns, Fitch Investors Services or its successors and assigns and/or such other securities rating agency selected by the University to provide a rating with respect to a series of Bonds, or any portion thereof, which Rating Agency, as of the applicable date, shall have assigned a rating to any series of Bonds or any portion thereof.

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nothing in this subparagraph (6) shall permit the withdrawal from Gross Revenue of any income or revenue derived or to be derived by the University from any income producing facility which shall have been contributing to Gross Revenue prior to the issuance of such Special Revenue Bonds; and

(7) income from investments irrevocably pledged to the payment of bonds issued or to be refunded under any refunding bond plan of the University.

Services and Activities Fees, in the Pledged Amount, shall be deemed to be a part of Gross Revenues to the extent so pledged in a Series Resolution. Any other available revenues pledged by a Series Resolution also shall be deemed to be a part of Gross Revenues.

"Maximum Annual Debt Service" means, with respect to the Outstanding Bonds, the highest remaining Annual Debt Service for such Outstanding Bonds.

"Net Revenues" means Gross Revenue less any part thereof that must be used to pay Operating Expenses.

"Operating Expenses" means the current expenses incurred for operation or maintenance of the System (other than Special Facilities), as defined under generally accepted accounting principles, including an allocable share of insurance expenses and other administrative expenses of the University directly applicable to the operation of the System, as in effect from time to time, excluding any allowances for depreciation or amortization or interest on any obligations of the System incurred in connection with and payable from Gross Revenue. Operating Expenses also shall exclude general administrative expenses of the University, not directly applicable to the System through the application of generally accepted accounting principles.

"Original Issue Discount Bonds" means Bonds which are sold at an initial public offering price of less than 90% of their face value and which are specifically designated as Original Issue Discount Bonds in the Series Resolution authorizing their issuance.

"Outstanding" means, as of any date, any Senior Lien Bonds or Bonds theretofore issued except such Senior Lien Bonds or Bonds deemed to be no longer Outstanding as provided in the resolution authorizing the issuance thereof.

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"Registrar" means any person, firm, association, corporation or public body as designated and appointed from time to time by resolution of the Board or by a Series Resolution, to act as registrar for one or more series of Bonds.

"Renewal and Replacement Fund" means the special fund authorized to be created pursuant to Section 2(b) of this resolution.

"Revenue Fund" means, collectively, the University's Housing and Dining Revenue Fund and any other fund established in the office of the Treasurer for the receipt of Gross Revenues.

"Senior Lien Bonds" means each of the series of housing and dining system revenue bonds of the issued under the following dates and in the following principal amounts (as of June 1, 1997):

Series Resolution Number	Date of Original Issue	Original Principal Amount	Currently Outstanding Principal	Final Maturity Dates
91-8	Nov. 1, 1991	\$ 11,690,000	\$10,865,000	Oct. 1, 2021
92-5	Oct. 1, 1992	11,000,000	10,825,000	Oct. 1, 2022

"Senior Lien Resolutions" means Master Resolution No. 91-6 and each of the series resolutions authorizing the issuance of each series of the Senior Lien Bonds.

"Series Resolution" means a resolution authorizing the issuance of a series of Bonds, as such resolution may thereafter be amended or supplemented. Each Series Resolution shall be supplemental to this resolution.

"Services and Activities Fees" means the fees charged to all students registered at the University pursuant to RCW Sections 29B.15.041-.045, as amended, or any successor statutes for the purpose of funding student activities and programs of the University.

"Special Facilities" means particular facilities financed with the proceeds of Special Revenue Bonds.

"Special Revenue Bonds" 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

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facilities and which are payable from and secured by the income and revenue from such facilities.

"System" means the existing housing and dining system of the University as the same shall be added to, improved and extended out of the proceeds of the sale of the Bonds and as such System may be added to, improved and extended, for as long as Bonds are Outstanding. The System includes lands, buildings and facilities for dormitory, hospital, infirmary, dining, student activities and student, faculty and employee housing and boarding purposes. The System currently includes the following facilities:

Ridgeway Residences and Commons	Nash Hall
Fairhaven Residences and Commons	Mathes Hall
Buchanan Towers	Higginson Hall
Edens Hall North and South	Commissary
Viking Union, Addition and Commons	Highland Hall
Birnam Wood Residences	Lakewood Student Center
Douglas & 24 Streets Parcel	

The System shall not include Special Facilities.

"Treasurer" means the Vice President for Business and Financial Affairs of the University or any successor to the functions of such office, and also shall include any designee of the Treasurer for the performance of specific functions under this resolution.

"University" means Western Washington University, a regional university of the State of Washington.

In this resolution, the Treasurer is authorized to create a number of "funds" and/or "accounts." In each case, the Treasurer may designate each such fund or account in his or her discretion as a fund or as an account, regardless of its designation in this resolution.

Section 2. Priority of Use of Gross Revenue/Renewal and Replacement Fund.

(a) *Priority in Use and Application of Gross Revenue.* The Gross Revenue shall be deposited in the Revenue Fund as collected. The Revenue Fund shall be held separate

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(b) *Renewal and Replacement Fund.* There has heretofore been created a separate fund of the University designated as the "Renewal and Replacement Fund." The University hereby covenants and agrees that it will make deposits into the Renewal and Replacement Fund from the Gross Revenue, after making provision for the payments provided in paragraphs First through Fifth of subsection (a) of this Section 2 sufficient to maintain a balance therein of a dollar amount that is not less than five percent of the principal balance Outstanding of all Senior Lien Bonds and Bonds. Money in the Renewal and Replacement Fund may be used by the University to pay extraordinary operating and maintenance expenses, make capital replacements, additions, expansions, additions, repairs and renewals of the System, and to pay principal of and interest on any Bonds and Senior Lien Bonds to the extent other funds are not legally available. If withdrawals are made from the Renewal and Replacement Fund such that the remaining balance therein is less than five percent of the principal balance Outstanding Bonds and Senior Lien Bonds, the University will restore said balance within the next 36-month period.

Section 3. Closure of Senior Lien; Authorization of Bonds.

(a) *Closure of Senior Lien.* The University covenants and agrees that it will not issue any additional Senior Lien Bonds under the parity conditions established in the Senior Lien Resolutions as they apply to the Senior Lien Bonds, unless the University has received the opinion referred to in Section 2(a) to the effect that the lien of the Bonds on Net Revenues is *pari passu* with the lien thereon of the Senior Lien Bonds.

As long as any Senior Lien Bonds are Outstanding, the University shall observe and comply with all covenants established therein with respect to the Senior Lien Bonds.

(b) *Authorization of Bonds.* Revenue bonds of the University, unlimited in amount, to be known as the "Western Washington University Housing and Dining System [Junior Lien] Revenue Bonds," are hereby authorized to be issued in series, and each such series may be issued from time to time pursuant to this resolution in such amounts and upon such terms

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and apart from all other funds and accounts of the University, and the Gross Revenue deposited therein shall be used only for the following purposes and in the following order of priority:

First, to pay Operating Expenses not paid from other sources;

Second, to make all payments, including sinking fund payments, required to be made into the debt service account(s) of any bond redemption fund to pay the principal of and interest and premium, if any, on any Senior Lien Bonds, subject to the option described below;

Third, to make all payments, including sinking fund payments, required to be made into the debt service account(s) of any Bond redemption fund to pay the principal of and interest and premium, if any, on any Bonds, subject to the option described below;

Fourth, to make all payments required to be made into any reserve account(s) to secure the payment of any Bonds;

Fifth, to make all payments required to be made into any other revenue bond redemption fund and debt service account or reserve account created therein to pay and secure the payment of the principal of and interest on any revenue bonds or other revenue obligations of the University having a lien upon the Net Revenues and the money in the Revenue Fund junior and inferior to the lien thereon for the payment of the principal of and interest on any Bonds;

Sixth, to make all payments required to be made into the Renewal and Replacement Fund to maintain any required balance therein; and

Seventh, to retire by redemption or purchase any outstanding revenue bonds or other revenue obligations of the University as authorized in the various resolutions of the Board authorizing their issuance or to make necessary additions, betterments, improvements and repairs to or extension and replacements of the System, or any other lawful University purposes.

Notwithstanding the foregoing, the priority of payments described in paragraphs Second and Third may be combined in the future in the event that the University receives an opinion of its bond counsel to the effect that the lien on Net Revenues for the payment of the Bonds is on a parity with the lien thereon for the payment of Senior Lien Bonds.

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and conditions as the Board may from time to time deem to be necessary or advisable, for any purposes of the System now or hereafter permitted by law.

The Bonds and the lien thereof created and established hereunder shall be obligations only of the special fund(s) established in the Series Resolution authorizing their issuance. The Bonds shall be payable solely from and secured solely by Net Revenues available after providing for the payments specified in paragraphs First through Third of Section 2(a) of this resolution; *provided, however*, that any series of Bonds also may be payable from and secured by a Credit Facility pledged specifically to or provided for that series of Bonds.

From and after the time of issuance and delivery of the Bonds of each series and so long thereafter as any of the same remain Outstanding, the University hereby irrevocably obligates and binds itself to set aside and pay into the special funds created for the payment of each series of Bonds out of Net Revenues, on or prior to the date on which the interest on or principal of and interest on the Bonds shall become due, the amount necessary to pay such interest or principal and interest coming due on the Bonds of such series.

Said amounts so pledged to be paid into such special funds are hereby declared to be a prior lien and charge upon the Gross Revenue superior to all other charges of any kind or nature whatsoever except for Operating Expenses and for the lien thereon for the payment of the Senior Lien Bonds and except for charges equal in rank that may be made thereon to pay and secure the payment of the principal of and interest on Bonds issued under authority of a Series Resolution in accordance with the provisions of Sections 4 and 5 of this resolution.

The Bonds shall not in any manner or to any extent constitute general obligations of the University or of the State of Washington, or of any political subdivision of the State of Washington.

Section 4. Authorization of Series of Bonds. The University may issue hereunder from time to time one or more series of Bonds by means of a Series Resolution for any purpose of the University now or hereafter permitted by law, provided that the University shall comply

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with the terms and conditions for the issuance of Bonds hereinafter set forth in this Section 4 and in Section 5 hereof.

Each series of Bonds shall be authorized by a Series Resolution which shall, among other provisions, specify and provide for:

- (a) the authorized principal amount, designation and series of such Bonds;
- (b) the general purpose or purposes for which such series of Bonds is being issued, and the deposit, disbursement and application of the proceeds of the sale of the Bonds of such series;
- (c) the date or dates, and the maturity date or dates, of the Bonds of such series, and the principal amount maturing on each maturity date;
- (d) the interest rate or rates on the Bonds of such series (which may be a rate of zero) and the interest payment date or dates therefor, and whether such interest rate or rates shall be fixed, variable or a combination of both and, if necessary, the manner of determining such rate or rates;
- (e) the circumstances, if any, under which the Bonds of such series will be deemed to be no longer Outstanding;
- (f) the currency or currencies in which the Bonds of such series are payable;
- (g) the denominations of, and the manner of dating, numbering, and, if necessary, authenticating, the Bonds of such series;
- (h) the Paying Agent or Paying Agents, if any, for the Bonds of such series and the duties and obligations thereof;
- (i) the place or places of payment of the principal, redemption price, if any, or purchase price, if any, of and interest on, the Bonds of such series;
- (j) the tender agent or tender agents, if any, for the Bonds of such series and the duties and obligations thereof;
- (k) the remarketing agent or remarketing agents, if any, for the Bonds of such series and the duties and obligations thereof;

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Section 5. Parity Bonds.

All Bonds authorized to be issued under Series Resolutions shall be Parity Bonds, having an equal lien and charge upon the Net Revenues of the University upon fulfillment of the conditions of this resolution, whether at the time of authorization or issuance of such Bonds. Except as provided in subsection (a) below, the University shall not issue any series of Bonds or incur any additional indebtedness with a parity lien or charge on Net Revenues (on a parity of lien with Bonds at the time Outstanding) unless (i) the University shall not have been in default of its covenant under Section 7(a) of this resolution for the immediately preceding fiscal year, and (ii) there shall have been filed a certificate (prepared as described in subsection (b)) demonstrating fulfillment of the Additional Bonds Test, commencing with the first full fiscal year following the later of (1) the Date of Commercial Operation of the System to be financed with the proceeds of the Bonds or (2) the date on which any portion of interest on the series of Bonds then being issued no longer will be paid from the proceeds of such series of Bonds and for the following two fiscal years.

(a) *No Certificate Required.* A certificate shall not be required as a condition to the issuance of Bonds:

(i) if the Bonds being issued are for the purpose of refunding Senior Lien Bonds or Outstanding Bonds upon compliance with the provisions of Section 6 of this resolution; or

(ii) if the Bonds are being issued to pay Costs of Construction of the facilities of the System for which Bonds have been issued previously and the principal amount of such Bonds being issued for completion purposes does not exceed an amount equal to an aggregate of 15% of the principal amount of Bonds theretofore issued for such facilities and reasonably allocable to the facilities to be completed as shown in a written certificate of the Designated University Representative, and there is delivered a Consultant's certificate stating that the nature and purpose of such facilities has not materially changed.

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(l) the Registrar or Registrars, if any, for the Bonds of such series and the duties and obligations thereof;

(m) the escrow agent for the proceeds of any refunding Bonds;

(n) the form or forms of the Bonds of such series and any coupons attached thereto, which may include but shall not be limited to, registered form, bearer form with or without coupons, and book-entry form, and the methods, if necessary, for the registration, transfer and exchange of the Bonds of such series;

(o) the terms and conditions, if any, for the redemption of the Bonds of such series prior to maturity, including the redemption date or dates, the redemption price or prices and other applicable redemption terms;

(p) the terms and conditions, if any, for the purchase of the Bonds of such series upon any optional or mandatory tender for purchase prior to maturity, including the tender date or dates, the purchase date or dates, the purchase price or prices and other applicable terms;

(q) the manner of sale of the Bonds of such series, with or without a premium or a discount, including the sale of Original Issue Discount Bonds;

(r) if so determined by the University, the authorization of and any terms and conditions with respect to credit or liquidity support for the Bonds of such series and the pledge or provision of moneys, assets or security other than Net Revenues to or for the payment of the Bonds of such series or any portion thereof;

(s) a special fund or account to provide for the payment of the Bonds of such series and, if so determined by the University, any other special funds or accounts, including, without limitation, reserve funds or accounts, for the Bonds of such series and the application of moneys or security therein; and

(t) any other provisions which the University deems necessary or desirable in connection with the Bonds of such series.

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(b) *Certificate of the University.* A certificate may be delivered by the Designated University Representative if the Net Revenues, based upon the financial statements of the University for the Base Period, corroborated by the certified statements of the State Auditor's office of the State of Washington, or any successor to the duties thereof, or by an independent certified public accounting firm for the Base Period, demonstrate that the Additional Bonds Test will be fulfilled commencing with the first full fiscal year following (and including any partial year prior to the commencement of such fiscal year) the later of (i) the date of Commercial Operation of the facilities of the System to be financed with the proceeds of the Bonds as reasonably estimated by the University, or (ii) the date on which any portion of interest on the series of Bonds then being issued will not be paid from the proceeds of such series of Bonds and for the following two fiscal years.

Section 6. Refunding Bonds. The University, by means of a Series Resolution adopted in compliance with the provisions of Section 4 hereof, may issue refunding Bonds hereunder as follows:

(a) Bonds may be issued at any time for the purpose of refunding (including by purchase) Senior Lien Bonds or Bonds, including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption (or purchase) and the expenses of issuing the Bonds to purchase or refund the same and of effecting such refunding upon delivery of a certificate as provided in Section 5 hereof. Such refunding Bonds also may be issued without a certificate if the Maximum Annual Debt Service on all Senior Lien Bonds and Bonds to be Outstanding after the issuance of the refunding Bonds shall not be greater than the Maximum Annual Debt Service were such refunding not to occur.

(b) Bonds may be issued at any time for the purpose of refunding (including by purchase) any other bonds of the University, including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption of such bonds (or purchase) and the expenses of issuing the Bonds to purchase or refund the same and of effecting

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such refunding; provided, however, that prior to the issuance of such Bonds the University must provide a certificate if required by Section 5 hereof.

(c) Bonds may be issued for the purpose of refunding (including by purchase) at any time within one year prior to maturity, any Senior Lien Bonds or Bonds for the payment of which sufficient Net Revenues or other moneys are not available, without the requirement of a certificate pursuant to Section 5 hereof.

Section 7. Specific Covenants. The University hereby covenants and agrees with the owners and holders of each of the Bonds for as long as any of the same remain Outstanding that it will observe the following covenants.

(a) *Rate Covenant.* The University will at all times establish, maintain and collect rates, fees, and charges in the operation of the System for as long as any Bonds are Outstanding that will produce Net Revenues sufficient to meet the Rate Covenant.

The University hereby covenants that it will not construct, operate or enter into any agreement permitting or facilitating the construction or operation of any facilities which will compete with the operations of the System in a manner which will materially and adversely affect its ability to comply with the Rate Covenant. Compliance with the covenant set forth in the preceding sentence may be demonstrated by a certificate based upon reasonable belief of the Designated University Representative.

If the Net Revenues in any fiscal year are less than required to fulfill the Rate Covenant, then the University will retain a Consultant to make recommendations as to operations and the revision of schedules of rentals, rates, fees and charges; and upon receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Board, on the basis of such recommendations and other available information, will establish rentals, rates, fees and charges for services and operations which will be necessary to meet the Rate Covenant in the fiscal year during which such adjustments are made. If the Board has taken the steps set forth in this paragraph and the Net Revenues in the fiscal year in which adjustments are made nevertheless are not sufficient to meet the Rate Covenant, there shall be no default

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will protect the University against anyone claiming damages of any kind or nature, if such insurance is obtainable at reasonable rates and upon reasonable conditions, in such amounts and with such deductibles as the Board shall deem necessary for the protection of the University and of the owners of the Bonds then Outstanding. Such insurance may be obtained through third parties or may be provided by a program of self-insurance or through an insurance pool, including other governmental entities.

(g) *Maintenance of Books and Records.* The University will keep and maintain proper books of account and accurate records of all of its revenue, including tax receipts, received from any source whatsoever, and of all costs of administration and maintenance and operation of all of its business that are in accordance with generally accepted accounting principles as in effect from time to time. On or before 120 days after each fiscal year, the University will prepare or cause to be prepared an operating statement of all of the business of the System for such preceding fiscal year. Each such annual statement shall contain a statement in detail of the Gross Revenue, expenses of administration, expenses of normal operation, expenses of normal and extraordinary maintenance and repair, and expenditures for capital purposes of the University for such fiscal year and shall contain a statement as of the end of such year showing the status of all funds and accounts of the University pertaining to the operation of its business and the status of all of the funds and accounts created by various resolutions of the Board authorizing the issuance of outstanding bonds and other obligations payable from the Gross Revenue. Copies of such statements shall be placed on file in the office of the Treasurer, and shall be open to inspection at any reasonable time by the owners of Bonds.

(h) *Maintenance of Services and Activities Fees.* For as long as any Bonds remain Outstanding, the Board shall establish, maintain and collect Services and Activities Fees at least equal to the Pledged Amount. The Pledged Amount shall be at least equal to \$32.00 per academic quarter for each full-time student and at least equal to \$6.40 per academic quarter for each part-time student.

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under this Section 7(a) or Default under the provisions of Section 20(c) of this resolution during such fiscal year, unless the University fails to meet the Rate Covenant for two consecutive fiscal years.

(b) *Performance of Covenants in Series Resolution and Payment of Debt Service.* The University will duly and punctually pay or cause to be paid out of the bond fund for each series of Bonds the principal of and interest on the Bonds at the times and places as provided in each Series Resolution and in said Bonds provided and will at all times faithfully perform and observe any and all covenants, undertakings and provisions contained in this resolution, each Series Resolution, as applicable, and in the Bonds.

(c) *Maintenance of System.* The University will at all times keep and maintain the System in good repair, working order and condition, and will at all times operate the same and the business or businesses in connection therewith in an efficient manner and at a reasonable cost.

(d) *Disposition of System.* In the event any portion of the System which contributes in some measure to the Gross Revenue is sold by the University or is condemned pursuant to the power of eminent domain, the University will apply the net proceeds of such sale or condemnation to capital expenditures upon or for the System which will contribute in some measure to the Gross Revenue or to the retirement of Bonds then Outstanding.

(e) *Property Insurance.* The University will keep all facilities of the System insured, if such insurance is obtainable at reasonable rates and upon reasonable conditions, against such risks, in such amounts, and with such deductibles as the Board or the Designated University Representative shall deem necessary for the protection of the University and of the owners of Bonds then Outstanding. Such insurance may be obtained through third parties or may be provided by a program of self-insurance or through an insurance pool, including other governmental entities.

(f) *Liability Insurance.* The University will at all times keep or arrange to keep in full force and effect policies of public liabilities and property damage insurance which

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Section 8. Adoption of Supplemental Resolutions and Purposes Thereof. The University may adopt at any time and from time to time and without the consent or concurrence of the owner of any Bond, a resolution or resolutions amendatory or supplemental to this resolution for any one or more of the following purposes:

(a) To provide for the issuance of a series of Bonds pursuant to Section 4 hereof, and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;

(b) To add covenants and agreements of the University for the purpose of further securing the payment of the Bonds; provided that such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the University contained in this resolution;

(c) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the University payable from the Net Revenues which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(d) To surrender any right, power or privilege reserved to or conferred upon the University by the terms of this resolution;

(e) To confirm as further assurance any pledge or provision for payment of the Bonds under and the subjection to any lien, claim or pledge created or to be created by the provisions of this resolution of the Net Revenues or of any other moneys, securities or funds;

(f) To cure any ambiguity or defect or inconsistent provision in this resolution or to insert such provisions clarifying matters or questions arising under this resolution as are necessary or desirable; provided that such modifications shall not materially and adversely affect the rights of any owners;

(g) To qualify this resolution under the Trust Indenture Act of 1939, as amended;

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(h) To modify the provisions of this resolution to obtain from any Rating Agency a rating on any series of Bonds or any portion thereof which is higher than the rating which would be assigned without such modification so long as the rating on any other series of Bonds or Senior Lien Bonds or portion thereof is not adversely affected; or

(i) To modify any of the provisions of this resolution in any other respects; provided that such modifications shall not materially and adversely affect the rights of any Bondowners. Notwithstanding anything in this Section 8 to the contrary, without the specific consent of the owner of each Bond, no such resolution amending or supplementing the provisions hereof or of any Series Resolution shall (1) permit the creation of a lien or charge on the Net Revenues superior or prior to the payment of the Senior Lien Bonds or Bonds; (2) reduce the percentage of Bonds, the owners of which are required to consent to any such resolution amending or supplementing the provisions hereof; or (3) give to any Bond or Bonds any preference over any other Bond or Bonds secured hereby. No resolution amending or supplementing the provisions hereof or any Series Resolution shall change the date of payment of the principal of any Bond, or reduce the principal amount or Accreted Value of any Bond, or change the rate or extend the time of payment of interest thereof, or reduce any premium payable upon the redemption or prepayment thereof, or advance the date upon which any Bond may first be called for redemption prior to its fixed maturity date (except as provided in the Series Resolution authorizing the issuance of such Bond) without the specific consent of the owner of that Bond; and no such amendment shall change or modify any of the rights or obligations of any Paying Agent or other agent for a series of Bonds without its written assent thereto.

The provisions of this resolution also may be modified at any time or from time to time by a resolution supplemental hereto, subject to the consent of Bondowners in accordance with and subject to the provisions of Sections 9 through 17 hereof.

Section 9. Call of Bondowners' Meetings. The University or the owners of not less than 25% in principal amount or Accreted Value of the Bonds of any series then Outstanding or the owners of not less than 25% in principal amount or Accreted Value of all Bonds then

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be made in lieu thereof such publication as shall be decided upon by the University, and the same shall constitute a sufficient publication of such notice.

Section 11. Proxies; Proof of Ownership of Bonds; Execution of Instruments by Bondowners. Attendance and voting by Bondowners at such meetings may be in person or by proxy. Owners of registered Bonds or coupon Bonds registered as to principal, may, by an instrument in writing under their hands, appoint any person or persons, with full power of substitution, as their proxy to vote at any meeting for them.

In order that owners of Bonds payable to bearer and their proxies may attend and vote without producing their Bonds, the University may make and from time to time vary such regulations as it shall think proper for the deposit of Bonds with or exhibit of Bonds to any bank, bankers or trust companies, or other depositories, including firms and corporations which are members of The National Association of Securities Dealers, wherever situated, and for the issuance by them to the persons depositing or exhibiting such Bonds, of certificates in form approved by the University, which shall constitute proof of ownership entitling the owners thereof to be present and vote at any such meeting in the same way and if the persons so present and voting, either personally or by proxy, were the actual bearers of the Bonds in respect of which such certificates shall have been issued, and any regulations so made shall be binding and effective. Copies of such regulations shall be kept on file by any Paying Agents, officers or nominees of the University may be present or represented at such meeting and take part therein, but shall not be entitled to vote, except as such officers or nominees are Bondowners or proxies for Bondowners.

Any registered owner of Bonds and any owners of a certificate provided for in this Section 11 shall be entitled in person or by proxy to attend and vote at bondowners meetings as holder of the Bonds registered or certified in his name without producing such Bonds (unless the Bonds described in such certificate shall be registered in the name of, or be produced by, some other person at such meeting), and such persons and their proxies shall, if required, produce such proof of personal identity as shall be satisfactory to the Secretary of the meeting (appointed as

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Outstanding may at any time call a meeting of the owners of the Bonds of such series or of all Bonds, as the case may be. Every such meeting shall be held at such place as may be specified in the notice calling such meeting. Written notice of such meeting, stating the place and the time of the meeting and in general terms the business to be submitted, shall be mailed to the owners of each series of Bonds for which the meeting is to be held by the University or the Bondowners calling such meeting not less than 30 nor more than 60 days before such meeting, and shall be published at least once a week for four successive fiscal weeks on any day of the week, the date of first publication to be not less than 30 days nor more than 60 days preceding the meeting; provided, however, that the mailing of such notice shall in no case be a condition precedent to the validity of any action taken at any such meeting. Any meeting of Bondowners shall, however, be valid without notice if the owners of all Bonds of the affected series then Outstanding are present in person or by proxy or if notice is waived before or within 30 days after the meeting by those not so present.

Section 10. Notice to Bondowners. Except as otherwise specifically provided in this resolution, any provision in this resolution for the mailing of a notice or other paper to owners of Bonds of any series shall be fully complied with if it is mailed by first class mail, postage prepaid, to each registered owner of any of the Bonds of that series then Outstanding at his address, if any, appearing upon the registration books maintained by or on behalf of the University, and to each owner of any of the Bonds of that series payable to bearer who shall have filed with the University an address for notices. Any provision in this resolution contained for publication of a notice or other matter shall require the publication thereof in a financial journal or daily newspaper printed in the English language and customarily published on each business day and of general circulation in each of the cities of Seattle, Washington and New York, New York. If, because of the temporary or permanent suspension of the publication or general circulation of any financial paper or newspaper in any particular city, the University deems it impossible to publish any such notice in such city in the manner herein provided, then there shall

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hereinafter provided). All other persons seeking to attend or vote in such meeting must produce the Bonds claimed to be owned or represented at such meeting.

The vote at any such meeting of the owner of any Bond entitled to vote shall be binding upon such owner and upon every subsequent owner of such Bond (whether or not such subsequent owner has notice thereof).

Any request, direction, consent, revocation of consent, approval, objection or other instrument in writing required or permitted by this resolution to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondowners in person or by an agent duly appointed by an instrument in writing. Proof of the execution of any such instrument shall be sufficient for any purpose of this resolution, if made in the following manner: the fact and date of the examination by any person of any such instrument may be proved by either (A) an acknowledgment executed by a notary public or other officer empowered to take acknowledgments of deeds to be recorded in the particular jurisdiction, (B) an affidavit of a witness to such execution sworn to before such a notary public or other officer, or (C) a signature guarantee. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association, or partnership, such acknowledgment or affidavit shall also constitute sufficient proof of his authority.

The foregoing shall not be construed as limiting the University to such proof, it being intended that the University may accept any other evidence of the matters herein stated which to it may seem sufficient.

The right of a proxy for a Bondowner to act may be proved (subject to the University's right to require additional proof) by a written proxy executed by such Bondowner as aforesaid.

Section 12. Quorum at Bondowners Meetings. The owners of not less than a majority in principal amount or Accreted Value of the Bonds of a series at a meeting of the owners of the Bonds of that series or the owners of not less than a majority in principal amount or Accreted Value of the Bonds of all series at a meeting of all Bondowners must be present at such meeting

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in person or by proxy in order to constitute a quorum for the transaction of business, less than a quorum, however, having power to adjourn from time to time without any other notice than the announcement thereof at the meeting; *provided, however*, that if such meeting is adjourned by less than a quorum for more than ten days, notice thereof shall be published by the University at least five days prior to the adjourned date of the meeting.

Section 13. Vote Required to Amend Resolution. Any amendment of the provisions of this resolution or any Series Resolution in any particular, except the percentage of Bondowners whose approval is required to approve such amendment, may be made by a supplemental resolution of the University and a resolution duly adopted either:

(a) at a duly convened and held meeting of the owners of Bonds whose contract with the University will be altered by such amendment by an affirmative vote of the owners of not less than a majority in principal amount or Accreted Value of such Bonds whose owners are present at such meeting; or

(b) with written consent as hereinafter provided in Section 15 hereof, of the owners of not less than a majority in principal amount or Accreted Value of the Outstanding Bonds whose contract with the University will be altered by such amendment;

provided, however, that, without the specific consent of the owner of each Bond, no such resolution amending or supplementing the provisions hereof or of any Series Resolution shall (1) permit the creation of a lien or charge on the Net Revenues superior or prior to the payment of the Bonds or Senior Lien Bonds; (2) reduce the aforesaid percentage of Bonds, the owners of which are required to consent to any such resolution amending or supplementing the provisions hereof; or (3) give to any Bond or Bonds any preference over any other Bond or Bonds secured hereby and no such resolution amending or supplementing the provisions hereof or any Series Resolution shall change the date of payment of the principal of any Bond, or reduce the principal amount of any Bond, or change the rate or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption or prepayment thereof, or advance the date upon which any Bond may first be called for redemption prior to its fixed maturity date (except

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conclusively to be binding upon the University, the Paying Agents and other agents, if any, for that series, and the owners of all Bonds of that series and coupons, if any, appurtenant thereto, at the expiration of 30 days after the first publication of the notice provided for in this Section.

Section 15. Alternate Method of Obtaining Approval of Amendments. The University may at any time adopt a resolution amending the provisions of this resolution or any Series Resolution to the extent that such amendment is permitted by this resolution, to take effect when and as provided in this Section. A copy of such resolution (or summary thereof) together with a request to owners of all Bonds whose contract with the University will be altered by such resolution for their consent thereto shall be mailed by the University to the owners of such series of Bonds, and notice thereof shall be published once in each fiscal week for four successive fiscal weeks on any day of the week in the manner provided in Section 10 hereof (but failure to mail copies of such resolution and request shall not affect the validity of the resolution when consented to as in this Section provided). Such resolution shall not be effective unless and until there shall have been filed with the University the written consents of the owners of a majority in aggregate principal amount or Accreted Value of the Outstanding Bonds of the Series whose contract with the University will be altered by such resolution and notice shall have been published as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds of the series for which such consent is given, which proof shall be such as is permitted by Section 11 hereof. Any such consent shall be binding upon the owner of the Bonds of the series giving such consent and on every subsequent owner of such Bonds (whether or not such subsequent owner has notice thereof). A notice, stating the substance of the resolution and stating that the resolution has been consented to by the owners of a majority in aggregate principal amount or Accreted Value of the Bonds of the series whose contract with the University will be altered thereby and will be effective as provided in this Section, may be given to the owners of the Bonds of the affected series by mailing such notice to such Bondowners, and shall be given by publishing the same twice in the manner provided in Section 10 hereof, with an interval of not less than seven days between such

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as provided in the Series Resolution authorizing the issuance of such Bond) without the specific consent of the owner of that Bond; *provided further, however*, that no such amendment shall change or modify any of the rights or obligations of any Paying Agent or other agent for a series of Bonds without its written assent thereto. Nothing herein contained shall be construed as making necessary the approval by the owners of the Bonds of any series of the adoption of any supplemental resolution authorized by Section 8 of this resolution or authorized by any Series Resolution.

Section 14. Obtaining Approval of Amendments at Bondowners Meetings. The University may at any time adopt a resolution amending the provisions of this resolution or any Series Resolution to the extent that such amendment is permitted by this resolution, to take effect when and as provided in this Section. Upon the adoption of such resolution, a copy thereof, certified by the Secretary of the Board, shall be filed with the Trustee for the affected series of Bonds, if theretofore appointed. At any time thereafter such resolution may be submitted by the University for approval to a meeting of the owners of each series of Bonds whose contract with the University will be altered by such resolution, duly convened and held in accordance with the provisions of this resolution. Any record so signed and verified shall be proof of the matters therein stated. If the resolution of the University making such amendment shall be approved by a resolution duly adopted at such meeting of Bondowners pursuant to the provisions of Section 13 hereof, a notice stating that a resolution approving such amendment has been so adopted and briefly summarizing such amendment shall be mailed by the University to the owners of Bonds affected thereby (but failure so to mail copies of such resolution shall not affect the validity of such resolution), and shall be published twice in the manner provided in Section 10 hereof, with an interval of not less than seven days between such publications, the first publication to be made not more than 15 days after the date of the adoption of such resolution. Proof of such mailing and publication by the affidavit or affidavits of a person or persons having knowledge of the facts shall be filed with the Bondowners' Trustee, if theretofore appointed for that series, and with the University. Such amendatory resolution shall be deemed

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publications, the first publication to be made not more than 15 days after the owners of a majority in aggregate principal amount or Accreted Value of the Bonds of the affected series shall have filed their consent to the resolution. A record, consisting of the papers required by this Section to be filed with the University, shall be proof of the matters therein stated, and the resolution shall be deemed conclusively to be binding upon the University the Paying Agents and other agents, if any, for that series and the owners of all Bonds of that series and coupons, if any, appurtenant thereto, at the expiration of 30 days after the first publication of the notice last provided for in this Section.

Section 16. Amendment of Resolution in any Respect by Approval of All Bondowners of a Series. Notwithstanding anything contained in the foregoing provisions of this resolution, the rights and obligations of the University and of the owners of the Bonds of any series and coupons, if any, appurtenant thereto, and the terms and provisions of the Bonds of any series and of this resolution and of any Series Resolution, may be amended in any respect with the consent of the University by the affirmative vote of the owners of all of the Outstanding Bonds of the series whose contract with the University will be altered by such amendment, at a meeting of Bondowners of that series called and held as hereinabove provided, or upon the adoption of a resolution by the University and the consent of the owners of all of the Outstanding Bonds of the series whose contract with the University will be altered by such amendment, such consent to be given as provided in Section 15, except that no notice to Bondowners either by mailing or publication shall be required, and the amendment shall be effective immediately upon such unanimous vote or written consent of all such owners of Bonds.

Section 17. Endorsement of Amendment on Bonds. Bonds of any series delivered after the effective date of any action amending this resolution or the Series Resolution with respect to that series taken as hereinabove provided may bear a notation by endorsement or otherwise in form approved by the University as to such action, and in that case, upon demand of the owner of any Outstanding Bond of that series at such effective date and presentation of his Bond for such purpose at the principal office of the Registrar therefor, suitable notation shall be

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made on such Bond by the Registrar as to any such action. If the University shall so determine, new Bonds of such series, so modified as in the opinion of the University and its counsel to conform to such Bondowners' action, shall be prepared, delivered and upon demand of the owner of any Bond of that series then Outstanding shall be exchanged without cost to such Bondowner for Bonds of that series then Outstanding hereunder, upon surrender of such Bonds with all unmatured coupons, if any, appurtenant thereto.

Section 18. Resolution and Laws a Contract with Bondowners. This resolution is adopted under the authority of and in full compliance with the Constitution and laws of the State of Washington, including Title 28B of the Revised Code of Washington, as amended and supplemented. In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of this resolution and of any Series Resolution and of said laws shall constitute a contract with the owner or owners of each Bond and the coupons, if any, appurtenant thereto, and the obligations of the University and its Board under said laws and under this resolution and under any Series 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 Bonds and the coupons, if any, appurtenant thereto.

Section 19. Moneys Held by Paying Agents One Year After Due Date. Unless otherwise provided in the Series Resolution authorizing a series of Bonds, moneys or securities held by the Paying Agents in trust for the payment and discharge or purchase of any of the Bonds or coupons of a series which remain unclaimed for one year after the date when such Bonds or coupons are purchased or shall have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by such Paying Agents at such date, or for one year after the date of deposit of such moneys if deposited with the Paying Agents after the date when such Bonds become due and payable, shall be repaid by the Paying Agents to the University free from the trust created by this resolution and the Paying Agents shall thereupon be released and discharged with respect thereto, and the owners of the Bonds of

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The bank or trust company acting as a Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may be appointed by the owners of a majority in principal amount or Accreted Value of the Bonds Outstanding of the applicable series, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized.

The Bondowners' Trustee appointed in the manner herein provided, and each successor thereto, is hereby declared to be a trustee for the owners of all the Bonds of the series for which such appointment is made and is empowered to exercise all the rights and powers herein conferred on the Bondowners' Trustee.

A Bondowners' Trustee may upon the happening of a Default and during the continuance thereof, take such steps and institute such suits, actions or other proceedings in its own name, or as trustee, all as it may deem appropriate for the protection and enforcement of the rights of Bondowners to collect any amounts due and owing the University, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this resolution.

Any action, suit or other proceedings instituted by a Bondowners' Trustee hereunder shall be brought in its name as trustee for the Bondowners and all such rights of action upon or under any of the Bonds or the provisions of this resolution or applicable Series Resolution may be enforced by a Bondowners' Trustee without the possession of any of said Bonds, and without the production of the same at any trial or proceedings relating thereto except where otherwise required by law, and the respective owners of said Bonds by taking and holding the same, shall be conclusively deemed irrevocably to appoint a Bondowners' Trustee the true and lawful trustee to the respective owners of said Bonds, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums that become distributable on account of said Bonds; to execute any paper or documents for the receipt of such moneys, and to do all acts with respect thereto that the Bondowner himself might have done in person. Nothing herein contained shall be deemed to authorize or empower any Bondowners' Trustee to consent

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the series payable from such moneys shall look only to the University for the payment of such Bonds and coupons or the purchase price thereof.

Section 20. Defaults and Remedies. The University hereby finds and determines that the continuous operation of the System and the collection, deposit and disbursement of Gross Revenue are essential to the payment and security of the Bonds and the failure or refusal of the University or any of its officers to perform the covenants and obligations of this resolution will endanger the operation of the System and the application of Gross Revenue and such other moneys, funds and securities to the purposes herein set forth. Accordingly, the provisions of this section are specified and adopted for the additional protection of the owners from time to time of the Bonds. Any one or more of the following events shall constitute a "Default" under this resolution:

- (a) The University shall fail to make payment of the principal of any Bonds when the same shall become due and payable whether by maturity or scheduled redemption prior to maturity;
- (b) The University shall fail to make payments of any installment of interest on any Bonds when the same shall become due and payable;
- (c) The University shall default in the observance or performance of any other covenants, conditions, or agreements on the part of the University contained in this resolution, and such default shall have continued for a period of 90 days.

In such case, so long as such Default shall not have been remedied, a Bondowners' Trustee may be appointed for the Bonds of any series by the owners of 51% in principal amount or Accreted Value of the Bonds of such series by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized and delivered to such Trustee, notification thereof being given to the University. Any Bondowners' Trustee appointment under the provisions of this Section shall be a bank or trust company organized under the laws of any state or a national banking association. The fees and expenses of a Bondowners' Trustee shall be borne by the Bondowners and not by the University.

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to accept or adopt, on behalf of any owner of said Bonds or appurtenant coupons, any plan of reorganization or adjustment affecting the said Bonds or any right of any owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the University shall be a party.

No owner of any one or more of the Bonds shall have any right to institute any action, suit or proceedings at law or in equity for the enforcement of the same or coupons appertaining thereto, unless Default shall have happened and be continuing, and unless no Bondowners' Trustee has been appointed for such series as herein provided, but any remedy herein authorized to be exercised by a Bondowners' Trustee may be exercised individually by any Bondowner, in his own name and on his own behalf or for the benefit of all Bondowners, in the event no Bondowners' Trustee has been appointed, or with the consent of the Bondowners' Trustee if such Bondowners' Trustee has been appointed; provided however, that nothing in this resolution, any Series Resolution or in the Bonds shall affect or impair the obligation of the University which is absolute and unconditional, to pay from Net Revenues the principal of and interest on said Bonds to the respective owners thereof and the coupons appertaining thereto at the respective due dates therein specified, or affect or impair the right of action, which is absolute and unconditional, of such owners to enforce such payments.

The remedies herein conferred upon or reserved to the owners of the Bonds and to a Bondowners' Trustee are not intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. The privileges herein granted shall be exercised from time to time and continued so long as and as often as the occasion therefor may arise and no waiver of any default hereunder or under any Series Resolution, whether by a Bondowners' Trustee or by the owners of Bonds, shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon. No delay or omission of the Bondowners or of a Bondowners' Trustee to exercise any right or

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power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein.

Notwithstanding the foregoing, no default may be waived with respect to any series of Bonds or portion thereof secured or supported by a Credit Facility unless the Bondowners' Trustee with respect thereto has received written confirmation from the issuer thereof that such Credit Facility has been fully reinstated.

Upon any such waiver, such default shall cease to exist, and any Default arising therefrom shall be deemed to have been cured, for every purpose of this resolution; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 21. Severability. If any one or more of the provisions of this resolution shall be declared by any court of competent jurisdiction to be contrary to law, then such provision or provisions shall be deemed separable from, and shall in no way affect the validity of, any of the other provisions of this resolution or of the Bonds issued pursuant to the terms hereof.

ADOPTED AND APPROVED by the Chairperson of the Board of Trustees of Western Washington University, at a regular meeting of the Board held this 5th day of December, 1997.

WESTERN WASHINGTON UNIVERSITY

Chairperson, Board of Trustees

ATTEST:

Secretary of the Board

SECRETARY'S CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Secretary of the Board of Trustees of Western Washington University (the "University"), and keeper of the records of the Board of Trustees (herein called the "Board"), DO HEREBY CERTIFY:

1. That the attached Resolution No. 97-09 (herein called the "Resolution") is a true and correct copy of a resolution of the Board of Trustees, as adopted at a regular meeting of the Board held on the 5th day of December, 1997, 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 legal quorum 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 as of this 5th day of December, 1997.

Secretary, Board of Trustees

SERIES RESOLUTION

WESTERN WASHINGTON UNIVERSITY

RESOLUTION NO. 2019-04

A RESOLUTION OF THE BOARD OF TRUSTEES OF WESTERN WASHINGTON UNIVERSITY; AUTHORIZING THE ISSUANCE AND SALE OF HOUSING AND DINING SYSTEM REVENUE BONDS OF THE UNIVERSITY IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$75,000,000 IN ONE OR MORE SERIES FOR THE PURPOSE OF MAKING CAPITAL IMPROVEMENTS; PROVIDING FOR THE DISPOSITION OF THE BOND PROCEEDS; AUTHORIZING THE SALE OF THE BONDS AND THE PREPARATION OF A PRELIMINARY OFFICIAL STATEMENT; AND AUTHORIZING THE DESIGNATED UNIVERSITY REPRESENTATIVE TO MAKE CERTAIN DETERMINATIONS AND APPOINTMENTS WITH RESPECT TO THE BONDS UNDER THE TERMS AND CONDITIONS SET FORTH HEREIN.

ADOPTED: AUGUST 23, 2019

Prepared by:

K&L GATES LLP
Seattle, Washington

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SERIES RESOLUTION

WESTERN WASHINGTON UNIVERSITY

RESOLUTION NO. 2019-04

A RESOLUTION OF THE BOARD OF TRUSTEES OF WESTERN WASHINGTON UNIVERSITY; AUTHORIZING THE ISSUANCE AND SALE OF HOUSING AND DINING SYSTEM REVENUE BONDS OF THE UNIVERSITY IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$75,000,000 IN ONE OR MORE SERIES FOR THE PURPOSE OF MAKING CAPITAL IMPROVEMENTS; PROVIDING FOR THE DISPOSITION OF THE BOND PROCEEDS; AUTHORIZING THE SALE OF THE BONDS AND THE PREPARATION OF A PRELIMINARY OFFICIAL STATEMENT; AND AUTHORIZING THE DESIGNATED UNIVERSITY REPRESENTATIVE TO MAKE CERTAIN DETERMINATIONS AND APPOINTMENTS WITH RESPECT TO THE BONDS UNDER THE TERMS AND CONDITIONS SET FORTH HEREIN.

Resolution Number	Date of Issue	Designation	Original Principal Amount	Currently Outstanding	Final Maturity
97-09 and 98-01	2/01/98	Housing and Dining System Junior Lien Revenue Refunding Bonds, 1998 Series A	\$17,225,000	\$ 4,350,000	10/1/22
97-09 and 2012-03	7/19/12	Housing and Dining System Revenue Refunding Bonds, Series 2012	\$ 9,205,000	\$ 4,395,000	10/1/23
97-09 and 2014-09	3/03/15	Housing and Dining System Revenue Refunding Bonds, Series 2015	\$13,435,000	\$ 9,240,000	4/1/26
97-09 and 2017-10	12/21/17	Housing and Dining System Revenue Refunding Bonds, Series 2018A	\$10,695,000	\$10,695,000	4/1/34
97-09 and 2017-10	3/08/18	Housing and Dining System Revenue Refunding Bonds, Series 2018B	\$33,680,000	\$33,265,000	4/1/43

; and

WHEREAS, under the terms of the Master Resolution, the University is authorized to issue additional bonds having a parity of lien on Net Revenues with the Outstanding Parity Bonds; and

WHEREAS, it appears to the Board of Trustees (the "Board") that it is in the best interest of the University to issue additional bonds under the Master Resolution in one or more series in the aggregate principal amount of not to exceed \$75,000,000 (together, the "Series 2019 Bonds") in order to obtain long term financing for additions, renovation and improvements to facilities of the System (as described in Section 3 hereof) (the "Projects"); and

WHEREAS, the Board wishes to delegate authority to the Designated University Representative to determine the manner of sale of the Series 2019 Bonds, the approval of the

WHEREAS, Western Washington University, a regional university of the State of Washington (the "University"), maintains a housing and dining system (defined in the hereinafter referred to Master Resolution as the "System") which is in need of expansion, renovation and improvement from time to time; and

WHEREAS, the University has authorized the issuance of housing and dining system revenue bonds in one or more series pursuant to Resolution No. 97-09, adopted on December 5, 1997 (the "Master Resolution"); and

WHEREAS, the bonds authorized under the Master Resolution are payable from Net Revenues (as such term is defined in the Master Resolution); and

WHEREAS, the University has issued and has outstanding bonds secured by a parity lien on the revenues of the University (the "Outstanding Parity Bonds"), as follows:

final principal amount of each series of the bonds, interest rates, principal maturities and redemption provisions of such series of bonds to be fixed under such terms and conditions as are approved by this Series Resolution;

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

Section 1. Definitions. Unless otherwise defined herein, the terms used in this Series Resolution, including the preamble hereto, which are defined in the Master Resolution shall have the meanings set forth in the Master Resolution. In addition, the following terms shall have the following meanings in this Series Resolution:

Approved Bid means the winning bid submitted for a series of the Series 2019 Bonds if the Series 2019 Bonds are sold by Competitive Sale.

Beneficial Owner means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2019 Bonds (including persons holding Series 2019 Bonds through nominees, depositories or other intermediaries).

Bond Insurance Policy means the municipal bond insurance policy issued by the Insurer insuring the payment when due of the principal of and interest on a series of the Series 2019 Bonds as provided therein.

Bond Purchase Contract means, if a series of the Series 2019 Bonds shall be sold by Negotiated Sale, the purchase contract relating to such series of the Series 2019 Bonds between the University and the Underwriter.

Code means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto.

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MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at www.emma.msrb.org.

Negotiated Sale means the process by which a series of the Series 2019 Bonds are sold by negotiation to one or more underwriting firms selected by the Designated University Representative.

Net Proceeds when used with reference to the Series 2019 Bonds, means the face amount of the Series 2019 Bonds, plus accrued interest and original issue premium, if any, and less original issue discount and proceeds deposited into the Series 2019 Reserve Account, if any.

Official Notice of Sale means, if a series of the Series 2019 Bonds shall be sold by Competitive Sale, the notice of bond sale authorized to be given in Section 15 of this Series Resolution.

Outstanding Parity Bonds means the outstanding parity bonds identified in the recitals of this Series Resolution.

Parity Bonds means any revenue obligations issued by the University pursuant to the Master Resolution, which Parity Bonds have a lien upon the Net Revenues for the payment of the principal thereof and interest thereon equal to the lien created upon Net Revenues for the payment of the principal of and interest on the Series 2019 Bonds, and the term "Parity Bonds" shall mean and include the Outstanding Parity Bonds, the Series 2019 Bonds and any Future Parity Bonds.

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

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Competitive Sale means the process by which a series of the Series 2019 Bonds are sold through the public solicitation of bids from underwriting firms.

Designated University Representative means, for purposes of this Series Resolution, shall also include the Vice President for Business and Financial Affairs of the University or any successor to the functions of such office, and also shall include any designee of the Designated University Representative for the performance of specific functions under this Series Resolution.

Disclosure Agreement means the commitment of the University to comply with the ongoing disclosure requirements of the Rule.

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Series 2019 Bonds pursuant to Section 6 hereof.

Future Parity Bonds means those revenue bonds or other revenue obligations which may be issued by the University in the future as Parity Bonds.

Government Obligations means obligations defined as such in Chapter 39.53 RCW as now or hereafter amended.

Insurer means such bond insurance company, if any, from which a Bond Insurance Policy may be acquired for the Series 2019 Bonds, in accordance with this Series Resolution.

Letter of Representations means a blanket issuer letter of representations from the University to DTC.

MSRB means the Municipal Securities Rulemaking Board or any successor to its functions. Until otherwise designated by the MSRB or the SEC, any information, reports or notices submitted to the MSRB in compliance with the Rule are to be submitted through the

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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 and utility expenses.

Projects mean those capital improvements to the System described in Section 3 of this Series Resolution.

Qualified Insurance means any non-cancellable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) (A) which insurance company or companies, as of the time of issuance of such policy or surety bond, are rated in one of the two highest Rating Categories by Moody's Investors Service, Inc., S&P Global Ratings, or Fitch Ratings, Inc. or their legal successors for unsecured debt or insurance underwriting or claims paying ability or (B) by issuing its policies causes obligations insured thereby to be rated in one of the two highest Rating Categories.

Qualified Letter of Credit means any irrevocable letter of credit issued by a financial institution, which institution maintains an office, agency or branch in the United States and as of

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the time of issuance of such letter of credit, is rated in one of the three highest Rating Categories by Moody's Investors Service, Inc., S&P Global Ratings, and Fitch Ratings, Inc. or their legal successors, if any.

Rating Agency means Moody's Investors Service, Inc., S&P Global Ratings, or Fitch Ratings, Inc.

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

Record Date means the close of business on the 15th day prior to each day on which a payment of interest on the Bonds is due and payable.

Registered Owner means the person named as the registered owner of a Series 2019 Bond in the Bond Register. The Registered Owner shall be deemed to be the owner of all the Series 2019 Bonds, except for the purposes of Section 16 of this Series Resolution.

Registrar means, collectively, the fiscal agent of the State of Washington, appointed by this Series Resolution for the purposes of registering and authenticating the Series 2019 Bonds, maintaining the Bond Register, and effecting transfer of ownership of the Series 2019 Bonds.

Rule means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SEC means the United States Securities and Exchange Commission.

Series 2019 Bond Fund means the Western Washington University Housing and Dining System Revenue Bond Fund, Series 2019 created in the office of the Designated University Representative by Section 8 of this Series Resolution.

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Underwriter means the initial purchaser or representative of the purchasers (if more than one firm acts collectively with one or more additional underwriting firms) of a series of the Series 2019 Bonds.

Rules of Interpretation. In this Series Resolution, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Series Resolution, refer to this Series 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 Series 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 Series 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 Series 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) Words importing the singular number include the plural number and vice versa.

In this Series Resolution, the Designated University Representative is authorized to create a number of "funds" and/or "accounts." In each case, the Designated University Representative

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Series 2019 Bonds means the Western Washington University, Housing and Dining System Revenue Bonds, Series 2019[] issued in one or more series, authorized to be issued by Section 4 of this Series Resolution.

Series 2019 Debt Service Account means the account of that name created in the Series 2019 Bond Fund by Section 8 of this Series Resolution.

Series 2019 Reserve Account means the account of that name, if any, created in the Series 2019 Bond Fund by Section 8 of this Series Resolution.

Series 2019 Reserve Account Requirement means the amount, if any, specified in the Bond Purchase Contract if the Series 2019 Bonds are sold by Negotiated Sale and/or by the University in the Official Notice of Sale if the Series 2019 Bonds are sold by Competitive Sale.

Surety Bond means the surety bond, if any, issued by the Insurer on the date of issuance and delivery of a series of the Series 2019 Bonds for the purpose of satisfying the Series 2019 Reserve Account Requirement.

Surety Bond Agreement means the agreement pursuant to which the Surety Bond is issued.

System has the meaning given such term in the Master Resolution and in addition, the term "System" shall include all Residence Halls, Birnam Wood Apartments, Dining Commons, Viking Union, Lakewood Recreational Facility, Viqueen Lodge on Sinclair Island, and the Commissary.

Term Bonds means any Series 2019 Bonds designated as "Term Bonds" in the Bond Purchase Contract or Approved Bid for such Series 2019 Bonds.

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may designate each such fund or account in his or her discretion as a fund or as an account, regardless of its designation in this Series Resolution.

Section 2. Compliance with Parity Conditions. The University has reserved the right pursuant to the Master Resolution to issue Future Parity Bonds upon compliance with certain conditions set forth therein. The University hereby finds and determines, as required by Sections 5 and 6 of the Master Resolution as follows:

First, the University has not been in default of its covenant under Section 7(a) of the Master Resolution for the immediately preceding year (year ending June 30, 2019); and

Second, there will be at the time of issuance of each series of the Series 2019 Bonds a certificate (prepared as described in subsection 5(b) of the Master Resolution) demonstrating fulfillment of the Additional Bonds Test, commencing with the first full fiscal year following the later of (1) the Date of Commercial Operation of the System to be financed with the proceeds of the Series 2019 Bonds or (2) the date on which any portion of interest on the series of Series 2019 Bonds then being issued no longer will be paid from the proceeds of such series of Series 2019 Bonds.

The limitations contained and the conditions provided in the Master Resolution having been complied with or assured, the payments required herein to be made out of the Net Revenues to pay and secure the principal of and interest on the Series 2019 Bonds shall constitute a lien and charge upon such Net Revenues equal in rank to the lien and charge thereon of the Outstanding Parity Bonds.

The University hereby further covenants and agrees that the Series 2019 Bonds will not be issued and delivered to the purchasers thereof as bonds on a parity with the Outstanding Parity

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Bonds until the certificate required herein, in form and contents satisfactory to the University and its counsel, has been filed with the University.

Section 3. Authorization of Projects. The System requires additions and certain improvements to its facilities including demolishing an old residence hall and construction and equipping of a new residence hall, and additional housing system renovations including upgrades to Buchanan Towers, Ridgeway Commons enhancements and residential facility access control (the "Projects"). The University hereby authorizes the undertaking of the Projects. To the extent Series 2019 Bond proceeds are available after completion of the Projects, they may be used to fund other projects within the System in accordance with the Housing and Dining System Long Term Capital Plan as approved by the Board of Trustees.

Section 4. Authorization of Series 2019 Bonds; Bond Details.

(a) *Authorization of the Series 2019 Bonds.* For the purpose of paying or reimbursing the costs of the Projects, paying the cost of funding the Series 2019 Reserve Account Requirement, if any, and paying the costs of issuance of the Series 2019 Bonds, the University shall issue and sell its housing and dining system revenue bonds, in one or more series, in the combined aggregate amount of not to exceed \$75,000,000 (the "Series 2019 Bonds").

(b) *Bond Details.* The Series 2019 Bonds shall be designated as "Western Washington University Housing and Dining System Revenue Bonds, Series 2019[]", with additional designations as requested, shall be registered as to both principal and interest, shall be in the denomination of \$5,000 each, or any integral multiple thereof, provided that no Series 2019 Bond shall represent more than one series and maturity; shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated and bear interest at the per annum rates, payable on

redeems at any one time fewer than all of the Series 2019 Bonds within the same series and maturity date, the particular Series 2019 Bonds or portions of Series 2019 Bonds of such series and maturity to be redeemed shall be selected by lot (or in such other manner determined by the Registrar) in increments of \$5,000. In the case of a Series 2019 Bond of a denomination greater than \$5,000, the University and Registrar shall treat each Series 2019 Bond as representing such number of separate Series 2019 Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Series 2019 Bond by \$5,000. In the event that only a portion of the principal sum of a Series 2019 Bond is redeemed, upon surrender of the such Series 2019 Bond at the principal office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Series 2019 Bond or Series 2019 Bonds of like series, maturity and interest rate in any of the denominations herein authorized.

(c) *Notice of Redemption.*

(1) Official Notice. Unless waived by any owner of Series 2019 Bonds to be redeemed, official notice of any such redemption (which notice at the option of the University may be rescinded and, in the case of a conditional redemption, 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 the Registered Owner of the Series 2019 Bond or Series 2019 Bonds to be redeemed at the address shown on the 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:

the dates and maturing in principal amounts set forth in the Approved Bid or Bond Purchase Contract, pursuant to Section 15 of this Series Resolution. The Series 2019 Bonds of any of the series or maturities may be combined and issued as term bonds ("Term Bonds"), subject to mandatory redemption as provided in the Approved Bid or Bond Purchase Contract.

Section 5. Right of Prior Redemption and Purchase.

(a) *Optional Redemption.* The Series 2019 Bonds of a series may include provision for optional redemption on the dates, at the prices and under the terms set forth in the Bond Purchase Contract or Approved Bid approved by the Designated University Representative pursuant to Section 15.

(b) *Mandatory Redemption.* The Series 2019 Bonds of a series shall be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract or Approved Bid and as approved by the Designated University Representative pursuant to Section 15.

(c) *Purchase of Series 2019 Bonds.* The Series 2019 Bonds may be purchased at any time, to the extent that such Series 2019 Bonds are offered to the University at any price deemed reasonable by the Designated University Representative but only to the extent of Gross Revenue available after providing for the payments required by paragraphs first through sixth of Section 2(a) of the Master Resolution.

(d) *Selection of Series 2019 Bonds for Redemption.* As long as the Series 2019 Bonds are held in book-entry only form, the maturities to be redeemed, if any, shall be selected by the University and, within a maturity, the selection of Series 2019 Bonds of such series to be redeemed shall be made in accordance with the operational arrangements in effect at DTC. If the Series 2019 Bonds are no longer held in uncertificated form, the selection of such Series 2019 Bonds to be redeemed shall be made as provided in this subsection (d). If the University

(A) the redemption date,
(B) the redemption price,
(C) if fewer than all Outstanding Series 2019 Bonds are to be redeemed, the identification by series and maturity (and, in the case of partial redemption, the respective principal amounts) of the Series 2019 Bonds to be redeemed,

(D) if the notice is conditional, the conditions to the redemption of Series 2019 Bonds;

(E) that on the redemption date, provided that in the case of optional redemption, unless the notice of optional redemption has been rescinded or in the case of a conditional redemption, all conditions to such conditional redemption shall have been satisfied, the full amount of the redemption price is on deposit therefor, the redemption price will become due and payable upon each such Series 2019 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,

(F) if the Series 2019 Bonds are no longer held in fully immobilized form, the place where such Series 2019 Bonds are to be surrendered for payment of the redemption price, and

(G) that the notice of redemption may be rescinded for any reason or withdrawn and the proposed redemption of Series 2019 Bonds cancelled if for any reason funds will not be available on the date fixed for redemption.

Unless the University has revoked the notice of redemption or the conditions for redemption shall not have been in the case of a conditional redemption, on or prior to any redemption date, the Designated University Representative shall deposit with the Registrar an

amount of money sufficient to pay the redemption price of all the Series 2019 Bonds or portions of Series 2019 Bonds which are to be redeemed on that date.

Failure to give notice as to redemption of any Series 2019 Bond or any defect in such notice shall not invalidate redemption of any other Series 2019 Bond.

Notwithstanding the foregoing, if the Series 2019 Bonds are then held in book-entry only form, notice of redemption to any Registered Owner or beneficial owner of Series 2019 Bonds shall be given only in accordance with the operational arrangements then in effect at DTC but not less than twenty (20) days prior to the date of redemption.

(2) Effect of Notice; Series 2019 Bonds Due. Official notice of redemption having been given as aforesaid, the Series 2019 Bonds or portions of Series 2019 Bonds so to be redeemed shall, on the redemption date (unless in the case of conditional redemption the conditions have not been fulfilled, or the notice or redemption has been rescinded or withdrawn), become due and payable at the redemption price therein specified, and from and after such date such Series 2019 Bonds or portions of Series 2019 Bonds shall cease to bear interest. 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 Series 2019 Bond, there shall be prepared for the Registered Owner a new Series 2019 Bond or Series 2019 Bonds of the same series and maturity in the aggregate amount of the unpaid principal. All Series 2019 Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

(3) Additional Notice. In addition to the foregoing notice, further notice may 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

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in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 6. Place and Medium of Payment. The principal of, premium, if any, and interest on the Series 2019 Bonds shall be payable in lawful money of the United States of America. Interest on the Series 2019 Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. For so long as all Bonds are in fully immobilized form, payments of principal and interest shall be made as provided to the parties entitled to receive payment as of each Record Date in accordance with the operational arrangements of DTC referred to in the Letter of Representations.

In the event that a series of the Series 2019 Bonds are no longer in fully immobilized form, interest on such Series 2019 Bonds shall be paid by check or draft mailed (or by wire transfer to a Registered Owner of such Series 2019 Bonds in aggregate principal amount of \$1,000,000 or more who so requests) to the Registered Owners of that series of the Series 2019 Bonds at the addresses for such Registered Owners appearing on the Bond Register as of the Record Date, and principal of that series of the Series 2019 Bonds shall be payable upon presentation and surrender of such Series 2019 Bonds 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 \$100,000 principal amount of that series of the Series 2019 Bonds, interest will be paid by wire transfer on the date due to an account with a bank located within the United States.

If any Series 2019 Bond shall be duly presented for payment and funds have not been duly provided by the University on such applicable date, then interest shall continue to accrue

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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 (A) the CUSIP numbers of all Series 2019 Bonds being redeemed; (B) the date of issue of the Series 2019 Bonds as originally issued; (C) the rate of interest borne by each Series 2019 Bond being redeemed; (D) the maturity date of each Series 2019 Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Series 2019 Bonds being redeemed. Each further notice of redemption may be sent at least twenty (20) before the redemption date to the Insurer, if any, and to each party entitled to receive notice pursuant to Section 16 of this Series Resolution, and to the original purchaser of the Series 2019 Bonds or to its business successors, if any, and to such persons (including the MSRB who customarily at the time receive notices of redemption in accordance with rules promulgated by the SEC) and with such additional information as the Registrar deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Series 2019 Bonds.

(4) Use of CUSIP Numbers. Upon the payment of the redemption price of Series 2019 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Series 2019 Bonds being redeemed with the proceeds of such check or other transfer, or in the case of a payment to DTC shall be accompanied by an informational communication evidencing the CUSIP and related informational details with respect to each security being paid by wire transfer.

(5) 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 by additions, deletions and changes

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thereafter on the unpaid principal thereof at the rate stated on such Series 2019 Bond until such Series 2019 Bond is paid.

Section 7. Registration.

(a) Registrar/Bond Register. The University hereby specifies and adopts the system of registration for the Series 2019 Bonds as approved by the State Finance Committee of the State of Washington from time to time. The University shall cause a bond register to be maintained by the Registrar. So long as any Series 2019 Bonds remain Outstanding, the Registrar shall make all necessary provisions to permit the exchange and registration of transfer of Series 2019 Bonds at its principal corporate trust office. The Registrar may be removed at any time at the option of the Designated University Representative upon prior notice to the Registrar, the Insurer, if any, and a successor Registrar appointed by the Designated University Representative. 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 Series 2019 Bonds transferred or exchanged in accordance with the provisions of such Series 2019 Bonds and this Series Resolution and to carry out all of the Registrar's powers and duties under this Series Resolution. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Series 2019 Bonds.

(b) Registered Ownership. The University and the Registrar, each in its discretion, may deem and treat the Registered Owner of each Series 2019 Bond as the absolute owner thereof for all purposes (except as provided in Section 16 of this Series Resolution), and neither the University nor the Registrar shall be affected by any notice to the contrary. Payment of any such Series 2019 Bond shall be made only as described in Section 6 hereof, but such Series 2019

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Bond may be transferred as herein provided. All such payments made as described in Section 6 shall be valid and shall satisfy and discharge the liability of the University upon such Series 2019 Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letter of Representations.* To induce DTC to accept the Series 2019 Bonds as eligible for deposit at DTC, the University has executed and delivered a Letter of Representations to 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 (or any successor depository) with respect to the Series 2019 Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Series 2019 Bonds, any notice which is permitted or required to be given to Registered Owners under this Series Resolution (except such notices as shall be required to be given by the University to the Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Series 2019 Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Series 2019 Bonds.

(d) *Use of Depository.*

(1) The Series 2019 Bonds shall be registered initially in the name of "CEDE & CO.", as nominee of DTC, with one Series 2019 Bond maturing within a series on each of the maturity dates for the Series 2019 Bonds in a denomination corresponding to the total

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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 Series 2019 Bonds, to issue Series 2019 Bonds as herein provided in any authorized denomination. Upon receipt by the Registrar of all then Outstanding Series 2019 Bonds together with a written request on behalf of the Board to the Registrar, new Series 2019 Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* If the Series 2019 Bonds are no longer held in book-entry only form, the transfer of any Series 2019 Bond may be registered and Series 2019 Bonds may be exchanged, but no transfer of any such Series 2019 Bond shall be valid unless such Series 2019 Bond is surrendered to the Registrar with the assignment form appearing on such Series 2019 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 Series 2019 Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Series 2019 Bond (or Series 2019 Bonds at the option of the new Registered Owner) of the same series, date, 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 Series 2019 Bond, in exchange for such surrendered and canceled Series 2019 Bond. If the Series 2019 Bonds are no longer held in book-entry only form, any Series 2019 Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Series 2019 Bonds of the same series, date, maturity and interest rate, in any authorized denomination or denominations.

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principal therein designated to mature on such date. Registered ownership of such immobilized Series 2019 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 depository appointed by the Board pursuant to subsection (ii) below or such substitute depository's successor; or (C) to any person as provided in subsection (iv) 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 Board to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Board may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Registrar shall, upon receipt of all Outstanding Series 2019 Bonds of a series, together with a written request on behalf of the Board, issue a single new Series 2019 Bond of that series for each maturity of the Series 2019 Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Board.

(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 Board determines that it is in the best interest of the beneficial owners of a series of the Series 2019 Bonds that such owners be able to obtain such bonds in the form of Series 2019 Bond certificates, the ownership of such Series 2019 Bonds may then be transferred to any

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The Registrar shall not be obligated to register the transfer or to exchange any Series 2019 Bond during the 15 days preceding the date any such Series 2019 Bond is to be redeemed.

(f) *Registrar's Ownership of Series 2019 Bonds.* The Registrar may become the Registered Owner of any Series 2019 Bond 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 right of the Registered Owners of Series 2019 Bonds.

(g) *Registration Covenant.* The University covenants that, until all Series 2019 Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Series 2019 Bond that complies with the provisions of Section 149 of the Code.

(h) *Series 2019 Bonds Payable from Series 2019 Bond Fund.* The Series 2019 Bonds shall be obligations only of the Series 2019 Bond Fund and shall be payable and secured as provided herein and in the Master Resolution. The Series 2019 Bonds are not general obligations of the University or of the State of Washington. The Series 2019 Bonds do not constitute an indebtedness of the University within the meaning of the constitutional provisions and limitations of the State of Washington.

Section 8. Series 2019 Bond Fund. A special fund of the University designated the "Western Washington University Housing and Dining System Revenue Bond Fund, Series 2019" (the "Series 2019 Bond Fund") is hereby authorized to be created in the office of the Designated University Representative for the purpose of paying and securing the payment of the Series 2019 Bonds. The Series 2019 Bond Fund shall be held separate and apart from all other funds and accounts of the University and shall be a trust fund for the owners, from time to time, of the Series 2019 Bonds.

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(a) *Series 2019 Debt Service Account.* If the Bond Purchase Contract or the University specifies an amount to be held as the Series 2019 Reserve Account Requirement in the Series 2019 Reserve Account, a separate account within the Series 2019 Bond Fund, to be designated as the Series 2019 Debt Service Account is hereby authorized to be created in the Series 2019 Bond Fund for the purpose of paying the principal of, premium, if any, and interest on the Series 2019 Bonds.

The University hereby irrevocably obligates and binds itself for as long as any Series 2019 Bonds remain Outstanding to set aside and pay into the Series 2019 Debt Service Account from Net Revenues or moneys in the Revenue Fund, on or prior to the respective dates the same become due:

(1) Such amounts as are required to pay the interest scheduled to become due on Outstanding Series 2019 Bonds; and

(2) Such amounts with respect to Outstanding Series 2019 Bonds as are required (A) to pay maturing principal, (B) to make required sinking fund payments, and (C) to redeem Outstanding Series 2019 Bonds in accordance with any mandatory redemption provisions.

(b) *Series 2019 Reserve Account.* If the Bond Purchase Contract or University specifies an amount to be maintained as the Series 2019 Reserve Account Requirement, a Series 2019 Bond Reserve Account (the “Series 2019 Reserve Account”) shall be created in the Series 2019 Bond Fund for the purpose of securing the payment of the principal of and interest on Series 2019 Bonds.

The University hereby covenants and agrees that on the date of issuance of the Series 2019 Bonds, it will provide for the funding of the Series 2019 Reserve Account in an

amount sufficient to satisfy the Series 2019 Reserve Account Requirement, if any. Such deposit will be made in the form of a surety bond, as Qualified Insurance, or in the form of cash or other securities, as necessary. The Designated University Representative is hereby authorized and directed to determine the method of funding of the Series 2019 Reserve Account Requirement.

The University further covenants and agrees that it will maintain the Series 2019 Reserve Account Requirement throughout the term of the Series 2019 Bonds, except for permitted withdrawals therefrom. The Series 2019 Reserve Account Requirement may be maintained by deposits of cash, a Qualified Letter of Credit or Qualified Insurance, or a combination of the foregoing. In computing the amount on hand in the Series 2019 Reserve Account, Qualified Insurance and/or a Qualified Letter of Credit shall be valued at the face amount thereof, and all other obligations purchased as an investment of moneys therein shall be valued at its market value, and shall be revalued at least once each year. At the time of revaluation of obligations held in the Series 2019 Reserve Account, if it is determined that the balance on hand in the Series 2019 Reserve Account is less than the Series 2019 Reserve Account Requirement, then the University shall transfer sufficient funds to make up this deficiency within one year of the date of such determination.

Whenever there is a sufficient amount in the Series 2019 Bond Fund, including the Series 2019 Reserve Account and the Series 2019 Debt Service Account to pay the principal of, premium, if any, and interest on all outstanding Series 2019 Bonds, the money in the Series 2019 Reserve Account may be used to pay such principal, premium, if any, and interest. Money in the Series 2019 Reserve Account may be withdrawn to redeem and retire, and to pay the interest due to such date of redemption and premium, if any, on any Outstanding Series 2019 Bonds, so long as the moneys left remaining on deposit in the Series 2019 Reserve Account are equal to the

Series 2019 Reserve Account Requirement. The University may also transfer out of the Series 2019 Reserve Account any moneys required in order to prevent any Series 2019 Bonds from becoming “arbitrage bonds” under the Code.

If a deficiency in the Series 2019 Debt Service Account shall occur, such deficiency shall be made up from the Series 2019 Reserve Account by the withdrawal of cash therefrom for that purpose and by the sale or redemption of obligations held in the Series 2019 Reserve Account, if necessary, in such amounts as will provide cash in the Series 2019 Reserve Account sufficient to make up any such deficiency, and if a deficiency still exists immediately prior to an interest payment date and after the withdrawal of cash, the University shall then draw from any Qualified Letter of Credit, Qualified Insurance, or other equivalent credit facility for the Series 2019 Bonds in sufficient amount to make up the deficiency. Such draw shall be made at such times and under such conditions as the agreement for such Qualified Letter of Credit or such Qualified Insurance shall provide. Reimbursement shall be made to the issuer of the Surety Bond in accordance with the terms of the Surety Bond Agreement, and after making necessary provision for the payments required to be made in paragraph First through Third of Section 2(a) of the Master Resolution. Any deficiency created in the Series 2019 Reserve Account by reason of any such withdrawal shall be made up within one year from Qualified Insurance or a Qualified Letter of Credit or out of Net Revenues (or out of any other moneys on hand legally available for such purpose) (in 12 approximately equal installments) after making necessary provision for the payments required to be made into the Series 2019 Debt Service Account within such year.

In making the payments and credits to the Series 2019 Reserve Account required by this Section 8(b), to the extent that the University has obtained Qualified Insurance or a Qualified Letter of Credit for specific amounts required pursuant to this section to be paid out of the

Series 2019 Reserve Account, such amounts so covered by Qualified Insurance or a Qualified Letter of Credit shall be credited against the amounts required to be maintained in the Series 2019 Reserve Account by this Section 8(b) to the extent that such payments and credits to be made are insured by an insurance company, or guaranteed by a letter of credit from a financial institution. Such Qualified Letter of Credit or Qualified Insurance shall not be cancellable on less than one year's notice. In the event of any cancellation of the Qualified Insurance, or Qualified Letter of Credit, for reasons other than insolvency of the issuer of the Qualified Insurance or the Qualified Letter of Credit, the Series 2019 Reserve Account Requirement shall be satisfied within one year of the date of cancellation with Qualified Insurance or another Qualified Letter of Credit, or if the issuer of the Qualified Insurance or the Qualified Letter of Credit shall be insolvent the Series 2019 Reserve Account Requirement shall be satisfied within five years (in 60 approximately equal installments) of the insolvency or cancellation out of Net Revenues (or out of moneys on hand legally available for such purpose) after making necessary provisions for the payments required to be made into the Series 2019 Debt Service Account.

(c) *Pledged Amount.* In Section 7(h) of the Master Resolution, the Board has covenanted and agreed to establish, maintain and collect Services and Activities Fees at least equal to the Pledged Amount. Further, the Master Resolution retains the authority of the Board to increase the “Pledged Amount” to include additional fees specifically pledged to one or more series of Bonds. The Board hereby covenants and agrees that it will allocate such additional portion of the aggregate Services and Activities Fees (imposed by the Board from time to time in the future) and shall utilize voluntary student fees to the extent available that have been approved by the students for the Projects and as are necessary to meet the required payments into the

Series 2019 Debt Service Account to pay the principal of and interest on the Series 2019 Bonds as the same becomes due and payable.

(d) *Lien of Deposits into Series 2019 Bond Fund.* Said amounts so pledged to be paid into the Series 2019 Debt Service Account and Series 2019 Reserve Account with respect to the Series 2019 Bonds are hereby declared to be an equal and prior lien and charge upon the Gross Revenue superior to all other charges of any kind or nature whatsoever, except for Operating Expenses and except that the amounts so pledged are of equal lien to the lien and charge of the Outstanding Parity Bonds and to any lien which may hereafter be made to pay and secure the payment of the principal of and interest on any Future Parity Bonds.

(e) *Use of Excess Money.* Money in the Series 2019 Bond Fund not needed to pay the interest or principal and interest next coming due on any Outstanding Series 2019 Bonds or to maintain required reserves therefor may be used to purchase or redeem and retire Series 2019 Bonds. Money in the Revenue Fund, the Series 2019 Debt Service Account and the Series 2019 Reserve Account may be commingled for investment purposes and may be invested in any investments legal for the University; subject to the limitations set forth in Section 11 hereof.

Section 9. Application of Proceeds of Series 2019 Bonds. The Designated University Representative currently maintains funds of the University (together, the "Project Funds") into which the proceeds of the Series 2019 Bonds shall be deposited, based on allocations to each fund made by the Designated University Representative at the time of closing. Money on hand in the Project Funds shall be used to pay the costs of or reimburse the University for the payments of the costs of the Projects and the costs of funding the Bond Insurance Policy, if any and the Surety Bond, if any and costs of issuance of the Series 2019 Bonds. The Designated University Representative may invest money in the Project Funds in

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of delivery of the Series 2019 Bonds to the initial purchasers thereof, would have caused the Series 2019 Bonds as "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code.

The University represents that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuer whose arbitrage certifications may not be relied upon. The University will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Series 2019 Bonds.

(b) *Private Person Use Limitation for Series 2019 Bonds.* The University covenants that for as long as the Series 2019 Bonds are Outstanding, it will not permit:

- (1) More than 10% of the Net Proceeds of the Series 2019 Bonds to be used for any Private Person Use; and
- (2) More than 10% of the principal or interest payments on the Series 2019 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 Series 2019 Bonds are to be used for any Private Person Use; and
- (4) More than five percent of the principal or interest payments on the Series 2019 Bonds in a Bond Year are (under the terms of this Series Resolution or any underlying arrangement) directly or indirectly: (A) secured by any interest in property used or to be used for

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legal investments for University funds. Earnings on such investments shall accrue to the benefit of the fund earning such interest. Any part of the proceeds of the Series 2019 Bonds remaining in the Project Funds after all costs of the Projects have been paid (including costs of issuance) may be used for any capital purpose of the System or may be transferred to the Series 2019 Debt Service Account.

Section 10. Defeasance. In the event that money and/or noncallable Government Obligations that are direct obligations of the United States or obligations unconditionally guaranteed by the United States maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of the Series 2019 Bonds authorized hereunder in accordance with their terms, are set aside in a special account of the University to effect such redemption and retirement, and such moneys and the principal of and interest on such obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Series 2019 Bond Fund of the University for the payment of the principal of and interest on the Series 2019 Bonds so provided for, and such Series 2019 Bonds shall cease to be entitled to any lien, benefit or security of the Master Resolution and this Series Resolution, except the right to receive the moneys so set aside and pledged, such Series 2019 Bonds shall be deemed not to be outstanding hereunder.

Section 11. Tax Covenants.

(a) *Arbitrage Covenant.* Without limiting the generality of the foregoing, the University covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of the Series 2019 Bonds or any other funds of the University which may be deemed to be proceeds of the Series 2019 Bonds pursuant to Section 148 of the Code and the regulations promulgated thereunder which, if such use had been reasonably expected on the date

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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 Projects, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Series 2019 Bonds used for the state or local governmental use portion of the project to which the Private Person Use of such portion of the Projects relates. The University further covenants that it will comply with any limitations on the use of the projects 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 Series 2019 Bonds. The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Series 2019 Bonds.

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Bonds shall be in substantially the following form:

[STATEMENT OF INSURANCE, if any]
[to come from insurer]

NO. _____ UNITED STATES OF AMERICA \$ _____
STATE OF WASHINGTON
WESTERN WASHINGTON UNIVERSITY
HOUSING AND DINING SYSTEM
REVENUE BOND, SERIES 2019[]

Maturity Date: _____ CUSIP No. _____

Interest Rate: _____

Registered Owner: Cede & Co.

Principal Amount: _____

WESTERN WASHINGTON UNIVERSITY, a regional university organized and existing under and by virtue of the laws of the State of Washington (the "University"), 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 "Western Washington University Housing and Dining System Revenue Bond Fund, 2019" (the "Series 2019 Bond Fund") created by Resolution No. 2019-04 of the Board of Trustees (together with Resolution No. 97-09, hereinafter collectively referred to as the "Bond Resolution") the Principal Amount indicated above and to pay interest thereon from the Bond Fund from _____, 20____, 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 _____ 1, 20____, and semiannually thereafter on the first days of each April and October. Both principal of and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") by the University to The Depository Trust Company ("DTC"). Principal shall be paid as provided in the Letter of Representations to the Registered Owner or assigns upon presentation and surrender of this bond at the principal office of the fiscal agent of the State of Washington (the "Registrar"). Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution.

This bond is one of an issue of bonds of the University of like date, tenor and effect, except as number, amount, rate of interest and date of maturity and is issued pursuant to the Bond Resolution to pay for improvements and additions to the University's housing and dining system.

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IN WITNESS WHEREOF, Western Washington University has caused this bond to be executed by the manual or facsimile signatures of the Chair and Secretary of the Board of Trustees, and a facsimile corporate seal of the University to be imprinted hereon as of the ____ day of _____, 20____.

WESTERN WASHINGTON UNIVERSITY

By /s/ _____
Chair, Board of Trustees

ATTEST:

/s/ _____
Secretary, Board of Trustees

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This bond is one of the bonds described in the within mentioned Bond Resolution and is one of the Housing and Dining System Revenue Bonds, Series 2019[] of Western Washington University, dated _____, 2019.

WASHINGTON STATE FISCAL AGENT,
Registrar

By _____
Authorized Signer

Section 13. Execution. The Series 2019 Bonds shall be executed on behalf of the University with the manual or facsimile signature of the Chair of its Board, shall be attested by the manual or facsimile signature of the Secretary of the Board and shall have the seal of the University impressed or a facsimile thereof imprinted thereon.

Only such Series 2019 Bonds 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 Series Resolution. Such Certificate of Authentication shall be conclusive evidence that the Series 2019 Bonds so authenticated have

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The bonds of this issue are subject to redemption as stated in the Bond Purchase Contract or Approved Bid.

The bonds of this issue are not private activity bonds. The bonds of this issue have not been designated by the University as eligible investments for financial institutions under Section 265 of the Internal Revenue Code of 1986, as amended.

The University hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond and the Bond Resolution.

The University does hereby pledge and bind itself to set aside from such Gross Revenue of the System, and to pay into said Series 2019 Bond Fund [and the Series 2019 Reserve Account created therein] the various amounts required by the Bond Resolution to be paid into and maintained in said Fund [and Account], all within the times provided by said Bond Resolution.

Said amounts so pledged to be paid out of Gross Revenue into said Series 2019 Bond Fund [and Series 2019 Bond Reserve Account] are hereby declared to be a first and prior lien and charge upon the Gross Revenue, subject to the Operating Expenses of the System and equal in rank to the lien and charge upon such Gross Revenue of the amounts required to pay and secure the payment of the University's Housing and Dining System Junior Lien Revenue Refunding Bonds, 1998 Series A, Housing and Dining System Revenue Refunding Bonds, Series 2012, Housing and Dining System Revenue Refunding Bonds, Series 2015, Housing and Dining System Revenue Refunding Bonds, Series 2018A, Housing and Dining System Revenue Refunding Bonds, Series 2018B and any revenue bonds of the University hereafter issued on a parity with such bonds and the bonds of this issue.

The University has further bound itself to maintain all of its properties and facilities which contribute in some measure to such Gross Revenue in good repair, working order and condition, to operate the same in an efficient manner and at a reasonable cost, and to establish, maintain and collect rentals, rates and charges in the operation of the System for as long as any bonds of this issue are outstanding that will make available, for the payment of the principal thereof and interest thereon as the same shall become due, Net Revenues (as the same is defined in the Bond Resolution) in an amount equal to or greater than the Rate Covenant.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Registrar.

It is hereby certified and declared that this bond and the bonds of this issue are issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and resolutions of the University and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

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been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Series Resolution.

In case either of the officers of the University who shall have executed the Series 2019 Bonds shall cease to be such officer or officers of the University before the Series 2019 Bonds so signed shall have been authenticated or delivered by the Registrar, or issued by the University, such Series 2019 Bonds 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 Series 2019 Bond may also be signed and attested on behalf of the University by such persons as at the actual date of execution of such Series 2019 Bond shall be the proper officers of the University although at the original date of such Series 2019 Bond any such person shall not have been such officer.

Section 14. Defaults and Remedies. The University hereby finds and determines that the failure or refusal of the University or any of its officers to perform the covenants and obligations of this Series Resolution will endanger the operation of the System and the application of Gross Revenue and such other moneys, funds and securities to the purposes herein set forth. Any one or more of the following shall constitute a Default under this Series Resolution:

(a) The University shall fail to make payment of the principal of any Series 2019 Bonds when the same shall become due and payable whether by maturity or scheduled redemption prior to maturity;

(b) The University shall fail to make payments of any installment of interest on any Series 2019 Bonds when the same shall become due and payable; or

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(c) The University shall default in the observance or performance of any other covenants, conditions, or agreements on the part of the University contained in this Series Resolution, and such default shall have continued for a period of 90 days.

Upon the occurrence and continuation of any Default, the Registered Owners of the Series 2019 Bonds shall be entitled to exercise the remedies specified in Section 20 of the Master Resolution.

The failure to observe any term of an ongoing disclosure agreement under the Rule shall not constitute a Default hereunder or under the Master Resolution.

Section 15. Sale of Series 2019 Bonds. The Board 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 manner of sale of a series of the Series 2019 Bonds, determine whether the Series 2019 Bonds shall be issued and sold in one or more series, approve the final interest rates, maturity dates, aggregate principal amount, principal amounts of each maturity of each series, redemption rights of each series and other terms and conditions of the Series 2019 Bonds. The Designated University Representative is hereby authorized to determine whether the Series 2019 Bonds shall be issued and sold in one or more series, the manner of sale of each series, approve the final interest rates, maturity dates, aggregate principal amount, principal maturities and redemption rights for each series for the Series 2019 Bonds in the manner provided hereafter so long as (i) the aggregate principal amount of the Series 2019 Bonds does not exceed \$75,000,000; and (ii) the true interest cost for a series of the Series 2019 Bonds (in the aggregate) does not exceed 4.50%.

In determining the final interest rates, maturity dates, aggregate principal amount, principal maturities and redemption rights of a series of the Series 2019 Bonds, the Designated

University Representative, in consultation with University staff and the University's financial advisor, shall take into account those factors that, in his/her judgment, will result in the lowest true interest cost of such series of the Series 2019 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 Series 2019 Bonds.

Initially, the Designated University Representative is hereby authorized to determine whether a series of the Series 2019 Bonds shall be sold by Negotiated Sale or by a Competitive Sale. If a series of the Series 2019 Bonds are sold by Negotiated Sale, the Designated University Representative shall select one or more underwriting firms to underwrite the Series 2019 Bonds through a process of soliciting proposals for underwriting. Upon the selection of one or more underwriters, the Designated University Representative shall negotiate the terms of sale for the Series 2019 Bonds, including the terms described in this section, in a contract of sale (the "Bond Purchase Contract"). If a series of the Series 2019 Bonds are sold by 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. The Designated University Representative will approve the bid offering to purchase the Series 2019 Bonds 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 of the Series 2019 Bonds 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

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Representative. Such bids shall require a good faith deposit to be received by the University promptly and with secured delivery (e.g., cash, surety bond, certified check), in an amount determined by the University's financial advisor. The good faith deposit 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 Series 2019 Bonds within 45 days if tendered for delivery. All bids submitted shall be opened (but not read publicly) by the University. The University reserves the right to reject any and all bids and to waive any irregularity or informality in any bid.

Subject to the terms and conditions set forth in this Section 15, the Designated University Representative is hereby authorized to accept an Approved Bid in a Competitive Sale and/or execute the final form of a Bond Purchase Contract in a Negotiated Sale, upon his/her approval of the final interest rates, maturity dates, aggregate principal amounts, principal maturities and redemption rights set forth therein. Following the sale of a series of the Series 2019 Bonds, the Designated University Representative shall provide a report to the Board, describing the final terms of such series of the Series 2019 Bonds approved pursuant to the authority delegated in this section.

The authority granted to the Designated University Representative by this Section shall remain in effect until December 31, 2019. If the sale for the Series 2019 Bonds has not been completed by December 31, 2019, the authorization for the issuance of such series of the Series 2019 Bonds shall be rescinded, and such series of the Series 2019 Bonds shall not be issued nor their sale approved unless such Series 2019 Bonds shall have been re-authorized by resolution of the University. The resolution re-authorizing the issuance and sale of such Series 2019 Bonds may be in the form of a new resolution repealing this Series Resolution in whole or

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in part or may be in the form of an amendment to this Series Resolution establishing terms and conditions for the authority delegated under this Section.

The Designated University Representative or his/her designee are hereby authorized to review and approve on behalf of the University the preliminary and final Official Statements relative to each series of the Series 2019 Bonds with such additions and changes as may be deemed necessary or advisable to them. The Designated University Representative is hereby further authorized to deem final the Preliminary Official Statement for the Series 2019 Bonds for purposes of compliance with the Rule.

Upon the adoption of this Series 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 Series 2019 Bonds and further to execute all closing certificates and documents required to effect the closing and delivery of the Series 2019 Bonds in accordance with the terms of the Official Notice of Sale, Approved Bid and/or Bond Purchase Contract. 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 Purchase 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 bonds.

Section 16. Undertaking to Provide Ongoing Disclosure. The Designated University Representative is authorized to, in his/her discretion, execute and deliver a certificate regarding continuing disclosure in order to assist the Underwriter in complying with Section (b)(5) of the Rule.

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Section 17. Bond Insurance; Surety Bond.

(a) *Bond Insurance.* The payments of the principal of and interest on a series of the Series 2019 Bonds may be insured by the issuance of the Bond Insurance Policy. The Designated University Representative, with the assistance of the University's financial advisor, is hereby further authorized to solicit proposals from municipal bond insurance companies for the issuance of a Bond Insurance Policy. In the event that the Designated University Representative receives multiple proposals, the Designated University Representative may select the proposal having the lowest cost and resulting in an overall lower interest cost with respect to the Series 2019 Bonds. The Designated University Representative may execute a commitment received from the Insurer selected by the Designated University Representative. The Board further authorizes and directs all proper officers, agents, attorneys and employees of the University to cooperate with the Insurer in preparing such additional agreements, certificates, and other documentation on behalf of the University as shall be necessary or advisable in providing for the Bond Insurance Policy. To the extent that a series of the Series 2019 Bonds are insured by a Bond Insurance Policy, the Insurer of each maturity of the Series 2019 Bonds so insured shall be deemed to be the Registered Owner of such Series 2019 Bonds for all purposes, including consent, under this Series Resolution and the Master Resolution.

(b) *Surety Bond.* The guaranteeing of certain payments into the Series 2019 Reserve Account, if any, may be secured by a surety bond (the "Surety Bond"). The Designated University Representative, with the assistance of the University's financial advisor, is hereby further authorized to solicit proposals from municipal bond insurance companies for the issuance of a Surety Bond (the "Surety Bond Provider"). In the event that the Designated University Representative receives multiple proposals, the Designated University Representative may select

the proposal having the lowest cost and resulting in an overall lower interest cost with respect to the Series 2019 Bonds. The Designated University Representative may execute a commitment received from the Surety Bond Provider selected by the Designated University Representative. The Board further authorizes and directs all proper officers, agents, attorneys and employees of the University to cooperate with the Surety Bond Provider in preparing such additional agreements, certificates, and other documentation on behalf of the University as shall be necessary or advisable in providing for the Surety Bond.

Section 18. Severability. If any one or more of the covenants or agreements provided in this Series Resolution to be performed on the part of the University shall be declared by any court of competent jurisdiction 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 Series Resolution and shall in no way affect the validity of the other provisions of this Series Resolution or of any Series 2019 Bonds.

Section 19. Effective Date. This Series Resolution shall be effective immediately upon its adoption.

ADOPTED AND APPROVED by the Board of Trustees of Western Washington University, at a regular meeting held this 23rd day of August, 2019.

WESTERN WASHINGTON UNIVERSITY

Chair, Board of Trustees

ATTEST:

Secretary of the Board

APPENDIX C

2018 AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY

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FINANCIAL REPORT

FISCAL YEAR 2018





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Office of the Washington State Auditor
Pat McCarthy

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

November 16, 2018

Board of Trustees
Western Washington University
Bellingham, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Western Washington University, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Western Washington University Foundation (the Foundation) which represents 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*,

issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Western Washington University, as of June 30, 2018 and 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2018, the University adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the financial statements of Western Washington University, an agency of the state of Washington, are intended to present the financial position, and the changes in financial position, and cash flows of only the respective portion of the activities of the state of Washington that is attributable to the transactions of the University and its aggregate discretely presented component units. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2018 and 2017 and changes in its financial position, or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

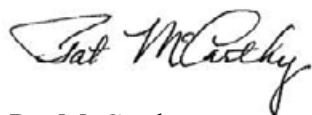
Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements as a whole. The President's Letter of Transmittal and the Board of Trustees and Administrative Officers are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated November 16, 2018, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink, appearing to read "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy

State Auditor

Olympia, WA



November 16, 2018

Earl Overstreet, Chair
Board of Trustees
Western Washington University
Bellingham, WA 98225

Dear Chair Overstreet:

We are pleased to submit the Annual Financial Report of Western Washington University. The accounts of WWU are maintained in accordance with policies and regulations established by Washington State and its Office of Financial Management. This report has been prepared in accordance with generally accepted accounting principles and following the guidance of the Governmental Accounting Standards Board.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

The Washington State Auditors' Office has issued an unmodified (clean) opinion on the Western Washington University financial statement for the year ended June 30, 2018. This opinion is included in the independent auditor's report.

Management's discussion and analysis, located at the front of the financial section of this report, provides a narrative introduction, overview, and analysis of the basic financial statement. Western Washington University is recognized nationwide as a premier public comprehensive university. WWU is now ranked #2 for top public schools and #18 in regional universities for the western region by US News and World Report and ranked as one of the 100 best values in public colleges in 2016 according to Kiplinger's Personal Finance. Western's national academic reputation, excellent faculty, as well as its prime location, make it an institution "in demand". WWU is nationally recognized for providing excellent education at an affordable cost, with Forbes and Kiplinger magazines ranking WWU as a top value in education.

Sincerely,



Sabah Randhawa
President



Richard Van Den Hul
Vice President for Business and Financial Affairs

BOARD OF TRUSTEES*

Earl Overstreet, Chair
Chase Franklin, Vice Chair
John M. Meyer, Secretary
Sue Sharpe
Citlaly Ramirez, Student Trustee
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Richard Van Den Hul, Vice President for Business and Financial Affairs
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Donna Gibbs, Vice President for University Relations
Stephanie Bowers, Vice President for University Advancement
Brian Sullivan, Associate Vice President for Business and Financial Affairs
Teresa Hart, Financial Services Director
Michael Ulrich, Associate Controller

**as of Independent Auditors report*



OVERVIEW

The following discussion and analysis provides an overview of the financial position and activities of Western Washington University (WWU) for the years ended June 30, 2018 and 2017. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes which follow this section.

WWU is one of six public, four-year institutions of higher education in the State of Washington. WWU is governed by a Board of eight Trustees, which has broad responsibilities to supervise, coordinate, manage and regulate WWU as provided by State law. Trustees are appointed by the Governor for a term of six years, except a student Trustee who is appointed to a one-year term.

As a comprehensive regional university, WWU offers undergraduate and graduate degrees in over 160 academic programs in its eight colleges. WWU was established in 1893 and currently has approximately 15,200 full-time and part-time students. Located on the shores of Bellingham Bay with Mount Baker as its backdrop, Bellingham is the last major city before the Washington coastline meets the Canadian border. The City of Bellingham, which serves as the county seat of Whatcom County, is at the center of a uniquely picturesque area offering a rich variety of recreational, cultural, educational and economic activities. WWU is the third largest employer in Whatcom County.

USING THE FINANCIAL STATEMENT

WWU's financial report includes the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows and the Notes to the Financial Statement. The Statement of Net Position provides information about WWU at a moment in time, the June 30 fiscal year end. The Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows provide information about WWU's activities and operations during the fiscal year. The financial statement, in conjunction with the Notes to the Financial Statement, provides a comprehensive way to assess WWU's financial health.

WWU's financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities. WWU's component unit, the Western Washington University Foundation (Foundation), is a separate legal entity and reports its financial results under Financial Accounting Standards Board (FASB) principles. The Foundation's financial statements are reported separately within this report.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2018

Significant actions which occurred during the fiscal year include the following (discussed in further detail on the following pages):

- Issued \$10.7 million in Housing and Dining System Refunding Bonds, resulting in \$1.8 million net present value savings
- Issued \$33.7 million in Housing and Dining System Bonds for construction of the Multicultural Center and renovation of certain residence halls
- Restated FY 2017 net position by \$98.7 million due to implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (retiree medical benefits, see Note 20)
- Decreased overall financial position by \$13.5 million
- Increased salaries and benefits expenses by \$14.1 million

Statement of Net Position

The Statement of Net Position presents the financial condition of WWU at the end of the last two fiscal years and reports all assets, deferred outflows, liabilities and deferred inflows of WWU.

A summarized comparison of WWU's assets, deferred outflows, liabilities, deferred inflows and net position as of June 30, 2018, 2017 and 2016, follows:

	2018	2017 Restated	2016
		(Dollars in thousands)	
Assets			
Current assets	\$79,692	\$66,544	\$61,199
Noncurrent assets	85,433	80,214	95,041
Capital assets, net	<u>479,474</u>	<u>472,632</u>	<u>438,075</u>
Total assets	644,599	\$619,390	\$594,315
Deferred outflows	10,842	12,315	7,588
Liabilities			
Current Liabilities	39,277	32,719	40,713
Noncurrent Liabilities	<u>246,952</u>	<u>235,355</u>	<u>123,451</u>
Total liabilities	<u>286,229</u>	<u>268,074</u>	<u>164,164</u>
Deferred inflows	26,026	6,939	4,751
Total net position	<u>\$343,186</u>	<u>\$356,692</u>	<u>\$432,988</u>

Assets

The primary components in the asset category are cash, investments, receivables and capital assets. Total Assets increased \$25.2 million (4.1%) in fiscal year (FY) 2018, and \$25.1 million (4.2%) in FY 2017 over FY 2016.

Total Cash and Investments (see Notes 3 & 4) increased \$18.7 million in FY 2018, primarily due to unspent bond proceeds. During FY 2018, WWU issued \$33.7 million in revenue bonds to fund a new Multicultural Center and renovations to certain Housing and Dining System residence halls. These bond proceeds were invested in both long and short term instruments, with maturities matched to anticipated cash flow needs. The allocation of unrestricted cash and investments between current and noncurrent is governed by the university's investment policy strategy, which is to maximize returns while ensuring liquidity needs and managing interest rate risk. Unrestricted current cash and investments decreased \$15.0 million in FY 18, as \$7.0 million was shifted to longer-term investments and \$8.0 million was used to primarily fund salary and benefit increases. Total Cash and Investments decreased \$7.7 million (-6.1%) during FY 2017 as a result of increased spending in operations (\$5.5 million) and capital assets (\$2.2 million).

Non-depreciable Capital assets and Depreciable capital assets, net, increased \$6.8 million (1.4%) in FY 2018 primarily due to the start of construction for the new Multicultural Center. The increase of \$34.6 million (7.9%) in FY 2017 was due to the Carver Academic Renovation.

Liabilities

The excess of current assets over current liabilities of \$40.4 million in FY 2018 and \$33.8 million in FY 2017 reflects the continuing ability of WWU to meet its short-term obligations with liquid or easily liquidated assets. Current liabilities typically fluctuate depending on the timing of accounts payable (A/P) payments and the receipt of deposits and revenue that is applicable to the next fiscal year.

Current liabilities increased \$6.5 million (20.0%) during FY 2018 largely due to an increase in Accounts payable invoices from WWU funded capital projects. Current liabilities increased \$493 thousand (1.5%) during FY 2017 primarily due to increases in Accounts payable and deposits offset by a decrease in unearned revenue.

Noncurrent liabilities increased \$11.6 million during FY 2018 due to the \$33.7 bond issue combined with decreases in pension and other postemployment benefits (OPEB) liabilities. During FY 2018, WWU adopted and implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits other Than Pensions" (see Note 20). As a result WWU has included its share of the actuarially calculated OPEB total liability in the amount of \$94.1 million for FY 2018 compared to \$100.2 million for FY 2017.

Net Position

The difference between assets and deferred outflows less liabilities and deferred inflows is net position. The change in net position measures whether the overall financial condition has improved or deteriorated during the year and is driven by the difference between revenues and expenses. The implementation of GASB statement No. 75 OPEB (see Note 20) in FY 2018 required WWU to include its share of Washington State's unfunded OPEB liability and to restate the FY 2017 net position by \$98.7 million. Total net position decreased \$13.5 million (-3.8%) in FY 2018 from the restated FY 2017 net position due to increased operational spending and the continued reporting of the unfunded OPEB net liability. Total net position decreased \$76.3 million (-17.6%) in FY 2017 primarily due to the implementation of GASB Statement No. 75.

Net Investment in Capital Assets – WWU's total investments in property, plant equipment, and infrastructure, net of accumulated depreciation and outstanding debt obligations related to those capital assets.

Restricted:

- Pensions consists of net pension assets related to the defined benefit retirement plans that are legally or contractually restricted. Currently the net position in restricted pensions is due to the retirement plan LEOFF. (see Note 19)
- Nonexpendable consists of funds on which the donor or other external party has imposed the restriction that the corpus is not available for expenditures but for investment purposes only.
- Expendable are resources which WWU is legally or contractually obligated to spend in accordance with time or purpose restrictions placed upon them by donors or other external parties.

Unrestricted – All remaining funds available to the institution for any purpose, although these are often internally designated for specific purposes.

WWU's net position as of June 30, 2018, 2017 and 2016 are summarized as follows:

	2018	2017 Restated	2016
		(Dollars in thousands)	
Net Position			
Net investment in capital assets	\$405,301	\$403,717	\$370,840
Restricted:			
Pensions	695	561	524
Nonexpendable	5,433	5,168	4,652
Expendable	24,888	26,100	27,193
Unrestricted	(93,131)	(78,855)	29,779
Total net position	<u>\$343,186</u>	<u>\$356,691</u>	<u>\$432,988</u>

Net investment in capital assets had a very modest increase of \$1.6 million when comparing FY 2018 to FY 2017. Net investment in capital assets increased \$32.9 million (8.9%) during FY 2017 primarily due to \$57.6 million increase in overall capital assets offset by \$24.3 million in depreciation and an increase of \$1.3 million in debt.

Highlights of fiscal 2018 capital asset activities:

- Completion of the Carver Academic Renovation – An additional \$10.8 million was spent on this project during FY 2018 to bring the total spend to \$87.3 million.
- Multicultural Center - \$6.0 million was spent during FY 2018 of this estimated \$20 million project.
- Buchanan Towers Renovation - \$7.4 million was spent during FY 2018.
- Long-term debt used to purchase capital assets increased \$29.2 million due to new debt for the Multicultural Center and Buchanan Towers renovations offset by principal payments and amortizations.

Restricted nonexpendable includes donations and matching State contributions for the purpose of establishing distinguished professorships and graduate fellowships. During FY 2018, WWU received \$264 thousand in restricted gifts compared to \$517 thousand during FY 2017.

Restricted expendable net position decreased \$1.2 million during FY 2018 primarily due to spending of available instruction and research funds. Restricted expendable net position decreased \$1.1 million during FY 2017 due to a \$1.6 million scholarship award to support the Computer Science Department offset by increased spending of the Permanent Fund (Funds with State Treasurer) on the Carver Academic Projects and increased spending of funds available for financial aid.

Unrestricted net position decreased \$14.1 million during FY 2018 primarily due to increases to the total OPEB liability (see Note 20) and operational and capital projects spending. Unrestricted net position decreased \$108.6 million during FY 2017 primarily due to the implementation of GASB Statement No. 75 along with increased spending on repairs and maintenance, institutionally funded capital acquisitions, and salary increases.

Capital Assets and Related Debt

During FY 2018 and FY 2017, \$29.8 million and \$55.7 million (excluding library materials and equipment) respectively, were expended on capital improvements. Of the \$29.8 million in capital improvements during FY 2018, \$9.7 million was expended to complete the Carver Academic Renovation project, \$9.3 million was spent on Housing and Dining residence buildings and \$6.0 million on the Viking Union Expansion for the Multicultural Center (see Note 9).

Specific projects completed or underway in fiscal 2018 include:

Carver Academic Renovation (completed). The \$87.3 million addition of 41,977 square feet provides additional general classroom seats as well as dedicated lab and instructional spaces. The consolidation and growth of student activities and conferences will also be serviced in the refurbished 2,600 seat event space. Funding was provided in the 2015-2017 capital request, which includes \$6 million in a Certificate of Participation (COP) with the State Treasurer and \$9.3 million of local funds.

Ridgeway Gamma Renovation (completed). The \$8.2 million project will include adjustments to existing fire sprinkler and automatic fire alarm systems, gypsum board soffits, seismic, mechanical, plumbing, electrical, hazardous materials abatement, emergency lighting systems, interior painting and floor coverings.

Viking Union Expansion for Multicultural Center. The estimated \$20.0 million project will create a new home for a variety of Associated Student programs. It will also be an administrative hub for multicultural education and services. The expansion will combine the Multicultural Center, Viking Union, Bookstore, Multipurpose Room and KUGS within one building and will become a beacon that celebrates diversity and inclusivity on campus. This project is funded partially by revenue bonds and WWU local funds.

Buchanan Towers Renovation. The estimated \$24.5 million project will be a two phase renovation of residence rooms, bathrooms and kitchens over Spring and Summer Quarters 2018 and 2019. Scope includes upgrading plumbing/air supply/ventilation, fire detection/alarm/security systems, hazardous materials abatement, new doors and windows, upgrades to exterior masonry, installation of new gutters and downspouts, and upgrades to interior finishes.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position present WWU's results of operating and non-operating items that result in the changes in net position for the year. In accordance with GASB reporting principles, revenues and expenses are classified as operating or non-operating.

A condensed comparison of WWU's revenues, expenses and changes in net position for the years ended June 30, 2018, 2017 and 2016 follows:

	2018	2017 Restated (Dollars in thousands)	2016
Operating revenues	\$212,897	\$203,869	\$211,303
Operating expenses	<u>330,097</u>	<u>310,071</u>	<u>311,372</u>
Operating loss	(117,200)	(106,202)	(100,069)
State appropriations revenue	78,652	76,135	62,469
Other nonoperating revenues	20,379	18,103	16,385
Nonoperating expenses	<u>(3,616)</u>	<u>(3,142)</u>	<u>(3,165)</u>
(Loss) income before other revenues	(21,785)	(15,106)	(24,380)
Other revenues	<u>8,280</u>	<u>37,497</u>	<u>25,915</u>
Increase in net position	(13,505)	22,391	1,535
Net position, beginning of year	<u>356,691</u>	<u>432,988</u>	<u>431,453</u>
Restatement		<u>(98,688)</u>	
Net position, end of year	<u>\$343,186</u>	<u>\$356,691</u>	<u>\$432,988</u>

WWU relies heavily on student tuition and fees and state appropriations as revenue sources to support operations.

Student tuition and fee revenue includes tuition fees and mandatory fees such as Service and Activity Fee and Health Service Fee. These fees increased by \$7.1 million (5.1%) during FY 2018 compared to a \$10.2 million (-6.9%) decrease during FY 2017. While the Washington State Legislature provides the Board of Trustees with tuition setting authority for non-resident undergraduate, resident graduate, and non-resident graduate students, WWU does not have tuition setting authority for resident undergraduate students. WWU increased its FY 2018 resident undergraduate tuition operating fee by 2.2%, 5% for non-resident undergraduate and 4.5% for most graduate programs (note – tuition operating fee does not include other mandatory student fees). FY 2017 resident undergraduate tuition operating fee was reduced by 15.0% from the prior year. Enrollment increased to an Academic Year Average (AYA) headcount of 15,213 in FY 2018 compared to 14,867 in FY 2017. Net tuition revenue (student tuition and fees less scholarship allowances) increased \$3.9 million (3.5%) in FY 2018 and decreased in FY 2017 by \$8.6 million (-7.3%). To assist students with tuition, WWU provided \$31.0 million and \$27.8 million in scholarship allowances in FY 2018 and FY 2017 respectively.

Graduate and Undergraduate Annual Tuition and Fees

Academic Year	Resident Undergraduate	Change	Resident Graduate	Change	Nonresident Undergraduate	Change	Nonresident Graduate	Change
2017-18	7,933	3.66%	10,964	4.4%	22,445	3.9%	21,608	3.9%
2016-17	7,653	-11.13%	10,504	3.2%	21,597	3.0%	20,788	3.0%
2015-16	8,611	0.00%	10,182	0.0%	20,963	0.0%	20,177	0.0%

Historical Average Annual Enrollment

Academic Year	FTE Enrollment	Headcount Enrollment
2017-18	14,053	15,213
2016-17	13,726	14,867
2015-16	13,587	14,742

During FY 2018, state appropriations used in operations increased slightly by \$2.5 million primarily to accommodate salary increases along with \$500 thousand for student support initiatives. During FY 2017, the state legislature provided additional funding to offset the 15.0% resident undergraduate tuition reductions, accounting for the increases of \$13.7 million in state appropriations used for operations (which includes capital appropriations used for operations).

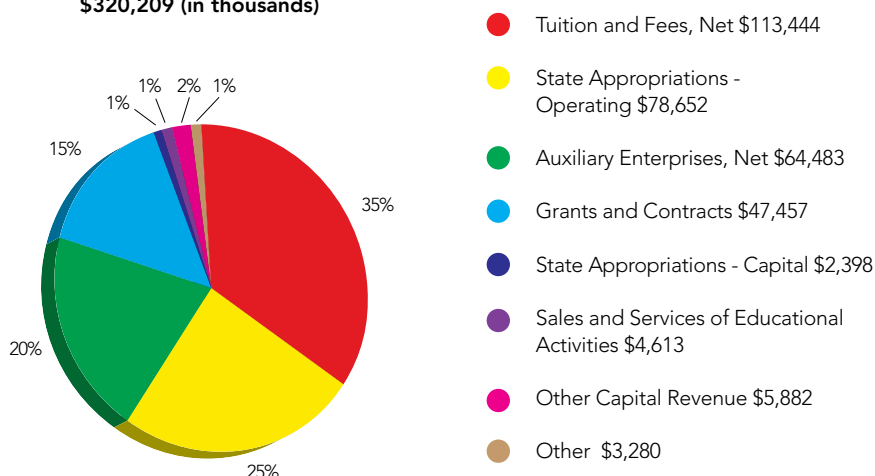
Capital appropriations are provided by the state and are recognized as other revenues when expenditures are incurred on capital projects by WWU. Capital appropriations decreased \$32.9 million during FY 2018 as the Carver Academic Renovation project was completed and no additional large projects were funded by the State. Capital appropriations increased \$11.9 million (50.7%) in FY 2017 due to expenditures related to the Carver Academic Renovation project.

During FY 2018, Net Auxiliary enterprises revenue increased \$6.9 million (11.9%) when compared to FY 2017 primarily due to a 4.5% Housing and Dining fee increase combined with a new fee for the Multicultural Center. In the Spring of 2016, students voted in favor of a new fee to create the Multicultural Center in the Viking Union. This \$30 per quarter fee is pledged to bond debt that is used to fund a portion of this construction project.

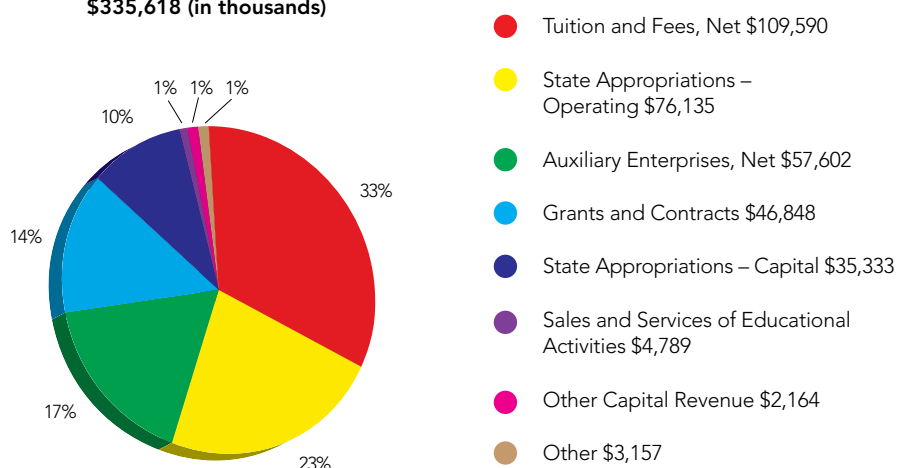
During FY 2018, Gift Revenue increased \$3.3 million when compared to FY 2017. WWU purchased from the City of Poulsbo the Poulsbo Marine Science Center for \$1. This purchase created a gift in kind valued at \$3.3 million and helped create the SEA Discover Center. The SEA Discovery Center is a public aquarium and hands-on marine science center that connects the community to the marine environment by fostering discovery through science education.

The following graphs illustrate revenues by source for the years ended June 30, 2018 and 2017:

**Total revenues by source for the
year ended June 30, 2018
\$320,209 (in thousands)**



**Total revenues by source for the
year ended June 30, 2017
\$335,618 (in thousands)**

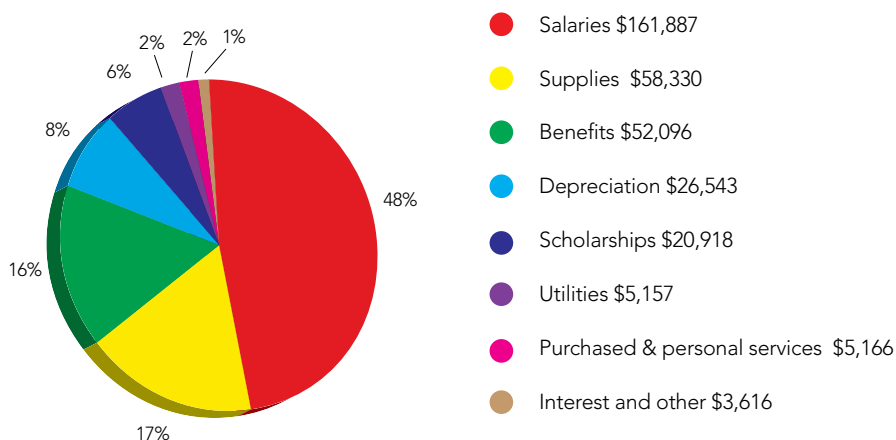


WWU's operating expenses increased \$20.0 million (6.5%) in FY 2018 due to higher salaries and benefits and supplies and materials expense. The \$1.3 million (-0.4%) decrease in FY 2017 is attributed to increased salaries and supplies and materials expense, offset by a decrease in pension expense resulting from implementation of GASB 73.

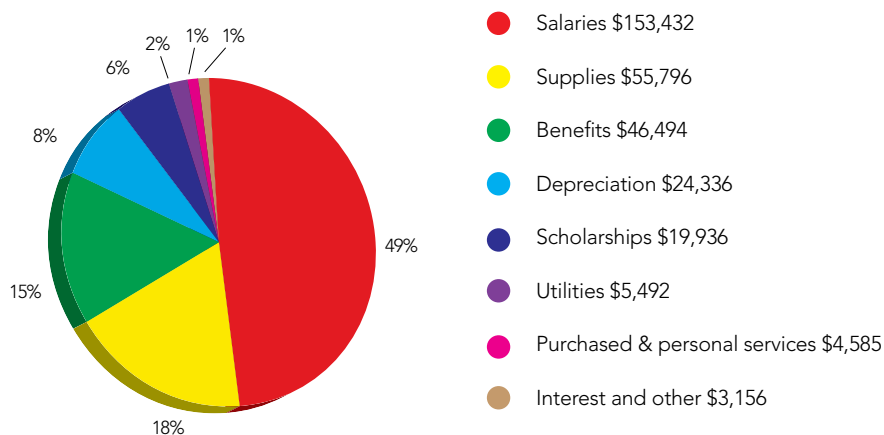
Salaries and wages increased \$8.5 million in FY 2018 and \$5.9 million in FY 2017 as all staff received compensation increases both years. During FY 2018, benefits increased \$5.6 million largely due to health and retirement benefits increase along with pension and OPEB adjustments (see Notes 19 & 20). During FY 2017, benefits decreased \$12.4 million (-21.1%) over FY 2016 primarily due to a restatement of FY 2016 pension expense as prescribed by GASB Statement No. 73 (see Note 1 and 19). GASB Statement No. 73 required that a net pension liability (NPL) for certain defined benefit pension plans be included in WWU's statements. The inclusion of the NPL created a restatement of FY 2016 pension expenses by an increase of \$13.3 million. Supplies and materials increased \$2.5 million during FY 2018 largely due to increases in furnishings purchased for residence halls and departmental office furniture. Supplies and material increased \$6.9 million (14.1%) in FY 2017 primarily due to a \$4.7 million increase in repairs and maintenance combined with \$1.7 million in additional annual software licenses.

The following graphs illustrate expenses by natural classification for the years ended June 30, 2018 and 2017:

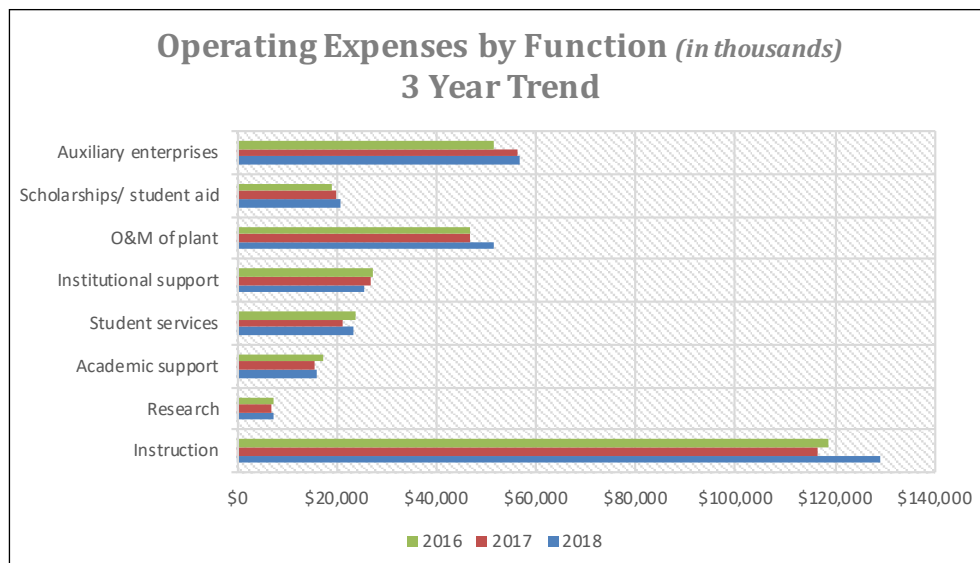
**Total expenses by natural classification
for the year ended June 30, 2018
\$333,713 (in thousands)**



**Total expenses by natural classification
for the year ended June 30, 2017
\$313,227 (in thousands)**



The following graph illustrate expenses by natural classification for the years ended June 30, 2018, 2017, 2016:



Operating Loss

WWU's operating losses were \$117.2 million in FY 2018, an increase of \$11.0 million (10.4%) from FY 2017, and \$106.2 million in FY 2017, an increase of \$6.1 million (6.1%) from FY 2016. GASB Statement No. 34 requires that State appropriations and Federal Pell grants be classified as nonoperating revenues, thereby creating the significant operating loss. If these revenues were classified as operating, the operating losses would have been \$20.9 million in FY 2018 and \$14.6 million in FY 2017.

Financial Indicators

The financial indicators presented below represent a few of the standard ratios used in higher education. The ratios summarize the performance of WWU over a 3 year period. The information provided in WWU's Statement of Net Position and the Statement of Changes in Revenue, Expense and Net Position as well as the Foundation's Statement of Financial Position and Statement of Activities are used for the calculations. These ratios could be affected by changes to student enrollment levels, tuition and fees, new debt, state and federal financial aid, and operational state support. Any downturn in these ratios is largely attributed to the adoption of GASB Statements No. 75 and No. 73, as each resulted in a restatement of unrestricted net position.

Financial Indicator	Definition	Calculation	FY 2018	FY 2017	FY 2016
Tuition dependency ration (%)	Helps measure sensitivity to changes in enrollment levels	Net tuition and fees plus governmental grants to WWU for student tuition divided by the sum of operating and non-operating revenues	47.89%	47.55%	52.22%
Unrestricted financial resources to operations (x) 2	Measures coverage of annual operations by the most liquid resources	Unrestricted net assets divided by total adjusted operating expenses	-0.28	-0.25	0.09
Monthly days cash on hand 1	Measures the numbers of days WWU is able to operate (cover its cash operating expenses)	Annual liquidity times 365 divided by total expenses less depreciation and unusually large non-cash expenses	119.40	137.90	165.20
Current ratio	Measures liquidity - ability to meet current obligations with liquid assets	Current assets divided by current liabilities	2.37	2.47	2.33
Viability ratio 3	Measure the ability of WWU to repay debt with available financial resources	Expendable net position (excluding capital projects) divided by debt	-0.31	-0.29	1.17
Primary reserve ratio	Compares WWU's existing financial resources to the size of it operating expenses.	Expendable net position (excluding capital projects) divided by total adjusted expenses	-0.09	-0.06	0.25
Return on Net Position 2	Indicates whether WWU is financially better off than in previous years by measuring total economic return	Change in net position divided by total net position	-1.46	7.79	0.94
<p>1 Ratio based on Moody's analytical methodology</p> <p>2 Decrease largely due to OPEB along with operational and capital spending</p> <p>3 FY 2018 change due to GASB Statement No. 75 restatement</p> <p>Source: Moody's calculation worksheet</p>					



Statement of Net Position

June 30, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	\$9,830,335	\$14,546,761
Restricted cash and cash equivalents (Note 3)	4,728,475	
Restricted investments (Note 4)	22,265,087	
Investments (Note 4)	26,165,082	36,968,769
Funds with State Treasurer (Note 5)	4,453,972	3,430,414
Interest receivable	1,215,013	934,656
Accounts receivable, net (Note 6)	8,787,912	7,874,370
Pledged gift receivable from the Foundation (Note 24)	250,000	150,000
Prepaid expenses	230,934	898,656
Inventories (Note 8)	<u>1,765,059</u>	<u>1,739,873</u>
Total noncurrent assets	79,691,869	66,543,499
Noncurrent assets:		
Restricted cash and cash equivalents (Note 3)	282,489	378,790
Restricted investments (Note 4)	10,791,946	10,545,280
Investments (Note 4)	62,311,744	55,265,589
Due from State Treasurer	3,220,803	5,447,073
Student loans receivable, net (Note 7)	7,821,272	7,780,155
Pledged gift receivable from the Foundation (Note 24)	251,762	494,725
Non-depreciable capital assets (Note 9)	28,568,828	98,425,748
Depreciable capital assets, net (Note 9)	450,905,244	374,206,159
Restricted net pension	<u>753,328</u>	<u>302,727</u>
Total noncurrent assets	<u>564,907,416</u>	<u>552,846,246</u>
Total assets	<u>644,599,285</u>	<u>619,389,745</u>
Deferred outflows		
Deferred loss on bond refunding	1,281,516	1,135,069
Relating to pension (Note 19)	7,557,617	9,666,639
Relating to OPEB (Note)	<u>2,002,916</u>	<u>1,513,291</u>
Total deferred outflows	<u>10,842,049</u>	<u>12,314,999</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	22,353,892	18,073,316
Deposits payable	3,068,696	2,451,488
Unearned revenues	8,388,872	7,345,715
Current portion of bonds and notes payable (Notes 12,13,15)	5,193,470	4,602,941
Deposits held in custody for others	<u>272,309</u>	<u>245,525</u>
Total current liabilities	39,277,239	32,718,985
Noncurrent liabilities:		
Long-term portion of bonds and notes payable (Note 12, 13,15)	94,044,732	65,447,083
Compensated absences (Note 11)	8,905,785	8,742,603
Long-term pension liabilities (Note 15,19)	49,941,257	60,964,531
Long-term OPEB liabilities (Note 20)	<u>94,060,078</u>	<u>100,201,213</u>
Total noncurrent liabilities	<u>246,951,852</u>	<u>235,355,430</u>
Total Liabilities	<u>286,229,091</u>	<u>268,074,415</u>
Deferred inflows		
Relating to pension (Note 19)	13,074,963	6,939,287
Relating to OPEB (Note)	<u>12,951,181</u>	
Total deferred inflows	<u>26,026,144</u>	<u>6,939,287</u>
Net Position		
Net investment in capital assets	405,301,132	403,716,953
Restricted for:		
Pensions	694,717	560,897
Nonexpendable: scholarships and professorships	5,432,603	5,168,315
Expendable:		
Instruction and research	2,516,253	3,949,886
Loans	12,896,034	13,154,455
Capital Projects	9,476,099	8,996,022
Unrestricted	<u>(93,130,739)</u>	<u>(78,855,486)</u>
Total net position	<u>\$343,186,099</u>	<u>\$356,691,042</u>

Foundation Statement of Financial Position

June 30, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$993,597	\$825,212
Unconditional promises to give, net	3,775,888	4,633,041
Investments:		
Operating investment pool	13,532,003	15,343,490
Endowment investment pool	83,442,812	75,109,630
Endowment real estate held for investment	3,259,870	3,153,290
Annuity and life income investments	2,066,098	1,994,471
Real property	<u>1,816,822</u>	<u>750,380</u>
Total investments	104,117,605	96,351,261
Other assets	352,801	174,453
Property and equipment, net	<u>556,275</u>	<u>578,619</u>
Total Assets	<u>109,796,166</u>	<u>102,562,586</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	224,475	452,908
Due to Western Washington University	194,068	268,747
Gift payable to Western Washington University, net	498,238	644,725
Annuity and life income obligations	603,445	578,191
Deferred revenue from life estate	359,595	374,675
Investments held in trust for Western Washington University	<u>13,498,255</u>	<u>12,852,115</u>
Total Liabilities	15,378,076	15,171,361
Net Assets		
Unrestricted	18,827,269	17,716,302
Temporarily restricted	26,712,964	23,407,685
Permanently restricted	<u>48,877,857</u>	<u>46,267,238</u>
Total Net Assets	<u>94,418,090</u>	<u>87,391,225</u>
Total Liabilities and Net Assets	<u>\$109,796,166</u>	<u>\$102,562,586</u>

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended
June 30, 2018 and 2017

	2018	2017
Operating Revenues		
Student tuition and fees	\$144,408,819	\$137,353,788
Less scholarship allowances	<u>(30,964,892)</u>	<u>(27,763,925)</u>
Net student tuition and fees	113,443,927	109,589,863
Federal grants and contracts	5,693,982	6,702,355
State and local grants and contracts	19,913,051	20,516,219
Nongovernmental grants and contracts	4,214,617	4,161,010
Sales and services of educational activities	4,613,182	4,788,981
Interest earned on loans to students	173,018	182,998
Other operating revenue	362,411	325,548
Auxiliary enterprises	72,431,731	64,818,838
Less scholarship allowances	<u>(7,949,128)</u>	<u>(7,216,452)</u>
Net auxiliary enterprises	<u>64,482,603</u>	<u>57,602,386</u>
Total operating revenues	212,896,791	203,869,360
Operating Expenses		
Salaries and wages	161,887,240	153,431,945
Benefits	52,096,057	46,494,049
Scholarships and fellowships	20,918,289	19,936,045
Utilities	5,156,640	5,492,251
Supplies and materials	58,330,267	55,796,061
Purchased services	5,165,762	4,584,902
Depreciation	<u>26,543,190</u>	<u>24,336,383</u>
Total operating expenses	<u>330,097,445</u>	<u>310,071,636</u>
Operating loss	(117,200,654)	(106,202,276)
Nonoperating Revenues (Expenses)		
State appropriations	78,652,047	76,135,377
Federal Pell grant revenue	17,635,311	15,468,268
Investment income	1,775,765	1,250,295
Interest on indebtedness	(3,616,033)	(3,142,255)
Gain (loss) on endowments	938,744	1,397,746
Nonoperating rental property expense/income	<u>30,231</u>	<u>(12,959)</u>
Total nonoperating revenues (expenses)	<u>95,416,065</u>	<u>91,096,472</u>
Income (Loss) before other revenues	(21,784,589)	(15,105,804)
Other Revenues		
Capital appropriations	2,397,857	35,332,800
Gift Revenue	3,255,646	
Other capital revenue	<u>2,626,143</u>	<u>2,163,946</u>
Total other revenues	8,279,646	37,496,746
Increase in net position	(13,504,943)	22,390,942
Net position, beginning of year	356,691,042	432,988,022
Restatement (Note 1)		<u>(98,687,922)</u>
Net position, beginning of year, as restated	<u>356,691,042</u>	<u>334,300,100</u>
Net position, end of year	<u>\$343,186,099</u>	<u>\$356,691,042</u>

Foundation Statement of Activities & Changes in Net Assets *June 30, 2018 and 2017*

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Total
Support and Revenue:				
Contributions	\$2,635,838	\$4,409,561	\$2,593,495	\$9,638,894
In-kind services and facilities provided by				
Western Washington University	3,647,403			3,647,403
Interest and dividends	479,001	457,749		936,750
Net realized and unrealized gains on investments	1,143,700	3,741,979		4,885,679
Return on annuity and life income investments		13,405	101,766	115,171
Change in valuation of annuity and life income obligations		(18,180)	(84,642)	(102,822)
Administrative fees	1,265,376			1,265,376
Fundraising events and other	<u>70,668</u>	<u>1,189,741</u>	<u> </u>	<u>1,260,409</u>
Total support and revenue before net assets released from restrictions	9,241,986	9,794,255	2,610,619	21,646,860
Net assets released from restrictions	6,354,745	(6,354,745)		
Funding of underwater endowments	<u>134,231</u>	<u>(134,231)</u>	<u> </u>	<u> </u>
Total Support and Revenue	15,730,962	3,305,279	2,610,619	21,646,860
Expenses:				
Program services and grants	8,842,734			8,842,734
Management and general in-kind	1,832,695			1,832,695
Management and general - other	375,538			375,538
Fundraising - in-kind	1,814,708			1,814,708
Fundraising - other	<u>754,320</u>	<u> </u>	<u> </u>	<u>754,320</u>
Total Expenses	<u>13,619,995</u>	<u> </u>	<u> </u>	<u>13,619,995</u>
Other Changes in Net Assets:				
Loss on uncollectible pledge	(1,000,000)			(1,000,000)
In-kind contribution - art collection		11,869,900		11,869,900
Release of in-kind contribution - art collection	11,869,900	(11,869,900)		
Program expense - art collection	<u>(11,869,900)</u>	<u> </u>	<u> </u>	<u>(11,869,900)</u>
Total Other Changes in Net Assets	<u>(1,000,000)</u>	<u> </u>	<u> </u>	<u>(1,000,000)</u>
Change in Net Assets	1,110,967	3,305,279	2,610,619	7,026,865
Net Assets, beginning of year, restated	<u>17,716,302</u>	<u>23,407,685</u>	<u>46,267,238</u>	<u>87,391,225</u>
Net Assets, end of year	<u>\$18,827,269</u>	<u>\$26,712,964</u>	<u>\$48,877,857</u>	<u>\$94,418,090</u>

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total
Support and Revenue:				
Contributions	\$1,037,547	\$4,812,532	\$2,450,302	\$8,300,381
In-kind services and facilities provided by				
Western Washington University	3,176,096			3,176,096
Interest and dividends	485,986	516,817		1,002,803
Net realized and unrealized gains on investments	1,359,570	5,441,252		6,800,822
Return on annuity and life income investments		13,565	141,445	155,010
Change in valuation of annuity and life income obligations		(7,422)	(57,620)	(65,042)
Administrative fees	1,139,979			1,139,979
Fundraising events and other	<u>579,552</u>	<u>459,466</u>		<u>1,039,018</u>
Total support and revenue before net assets released from restrictions	7,778,730	11,236,210	2,534,127	21,549,067
Net assets released from restrictions	6,244,926	(6,244,926)		
Funding of underwater endowments	<u>675,664</u>	<u>(675,664)</u>		
Total Support and Revenue	14,699,320	4,315,620	2,534,127	21,549,067
Expenses:				
Program services and grants	7,632,201			7,632,201
Management and general in-kind	1,594,574			1,594,574
Management and general - other	278,566			278,566
Fundraising in-kind	1,581,522			1,581,522
Fundraising - other	<u>773,220</u>			<u>773,220</u>
Total Expenses	<u>11,860,083</u>			<u>11,860,083</u>
Change in Net Assets	2,839,237	4,315,620	2,534,127	9,688,984
Net Assets, beginning of year, restated	<u>14,877,065</u>	<u>19,092,065</u>	<u>43,733,111</u>	<u>77,702,241</u>
Net Assets, end of year	<u>\$17,716,302</u>	<u>\$23,407,685</u>	<u>\$46,267,238</u>	<u>\$87,391,225</u>

Statement of Cash Flows

For the Years Ended
June 30, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Student tuition and fees	\$114,316,531	\$109,000,756
Grants and contracts	30,798,692	31,537,456
Payments to vendors	(89,129,687)	(86,204,940)
Payments to employees for salaries and benefits	(210,552,298)	(198,060,581)
Loans issued to students	(1,211,779)	(2,074,422)
Collection of loans to students	1,463,193	1,316,753
Sales of auxiliary enterprises	63,741,900	57,271,490
Sales and services of educational activities	4,748,103	5,374,363
Interest received on loans to students	<u>535,429</u>	<u>508,546</u>
Net cash used by operating activities	(85,289,916)	(81,330,579)
Cash Flows from Noncapital Financing Activities		
State appropriations	78,664,840	75,502,010
Direct Lending proceeds	62,642,749	65,466,057
Direct Lending disbursements	(62,958,286)	(64,729,650)
Federal Pell grant receipts	<u>17,635,311</u>	<u>15,468,268</u>
Net cash provided by noncapital financing activities	95,984,614	91,706,685
Cash Flows from Investing Activities		
Purchases of investments	(97,450,700)	(37,907,832)
Proceeds from sales of investments	79,906,236	46,657,436
Interest received on investments	<u>1,048,020</u>	<u>1,244,617</u>
Net cash (used)/provided by investing activities	(16,496,444)	9,994,221
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital debt	46,741,838	6,283,842
Interest earned on bond proceeds	176,374	
Capital appropriations	4,611,333	35,850,650
Other capital (expense)/revenue	(1,023,558)	2,081,749
Contributions and gifts in-kind	2,626,143	2,163,946
Proceeds from disposal of capital assets	247,028	140,336
Purchases of capital assets	(26,724,028)	(59,563,566)
Principal paid on capital debt	(16,077,941)	(4,709,044)
Interest paid on capital debt	(4,889,926)	(2,974,047)
Other activities	<u>30,231</u>	<u>(12,959)</u>
Net cash used by capital and related financing activities	<u>5,717,494</u>	<u>(20,739,093)</u>
Net increase/(decrease) in cash and cash equivalents	(84,252)	(368,766)
Cash and cash equivalents, beginning of year	<u>14,925,551</u>	<u>15,294,317</u>
Cash and cash equivalents, end of year	<u>\$14,841,299</u>	<u>\$14,925,551</u>

Statement of Cash Flows

For the Years Ended
June 30, 2018 and 2017

Reconciliation of Operating Loss to Net Cash used by Operating Activities

	2018	2017 Restated
Operating loss	(\$117,200,654)	(\$106,202,276)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense	26,543,190	24,336,383
Net pension expense	7,794,097	(930,954)
Net OPEB expense	12,461,556	
Gain on disposal of fixed assets	304,290	(75,876)
Changes in assets and liabilities:		
Accounts receivable	(770,579)	161,588
Student loans receivable	(41,117)	(50,978)
Inventories	(25,186)	(271,567)
Prepaid expenses	667,722	(309,887)
Accounts payable and accrued expenses	(24,694)	1,024,016
Unearned revenue	1,043,157	(477,620)
Student and other deposits	617,207	275,270
Deposits held in custody	342,321	(766,802)
Compensated absences	163,182	255,397
Net pension liabilities	(11,023,273)	1,702,727
Net OPEB liability	(6,141,135)	
Net cash used by operating activities	<u>(\$85,289,916)</u>	<u>(\$81,330,579)</u>
Supplemental disclosure of cash flow information		
Acquisition of capital assets through accounts payable	<u>\$8,691,726</u>	<u>\$4,736,686</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Western Washington University (WWU) is a comprehensive, degree granting public university in the State of Washington. It is governed by a Board of eight Trustees appointed by the Governor. These financial statements summarize all the fund types of WWU including agency funds. The University's financial activity is included in the general purpose financial statements of the State of Washington.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component unit, the Western Washington University Foundation (the Foundation).

The Foundation is a legally separate, tax-exempt entity. The Board of Directors is self-perpetuating and consists of 31 members. WWU has an agreement with the Foundation to design and implement such programs and procedures so as to persuade continuous and special philanthropic support for the benefit of WWU. In exchange, WWU provides the Foundation with office facilities, furniture and equipment, and a significant number of full-time employees and support services, including depository, disbursing, and payroll and purchasing functions. Although WWU does not control the timing or amount of receipts from the Foundation, the majority of the resources or income the Foundation holds and invests is restricted for the activities of WWU by the donors. The Foundation's activity is reported in separate financial statement because of the difference in its reporting model as described below.

The Foundation reports its financial results under Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 958-605, Revenue Recognition, and ASC 958-205, *Presentation of Financial Statement*.

As such, certain revenue recognition criteria and presentation features are different from GASB. No modifications have been made to the Foundation's financial information in WWU's financial statement for these differences; however, significant note disclosures (see Note 2) to the Foundation's financial statement have been incorporated into WWU's notes to the financial statement.

The Foundation's financial statement can be obtained by contacting the Foundation at (360) 650-3408.

Financial Statement Presentation

The financial statements are presented in accordance with generally accepted accounting principles and follow the guidance given by GASB. WWU has special purpose reports reflecting the net position, results of operations and cash flows for certain auxiliary units: Housing and Dining System, Wade King Recreational Center and Associated Students Bookstore. These financial statements present only a selected portion of the activities of WWU. As such, they are not intended to and do not present the financial position, results of operations, or changes in net position of WWU. The auxiliary unit financial statements can be obtained by contacting Western Washington University at (360) 650-3675.

Basis of Accounting

For financial reporting purposes, WWU is considered a special-purpose government engaged only in business-type activities. Accordingly, WWU's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All intra-agency transactions have been eliminated.

New Accounting Pronouncements

On July 1, 2015, WWU adopted GASB Statement No. 72 "Fair Value Measurement and Application". This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Any necessary adjustments to note disclosures have been made.

On July 1, 2015, WWU adopted GASB Statement No. 79, "Certain External Investment Pools and Pool Participants". This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and re-

quirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. Because WWU is a participant in an external investment pool that is in compliance with amortized cost criteria and measures all of its investments at amortized costs, there is no impact to WWU's statements.

On July 1, 2015, WWU adopted GASB Statement No. 76 "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

On July 1, 2016, WWU adopted GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68" This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that infor-

mation similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

On July 1, 2016, WWU adopted GASB Statement No. 82 "Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73" The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

On July 1, 2017, WWU adopted GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. Prior to the adoption of GASB Statement No. 75, the OPEB liability was not presented on WWU's statements but rather noted per GASB 45. As a result of implementing this Statement, WWU has recognized its total OPEB liability and has restated July 1, 2017 Net Position for the difference between the beginning and total OPEB liability.

OTHER ACCOUNTING POLICIES

Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, bank demand deposits, and deposits with the Washington State Local Government Investment Pool (LGIP). Cash and cash equivalents that are held with the intent to fund WWU operations are classified as current assets along with operating funds invested in the LGIP. Cash, cash equivalents, and investments that represent unspent bond proceeds or are held with the intent to fund capital projects are classified as noncurrent assets. Endowment investments are also classified as noncurrent assets. WWU records all cash, cash equivalents and investments at fair value.

WWU combines unrestricted cash operating funds from all departments into an internal investment pool, the income from which is allocated on a proportional basis. The internal investment pool is comprised of cash, cash equivalents, commercial paper, certificates of deposit, U.S. Treasuries and U.S. Agency securities.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. It also includes amounts due from the Federal government, State and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to WWU's grants and contracts. Accounts receivable are shown net of estimated uncollectible amounts.

Inventories

Inventories are carried at the lower of cost or market value.

Capital Assets

Capital assets are defined as assets with an initial individual cost of \$5,000 or more, or \$1 million or more for intangible assets, and an estimate useful life in excess of one year. Capital assets consist of buildings, furniture, equipment, and intangible assets recorded at cost or, if donated, at their acquisition value at the date of donation. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. If material, interest expense incurred during capital construction is capitalized as part of the building cost. Depreciation is computed using the straight line method over the estimated useful lives of the assets,

generally 40 to 50 years for buildings, 20 to 25 years for infrastructure and land improvements, 15 years for library resources, and 5 to 7 years for equipment.

Deferred Outflows of Resources and Deferred Inflows or Resources.

WWU classifies gains on retirement of debt as deferred inflows of resources and losses as deferred outflows of resources and amortizes such amounts as a component of interest expense over the remaining life of the old debt, or the new debt, whichever is shorter.

Changes in net pension and net OPEB liabilities not included in pension or OPEB expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension and net OPEB liabilities are reported as deferred outflows of resources.

Bond Premiums/Discounts

Bond premiums/discounts are deferred over the term of the bonds using the effective interest method. The remaining balances of bond premiums/discounts are presented in the Statement of Net Position net of the face amount of bonds payable.

Net Pension Liabilities

WWU records pension liabilities equal to the net pension liability for its defined benefit plans. The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The fiduciary net position and changes in net position of the defined benefit plans has been measured consistent with the accounting policies used by the plans. The total pension liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. Projected benefit payments are discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available. Pension expense is recognized for benefits earned during the measurement period, interest on the unfunded liability and changes in benefit terms. The differences between expected and actual experience and changes in assumptions about future economic or demographic factors are reported as deferred inflows or outflows and are recognized over the average expected remaining service period for employees eligible for pension benefits. The differences between expected and actual returns are reported as deferred inflows or outflows and are recognized over five years.

Restatement of Net Pension Liabilities

During FY 2017, WWU adopted GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". Statement No. 73 requires that WWU record in its statements the net pension liability associated with the defined benefit of the university's retirement plan (WWURP) and to restate the net position of the earliest period presented (see Note 19). The Benefits Expense and the Net Pension Liabilities amounts for FY 2016 increased by \$13,251,071. The net pension liability information is provided to WWU by the Office of State Actuaries. The information provided allowed WWU to restate FY 2016.

Unearned revenues

Unearned revenues occur when revenues have been collected for tuition and fees and certain auxiliary activities prior to the end of the fiscal year, but relate to services to be provided in the following fiscal year.

Restatement of Net Position

During FY 2018, WWU adopted GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits other than Pensions". Statement No. 75 requires that WWU record in its statements its proportional share of the State's net OPEB liability and to restate the beginning net position of the earliest period presented. The amount of restatement to the beginning FY 17 net position was \$98.7 million. This was due to recording the total OPEB liability of \$100.2 million and a \$1.5 million deferred outflow. The total OPEB liability information is provided to WWU by the Office of Financial Management (OFM) and the Office of State Actuary (OSA). Although this liability is an accumulative of years prior to FY 2017, the information provided by OFM and OSA only allowed WWU to restate the FY 17 beginning net position.

Net Position

WWU's net position is classified as follows:

Net investment in capital assets

This represents WWU's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of capital assets but are included as a component of restricted expendable net position described below.

Restricted net position, expendable

Restricted expendable include resources in which WWU is legally or contractually obligated to spend in accordance

with restrictions imposed by external third parties.

Restricted net position, nonexpendable

Nonexpendable restricted consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted net position

Unrestricted represent resources derived from student tuition and fees, State appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of WWU, and may be used at the discretion of the governing board to meet expenses. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide goods and service for students, faculty and staff.

Classification of Revenues and Expenses

WWU has classified its revenues and expenses as either operating or non-operating according to the following criteria:

Operating revenues

Operating revenues include activities that have the characteristics of exchange transactions such as: (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (3) most Federal, State and local grants and contracts, and (4) interest on institutional student loans.

Operating expenses

Operating expenses are those costs incurred in daily operations, such as salaries and wages, benefits, scholarships and fellowships expenses, depreciation, utilities, and supplies..

Non-operating revenues

Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as State appropriations, Federal Pell grant revenue and investment income.

Non-operating expenses

Non-operating expenses include costs related to financing or investing activities such as interest on indebtedness.

Other Revenues

Other revenues include activities that have the characteristics of non-exchange transactions, such as state capital appropriations and gifts to endowments.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by WWU, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, State or non-governmental programs are recorded as either operating or non-operating revenues in WWU's financial Statement. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, WWU has recorded a scholarship discount and allowance.

Tax Exemption

WWU is a tax-exempt instrumentality of the State of Washington organized under the provisions of Section 115(a) of the Internal Revenue Code and is exempt from Federal income taxes on related income.

Reclassifications

Certain accounts in the prior year financial statement may have been reclassified for comparative purposes to conform to the presentation in the current year financial statement.

2. COMPONENT UNIT

The Western Washington University Foundation (the Foundation) is a discretely presented component unit of WWU. The language in the Foundation's bylaws satisfies the "direct benefit" criterion, and the "entitlement/ability to access" criterion is met due to the Foundation's history of supporting WWU. The "significance" criterion is met because the combined resources used by WWU activities and the restricted resources held by the Foundation are deemed to be significant to WWU, regardless of the extent to which those resources may be used for "in-kind".

The Foundation presents information about its financial position and activities according to the following three classes of net position, depending on the existence and nature of donor restrictions:

Unrestricted net assets

Support received that is not subject to donor-imposed restrictions and over which the Board of Directors has discretionary control is classified as unrestricted.

Temporarily restricted net assets

Support received subject to donor-imposed use restrictions

or time restrictions that will be met either through actions of the Foundation or by the passage of time is classified as temporarily restricted. In the period donor restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets

Support received subject to donor-imposed restrictions stipulating that funds be invested in perpetuity is classified as permanently restricted. In accordance with purposes stipulated by the donors, earnings from such funds may be either unrestricted or temporarily restricted.

3. CASH AND CASH EQUIVALENTS

WWU combines unrestricted cash operating funds from all departments into an internal investment pool, the income from which is allocated to the departments on a proportional basis. The internal investment pool is comprised of cash and cash equivalents and investments.

Cash and cash equivalents include cash on hand, petty cash, change funds, bank balances, and funds held in the Local Government Investment Pool (LGIP).

Bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) or by a collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

The LGIP is comparable to a Rule 2a-7 money market fund recognized by the Securities and Exchange Commission (17CFR.270.2a-7). Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both market and credit risk. The LGIP is an unrated investment pool managed by the Office of the Washington State Treasurer. According to LGIP's current investment policy, it is "managed to meet the portfolio maturity, quality, diversification and liquidity requirements set forth in GASB 79 for external investment pools who wish to measure, for financial reporting purposes, all of its investments at amortized cost".

At June 30, 2018 and 2017, the carrying amount of cash and cash equivalents is \$14,841,299 and \$14,925,551, respectively. These balances include restricted cash and cash equivalents of \$5,009,481 and \$378,790 in unspent bond proceeds and Recreation Center renewal and replacement funds at June 30, 2018 and 2017, respectively. The carrying amount of cash and cash equivalents approximates the market value.

4. INVESTMENTS

Investments include internally pooled cash operating funds, renewal and replacement funds, unspent bond proceeds, and University endowment funds.

WWU pooled investments consisted of \$4,000,000 and \$4,000,000 in certificates of deposit (CDs), \$997,430 and \$7,996,440 in commercial paper, \$5,885,720 and \$0 in Corporate and \$71,908,350 and \$74,799,850 in U.S. Treasury and Agency securities at June 30, 2018 and 2017, respectively.

The Housing and Dining System Renewal and Replacement restricted fund held \$3,123,275 and \$3,130,223 as of June 30, 2018 and 2017, respectively. This was separately invested in CDs and U.S. Treasury securities.

The Housing and Dining System held \$22,119,820 in U.S. Treasuries and Agencies securities for unspent bond proceeds.

University endowment funds are held and managed by the Western Washington University Foundation (the Foundation). The endowment funds are invested in accordance with the Foundation policy under the direction of the Foundation Finance and Audit Committee (the Committee). The committee is responsible for reviewing and defining investment policy, monitoring investment performance, and recommending managers to oversee the investment of the portfolio. The Committee reviews and updates its investment policy every three years.

As of June 30, 2018, WWU's Endowment funds are comprised of \$7,905,617 in donor restricted and unrestricted funds and \$5,592,638 in Quasi-endowments. As of June 30, 2017, the balances were \$7,427,845 and \$5,424,067 respectively.

Credit (Quality) Risk

Credit risk is the risk that an issuer or other counterparty will not fulfill its obligations. Statutory and policy constraints with regard to the types of instruments available for investment limit WWU's exposure to this risk. Instruments available for investment include obligations of the US Treasury and agency securities, commercial paper and CDs. The CDs held in the internal investment pool are insured by the Federal Deposit Insurance Company (FDIC) or by a collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). Commercial paper is rated A1+/P1 and US Treasury and Agency Securities are rated AA+/Aaa by Standard and Poors and Moody's.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty, WWU will not be able to recover the value of the investment. As of June 30, 2018 WWU had \$103,049,416 in US Treasury and Agency securities, corporate and commercial paper held in custody by Wells Fargo and the Foundation in WWU's name.

Interest Rate Risk

WWU manages its exposure to fair value losses in the internal investment pool by targeting the portfolio duration to 2.25 years and limiting the weighted average maturity to a maximum of 3 years. WWU generally does not invest operating funds in securities maturing more than 5 years from the date of purchase.

Endowment funds are invested under the Foundation Investment Policy guidelines. These guidelines include the primary objective of achieving long-term growth, while using prudent investing practices and do not limit investment maturities as a means to managing interest rate exposure

Concentration of Credit Risk

Concentration of credit risk for investments is the risk of loss attributable to the magnitude of an investment in a single issuer. WWU's operating investment policy limits per issuer holdings to 5%, with the exception of U.S. Treasuries (100%) and U.S. Agencies (35% per agency). The Endowment Investment Policy limits the endowment fixed income investments to no more than 5% of the portfolio for a single issuer, with the exception of U.S. government and agency securities.

Fair Value Measurement and Application

The three levels of the fair value hierarchy are described as follows::

- Level 1 - Unadjusted quoted prices available in active markets for identical assets or liabilities;
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or
- Level 3 - Unobservable inputs that are significant to the fair value measurement.

At June 30, 2018, WWU held the following in cash, cash equivalents and investments:

Description	Fair Value Measurements Using			Total	Weighted Average Maturity (in Years)
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
WWU Investment Pool:					
Cash & Cash Equivalents	\$10,112,824			\$10,112,824	0.0030
Commercial Paper	997,430			997,430	0.2270
Corporate	5,885,720			5,885,720	2.8190
Time Certificates of Deposits (CDs)	4,000,000			4,000,000	1.5320
U.S. Treasuries		30,753,390		30,753,390	0.6720
U.S. Agencies		41,154,960		41,154,960	2.2130
WWU Endowment Funds:					
Cash & Cash Equivalents	1,014,269			1,014,269	n/a
Fixed Income Investments:					n/a
U.S. Treasuries		266,313		266,313	13.300
U.S. Agencies		357,421		357,421	4.100
Other Fixed Income		1,712,347		1,712,347	n/a
Equity Investments		8,069,252		8,069,252	n/a
Real Estate			604,764	604,764	n/a
Alternative Investments		1,473,889		1,473,889	n/a
Other Investments:					
Renewal and Replacement Time CDs	1,608,913			1,608,913	2.241
Renewal and Replacement U.S. Treasuries		1,128,707		1,128,707	0.679
Renewal and Replacement U.S. Agencies		385,655		385,655	1.321
H&D Bond Inv. Cash & Cash Equivalents	4,728,475			4,728,475	0.003
H&D Bond Inv. US Treasuries		17,622,070		17,622,070	0.366
H&D Bond Inv. US Agencies		4,497,750		4,497,750	0.785
Miscellaneous			1,010	1,010	n/a
TOTAL CASH AND INVESTMENTS	\$28,347,631	\$107,421,754	\$605,774	\$136,375,159	

At June 30, 2017, WWU held the following in cash, cash equivalents and investments:

Description	Fair Value Measurements Using			Total	Weighted Average Maturity (in Years)
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
WWU Investment Pool:					
Cash & Cash Equivalents	\$14,925,551			\$14,925,551	0.003
Commercial Paper	\$7,996,440			\$7,996,440	0.045
Time Certificates of Deposits (CDs)	4,000,000			4,000,000	2.532
U.S. Treasuries		19,913,250		19,913,250	1.688
U.S. Agencies		54,886,600		54,886,600	1.805
WWU Endowment Funds:					
Cash & Cash Equivalents	162,319			162,319	
Fixed income investments:					
U.S. Treasuries		282,877		282,877	14.600
U.S. Agencies		377,640		377,640	3.200
Other Fixed Income		1,807,027		1,807,027	n/a
Equity Investments		7,665,370		7,665,370	n/a
Real Estate			520,422	520,422	n/a
Alternative Investments		2,036,460		2,036,460	n/a
Other Investments:					
Renewal and Replacement Time CDs	1,608,913			1,608,913	3.241
Renewal and Replacement U.S. Agencies		1,521,310		1,521,310	0.874
Miscellaneous			1,010	1,010	n/a
TOTAL CASH AND INVESTMENTS					
	\$28,693,223	\$88,490,534	\$521,432	\$117,705,189	

5. FUNDS WITH STATE TREASURER

This account represents WWU's share of net earnings of the State of Washington Normal School Permanent Fund and the building fee portion of tuition (as appropriated by the state), reduced by expenditures for capital projects and debt service incurred over the years. The Normal School Permanent Fund, established under RCW 43.79.160, is a permanent endowment fund. Earnings from the investment are either reinvested or used for the benefit of Central Washington University, Eastern Washington University, Western Washington University, and The Evergreen State College.

The investing activities are the responsibility of the Washington State Treasurer's Office. The primary sources of new principal for the Normal School Permanent fund are revenues, primarily timber sales, from certain State lands. The State lands include 100,000 acres granted by the United States government for state normal schools and are managed by the State Department of Natural Resources.

WWU's combined earnings and distributions on the fund for the years ending June 30, 2018 and 2017 are \$2,626,143 and \$2,163,946, respectively, which are reported as other capital revenue along with any capital gifts or contributions.

6. ACCOUNTS RECEIVABLE, NET

At June 30, 2018 and 2017, the major components of accounts receivable are as follows:

	2018	2017
Student Tuition and Fees	\$4,305,998	\$3,892,023
Federal, State and Private Grants and Contracts	3,335,666	3,093,594
Auxiliary Enterprises and other Operating Activities	<u>1,996,951</u>	<u>1,625,075</u>
Total Accounts Receivable	9,638,615	8,610,692
Less allowance for doubtful accounts	<u>(850,703)</u>	<u>(736,322)</u>
Accounts Receivable, Net	<u>\$8,787,912</u>	<u>\$7,874,370</u>

7. STUDENT LOANS RECEIVABLE, NET

At June 30, 2018 and 2017, student loans receivable are as follows:

	2018	2017
Federal Perkins student loans	\$8,612,596	\$8,546,208
Other long-term loans	28,362	56,391
Institutional loans	<u>53,983</u>	<u>44,969</u>
Total student loans	8,694,941	8,647,568
Less allowance for doubtful accounts	<u>(873,669)</u>	<u>(867,413)</u>
Student loans receivable, net	<u>\$7,821,272</u>	<u>\$7,780,155</u>

8. INVENTORIES

At June 30, 2018 and 2017, inventories, stated at cost using various methods: retail or first-in, first-out (FIFO) consist of the following:

	Valuation Method	2018	2017
Location			
Bookstore	Retail	\$1,003,633	\$993,104
Facilities Maintenance	FIFO	394,232	369,898
Other inventory	FIFO	<u>367,194</u>	<u>376,871</u>
Total inventory		<u>\$1,765,059</u>	<u>\$1,739,873</u>

9. LAND AND CAPITAL ASSETS

The depreciation expense for the fiscal years ended June 30, 2018 and 2017 was \$26,543,190 and \$24,336,383, respectively.

Following are the changes in land and capital assets for the year ended June 30, 2018:

	6/30/2017	Additions	Reductions	6/30/2018
Non-depreciable Capital Assets				
Land	\$12,049,317	\$545,646	\$	\$12,594,963
Construction in progress	<u>86,376,431</u>	<u>14,692,457</u>	<u>85,095,023</u>	<u>15,973,865</u>
Total non-depreciable capital assets	<u>\$98,425,748</u>	<u>\$15,238,103</u>	<u>\$85,095,023</u>	<u>\$28,568,828</u>
Depreciable Capital Assets				
Infrastructure	\$55,452,397	\$	\$	\$55,452,397
Buildings	436,365,054	98,433,762	2,627,776	532,171,040
Furniture, fixtures and equipment	47,272,502	2,643,688	989,714	48,926,476
Library materials, art collection	53,769,634	119,830		53,889,464
Improvements	<u>146,881,479</u>	<u>2,781,109</u>	<u>1,199,095</u>	<u>148,463,493</u>
Total depreciable capital assets	<u>739,741,066</u>	<u>103,978,389</u>	<u>4,816,585</u>	<u>838,902,870</u>
Less Accumulated Depreciation				
Infrastructure	31,566,765	1,437,936		33,004,701
Buildings	189,216,612	14,849,972	2,091,524	201,975,060
Furniture, fixtures and equipment	37,818,099	3,260,455	937,292	40,141,262
Library materials, art collection	47,590,241	1,169,248		48,759,489
Improvements	<u>59,343,190</u>	<u>5,825,578</u>	<u>1,051,654</u>	<u>64,117,114</u>
Total accumulated depreciation	<u>365,534,907</u>	<u>26,543,189</u>	<u>4,080,470</u>	<u>387,997,626</u>
Capital Assets, Net of Depreciation	<u>\$374,206,159</u>	<u>\$77,435,200</u>	<u>\$736,115</u>	<u>\$450,905,244</u>

Following are the changes in land and capital assets for the year ended June 30, 2017:

	6/30/2016	Additions	Reductions	6/30/2017
Non-depreciable Capital Assets				
Land	\$12,049,317	\$	\$	\$12,049,317
Construction in progress	33,318,074	54,158,387	1,100,030	86,376,431
Total non-depreciable capital assets	<u>\$45,367,391</u>	<u>54,158,387</u>	<u>\$1,100,030</u>	<u>\$98,425,748</u>
Depreciable Capital Assets				
Infrastructure	\$55,452,397		\$	\$55,452,397
Buildings	435,497,405	867,649		436,365,054
Furniture, fixtures and equipment	45,410,962	3,173,922	1,312,382	47,272,502
Library materials, art collection	53,671,134	98,500		53,769,634
Improvements	<u>145,122,101</u>	<u>1,759,378</u>		<u>146,881,479</u>
Total depreciable capital assets	<u>735,153,999</u>	<u>5,899,449</u>	<u>1,312,382</u>	<u>739,741,066</u>
Less Accumulated Depreciation				
Infrastructure	30,126,873	1,439,892		31,566,765
Buildings	176,735,973	12,480,639		189,216,612
Furniture, fixtures and equipment	35,808,436	3,257,587	1,247,924	37,818,099
Library materials, art collection	46,307,704	1,282,537		47,590,241
Improvements	<u>53,467,461</u>	<u>5,875,729</u>		<u>59,343,190</u>
Total accumulated depreciation	<u>342,446,447</u>	<u>24,336,384</u>	<u>1,247,924</u>	<u>365,534,907</u>
Capital Assets, Net of depreciation	<u>\$392,707,552</u>	<u>(\$18,436,935)</u>	<u>\$64,458</u>	<u>\$374,206,159</u>

10. ART COLLECTIONS

WWU has several collections of art that it does not capitalize. The Outdoor Sculpture Collection is a public art collection displayed throughout the entire campus. There are also collections of 19th and 20th century paintings, prints and drawings, the Whittington Collection of Asian Ceramics, and the Chair Collection. These collections adhere to WWU's policy to (a) maintain them for public exhibition, education, or research; (b) protect, keep unencumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items. WWU's policy is to permit collections maintained in this manner to be charged to operations at the time of purchase rather than capitalized.

11. COMPENSATED ABSENCES

The accrued leave balances as of June 30, 2018 and 2017 are \$8,905,785 and \$8,742,603, respectively. This consists of unused vacation leave and compensatory time earned for exempt professionals and classified staff. It also includes a percentage of earned and unused sick leave for

exempt professionals and classified staff. For reporting purposes, the entire balance of accrued leave is considered a noncurrent liability.

In 2004, WWU began participating in the Voluntary Employees' Beneficiary Association Medical Expense Plan (VEBA-MEP). The plan is a post-retirement medical expense reimbursement account available to professional staff employees of WWU. The VEBA-MEP enables WWU to deposit funds equivalent to the cash-out of compensable unused sick leave at retirement, tax free to a VEBA trust account on the employee's behalf. Funds deposited into a VEBA-MEP account, as well as the earnings on the accounts, are not subject to federal income or social security taxes. During FY 2018 and FY 2017, \$130,379 and \$138,950, respectively, were contributed to VEBA accounts by WWU on behalf of employees.

12. NOTES PAYABLE

WWU finances certain land and equipment purchases through certificates of participation issued by the Washington State Treasurer.

WWU's debt service requirements for these agreements for the next five years and thereafter are as follows:

Fiscal Year	Principal	Interest
2019	\$593,470	\$381,769
2020	617,348	356,386
2021	645,715	330,613
2022	669,428	303,742
2023	636,416	275,671
2024-2028	2,100,000	1,023,200
2029-2033	1,505,000	607,750
2034-2038	<u>1,500,000</u>	<u>191,750</u>
Total	<u>\$8,267,377</u>	<u>\$3,470,881</u>

13. BONDS PAYABLE

Bonds payable consist of revenue bonds issued by WWU for Housing and Dining System facilities and the Wade King Student Recreation Center. Bonds outstanding are shown on the following page.

Housing and Dining Revenue Bonds

As specified in Master Resolution 97-09, the Housing and Dining System (the System) Revenue Fund is used to pay operating expenses, principal and interest, fund debt service reserve accounts required in subsequent series resolutions, pay the renewal and replacement fund and, if desired, retire debt in the open market. Net revenues are pledged to equal at least 125% of debt service. The System has funded a reserve account for debt service, and maintains a renewal and replacement fund equal to at least 5% of outstanding bonds.

The Housing and Dining System has the following outstanding bond issues:

Series 2018A Housing and Dining Refunding Bonds (original issue price of \$10,695,000) with interest rates ranging from 3.0% to 5.0% and principal payments due in annual amounts ranging from \$350,000 to \$985,000 through April 30, 2034. The Series 2018A bonds have an aggregate face value of \$10,695,000 at June 30, 2017 which is reported net of the unamortized original issues premium of \$1,161,271. The 2018A Housing and Dining Refunding bonds were issued to provide funds that will be used to advance refund and redeem on April 1, 2019 (the Crossover Date) a portion of the outstanding principal amount of the Series 2009B bonds and pay interest on the Series 2018A Bonds to the Crossover Date. The refunded bonds will remain outstanding until the Crossover Date at which point

they will be called for redemption in advance of their scheduled maturities and retired with a portion of the proceeds of the Series 2018A Bonds. Management expects the refunding will provide a net present value savings of approximately \$1,839,670. The amount required to refund the 2009B Bonds remaining plus a refunding premium and underwriter's discount (total of \$1,374,260) were sent directly to the escrow agent, US Bank and will be disbursed accordingly.

Series 2018B Housing and Dining Refunding Bonds (original issue price of \$33,680,000) with interest rates ranging from 2.0% to 5.0% and principal payments due in annual amounts ranging from \$415,000 to \$2,050,000 through April 30, 2043. The Series 2018B bonds have an aggregate face value of \$33,680,000 at June 30, 2018 which is reported net of the unamortized original issues premium of \$1,067,725.

Series 2015 Housing and Dining Refunding Bonds (original issue price of \$13,435,000) with interest rates ranging from 2.0% to 5.0% and principal payments due in annual amounts ranging from \$985,000 to \$1,530,000 through October 31, 2026. The Series 2015 bonds have an aggregate face value of \$10,330,000 at June 30, 2018 which is reported net of the unamortized original issues premium of \$1,093,376.

Series 2012 Revenue and Refunding Bonds (original issue price of \$9,205,000) with interest rates ranging from 3.0% to 5.0% and principal payments due in annual amounts ranging from \$750,000 to \$980,000 through October 31, 2023. The Series 2012 bonds have an aggregate face value of \$5,255,000 at June 30, 2018 which is reported net of the unamortized original issues premium of \$162,133.

Series 2009 A & B Housing and Dining Revenue Bonds with (original issue price of \$12,835,000) interest rates ranging from 3.0% to 7.4% and principal payments due in annual amounts ranging from \$345,000 to \$360,000 through April 30, 2019. The Series 2009 bonds have an aggregate face value of \$360,000 at June 30, 2018.

Series 1998 Housing and Dining Junior Lien Revenue Refunding Bonds (original issue price of \$17,225,000) with interest rates ranging from 4.4% to 5.5%, and principal payments due in annual amounts that range from \$825,000 to \$1,270,000 through October 1, 2022.

The Series 1998 bonds have an aggregate face value of \$5,430,000 at June 30, 2018, which is reported net of the unamortized original issue premium of \$27,008.

Wade King Student Recreation Center Revenue and Refunding Bonds

The Recreation Center issued \$24,385,000 in Revenue and Refunding Bonds, Series 2012, on April 30 2012. The bonds bear interest rates of 3.0% to 4.1% and mature annually until 2037. The bonds have an aggregate face value of \$21,440,000 at June 30, 2018, which is reported net of the unamortized original issue premium of \$267,312.

The debt service requirements for the revenue/refunding bonds for the next five years and thereafter are as follows:

	Housing and Dining Revenue and Refunding Bonds		Student Recreation Center Revenue and Refunding Bonds	
Fiscal Year	Principal	Interest	Principal	Interest
2019	\$3,805,000	\$3,563,005	\$795,000	\$837,000
2020	4,400,000	2,498,031	815,000	813,150
2021	4,600,000	2,296,031	845,000	784,625
2022	4,825,000	2,080,156	870,000	755,050
2023	4,415,000	1,874,156	905,000	724,600
2024-2028	14,250,000	6,996,805	5,100,000	3,050,000
2029-2033	11,145,000	4,577,837	6,205,000	1,944,800
2034-2038	8,820,000	2,842,525	5,905,000	602,200
2039-2043	<u>9,490,000</u>	<u>1,168,400</u>		
Total	\$65,750,000	\$27,896,946	\$21,440,000	\$9,511,425
Unamortized premium/ (discount)	3,511,513		269,312	
Total	<u>\$69,261,513</u>	<u>\$27,896,946</u>	<u>\$21,709,312</u>	<u>\$9,511,425</u>

14. PLEDGED REVENUES

WWU has pledged certain revenues, net of specified operating expenses, to repay the principal and interest of revenue bonds. The following is a schedule of the pledged revenues and related debt:

Source of Revenue Pledged	Total Future Revenues Pledged *	Description of Debt	Purpose of Debt	Term of Commitment	Proportion of Debt Service to Pledged Revenues (current yr)
Housing and Dining revenues, net of oper- ating expenses	\$93,646,946	Housing and Dining bonds issued in 1998, 2009, 2012, 2015, 2018	Construction and renovation of student housing projects	2043	46.2%
Student Recreation Center gross revenues	30,951,425	Student Recreation Center bonds issued in 2012	Construction of the Student Recreation Center	2038	33.3%
* Total future principal and interest payments on debt					

15. LONG-TERM LIABILITIES

Following are the changes in long-term liabilities for the years ended June 30, 2018 and 2017:

	6/30/17	Additions/ Amortization	Decreases/ Retirements	6/30/18	Current Portion
Bonds, Notes & Obligations payable					
Revenue and refunding bonds	\$60,235,893	\$46,264,932	\$15,530,000	\$90,970,825	\$4,600,000
Notes payable	9,814,131	(998,812)	547,941	8,267,378	593,470
Compensated absences	8,742,603	163,182		8,905,785	
OPEB Liability	100,201,213		6,141,135	94,060,078	
Pension Liabilities	60,964,531		11,023,273	49,941,258	
Total long-term liabilities	<u>\$239,958,371</u>	<u>\$45,429,302</u>	<u>\$33,242,349</u>	<u>\$252,145,324</u>	<u>\$5,193,470</u>

	6/30/16	Additions/ Amortization	Decreases/ Retirements	6/30/17	Current Portion
Bonds, Notes & Obligations payable					
Revenue and refunding bonds	\$64,515,402	(\$25,122)	\$4,254,387	\$60,235,893	\$4,055,000
Notes payable	4,032,724	6,236,063	454,656	\$9,814,131	547,941
Compensated absences	8,487,206	255,397		\$8,742,603	
OPEB Liability		100,201,213		\$100,201,213	
Pension Liabilities	59,261,804	1,702,727		60,964,531	
Total long-term liabilities	<u>\$136,297,136</u>	<u>\$108,370,278</u>	<u>\$4,709,043</u>	<u>\$239,958,371</u>	<u>\$4,602,941</u>

16. LEASES

WWU leases facilities for off-campus office and educational spaces under a variety of agreements. WWU also finances certain equipment through non-cancelable operating leases. At June 30, 2018, future payments under these operating leases are as follows:

Fiscal Year	Lease Payment
2019	\$599,711
2020	311,978
2021	221,947
2022	71,130
2023	
Total minimum lease payments	<u>\$1,204,766</u>

17. DEFERRED COMPENSATION

WWU, through the State of Washington, offers its employees a Deferred Compensation Plan created under Internal Revenue Code Section 457. The plan, available to all State employees, permits individuals to defer a portion of their salary until future years.

The State of Washington administers the plan on behalf of WWU's employees. WWU does not have legal access to the funds.

18. OPERATING EXPENSES BY FUNCTIONAL CATEGORIES

In the Statement of Revenues, Expenses and Changes in Net Position, operating expenses are displayed by natural classifications which include salaries, employee benefits, goods and services, and other similar categories.

Operating expenses by functional classification for the years ended June 30, 2018 and 2017 are as follows:

Operating Expenses	2018	2017 Restated
Instruction	\$129,116,008	\$116,580,928
Research	7,155,030	6,965,994
Academic support	15,815,826	15,569,201
Student services	23,336,452	21,095,852
Institutional support	25,589,034	26,605,536
Operation and maintenance of plant	51,605,261	46,870,300
Scholarships and other student aid	20,916,287	19,936,045
Auxiliary enterprise expenditures	56,563,547	56,447,780
Total operating expenses	<u>\$330,097,445</u>	<u>\$310,071,636</u>

19. PENSION PLANS

WWU offers four contributory pension plans: 1) the Washington State Public Employees' Retirement System (PERS) plans, 2) the Washington State Teachers Retirement System (TRS) plans, 3) the Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) plan and 4) the Western Washington University Retirement plan (WWURP).

PERS, TRS and LEOFF are cost sharing multiple-employer defined benefit pension plans administered by the State of Washington Department of Retirement Systems (DRS). WWURP is a single-employer defined contribution plan with a supplemental defined benefit plan component privately administered by WWU.

WWU's share of the total net unfunded liabilities associated with the defined-benefit pension plans administered by the DRS was \$28,979,258 as of June 30, 2018 and \$38,144,529 as of June 30, 2017. The liability associated with the defined-benefit pension plan administered by WWU was \$20,962,000 as of June 30, 2018 and \$22,820,000 as of June 30, 2017. The total pension expense recorded by WWU related to both the DRS and University plans was \$2,571,909 and \$5,594,851 for the years ended June 30, 2018 and 2017 respectively.

PLANS ADMINISTERED BY DRS**PLAN DESCRIPTION:****Public Employees' Retirement System**

PERS retirement benefit provisions are contained in chapters 41.34 and 41.40 of the Revised Code of Washington (RCW). PERS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. PERS members include higher education employees not participating in other higher education retirement programs.

Teachers' Retirement System

TRS retirement benefit provisions are contained in chapters 41.32 and 41.34 of the Revised Code of Washington (RCW). TRS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members. TRS eligibility for membership requires service as a certificated public school employee working in an instructional, administrative or supervisory capacity.

Law Enforcement Officers' and Fire Fighters' Retirement System

LEOFF retirement benefit provisions are contained in chapter 41.26 of the Revised Code of Washington (RCW). LEOFF is a cost-sharing, multiple-employer retirement system comprised of two separate pension plans for membership and accounting purposes. WWU participates in LEOFF Plan 2, which is a defined-benefit plan. LEOFF membership includes full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians.

VESTING AND BENEFITS PROVIDED:**PERS Plan 1 and TRS Plan 1**

PERS Plan 1 and TRS Plan 1 provide retirement, disability, and death benefits to eligible members. Both plans are closed to new entrants. All members are vested after the completion of five years of eligible service. The monthly benefit is 2.0% of the average final compensation (AFC) for each year of service credit, up to a maximum of 60.0%. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two.

Members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. Members may elect to receive an optional cost of living allowance (COLA) amount based on the Consumer Price Index, capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced. Other benefits include duty and nonduty disability payments and a one-time duty-related death benefit, if the member is found eligible by the Washington State Department of Labor and Industries.

PERS Plan 2/3 and TRS Plan 2/3

PERS 2/3 and TRS Plan 2/3 provide retirement, disability and death benefits. PERS Plan 2 and TRS Plan 2 members are vested after completing five years of eligible service. PERS Plan 3 and TRS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Defined Retirement benefits are determined as 2.0% of the member's AFC times the member's years of service for Plan 2 and 1.0% of the AFC times the member's years of service for Plan 3. The AFC is the average of the member's 60 highest paid consecutive months. There is no cap on years of service credit.

Members are eligible for normal retirement at the age of 65 with five years of service. Members have the option to retire early with reduced benefits. Members may elect to receive an optional cost of living allowance (COLA) amount based on the Consumer Price Index, capped at 3 percent annually. Other benefits include duty and nonduty disability payments and a one-time duty-related death benefit, if the member is found eligible by the Washington State Department of Labor and Industries.

LEOFF Plan 2

LEOFF Plan 2 provides retirement, disability, and death benefits to eligible members. Members are vested after the completion of five years of eligible service. Plan 2 members receive a benefit of 2 percent of the FAS per year of service. FAS is based on the highest consecutive 60 months.

Members are eligible for retirement at the age of 53 with five years of service, or at age 50 with 20 years of service. Members who retire prior to the age of 53 receive reduced benefits. A cost of living allowance (COLA) is granted based on the Consumer Price Index, capped at 3.0% annually. Other benefits include duty and nonduty disability payments and a one-time duty-related death benefit, if the member is found eligible by the Washington State Department of Labor and Industries.

FIDUCIARY NET POSITION:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all plans and additions to/ deductions from all plans fiduciary net position have been determined in all material respects on the same basis as they are reported by the plans. These pension plans administered by the state are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, employee and employer contributions are recognized in the period in which employee services are performed; investment gains and losses are recognized as incurred; and benefits and refunds are recognized when due and payable in accordance with the terms of the applicable plan.

The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of written WSIB- adopted investment policies for the various asset classes in which the WSIB invests. Although some assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan.

Administration of the PERS, TRS, and, LEOFF, systems and plans was funded by an employer rate of 0.18% of employee salaries.

The DRS prepares a stand-alone financial report that is compliant with the requirements of Statement 67 of the Governmental Accounting Standards Board. Copies of the report may be obtained by contacting the Washington State Department of Retirement Systems, PO Box 48380, Olympia, Washington 98504-8380 or online at <http://www.drs.wa.gov/administration/annual-report/>.

ACTUARIAL ASSUMPTIONS:

Accounting requirements dictate the use of assumptions to best estimate the impact the pension obligations will have on WWU. The professional judgments used in determining these assumptions are important, and can significantly impact the resulting actuarial estimates. Difference between actual results compared to these assumptions could have a significant effect on WWU's financial statements.

The total pension liability for each of the plans was determined using the most recent actuarial valuation completed by the Washington State Office of the State Actuary (OSA). WWU's 2018 pension liability is based on the OSA

valuation performed as of June 30, 2016, with the results rolled forward to the measurement date of June 30, 2017. Besides the discount rate, the actuarial assumptions used in the valuation are summarized in the Actuarial Section of DRS' Comprehensive Annual Financial Report located on the DRS employer-resource GASB webpage. These assumptions reflect the results of OSA's 2007-2012 Experience Study and the 2015 Economic Experience Study. The following actuarial assumptions have been applied to all prior periods included in the measurement:

- **Inflation:** 3.0% total economic inflation; 3.75% salary inflation
- **Salary Increases:** salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.50%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout the member's lifetime.

OSA selected a 7.50% long-term expected rate of return on pension plan investments using a building block method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns the WSIB provided.

The CMAs contain three pieces of information for each class of assets WSIB currently invests in:

- Expected annual return
- Standard deviation of the annual return
- Correlations between the annual returns of each asset class with every other asset class

The WSIB uses the CMAs and their target asset allocation to simulate future investment returns at various future times.

The best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

2018 - Measurement date 2017

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed Income	20%	1.70%
Tangible Assets	5%	4.90%
Real Estate	15%	5.80%
Global Equity	37%	6.30%
Private Equity	23%	9.30%
Total	100%	

The inflation component used to create the table is 2.20% and represents the WSIB's most recent long-term estimate of broad economic inflation.

DISCOUNT RATE:

The discount rate used to measure the total pension liabilities was 7.50 percent, the same as the prior measurement date. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.50 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.50 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including PERS Plan 2/3 and TRS 2/3 employers whose rates include a component for the PERS Plan 1 and TRS Plan 1 unfunded actuarial accrued liabilities). Based on those assumptions, the various pension plan's fiduciary net positions were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to determine the total pension liability for each plan.

SENSITIVITY OF THE NET PENSION LIABILITY/(ASSET) TO CHANGES IN THE DISCOUNT RATE:

The following table presents WWU's net pension liability/(asset) position by plan calculated using the discount rate of 7.50 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1.0% point lower (6.50%) or 1.0% point higher (8.50%) than the current rate.

Discount Rate Sensitivity - Net Pension Liability/(Asset)

(\$ in thousands)

Plan	1% Decrease 6.5%	2018 Current Discount Rate 7.5%	1% Increase 8.5%
PERS 1	\$18,143	\$14,894	\$12,079
PERS 2/3	35,495	13,175	(5,113)
TRS 1	880	708	559
TRS 2/3	688	202	(192)
LEOFF 2	163	(753)	(1,500)
	\$55,370	\$28,226	\$5,833

EMPLOYER CONTRIBUTION RATES:

Employer contribution rates are developed in accordance with Chapter 41.45 of the RCW by the OSA. The statute provides authority to the Pension Funding Council to adopt changes to economic assumptions and contribution rates.

Required Contribution Rates

The required contribution rates expressed as a percentage of current year covered payroll are shown below. The University and the employees made the required contributions.

Contribution Rates											
7/1/2016 thru 6/30/2017				7/1/2017 thru 8/31/2017				9/1/2017 thru 6/30/2018			
	Employee	University		Employee	University			Employee	University		
PERS											
Plan 1	6.00%	11.18%		6.00%	12.70%			6.00%	12.70%		
Plan 2	6.12%	11.18%		7.38%	12.70%			7.38%	12.70%		
Plan 3	5.00-15.00% **	11.18% *		5.00-15.00% **	12.70% *			5.00-15.00% **	12.70% *		
TRS											
Plan 1	6.00%	13.13%		6.00%	13.13%			6.00%	15.20%		
Plan 2	5.95%	13.13%		5.95%	13.13%			7.06%	15.20%		
Plan 3	5.00-15.00% **	13.13% *		5.00-15.00% **	13.13% *			5.00-15.00% **	15.20% *		
LEOFF											
Plan 2	8.41%	8.59%		8.75%	8.93%			8.75%	8.93%		

PERS 2/3 employer rates include a component to address the PERS Plan 1 unfunded actuarial accrued liability (UAAL)

TRS 2/3 employer rates include a component to address the TRS Plan 1 unfunded actuarial accrued liability (UAAL)

*Plan 3 defined benefit portion only.

**Variable from 5% to 15% based on rate selected by the member.

University contribution rate includes an administrative expense rate of 0.0018.

The University's required contributions for the years ending June 30 are as follows:

Required Contributions			
		FY 2017	FY 2018
PERS			
	\$	\$116,851	\$90,772
Plan 1		3,203,699	3,778,063
Plan 2		951,417	1,186,176
Plan 3			
TRS			
		7,003	7,418
Plan 1		4,973	2,042
Plan 2		153,539	250,133
Plan 3			
LEOFF			
Plan 2		87,594	106,591

UNIVERSITY PROPORTIONATE SHARE AND AGGREGATED BALANCES:

Collective pension amounts are determined as of a measurement date, which can be no earlier than an employer's prior fiscal year. The measurement date for the net pension liabilities recorded by WWU as of June 30, 2018 and 2017 was June 30, 2017 and 2016 (one year in arrears.) Employer contributions received and processed by the DRS during the measurement date fiscal year have been used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in their fiscal year ended June 30 Schedules of Employer and Non-employer Allocations. WWU's proportionate share of the aggregated balance of net pension liabilities and net pension asset as of June 30, 2018 and June 30, 2017 is presented in the table below.

Proportionate Share Allocation Percentage						
	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	
FY 18 Proportionate Share	0.3139%	0.3792%	0.0234%	0.0220%	0.0543%	
FY 17 Proportionate Share	0.3267%	0.3899%	0.0208%	0.0188%	0.0520%	

Aggregate Pension Balances (\$ in thousands)						
	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
June 30, 2018						
Net Pension Liability	\$ 14,894	\$ 13,175	\$ 708	\$ 202	\$	\$ 28,979
Net Pension Asset	\$	\$	\$	\$	\$ 753	\$ 753
June 30, 2017						
Net Pension Liability	\$ 17,547	\$ 19,630	\$ 709	\$ 258	\$	\$ 38,145
Net Pension Asset	\$	\$	\$	\$	\$ 303	\$ 303

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES:

The tables below summarize WWU's expense, deferred outflows of resources and deferred inflows of resources related to the DRS pension plans, together with the related future year impacts to pension expense from amortization of those deferred amounts. Note that deferred outflows of resources related to University contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the following year, and are not amortized to pension expense.

Proportionate Share of Pension Expense (\$ in thousands)						
	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Year Ended June 30, 2018	\$ 234	\$ 2,064	\$ 133	\$ 101	\$ (27)	\$ 2,505
Year Ended June 30, 2017	\$ 1,576	\$ 3,070	\$ 10	\$ 94	\$ 51	\$ 4,801

Amounts reported as deferred outflows of resources, exclusive of contributions subsequent to the measurement date, and deferred inflows of resources will be recognized in pension expense in future periods as follows:

Deferred Outflows of Resources (\$ in thousands)

2018	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Difference between expected and actual experience	\$	\$ 1,335	\$	\$ 51	\$	\$ 1,419
Changes of assumptions		140		2	1	143
Net difference between projected and actual earnings on pension plan investments						
Change in proportion		467		84	23	575
Contributions subsequent to the measurement date	2,067	2,988	127	132	107	5,422
TOTAL	\$ 2,067	\$ 4,930	\$ 127	\$ 269	\$ 163	\$ 7,557

Deferred Inflows of Resources (\$ in thousands)

2018	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Difference between expected and actual experience	\$	\$ 433	\$	\$ 10	\$ 29	\$ 472
Changes of assumptions						
Net difference between projected and actual earnings on pension plan investments		3512	30	73	169	4340
Change in proportion	556	393			25	418
TOTAL	\$ 556	\$ 4,338	\$ 30	\$ 83	\$ 223	\$ 5,230

Amortization of Deferred Outflows and Deferred Inflows of Resources * (\$ in thousands)

YEAR	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
2019	\$ (376)	\$ (1,215)	\$ \$(22)	\$ (4)	\$ (77)	\$ (1,695)
2020	119	499	8	34	18	677
2021	(28)	(335)	(1)	10	(9)	(362)
2022	(271)	(1,475)	(15)	(23)	(70)	(1,855)
2023		56		7	(5)	59
Thereafter		73		28	(22)	79
TOTAL	\$ (556)	\$ (2,397)	\$ (30)	\$ 53	\$ (165)	\$ (3,097)

Deferred Outflows of Resources (\$ in thousands)

2017	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Difference between expected and actual experience	\$	\$ 1,045	\$	\$ 19	\$ 41	\$ 1,105
Changes of assumptions		203		3	1	207
Net difference between projected and actual earnings on pension plan investments	442	2,402	23	41	109	3,017
Change in proportion		738		74		812
Contributions subsequent to the measurement date	1,890	2,382	82	84	88	4,527
TOTAL	\$ 2,332	\$ 6,770	\$ 105	\$ 221	\$ 239	\$ 9,667

Deferred Inflows of Resources (\$ in thousands)

2017	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
Difference between expected and actual experience	\$	\$ 648	\$	\$ 11	\$	\$ 659
Changes of assumptions						
Net difference between projected and actual earnings on pension plan investments						
Change in proportion					(19)	(19)
TOTAL	\$	\$ 648	\$	\$ 11	\$ (19)	\$ 640

PLANS ADMINISTERED BY WESTERN WASHINGTON UNIVERSITY**Western Washington University Retirement Plan (WWURP)****PLAN DESCRIPTION:**

The WWURP is a defined contribution single employer pension plan with a supplemental payment when required. The plan covers faculty, professional staff, and certain other employees. It is administered by WWU. WWU's Board of Trustees is authorized to establish and amend benefit provisions.

Contributions to the plan are invested in annuity contracts or mutual fund accounts offered by one or more fund sponsors. Benefits from fund sponsors are available upon separation or retirement at the member's option. Employees have at all times a 100% vested interest in their accumulations. The number of participants in the WWURP as of June 30, 2018 and 2017 was 1,139 and 1,130 respectively.

FUNDING POLICY:

Employee contribution rates, which are based on age, range from 5% to 10% of salary. WWU matches 100% of the employee contributions. All required employer and employee contributions have been made and the breakdown of these WWURP contributions are included in the table below for the years ended June 30.

	2018	2017
Contributions made by:		
Employees	\$7,735,512	\$7,338,219
University	7,735,655	7,427,761

Western Washington University Supplemental Retirement Plan (WWUSRP)**PLAN DESCRIPTION:**

WWUSRP, the supplemental component of the WWURP plan, is a defined benefit plan administered by WWU and operates in tandem with the WWURP defined contribution pension plan to supplement the expected defined-contribution retirement savings accumulated under the WWURP. The plan covers faculty and certain other positions. The WWUSRP, the supplemental component of the WWURP, was closed to new entrants as of July 1, 2011.

PLAN MEMBERSHIP:

Membership of the Western Washington University Supplemental Retirement Plan consisted of the following at June 30 2016, the date of the latest actuarial valuation for the plan:

Number of Participating Members				
WWURP	Inactive Members (Or Beneficiaries) Currently Receiving Benefits	Inactive Members Entitled To But Not Yet Receiving Benefits	Active Members	Total Members
2016	48	1	646	695
2015	40		775	815

This same census data was used for both the FY 2018 and FY 2017 Total Pension Liability actuarial valuations.

VESTING AND BENEFITS PROVIDED:

This supplemental component payment plan determines a minimum retirement benefit goal based upon a one-time calculation at each employee's retirement date. This supplemental component is financed on a pay-as-you-go basis. WWU makes direct payments to qualified retirees when the retirement benefit provided by the fund sponsor does not meet the benefit goal.

WWSRP retirement benefits provisions are contained in RCW 28B.10.400, et. seq. which assigns the authority to establish and amend benefit provisions to the Western Washington University Board of Regents. Members are eligible to receive benefits under this plan at age 62 with 10 years of credited service. The monthly amount of benefits payable at the time of retirement is the excess of one-twelfth of 2.0% of the member's average annual salary multiplied by the number of years of service (such product not to exceed one-twelfth of 50.0% of the member's average annual salary) over an assumed annuity benefit.

Assumed income must be calculated by an independent actuary, and represents a theoretical amount of monthly income that would have been generated if actual employee and WWU contributions to the WWURP had been allocated equally between fixed and variable dollar annuities. When the goal income exceeds the assumed income, the participant is entitled to benefits under this plan. Benefit payments made during the fiscal years ended June 30, 2018 and 2017 were \$379,880 and \$243,931 respectively.

ACTUARIAL ASSUMPTIONS:

Accounting requirements dictate the use of assumptions to best estimate the impact the pension obligations will have on WWU. The professional judgments used in determining these assumptions are important, and can significantly impact the resulting actuarial estimates. Difference between actual results compared to these assumptions could have a significant effect on WWU's financial statements.

The total pension liability was determined by an actuarial valuation as of June 30, 2016, with the results rolled forward to the June 30, 2018, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

- **Inflation:** 2.75%
- **Salary Increases:** 3.50%
- **Discount Rate:** 3.87%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of the April 2016 Experience Study Report.

The discount rate used to measure the total pension liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

The following presents the total pension liability for the WWUSRP for WWU as an employer, calculated using the discount rate of 3.87%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1.0% point lower (2.87%) or 1.0% point higher (4.87%) than the current rate.

WWURP Total Pension Liability Discount Rate Sensitivity	
1% Decrease: 2.87%	\$23,761,000
Current Discount Rate: 3.87%	\$20,962,000
1% Increase: 4.87%	\$18,618,000

Material assumption changes during the measurement period included first, updating the GASB Statement No. 73 discount rate from 3.58% to 3.87% (decreased the TPL), and secondly, updating the two variable income investment return assumptions used in the "assumed income" calculation from 6.25% to 12.32% for the CREF component and from 4.25% to 4.23% for the TIAA component (decreased the TPL).

TOTAL PENSION LIABILITY (TPL):

Assets set aside to pay WWUSRP benefits are not held in a qualified trust as defined by GASB. A qualified trust requires that contributions from employers be irrevocable, dedicated to providing pension benefits to plan members, and are legally protected from creditors of the employer and plan administrator. As a result, WWU reports the total WWUSRP pension liability. This is different from the DRS plans (PERS, TRS, and LEOFF2), which have trusted assets and, therefore, are reported as a net pension liability.

Schedule of Changes in Total Pension Liability		
Beginning Balance - June 30, 2016		\$ 28,623,000
Service Cost	\$ 1,057,000	
Interest	842,000	
Differences Between Expected and Actual Experience	(5,277,000)	
Changes in Assumptions	(2,126,000)	
Benefits Payments	(299,000)	
Net Change in Total Pension Liability FY 17		(5,803,000)
Balance as of June 30, 2017		22,820,000
Service Cost	737,000	
Interest	837,000	
Differences Between Expected and Actual Experience	(2,234,000)	
Changes in Assumptions	(819,000)	
Benefits Payments	(379,000)	
Net Change in Total Pension Liability FY 18		(1,858,000)
Ending Balance - June 30, 2018		\$ 20,962,000

WWUSRP pension expense for the fiscal years ended June 30, 2018 and 2017 was \$ 66,880 and \$794,053 respectively.

DEFERRED INFLOWS OF RESOURCES:

The tables below summarize WWU's deferred inflows of resources related to the WWUSRP, together with the related future year impacts to pension expense from amortization of those deferred amounts:

Deferred Inflows of Resources		
	2018	2017
Difference between expected and actual experience	\$ 5,642,000	\$ 4,490,000
Changes of assumptions	2,202,000	1,809,000
TOTAL	\$ 7,844,000	\$ 6,299,000

Amortization of Deferred Inflows of Resources	
Year	
2019	\$ (1,507,000)
2020	(1,507,000)
2021	(1,507,000)
2022	(1,507,000)
2023	(1,175,000)
Thereafter	(641,000)
TOTAL	\$ (7,844,000)

20. OTHER POST EMPLOYMENT BENEFITS (OPEB)**PLAN DESCRIPTION:**

Health care and life insurance programs for employees of the State of Washington are administered by the Washington State Health Care Authority (HCA). The HCA calculates the premium amounts each year that are sufficient to fund the State-wide health and life insurance programs on a pay-as-you-go basis. These costs are passed through to individual state agencies based upon active employee headcount; the agencies pay the premiums for active employees to the HCA. The agencies may also charge employees for certain higher cost options elected by the employees.

State of Washington retirees may elect coverage through state health and life insurance plans, for which they pay less than the full cost of the benefits, based on their age and other demographic factors.

The health care premiums for active employees, which are paid by the agency during employees' working careers, subsidize the "underpayments" of the retirees. An additional factor in the OPEB obligation is a payment that is required by the State Legislature to reduce the premiums for retirees covered by Medicare (an "explicit subsidy"). For fiscal years 2018 and 2017, this amount is the lesser of \$150 or 50% of the plan premium per retiree eligible for parts A and B of Medicare, per month. This is also passed through to State agencies via active employees rates charged to the agency.

OPEB implicit and explicit subsidies as well as administrative costs are funded by required contributions made by participating employers. State agency contributions are made on behalf of all active, health care eligible employees, regardless of enrollment status. Based on the funding practice, the allocation method used to determine proportionate share is each agency's percentage of the state's total active, health care eligible employee headcount. As of June 2017, WWU's headcount percentage membership in the PEBB plan consisted of the following:

OPEB Plan Participants				
FYE	Active Employees	Retirees Receiving Benefits	Retirees Not Receiving Benefits	Total Participants
2017	1992	683	97	2772

There is no formal State or University plan that underlies the subsidy of retiree health and life insurance. An actuarial study performed by the Washington Office of the State Actuary (OSA) calculated the total OPEB actuarial accrued liability of the State of Washington at January 1, 2017.

ACTUARIAL ASSUMPTIONS:

Accounting requirements dictate the use of assumptions to best estimate the impact the pension obligations will have on WWU. The professional judgments used in determining these assumptions are important, and can significantly impact the resulting actuarial estimates. Difference between actual results compared to these assumptions could have a significant effect on WWU's financial statements.

The total OPEB liability was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement period:

- **Inflation:** 3.00%
- **Salary Increases:** 3.75% including service-based salary increases
- **Health Care Trend Rates:** Initial rate of 7.00% adjusting to 5.00% in 2080
- **Post-retirement Participation:** 65.00%
- **Spouse Coverage:** 45.00%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100.0% Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

In order to calculate the beginning total OPEB liability balance under GASB Statement No. 75, the January 1, 2017 actuarial valuation was projected backwards to the measurement date of June 30, 2016, while the ending balance was determined by projecting the January 1, 2017 valuation forward to June 30, 2017. Both the forward and backward projections reflect the plan's service cost, assumed interest, and the expected benefit payments.

The discount rate used to measure the total pension liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index. A discount rate of 2.85% was used for the June 30, 2016 measurement date and 3.58% for the June 30, 2017 measurement date.

The following presents the total OPEB liability of WWU, calculated using the discount rate of 3.58%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58% or 1 percentage point higher (4.58%) than the current rate.

Total OPEB Liability Discount Rate Sensitivity	
1% Decrease	\$114,764,907
Current Discount Rate - 3.58%	\$94,060,078
1% Increase	\$78,037,863

The following represents the total OPEB liability of WWU calculated using the health care trend rates of 7.00% decreasing to 5.00%, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower (6.00% decreasing to 4.00%) or 1 percentage point higher (8.00% decreasing to 6.00%) than the current rate:

Total OPEB Liability Health Care Cost Trend Rate Sensitivity	
1% Decrease	\$75,987,599
Current Discount Rate - 7.00%	\$94,060,078
1% Increase	\$118,314,957

TOTAL OPEB LIABILITY:

As of June 30, 2018, components of the proportionate share calculation of total OPEB liability determined in accordance with GASB Statement No. 75 for WWU are represented in the following table:

FY 18 Proportionate Share	1.61453732%
Schedule of Changes in Total OPEB Liability	
Total OPEB Liability	2018
Service cost	\$6,376,700
Interest	2,986,885
Changes of benefit terms	
Differences between expected & actual experience	
Changes in assumptions	(14,570,079)
Benefit payments	(1,522,164)
Change in Proportionate share	587,523
Other	
Net Change in Total OPEB Liability	(\$6,141,135)
Total OPEB Liability - Beginning	\$100,201,213
Total OPEB Liability - Ending	\$94,060,078

OPEB expense for the fiscal year ended June 30, 2018 was \$ 7,808,981.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES:

The tables below summarize WWU's deferred outflows and inflows of resources related to OPEB, together with the related future year impacts to expense from amortization of those deferred amounts:

WWU	
Deferred Outflows of Resources	
2018	
Change in proportion	\$ 514,356
Contributions subsequent to the measurement date	1,488,560
TOTAL	\$ 2,002,916
Deferred Inflows of Resources	
2018	
Changes of assumptions	\$12,951,181
TOTAL	\$ 12,951,181

Amortization of Deferred Outflows and Deferred Inflows of Resources	
Year	
2019	\$ (1,554,604)
2020	(1,554,604)
2021	(1,554,604)
2022	(1,554,604)
2023	(1,554,604)
Thereafter	(4,663,805)
TOTAL	\$ (12,436,825)

21. RISK MANAGEMENT

WWU participates in the State of Washington Self-Insurance Liability Program (SILP). Premiums to the State are based on a formula for allocating costs to participating state agencies, including higher education institutions, based on an independent actuarial study of the state's projected liabilities. WWU also maintains various commercially obtained liability insurance policies that provide coverage for certain exclusions under the SILP. During the past three fiscal years, no settlements have been greater than the insurance coverage.

WWU participates in the State's L&I Workers Compensation Insurance Program for all employees.

In addition, WWU purchases "all risk" buildings, contents and business interruption insurance for the Housing and Dining System, Wade King Student

Recreation Center, Viking Union Complex, and other auxiliaries through its participation in the State of Washington Alliant Property Insurance Program (APIP). At a minimum, coverage is maintained in accordance with applicable Master Bond Resolutions.

WWU has been named in tort claims and lawsuits. While the final outcome of these matters cannot be predicted with certainty, it is WWU's opinion that the ultimate liability will not materially affect the financial statement, and that WWU's liability insurance programs are adequate to pay all defense and settlement expenses related to these tort claims and lawsuits.

22. COMMITMENTS

Goods and services for operating and capital projects, contracted for but not yet received, are considered commitments at year end. The amount of these commitments at June 30, 2018 and 2017 are:

	2018	2017
Operating	\$3,399,941	\$3,894,892
Research	\$659,354	\$1,251,431
Capital Projects	\$35,931,865	\$18,382,666
Total Commitments	39,991,160	23,528,989

23. JOINT VENTURE

In FY 2010, WWU participated in the formation of a not-for-profit corporation titled Western Crossing Development Corporation (WCDC). WCDC was formally incorporated pursuant to the articles of incorporation dated October 7, 2009 and is a 501(c)(3) corporation under the Internal Revenue code of 1986, amended. The five member Board of Directors includes a member of WWU Board of Trustees appointed by WWU Board of Trustees, the President of WWU, a member of the Commission of the Port of Bellingham appointed by the Commission of the Port, the Executive Director of the Port of Bellingham, and

a fifth board member who was appointed by a majority vote of the other four board members who are not affiliated with either entity. The board of directors may in the future allow other Washington governments or educational institutions to become members under such terms and conditions as they determine. The purpose of this joint venture is to help facilitate the timely development of new facilities on the Bellingham waterfront. This investment is not reflected on WWU's Statement of Net Position. During FY 2014, WWU transferred \$723 thousand in land and \$524 thousand in buildings, net to the WCDC to facilitate WWU development on the waterfront.

24. FOUNDATION PLEDGED GIFT RECEIVABLE

In April 2012, WWU received a \$1.0 million unconditional pledged gift from the Foundation for the purpose of the design and construction of the Harrington Field project to be located on WWU's campus. The pledged gift to WWU is recorded at its net present value, with the discount amortized over the 8 year payment schedule using the straight line method. The remaining pledge is expected to be paid as follows:

For the year ending June 30	
2019	250,000
2020	250,000
	<u>500,000</u>
Less present value discount (0.71%)	<u>(1,762)</u>
Pledged gift receivable from the Foundation	<u><u>\$498,238</u></u>

RSI

Required Supplementary Information

PENSION PLAN INFORMATION**Cost Sharing Employer Plans**

Schedules of WWU's Proportionate Share of the Net Pension Liability

Schedule of WWU's Proportionate Share of the Net Pension Liability Public Employees' Retirement System (PERS) Plan 1 Measurement Date of June 30 * <i>(dollars in thousands)</i>				
	2014	2015	2016	2017
WWU PERS 1 employers' proportion of the net pension liability	0.320%	0.315%	0.327%	0.314%
WWU PERS 1 employers' proportionate share of the net pension liability	\$16,130	\$16,483	\$17,547	\$14,894
WWU PERS 1 employers' covered-employee payroll	\$33,355	\$34,435	\$38,407	\$38,214
WWU PERS 1 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	48.36%	47.87%	45.69%	38.97%
Plan fiduciary net position as a percentage of the total pension liability	61.19%	59.10%	57.03%	61.24%

* As of June 30; this schedule is to be built prospectively until it contains ten years of data.

In accordance with Statement No. 68, WWU has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities.

PENSION PLAN INFORMATION**Cost Sharing Employer Plans**

Schedules of WWU's Proportionate Share of the Net Pension Liability

Schedule of WWU's Proportionate Share of the Net Pension Liability Public Employees' Retirement System (PERS) Plan 2/3 Measurement Date ended June 30 * <i>(dollars in thousands)</i>				
	2014	2015	2016	2017
WWU PERS 2/3 employers' proportion of the net pension liability	0.367%	0.373%	0.390%	0.379%
WWU PERS 2/3 employers' proportionate share of the net pension liability	\$7,421	\$13,333	\$19,630	\$13,175
WWU PERS 2/3 employers' covered-employee payroll	\$31,601	\$33,088	\$37,093	\$37,188
WWU PERS 2/3 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	23.48%	40.30%	52.92%	35.43%
Plan fiduciary net position as a percentage of the total pension liability	93.29%	89.20%	85.82%	90.97%

* As of June 30; this schedule is to be built prospectively until it contains ten years of data.

In accordance with Statement No. 68, WWU has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities.

PENSION PLAN INFORMATION**Cost Sharing Employer Plans**

Schedules of WWU's Proportionate Share of the Net Pension Liability

Schedule of WWU's Proportionate Share of the Net Pension Liability Teachers' Retirement System (TRS) Plan 1 Measurement Date of June 30 * <i>(dollars in thousands)</i>				
	2014	2015	2016	2017
WWU TRS 1 employers' proportion of the net pension liability	0.016%	0.022%	0.021%	0.023%
WWU TRS 1 employers' proportionate share of the net pension liability	\$485	\$689	\$709	\$708
WWU TRS 1 employers' covered-employee payroll	\$597	\$890	\$939	\$1,254
WWU TRS 1 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	81.21%	77.51%	75.56%	56.45%
Plan fiduciary net position as a percentage of the total pension liability	68.77%	65.70%	62.07%	65.58%

* As of June 30; this schedule is to be built prospectively until it contains ten years of data.

In accordance with Statement No. 68, WWU has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities.

PENSION PLAN INFORMATION**Cost Sharing Employer Plans**

Schedules of WWU's Proportionate Share of the Net Pension Liability

Schedule of WWU's Proportionate Share of the Net Pension Liability Teachers' Retirement System (TRS) Plan 2/3 Measurement Date ended June 30 * <i>(dollars in thousands)</i>				
	2014	2015	2016	2017
WWU TRS 2/3 employers' proportion of the net pension liability	0.011%	0.016%	0.019%	0.022%
WWU TRS 2/3 employers' proportionate share of the net pension liability	\$35	\$134	\$258	\$203
WWU TRS 2/3 employers' covered-employee payroll	\$470	\$742	\$900	\$1,203
WWU TRS 2/3 employers' proportionate share of the net pension liability as a percentage of its covered-employee payroll	7.55%	18.01%	28.62%	16.84%
Plan fiduciary net position as a percentage of the total pension liability	96.81%	92.48%	88.72%	93.14%

* As of June 30; this schedule is to be built prospectively until it contains ten years of data.

In accordance with Statement No. 68, WWU has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities.

PENSION PLAN INFORMATION**Cost Sharing Employer Plans**

Schedules of WWU's Proportionate Share of the Net Pension Liability

Schedule of WWU's Proportionate Share of the Net Pension Liability (Asset) Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 Measurement Date of June 30 * <i>(dollars in thousands)</i>				
	2014	2015	2016	2017
WWU LEOFF 2 employers' proportion of the net pension liability (asset)	0.057%	0.056%	0.052%	0.054%
WWU LEOFF 2 employers' proportionate share of the net pension liability (asset)	(\$753)	(\$575)	(\$303)	(\$753)
WWU LEOFF 2 employers' covered-employee payroll	\$948	\$974	\$945	\$1,032
WWU LEOFF 2 employers' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(79.43%)	(58.97%)	(32.03%)	(72.97%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	116.75%	111.67%	106.04%	113.36%

* As of June 30; this schedule is to be built prospectively until it contains ten years of data.

In accordance with Statement No. 68, WWU has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities.

PENSION PLAN INFORMATION**Cost Sharing Employer Plans**

Schedules of WWUSRP Total Pension Liability

Schedule of WWU's Total Pension Liability WWUSRP Fiscal Year ended June 30 * <i>(dollars in thousands)</i>			
	2016	2017	2018
WWU SRP total pension liability	\$28,623	\$22,820	\$20,962
WWU SRP employers' covered-employee payroll	\$52,616	\$54,916	\$54,645
WWU SRP total pension liability as a percentage of its covered-employee payroll	54.40%	41.55%	38.36%

* As of June 30; this schedule is to be built prospectively until it contains ten years of data.

PENSION PLAN INFORMATION**Cost Sharing Employer Plans**

Schedules of Contributions

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 1 Fiscal Year Ended June 30									
Fiscal Year	Contractually Required Contributions	Contributions related to covered payroll of employees participating in PERS plan 1	UAAL contributions related to covered payroll of employees participating in PERS plan 2/3	Total contributions in relation to the Actuarially Determined Contributions	Contribution deficiency (excess)	Covered payroll of employees participating in PERS 1	Covered payroll of employees participating in PERS 2/3	Total covered employee payroll	Contributions as a percentage of covered employee payroll
2015	\$1,452,350	\$124,718	\$1,327,632	\$1,452,350	\$0	\$1,347,236	\$33,087,603	\$34,434,839	4.22%
2016	\$1,855,009	\$128,029	\$1,726,980	\$1,855,009	\$0	\$1,313,918	\$37,093,105	\$38,407,024	4.83%
2017	\$1,890,122	\$116,851	\$1,773,271	\$1,890,122	\$0	\$1,026,073	\$37,187,945	\$38,214,019	4.95%
2018	\$2,067,033	\$90,772	\$1,976,261	\$2,067,033	\$0	\$695,644	\$39,830,763	\$40,526,407	5.10%
2019									
2020									
2021									
2022									
2023									
2024									
Notes: These schedules will be built prospectively until they contain ten years of data.									

PENSION PLAN INFORMATION**Cost Sharing Employer Plans**

Schedules of Contributions

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 2/3 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
2015	\$1,814,105	\$1,814,105	\$0	\$33,087,603	5.48%
2016	\$2,317,072	\$2,317,072	\$0	\$37,093,105	6.25%
2017	\$2,381,845	\$2,381,845	\$0	\$37,187,945	6.40%
2018	\$2,987,978	\$2,987,978	\$0	\$39,830,763	7.50%
2019					
2020					
2021					
2022					
2023					
2024					
Notes: These schedules will be built prospectively until they contain ten years of data.					

PENSION PLAN INFORMATION**Cost Sharing Employer Plans**

Schedules of Contributions

Schedule of Contributions Teachers' Retirement System (TRS) Plan 1 Fiscal Year Ended June 30									
Fiscal Year	Contractually Required Contributions	Contributions related to covered payroll of employees participating in TRS plan 1	UAAL contributions related to covered payroll of employees participating in TRS plan 2/3	Total contributions in relation to the Actuarially Determined Contributions	Contribution deficiency (excess)	Covered payroll of employees participating in TRS 1	Covered payroll of employees participating in TRS 2/3	Total Covered employee payroll	Contributions as a percentage of covered employee payroll
2015	\$48,962	\$15,275	\$33,688	\$48,962	\$0	\$147,013	\$742,495	\$889,508	5.50%
2016	\$63,258	\$7,056	\$56,202	\$63,258	\$0	\$38,746	\$900,164	\$938,910	6.74%
2017	\$82,019	\$7,003	\$75,016	\$82,019	\$0	\$50,329	\$1,203,485	\$1,253,814	6.54%
2018	\$127,383	\$7,418	\$119,966	\$127,383	\$0	\$70,987	\$1,854,602	\$1,925,590	6.62%
2019									
2020									
2021									
2022									
2023									
2024									
Notes: These schedules will be built prospectively until they contain ten years of data.									

PENSION PLAN INFORMATION**Cost Sharing Employer Plans**

Schedules of Contributions

Schedule of Contributions Teachers' Retirement System (TRS) Plan 2/3 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
2015	\$47,636	\$47,636	\$0	\$742,495	6.42%
2016	\$62,047	\$62,047	\$0	\$900,164	6.89%
2017	\$83,497	\$83,497	\$0	\$1,203,485	6.94%
2018	\$132,209	\$132,209	\$0	\$1,854,602	7.13%
2019					
2020					
2021					
2022					
2023					
2024					
Notes: These schedules will be built prospectively until they contain ten years of data.					

PENSION PLAN INFORMATION**Cost Sharing Employer Plans**

Schedules of Contributions

Schedule of Contributions Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
2015	\$85,058	\$85,058	\$0	\$974,206	8.73%
2016	\$81,330	\$81,330	\$0	\$945,010	8.61%
2017	\$87,594	\$87,594	\$0	\$1,032,322	8.49%
2018	\$106,591	\$106,591	\$0	\$1,216,785	8.76%
2019					
2020					
2021					
2022					
2023					
2024					
Notes: These schedules will be built prospectively until they contain ten years of data.					

PENSION PLAN INFORMATION**Cost Sharing Employer Plans**

Schedules of Contributions

Schedule of Contributions WWURP Plan Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
2016	\$6,886,487	\$6,886,487	\$0	\$52,615,706	13.09%
2017	7,427,761	7,427,761	\$0	54,916,479	13.53%
2018	7,735,655	7,735,655	\$0	54,644,989	14.16%
2019					
2020					
2021					
2022					
2023					
2024					
2025					
Notes: These schedules will be built prospectively until they contain ten years of data.					

OPEB INFORMATION**Cost Sharing Healthcare Plans**

Schedules of WWU's Proportionate Share of Total OPEB Liability

Schedule of WWU's Proportionate Share of Total OPEB Liability Measurement Date ended June 30 * <i>(dollars in thousands)</i>		
	2016	2017
WWU employers' proportion of the total OPEB liability	1.605126%	1.614537%
WWU employers' proportionate share of the total OPEB liability	\$100,201	\$94,060
WWU employers' covered-employee payroll	\$135,096	\$140,948
WWU employers' proportionate share of total OPEB liability as a percentage of its covered employee payroll	74.17%	66.73%

* As of June 30; this schedule is to be built prospectively until it contains ten years of data.

OPEB INFORMATION**Cost Sharing Healthcare Plans**

Schedules of Contributions

Schedule of Contributions Health Care - OPEB Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
2018	\$1,488,560	\$1,488,560	\$0	\$148,916,628	1.00%
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
Notes: These schedules will be built prospectively until they contain ten years of data.					



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APPENDIX D
FORM OF BOND COUNSEL OPINION

September __, 2019

Western Washington University
Bellingham, Washington

[Underwriter Name]
[Underwriter Location]

Re: Western Washington University Housing and Dining System Revenue Bonds, Series 2019 -
\$ _____

Ladies and Gentlemen:

We have acted as bond counsel to Western Washington University (the "University") and have examined a certified transcript of the proceedings taken in the matter of the issuance by the University, of its Housing and Dining System Revenue Bonds, Series 2019, in the aggregate principal amount of \$ _____ (the "Series 2019 Bonds"), issued pursuant to Resolution No. 97-09 of the University, adopted on December 5, 1997 (the "Master Resolution") and Resolution No. 2019-04 of the University, adopted on August 23, 2019, (the "Series Resolution," which Master Resolution and Series Resolution are herein collectively referred to as the "Bond Resolution") for the purpose of providing funds to undertake the cost of additions and certain improvements to its facilities including demolishing an old residence hall and construction and equipping of a new residence hall, and additional housing system renovations and upgrades, and to pay issuance costs. Capitalized terms used herein which are not otherwise defined shall have the meanings given such terms in the Bond Resolution.

The Series 2019 Bonds are subject to redemption prior to their stated maturities as set forth in the Official Statement dated September __, 2019 for the Series 2019 Bonds.

Regarding questions of fact material to our opinion, we have relied on representations of the University in the Bond Resolution and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Series 2019 Bonds have been legally issued and constitute valid and binding special obligations of the University, both principal thereof and interest thereon being payable solely out of a special fund of the University known as the "Western Washington University Housing and Dining System Revenue Bond Fund, Series 2019" (the "Series 2019 Bond Fund") created in the office of the Treasurer of the University by the Bond Resolution, except to the extent that the enforcement of the rights and remedies of such owners of the Series 2019 Bonds may be limited by laws relating to bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

2. The University has irrevocably bound itself to set aside and pay into the Series 2019 Bond Fund out of Net Revenues or from such other money as may be provided for such purpose amounts necessary to pay the principal of and interest on the Series 2019 Bonds as the same become due.

3. The University has pledged in the Bond Resolution that payments to be made out of Gross Revenue and moneys in the Revenue Fund into the Series 2019 Bond Fund shall be a prior lien and charge upon Gross Revenue and moneys in the Revenue Account superior to all other charges of any kind or nature except for the Operating Expenses of the System; and equal in rank to its Housing and Dining System Junior Lien Revenue Refunding Bonds, 1998 Series A, its Housing and Dining System Revenue Refunding Bonds, Series 2012, its Housing and Dining System Revenue Refunding Bonds, Series 2015, its Housing and Dining System Revenue Refunding Bonds, Series 2018A, its Housing and Dining System Revenue Bonds, Series 2018B and the lien and charge thereon of any other revenue bonds hereafter issued on a parity with the Series 2019 Bonds as provided in the Bond Resolution. The University has reserved the right to issue bonds in the future with a lien against the Net Revenue equivalent to the lien thereon of the Series 2019 Bonds.

4. Interest on the Series 2019 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the University comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Series 2019 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The University has covenanted to comply with all applicable requirements. Failure to comply with certain of such covenants may cause interest on the Series 2019 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2019 Bonds.

The University has not designated the Series 2019 Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Series 2019 Bonds. Owners of the Series 2019 Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2019 Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material related to the Series 2019 Bonds (except to the extent, if any, stated in the official statement), and we express no opinion relating thereto or relating to the undertaking of the University to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

K&L GATES LLP

APPENDIX E

DTC AND ITS BOOK-ENTRY SYSTEM

The information in this section concerning the Depository Trust Company, New York, New York (“DTC”) and DTC’s book-entry system has been obtained from sources that the University believes to be reliable, but the University takes no responsibility for the accuracy thereof. Beneficial Owners (as hereinafter defined) should therefore confirm the following with DTC or the Participants (as hereinafter defined). For the purposes of this Official Statement, the term “Beneficial Owner” includes the person for whom the Participant acquires an interest in the Series 2019 Bonds.

1. DTC will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be issued as fully-registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2019 Bond certificate will be issued for each maturity of the Series 2019 Bonds in the principal amount of such maturity and will be deposited with DTC.
2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing services. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of the Series 2019 Bonds under the DTC system, in denominations of \$5,000 or any integral multiple thereof, must be made by or through Direct Participants, which will receive a credit for the Series 2019 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2019 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2019 Bonds, except in the event that use of the book-entry system for the Series 2019 Bonds is discontinued.
4. To facilitate subsequent transfers, all Series 2019 Bonds deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2019 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.
5. When notices are given, they will be sent by the Registrar to DTC only. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the University as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).
7. Distributions, and dividend payments on the Series 2019 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the University or the Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the University, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of distributions, and dividend payments to Cede & Co. (or any other nominee as may be requested by an authorized representative of DTC) is the responsibility of the University or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
8. DTC may discontinue providing its services as securities depository with respect to the Series 2019 Bonds at any time by giving reasonable notice to the University and the Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2019 Bond certificates are required to be printed and delivered.
9. The University may decide to discontinue use of the system of the book-entry transfers through DTC (or a successor securities depository). In that event, Series 2019 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the University believes to be reliable, but the University takes no responsibility for the accuracy thereof.