OFFICIAL STATEMENT DATED APRIL 4, 2012

NEW ISSUE **Moody's Rating: A1**
BOOK-ENTRY ONLY **See "RATING" herein**
BANK QUALIFIED

In the opinion of Bond Counsel, under existing federal law and assuming compliance with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issue date of the Series 2012 Bonds, interest on the Series 2012 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals. However, while interest on the Series 2012 Bonds also is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, interest on the Series 2012 Bonds received by corporations is taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations, interest on the Series 2012 Bonds received by certain S corporations may be subject to tax, and interest on the Series 2012 Bonds received by foreign corporations with United States branches may be subject to a foreign branch profits tax. Receipt of interest on the Series 2012 Bonds may have other federal tax consequences for certain taxpayers. See "TAX MATTERS."

$7,665,000
Central Washington University
System Revenue Refunding Bonds, Series 2012

Dated: Date of Delivery **Due: May 1, as shown on the inside cover**

The Central Washington University (the "University") System Revenue Refunding Bonds, Series 2012 (the "Series 2012 Bonds") will be issued as fully registered bonds under a book-entry only system and, when issued, will be registered in the name of Cede & Co., as the nominee of The Depository Trust Company ("DTC"), in New York, New York. DTC will act as securities depository for the Series 2012 Bonds. Individual purchases of interests in the Series 2012 Bonds will be made in book-entry form only, in the principal amount of $5,000 each or any integral multiple thereof within a single maturity. Purchasers of such interests will not receive certificates representing their interests in the Series 2012 Bonds. Principal and interest are payable directly to DTC by the fiscal agency of the state of Washington (currently The Bank of New York Mellon, in New York, New York) (the "Bond Registrar"), as the fiscal agent and paying agent for the Series 2012 Bonds.

Interest on the Series 2012 Bonds is payable semiannually on each May 1 and November 1, commencing November 1, 2012. Principal of the Series 2012 Bonds is payable on May 1 in each of the years shown on the inside cover. Upon receipt of payments of principal and interest, DTC is obligated to remit such principal and interest to the DTC Participants for subsequent disbursement to the purchasers of beneficial interests in the Series 2012 Bonds, as described under the caption "THE SERIES 2012 BONDS" herein.

Maturity Schedule on Inside Cover

The Series 2012 Bonds are subject to redemption prior to their stated maturities as described herein.

The Series 2012 Bonds are special fund revenue obligations of the University payable from Gross Revenue of the System and the money and investments deposited into the System Revenue Bond Fund ("Bond Fund"), and are not general obligations of the University, the state of Washington, its agencies, instrumentalities or political subdivisions. The University has no taxing power. The Series 2012 Bonds, including principal thereof and interest and premium, if any, thereon, and any bonds heretofore or hereafter issued on a parity therewith, are secured by a first lien on the Gross Revenue of the System, and are payable from the money and investments in the Bond Fund. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS."

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 2012 Bonds to potential investors is made only by means of the entire Official Statement.

The Series 2012 Bonds are offered when, as and if executed and delivered, and are subject to receipt of the legal opinion of Foster Pepper PLLC, Seattle, Washington, Bond Counsel to the University, and certain other conditions. It is expected that the Series 2012 Bonds will be available for delivery through the facilities of DTC in New York New York, or to the Bond Registrar on behalf of DTC by Fast Automated Securities Transfer on or about April 17, 2012 (the "Date of Delivery").

$7,665,000
Central Washington University
System Revenue Refunding Bonds, Series 2012

Due May 1	Amounts	Interest Rate	Yield	CUSIP No.[1]
2013	$290,000	2.00%	0.60%	155839DR1
2014	305,000	2.00	0.80	155839DS9
2015	310,000	2.00	1.10	155839DT7
2016	315,000	2.00	1.40	155839DU4
2017	325,000	2.00	1.60	155839DV2
2018	325,000	2.50	1.90	155839DW0
2019	335,000	2.50	2.15	155839DX8
2020	345,000	3.00	2.30	155839DY6
2021	355,000	3.00	2.50	155839DZ3
2022	365,000	3.00	2.70	155839EA7
2023	380,000	3.00	2.85 [2]	155839EB5
2024	390,000	3.05	3.05	155839EC3
2025	405,000	3.25	3.25	155839ED1
2026	415,000	3.35	3.35	155839EE9
2027	425,000	3.45	3.45	155839EF6
2028	445,000	3.55	3.55	155839EG4
2029	460,000	3.65	3.65	155839EH2
2030	475,000	3.70	3.70	155839EJ8
2031	490,000	3.75	3.75	155839EK5
2032	510,000	3.80	3.80	155839EL3

[1] *The CUSIP numbers herein are assigned and provided by CUSIP Global Services. These numbers are not intended to create a database and do not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers are provided herein for the convenience of reference only. CUSIP numbers are subject to change. The Bondholders are responsible for verifying the CUSIP numbers for the Bonds. The University takes no responsibility for the accuracy of such CUSIP numbers.*

[2] *Priced to the first optional call date of May 1, 2022.*

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 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 2012 Bonds. The cover page hereof and appendices attached hereto are part of this 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 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 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 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 2012 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 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 2012 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 2012 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE SERIES 2012 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 2012 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The inactive textual reference 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 Bonds.

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FINANCIAL ADVISOR

SDM Advisors, Inc.
Mount Vernon, Washington

BOND REGISTRAR

Washington State Fiscal Agent
The Bank of New York Mellon
New York, New York

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$7,665,000
Central Washington University
System Revenue Refunding Bonds, Series 2012

This Official Statement of Central Washington University (the "University"), a public institution of higher education 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 System Revenue Refunding Bonds, Series 2012 (the "Series 2012 Bonds").

The Series 2012 Bonds are special revenue fund obligations of the University, payable solely from the Gross Revenue of the System and money and investments in the Bond Fund. The "System" consists of (a) the housing and dining system of the University; (b) the services and activities system; (c) the bookstore system of the University; and (d) the parking system of the University; all as the same will be added to, improved and extended from time to time. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS," and "THE SYSTEM," herein.

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 E. 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 2012 BONDS

General Description

The Series 2012 Bonds will be dated as of the Date of Delivery, will be issued in denominations of $5,000 or any integral multiple thereof within a single maturity and series, and will bear interest from their dated date (or the most recent date to which interest has been paid thereon). Interest on the Series 2012 Bonds will be payable semiannually on each May 1 and November 1, commencing November 1, 2012. The Series 2012 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.

Authorization of the Series 2012 Bonds

The Series 2012 Bonds are authorized by the University pursuant to Resolution No. 02-03 adopted by the Board of Trustees of the University (the "Board") on May 10, 2002, as amended by Resolution No. 04-01 adopted by the Board on May 26, 2004, and as further amended by Resolution No. 10-10 adopted by the Board on October 1, 2010, all as incorporated into the Restated Master Resolution No. 12-02 adopted by the Board on February 3, 2012 (the "Master Resolution"), Resolution No. 12-01, adopted by the Board on February 3, 2012 (the "Series Resolution,"), and Resolution No. 12-03, adopted by the Board on April 4, 2012 awarding the sale of the Series 2012 Bonds to the successful bidder for the Series 2012 Bonds (the "Bond Sale Resolution") in accordance with the provisions of Sections 28B.10.300 through 28B.10.330, inclusive, of the Revised Code of Washington ("RCW"). The Master Resolution, the Series Resolution, and the Bond Sale Resolution, together are referred to as the "Bond Resolution."

The University has outstanding parity bonds payable from Gross Revenue of the System (the "Gross Revenue"), designated the Central Washington University Housing System Revenue Bonds, Series 2002 (the "Series 2002 Bonds"), the Central Washington University System Revenue Bonds, Series 2004 (the "Series 2004 Bonds"), the Central Washington University System Revenue Bonds, Series 2008 (the "Series 2008 Bonds"), and the Central Washington University System Revenue Bonds, 2010, Series A and Series B (the "Series 2010 Bonds"). The Series 2002 Bonds will be redeemed and/or defeased with proceeds of the Series 2012 Bonds, as described herein. After issuance of the Series 2012 Bonds, and corresponding redemption and/or defeasance of the Series 2002 Bonds, the Series 2004 Bonds, Series 2008 Bonds and Series 2010 Bonds will be together known as the "Outstanding Parity Bonds." See "Outstanding Parity Bonds" herein.

Form of Bonds

The Series 2012 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 2012 Bonds. Individual purchases will initially be made in book-entry form only. Purchasers ("Beneficial Owners") will not receive certificates representing their beneficial ownership interest in the Series 2012 Bonds so purchased. See Appendix D – "Book-Entry Transfer System."

Registrar

The University has adopted the system of registration for the Bonds approved by the Washington State Finance Committee (the "Committee"). Pursuant to chapter 43.80 RCW, the Committee designates one or more fiscal agencies ("Fiscal Agency") for bonds issued within the State. The Committee has designated The Bank of New York Mellon, New York, New York as the Fiscal Agency. The Fiscal Agency initially will act as registrar (the "Bond Registrar") under the terms of the Bond Resolution.

In order to meet payment requirements for interest on and principal of the Series 2012 Bonds as the same becomes due and payable, the University will remit money to the Bond Registrar. The Bond Registrar will remit payment to DTC in accordance with the terms of the DTC procedures as then in effect. Principal of the Series 2012 Bonds will be paid to Registered Owners upon presentation and surrender of the Series 2012 Bonds at maturity or upon earlier redemption to the office of the Bond Registrar.

Neither the University nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Series 2012 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 2012 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 Bond 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 2012 Bonds, or any consent given or other action taken by DTC as the Registered Owner. For so long as any Series 2012 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 Transfer System

If the University is unable to retain a qualified successor to DTC or the University has determined that it is in the best interest of the University not to continue the book-entry system of transfer or that interests of Beneficial Owners of the Series 2012 Bonds might be adversely affected if the book-entry system of transfer is continued, the University shall execute, authenticate and deliver Series 2012 Bonds in fully registered form, in the denomination of $5,000 or any integral multiple thereof within a maturity. Thereafter, (i) interest on the Series 2012 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, and principal of the Series 2012 Bonds will be payable upon presentation and surrender of such Series 2012 Bonds by the Registered Owners at the principal office of the Bond Registrar; provided, however, that if so requested in writing by the Registered Owner of at least $1,000,000 principal amount of Series 2012 Bonds, interest will be paid by wire transfer on the date due; and (ii) the Series 2012 Bonds will be transferable as provided in the Bond Resolution.

Redemption Provisions

Optional Redemption for the Series 2012 Bonds. The Series 2012 Bonds maturing in the years 2013 through 2022 are not subject to redemption prior to their stated maturity. The Series 2012 Bonds maturing on and after May 1, 2023, are subject to optional redemption, as a whole or in part, on any date on or after May 1, 2022, at a price of 100 percent of the principal amount plus accrued interest to the date fixed for redemption.

Selection of Bonds to be Redeemed. If less than all of the Series 2012 Bonds of a maturity are called for redemption, they shall be selected randomly in the manner determined by the Bond Registrar, or, for so long as the Series 2012 Bonds are held in fully immobilized form by DTC, in accordance with DTC's operational arrangements.

Notice of Redemption. While the Series 2012 Bonds are held in fully immobilized form by DTC and are registered in the name of Cede & Co. or its registered assigns, any notice of redemption will be given only in accordance with DTC's operational arrangements. The University will not provide notice to any Beneficial Owners of Series 2012 Bonds. If the Series 2012 Bonds cease to be in book-entry only form, the University will cause notice of any intended redemption to be given at least 20 days, but not more than 60 days, prior to the redemption date by first class mail, postage prepaid, to the Registered Owner of any Series 2012 Bond to be redeemed at the address of the Registered Owner appearing in the Bond Register; provided, however, that for so long as the Series 2012 Bonds.

Defeasance

If money and/or Government Obligations, as defined in the Bond Resolution, maturing at such times and bearing interest to be earned thereon in amounts sufficient to retire any or all of the Series 2012 Bonds in accordance with their terms are set aside irrevocably in a special trust account to effect such retirement and are pledged for such purpose, then no further payments need to be made to pay or secure the payment of such Series 2012 Bonds, and such Series 2012 Bonds thereafter will be deemed not to be outstanding.

Open Market Purchase

The University has reserved the right and option to purchase any or all of the Series 2012 Bonds in the open market at any time at any price (which price may include accrued interest to the date of purchase).

USE OF PROCEEDS

The Series 2012 Bonds are being issued for the purpose of refunding on a current basis the Series 2002 Bonds scheduled to mature on May 1, 2013, and thereafter, to achieve a reduction in debt service, and paying costs of issuance of the Series 2012 Bonds.

Sources and Uses of Funds

The proceeds of the Series 2012 Bonds are estimated to be applied as follows:

Sources of Funds	
Par Amount of Series 2012 Bonds	$7,665,000
Transfer from the Bond Fund	190,397
Reoffering Premium	98,659
Total Sources of Funds	$7,954,056
Uses of Funds	
Deposit to Refunding Escrow	$7,728,379
Estimated Costs of Issuance [(1)]	225,677
Total Uses of Funds	$7,954,056

[(1)] *Issuance costs include include underwriter's discount, legal fees, financial advisor's fees, and other costs incurred in connection with the issuance of the Series 2012 Bonds.*

Refunding Plan

Proceeds of the Series 2012 Bonds, together with other funds of the University, will be deposited in an escrow account to be held by U.S. Bank, National Association, as Refunding Trustee, and will be invested in direct non-callable obligations of the United States until the redemption date for the Series 2002 Bonds originally scheduled to mature May 1, 2013 through 2032 (the "Refunded Bonds"). The redemption date for the Refunded Bonds is expected to be May 18, 2012. The Refunded Bonds will be redeemed at a price of par plus accrued interest to the redemption date. The University will make payment of principal and interest on the Series 2002 Bonds maturing May 1, 2012 on their scheduled maturity date.

The Refunded Bonds are shown in the table below.

Housing System Revenue Bonds, Series 2002

Maturity	Principal Amount	Interest Rate	CUSIP No.
May 1, 2013	$ 230,000	4.500%	155847AS5
May 1, 2014	240,000	4.600	155847AT3
May 1, 2015	250,000	4.700	155847AU0
May 1, 2016	260,000	4.800	155847AV8
May 1, 2024	2,620,000	5.125	155847AW6
May 1, 2032	3,920,000	5.125	155847AX4

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS

The Series 2012 Bonds are special fund obligations of the University, payable from Gross Revenue of the System and money and investments in the Bond Fund, to be held by the University separate and apart from all other funds and accounts of the University. All amounts pledged to be paid into the Bond Fund represent an equal and prior lien and charge upon the Gross Revenue of the System superior to all other charges of any kind or nature whatsoever, except for the lien and charge hereafter made to pay and secure the payment of the principal of and interest on Parity Bonds.

The "System" means (a) the existing housing and dining system of the University; (b) the services and activities system (including without limitation the student union building and recreation center); (c) the bookstore system of the University; and (d) the parking system of the University; all as the same will be added to, improved and extended through the use of the proceeds of the sale of System revenue bonds and as such System may be added to, improved and extended, for as long as any System revenue bonds are outstanding. The System also includes, but is not limited to, any other facilities financed pursuant to the Master Resolution.

Pledge of Gross Revenue

Pursuant to the Master Resolution, a Bond Fund has been created in the office of the Treasurer of the University for the purpose of paying and securing the payment of the Series 2012 Bonds, the Outstanding Parity Bonds and any Future Parity Bonds (together, defined as the "Parity Bonds"). The Bond Fund is a trust fund for the registered owners of the Parity Bonds. The University will irrevocably obligate and bind itself for as long as any of the Series 2012 Bonds remain outstanding to set aside and pay into the Bond Fund from Gross Revenue or other money in the Revenue Fund, on or prior to the respective dates the same become due, such amounts as are required to pay the principal of and interest on the Series 2012 Bonds. All amounts pledged to be paid into the Bond Fund with respect to the Series 2012 Bonds represent an equal and prior lien and charge upon the Gross Revenue superior to all other charges of any kind or nature whatsoever, except that the Series 2012 Bonds will have a lien and charge upon such Gross Revenue on parity with the lien and charge of the Outstanding Parity Bonds and any Future Parity Bonds.

"Gross Revenue" means all income and revenue derived from time to time by the University from any source whatsoever, from the ownership and operation of the System, including Direct Subsidy Receipts (if pledged to the System in a Series Resolution), grants, rentals, fees and any other charges that now are or hereafter may be charged to all or any segment of the student population, if pledged to the System, and including interest income, but not including the proceeds of any borrowing by the University and the earnings thereon (other than earnings on proceeds deposited in reserve funds); income and revenue which may not legally be pledged for revenue bond debt service; state or federal grants or substitutes therefor allocated to capital projects; payments made under Credit Facilities (if any) issued to pay or secure the payment of a particular series of bonds; proceeds of insurance or condemnation proceeds other than business interruption insurance or income from investments irrevocably pledged to the payment of bonds issued or to be refunded under any refunding bond plan of the University.

The "Revenue Fund" means collectively, the following special funds of the University: (a) the "Housing and Food Services Fund;" (b) the "Associated Student Fund;" (c) the "University Store Fund;" (d) the "Parking Fund;" and (e) and any other special fund created in the office of the Treasurer for the receipt of Gross Revenue.

Flow of Funds

The University has pledged in the Bond Resolution to deposit all Gross Revenue into the Revenue Fund as collected. The Revenue Fund is held separate and apart from all other funds and accounts of the University, and the Gross Revenue deposited therein will be used only for the following purposes and in the following order of priority:

First, 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;

Second, to make all payments required to be made into any debt service reserve fund(s), if any, that may be established to secure the payment of any Parity Bonds;

Third, to pay Operating Expenses;

Fourth, 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 Gross Revenue and the money in the Revenue Fund junior and inferior to the lien thereon for the payment of the principal of and interest on the Parity Bonds, and to make all deposits of Rebate Amounts to the Rebate Fund;

Fifth, to make all payments required to be made into any fund or account created by a Series Resolution;

Sixth, to make necessary additions, betterments, improvements and repairs to or extensions and replacements of the System and make deposits into the Renewal and Replacement Fund as considered appropriate by the University; and

Seventh, to retire by redemption or purchase in the open market any outstanding revenue bonds or other revenue obligations of the University as authorized in the various resolutions of the Board authorizing their issuance, and to carry out other lawful purposes of the University.

Rate Covenant

The University has covenanted and agreed for as long as any of the Parity Bonds remain outstanding that it will at all times establish, maintain and collect rates, fees and charges in the operation of the System that will produce Net Revenues in each fiscal year at least equal to the greater of (i) 100 percent of Maximum Annual Debt Service (the "Coverage Requirement"), or (ii) amounts required to be deposited during such fiscal year into bond funds and reserve funds established for Outstanding Bonds, but excluding from each of the foregoing, payments made from refunding debt and capitalized debt service. "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, as defined under Generally Accepted Accounting Principles ("GAAP"), including an allocable share of insurance expenses and other administrative expenses of the University directly related to the operation of the System, excluding any allowances for depreciation or amortization or interest on any obligations of the System incurred in connection with and payable from Gross Revenue.

Additional Covenants of the University

The University has made the following covenants in the Bond Resolution.

(i) To comply with the Coverage Requirement as set forth above.

(ii) To duly and punctually pay principal of and interest on the Bonds at the times and places provided, and to perform and observe any and all covenants, undertakings and provisions of the Bond Resolution.

(iii) To keep and maintain the System in good repair, working order and conditions, and to operate the same and the businesses in connection therewith in an efficient manner and at a reasonable cost.

(iv) 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, the University is to apply the net proceeds of the sale or condemnation to capital expenditures for the System which will contribute in some measure to the Gross Revenue or to retirement of the Bonds then outstanding.

(v) To keep all facilities of the System insured, if such insurance is obtainable at reasonable rates and upon reasonable conditions, against such risks and in such amounts as the Board or the Designated University Representative deems necessary for protection of the University and the owners of the Bonds.

(vi) To at all times keep in full force and effect policies of public liability and property damage insurance to protect the University against anyone claiming damages, if it is obtainable at reasonable rates and upon reasonable conditions and in such amounts as the Board deems necessary for protection of the University and the owners of the Bonds.

(vii) To keep and maintain proper books of account and accurate records of all of its revenue received, and of all costs of administration and maintenance and operation of its business, in accordance with generally accepted accounting principles. On or before 120 days after each fiscal year, to prepare an operating statement of the business of the System for the preceding fiscal year, showing detail of the Gross Revenue and expenses of the System, and containing a status of all fund and accounts pertaining to the operating of its business.

No Debt Service Reserve Account for the Series 2012 Bonds

The University will not establish a Debt Service Reserve Account for the Series 2012 Bonds. The owners of Series 2012 Bonds will have no rights with respect to any Debt Service Reserve Account currently in existence or to be created in the future, unless specifically pledged to secure the Series 2012 Bonds.

Renewal and Replacement Fund

A Renewal and Replacement Fund has been established in the Bond Resolution for the purpose of paying extraordinary operating and maintenance expenses, making capital replacements, expansion, additions, repairs and renewals of the System and to pay principal of and interest on any bonds to the extent other funds are not legally available. The University will make deposits into the Renewal and Replacement Fund from time to time as considered appropriate and maintain a balance therein. There is currently a balance of $5,268,588 in the Renewal and Replacement Fund.

Future Parity Bonds

The University has reserved the right to issue one or more series of Future Parity Bonds by means of a series resolution for any purpose of the University permitted by law and the Master Resolution, provided that the University complies with the terms and conditions for the issuance of Future Parity Bonds set forth in the Master Resolution. All bonds authorized to be issued under series resolutions will be Future Parity Bonds, having an equal lien and charge upon the Gross Revenue, upon fulfillment of the conditions of the Master Resolution, whether at the time of authorization or issuance of such Future Parity Bonds. The University will not issue any series of Future Parity Bonds or incur any additional indebtedness with a parity lien or charge on Gross Revenue unless:

(a) The University was not in default of its Rate Covenant for the immediately preceding fiscal year; and

(b) The University has received either (1) or (2):

(1) A certificate delivered by the Designated University Representative, based upon the appropriate audited annual financial reports of the System, to the effect that average annual Net Revenues, plus the net revenues from any other sources pledged as security for all outstanding Parity Bonds, during the two full fiscal years immediately preceding the date of issuance of such Parity Bonds, was equal to at least the Coverage Requirement on all Parity Bonds to be outstanding during the full fiscal year succeeding the date of issuance of such future Parity Bonds; but if such Parity Bonds are proposed to be issued at any time during any fiscal year when the audited financial report of the System for the preceding fiscal year is not available, then Net Revenues for the previous fiscal year is to be calculated, for purposes of meeting the requirements of this section, based upon the unaudited statement of revenue and expenses for any 12 successive calendar months in the 15 months immediately preceding the date of issuance of the Parity Bonds proposed to be issued, prepared by the Designated University Representative in accordance with GAAP; or

(2) A certificate of the Designated University Representative to the effect that the estimated Net Revenues, plus the net revenues from any other sources pledged as security for all Outstanding Bonds during the three consecutive full fiscal years next succeeding the date of issuance of such proposed Parity Bonds (or, if new facilities or improvements are to be constructed with any portion of the proceeds of such Parity Bonds, in the three full fiscal years following the fiscal year in which such new facilities or improvements are expected to be completed) will be equal to at least the Coverage Requirement on all Parity Bonds to be outstanding during such three full fiscal years. Computation of future Net Revenues of the then existing System, and other pledged revenues, is to be based on actual Net Revenues for the fiscal year immediately preceding the issuance of Parity Bonds, adjusted to reflect the schedule or rates and charges to become effective when the additional facilities become revenue producing, and after giving recognition to anticipated changes in Operating Expenses of the System. Computation of the estimated net revenues of any facility or facilities under construction, to be constructed or acquired, or not in operation for the preceding full fiscal year is to be predicated upon reasonable utilization rates.

(c) In accordance with the requirements of the Master Resolution, and in lieu of the requirements of (b) above, Parity Bonds may be issued solely for the purpose of financing the cost or estimated cost of completing a capital project where Parity Bonds have been issued under a series resolution to pay costs of such a project; provided, however, the aggregate principal amount of Parity Bonds issued to finance the completion of a project shall not exceed 15 percent of the principal amount of Bonds originally issued or incurred to finance such project.

Nothing in the Bond Resolution limits the University's right to issue bonds, notes or other obligations, for any lawful System purpose, secured in whole or in part by liens against the Gross Revenue and the money and investments in the Revenue Fund that are junior and inferior to the lien against the Gross Revenue and money and investments in the Revenue Fund securing the payment of the Parity Bonds. The University currently has no such subordinate lien bonds or other obligations outstanding.

At the time of issuance of the Series 2012 Bonds, the University will be in compliance with the conditions for issuance of Parity Bonds as contained in the Master Resolution.

THE SYSTEM

The System includes the following facilities:

The Housing and Dining System operates student residence halls and apartment options for approximately 3,200 students, including unmarried freshmen less than 20 years of age. The Housing and Dining System includes 19 residence halls, 4 apartment complexes with 398 units, and 4 dining centers, as well as administrative, warehouse and maintenance facilities. The designed occupancy of the residence halls is 2,615, although a new residence hall is scheduled to open in fall 2012, with a designed occupancy of 360, for a total designed occupancy of 2,975. Average annual occupancy for the 2010-11 academic year was 2,575 and there were 637 contract holders in the apartments (there may be more than one student contract holder per apartment unit). The Housing and Dining System includes a conference program, which provides approximately 4.0 percent of

the Housing and Dining System's annual revenue. Residence hall room and board fees, based on double occupancy and a standard meal plan, are $9,042 per student for the 2011-12 academic year. See "Tuition and Room and Board Charges" in Appendix A herein.

The Services and Activities ("S&A") System provides for the nonacademic needs of the Associated Students of the University, including programs such as student government, radio station, student clubs, recreation opportunities, various student service programs, and operations of a student union and recreation center building. Revenues are provided through student services and activities fees ("S&A fees") authorized under State law and approved by the Board. The University's S&A fee is currently $231 per quarter for all full-time students and under State law may be adjusted annually in an amount up to the percentage increase in tuition. In addition, certain students enrolled on the Ellensburg campus pay mandatory fees for support of the student union and recreation center. These fees are $69 per quarter for the student union and $102 per quarter for the recreation center.

The Bookstore System derives revenue from sales of a full line of academically related products and services through retail outlets at the Ellensburg campus and the six University centers and through an on-line website. The Bookstore System also offers a variety of insignia items to foster school spirit and market the University.

The Parking System provides parking spaces for over 4,000 vehicles and services to the campus community, maintains the parking infrastructure and flow of traffic on campus and enforces parking rules. Revenues consist of fees paid for parking permits, which the University issues to students, employees and customers on a daily to annual basis, and fines collected from parking tickets issued.

Historical Operations of the System

The System generates Gross Revenue from the four sources described above. The following table provides the historical operations of the System for the five most recent fiscal years.

Central Washington University System
Statements of Revenues, Expenditures and Changes in Fund Balance [1]

	2011	2010	2009	2008	2007
Gross Revenue					
Services and Activities	$12,441,404	$12,161,217	$10,766,709	$10,312,005	$ 9,897,094
University Store	10,202,361	9,582,170	8,578,381	7,832,266	7,040,350
Parking	1,108,149	1,043,371	1,047,956	937,813	831,757
Housing and Dining	28,573,970	28,398,100	25,243,319	22,788,956	20,996,759
Total Gross Revenue	$52,325,883	$51,184,858	$45,636,365	$41,871,040	$38,765,960
Operating Expenses					
Services and Activities	$ 8,325,306	$ 8,097,231	$ 7,260,816	$ 6,410,775	$ 6,212,301
University Store	9,315,245	8,882,270	8,064,425	7,567,604	6,611,905
Parking	1,024,457	956,000	692,115	778,674	674,274
Housing and Dining	21,421,338	21,247,615	18,906,139	18,022,469	16,375,719
Depreciation	3,454,132	2,848,985	2,808,511	2,804,214	2,119,742
Total Operating Expenses	$43,540,478	$42,032,101	$37,732,006	$35,583,736	$31,993,941
Net Revenue	$ 8,785,406	$ 9,152,757	$ 7,904,359	$ 6,287,304	$ 6,772,019
Non-operating Revenues (Expenses)					
Investment Income	$ 783	$ 82,541	$ 200,373	$ 401,550	$ 398,652
Interest on Indebtedness	(5,406,577)	(4,851,720)	(3,735,119)	(3,677,062)	(3,795,514)
Loss on Disposition of Asset	-	-	(1,840)	-	(599,461)
Non-operation income net of expenses	282,391	419,300	(145,107)	(196,878)	(49,416)
Net Non-operating Revenues (Expenses)	$(5,123,403)	$(4,349,879)	$(3,681,693)	$(3,472,390)	$(4,045,739)
Income (Loss) before Other Revenues, Expenses, Gains or Losses	$ 3,662,002	$ 4,802,878	$ 4,222,666	$ 2,814,914	$ 2,726,280
Net Assets, Beginning of Year	$43,130,153	$38,327,275	$34,104,607	$31,289,693	$28,902,049
Prior Period Adjustment	-	-	-	-	(338,636)
Net Assets, End of Year	$46,792,155	$43,130,153	$38,327,273	$34,104,607	$31,289,693

[1] *Information is based on audited financial statements of the University.*

Central Washington University System
Parity Bond Debt Service for the Years 2007 to 2011

	2011	2010	2009	2008	2007
Parity Bond Debt Service [1]	$7,271,036	$7,267,561	$6,371,965	$4,963,561	$4,963,061

[1] *Excludes capitalized interest paid from bond proceeds.*

Outstanding Parity Bonds

The University has outstanding the following parity bonds payable from the System revenue (the "Outstanding Parity Bonds"), as of February 1, 2012. After issuance of the Bonds, the May 1, 2012, maturity of the Series 2002 Bonds is the only Series 2002 Bonds maturity that will remain outstanding.

Name of Issue	Original Principal	Outstanding Principal
Housing System Revenue Bonds, Series 2002	$ 9,200,000	$ 220,000 [1]
System Revenue Bonds, Series 2004	64,080,000	58,120,000
System Revenue Bonds, Series 2008	36,495,000	35,105,000
System Revenue Bonds, 2010, Series A&B	34,465,000	34,465,000

[1] *Excludes the Refunded Bonds.*

Schedule of System Revenue Bond Debt Service

Fiscal	Outstanding Parity Bonds [1]		The Series 2012 Bonds		Total Debt
Year	Principal	Interest [2]	Principal	Interest	Service
2012	$ 2,305,000	$ 6,369,785	$ -	$ -	$ 8,674,785
2013	2,900,000	5,882,623	290,000	241,324	9,313,947
2014	3,015,000	5,774,365	305,000	226,490	9,320,855
2015	3,125,000	5,658,140	310,000	220,390	9,313,530
2016	3,090,000	5,535,335	315,000	214,190	9,154,525
2017	3,240,000	5,383,060	325,000	207,890	9,155,950
2018	3,410,000	5,223,297	325,000	201,390	9,159,687
2019	3,570,000	5,055,010	335,000	193,265	9,153,275
2020	4,325,000	4,878,716	345,000	184,890	9,733,606
2021	4,520,000	4,687,204	355,000	174,540	9,736,744
2022	4,725,000	4,485,435	365,000	163,890	9,739,325
2023	4,165,000	4,269,872	380,000	152,940	8,967,812
2024	4,360,000	4,065,893	390,000	141,540	8,957,433
2025	4,575,000	3,852,098	405,000	129,645	8,961,743
2026	5,585,000	3,639,397	415,000	116,482	9,755,879
2027	5,845,000	3,379,795	425,000	102,580	9,752,375
2028	6,125,000	3,106,390	445,000	87,918	9,764,308
2029	6,405,000	2,819,827	460,000	72,120	9,756,947
2030	6,710,000	2,518,269	475,000	55,330	9,758,599
2031	6,420,000	2,202,304	490,000	37,755	9,150,059
2032	6,730,000	1,893,289	510,000	19,380	9,152,669
2033	7,055,000	1,569,346	-	-	8,624,346
2034	7,400,000	1,229,723	-	-	8,629,723
2035	3,405,000	866,671	-	-	4,271,671
2036	3,570,000	703,683	-	-	4,273,683
2037	3,740,000	532,782	-	-	4,272,782
2038	3,920,000	353,719	-	-	4,273,719
2039	1,795,000	166,018	-	-	1,961,018
2040	1,880,000	84,929	-	-	1,964,929
Totals	$127,910,000	$96,186,975	$7,665,000	$2,943,949	$234,705,924

[1] *Excludes the Refunded Bonds*

[2] *Reflects net interest after the application of a 35 percent federal credit payments relating to the $31,950,000 System Revenue Bonds, 2010, Series B (Taxable Build America Bonds – Direct Payment).*

Debt Payment Record

The University has promptly met all principal and interest payments on its bonds and has never defaulted on a payment of principal or interest on any of its bonds or other obligations when due. No refunding bonds have been issued for the purpose of preventing an impending default.

Future Financing

The University does not anticipate the issuance of Future Parity Bonds within the next two years. The University periodically reviews its outstanding bonds for refunding opportunities and may issue bonds for refunding purposes if market conditions warrant.

LEGAL INFORMATION

Litigation

At the time of delivery of and payment for the Series 2012 Bonds, the University will deliver a certificate stating that there is no litigation then pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Series 2012 Bonds, application of the proceeds of the Series 2012 Bonds as contemplated by the Bond Resolution, in any way contesting or affecting the validity of the Series 2012 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 University, the existence or powers of the University or the title of any officers of the University to their respective positions.

The University reports litigation of a general nature, but after consideration and investigation has concluded that it has meritorious defenses, or such litigation is immaterial and/or will have no impact on timely repayment of the Series 2012 Bonds.

Approval of Counsel

Legal matters incident to the authorization, issuance, and sale of the Series 2012 Bonds by the University are subject to the approving legal opinion of Foster Pepper PLLC, Seattle, Washington, Bond Counsel. The form of the opinion of Bond Counsel with respect to the Series 2012 Bonds is attached as Appendix C. The opinion of Bond Counsel is given based on factual representations made to Bond Counsel, and under existing law, as of the date of initial delivery of the Series 2012 Bonds, and Bond Counsel assumes no obligation to revise or supplement its opinion to reflect any facts or circumstances that may thereafter come to its attention, or any changes in law that may thereafter occur. The opinion of Bond Counsel is an expression of its professional judgment on the matters expressly addressed in its opinion and does not constitute a guarantee of result. Bond Counsel will be compensated only upon the issuance and sale of the Series 2012 Bonds.

Limitations on Remedies

Any remedies available to the owners of the Series 2012 Bonds upon the occurrence of an event of default under the 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 2012 Bonds, there can be no assurance that available remedies will be adequate to fully protect the interest of the Registered Owners of the Series 2012 Bonds.

In addition to the limitations on remedies contained in the Bond Resolution, the rights and obligations under the Series 2012 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 Foster Pepper PLLC, as Bond Counsel, concurrently with the issuance of the Series 2012 Bonds, will be subject to limitations regarding bankruptcy, insolvency and other laws relating to or affecting creditors' rights. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C.

TAX MATTERS

Exclusion From Gross Income. In the opinion of Bond Counsel, under existing federal law and assuming compliance with applicable requirements of the Code, that must be satisfied subsequent to the issue date of the Series 2012 Bonds, interest on the Series 2012 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax prefenece for purposes of the alternative minimum tax applicable to individuals.

Continuing Requirements. The University is required to comply with certain requirements of the Code after the date of issuance of the Series 2012 Bonds in order to maintain the exclusion of the interest on the Series 2012 Bonds from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of Series 2012 Bond proceeds and the facilities financed or refinanced with Series 2012 Bond proceeds, limitations on investing gross proceeds of the Series 2012 Bonds in higher yielding investments in certain circumstances, and the requirement to comply with the arbitrage rebate requirement to the extent applicable to the Series 2012 Bonds. The University has covenanted in the Series

Resolution to comply with those requirements, but if the University fails to comply with those requirements, interest on the Series 2012 Bonds could become taxable retroactive to the date of issuance of the Series 2012 Bonds. Bond Counsel has not undertaken and does not undertake to monitor the University's compliance with such requirements.

Corporate Alternative Minimum Tax. While interest on the Series 2012 Bonds also is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, under Section 55 of the Code, tax-exempt interest, including interest on the Series 2012 Bonds, received by corporations is taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations (as defined for federal income tax purposes). Under the Code, alternative minimum taxable income of a corporation will be increased by 75 percent of the excess of the corporation's adjusted current earnings (including any tax exempt interest) over the corporation's alternative minimum taxable income determined without regard to such increase. A corporation's alternative minimum taxable income, so computed, that is in excess of an exemption of $40,000, which exemption will be reduced (but not below zero) by 25 percent of the amount by which the corporation's alternative minimum taxable income exceeds $150,000, is then subject to a 20 percent minimum tax.

A small business corporation is exempt from the corporate alternative minimum tax for any taxable year beginning after December 31, 1997, if its average annual gross receipts during the three-taxable-year period beginning after December 31, 1993, did not exceed $5,000,000, and its average annual gross receipts during each successive three-taxable-year period thereafter ending before the relevant taxable year did not exceed $7,500,000.

Tax on Certain Passive Investment Income of S Corporations. Under Section 1375 of the Code, certain excess net passive investment income, including interest on the Series 2012 Bonds, received by an S corporation (a corporation treated as a partnership for most federal tax purposes) that has Subchapter C earnings and profits at the close of the taxable year may be subject to federal income taxation at the highest rate applicable to corporations if more than 25 percent of the gross receipts of such S corporation is passive investment income.

Foreign Branch Profits Tax. Interest on the Series 2012 Bonds may be subject to the foreign branch profits tax imposed by Section 884 of the Code when the Series 2012 Bonds are owned by, and effectively connected with a trade or business of, a United States branch of a foreign corporation.

Possible Consequences of Tax Compliance Audit. The Internal Revenue Service (the "IRS") has established a general audit program to determine whether issuers of tax-exempt obligations, such as the Series 2012 Bonds, are in compliance with requirements of the Code that must be satisfied in order for interest on those obligations to be, and continue to be, excluded from gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS would commence an audit of the Series 2012 Bonds. Depending on all the facts and circumstances and the type of audit involved, it is possible that commencement of an audit of the Series 2012 Bonds could adversely affect the market value and liquidity of the Series 2012 Bonds until the audit is concluded, regardless of its ultimate outcome.

"Qualified Tax-Exempt Obligations" for Financial Institutions. Section 265 of the Code provides that 100 percent of any interest expense incurred by banks and other financial institutions for interest allocable to tax-exempt obligations acquired after August 7, 1986, will be disallowed as a tax deduction. However, if the tax-exempt obligations are obligations other than private activity bonds, are issued by a governmental unit that, together with all entities subordinate to it, does not reasonably anticipate issuing more than $10,000,000 of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) in the current calendar year, and are designated by the governmental unit as "qualified tax-exempt obligations," only 20 percent of any interest expense deduction allocable to those obligations will be disallowed.

The University is a governmental unit that, together with all subordinate entities, reasonably anticipates issuing less than $10,000,000 of tax exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) during the current calendar year, and has designated the Series 2012 Bonds as "qualified tax exempt obligations" for purposes of the 80 percent financial institution interest expense deduction. Therefore, only 20 percent of the interest expense deduction of a financial institution allocable to the Series 2012 Bonds will be disallowed for federal income tax purposes.

Reduction of Loss Reserve Deductions for Property and Casualty Insurance Companies. Under Section 832 of the Code, interest on the Series 2012 Bonds received by property and casualty insurance companies will reduce tax deductions for loss reserves otherwise available to such companies by an amount equal to 15 percent of tax-exempt interest received during the taxable year.

Effect on Certain Social Security and Retirement Benefits. Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take receipts or accruals of interest on the Series 2012 Bonds into account in determining gross income.

Other Possible Federal Tax Consequences. Receipt of interest on the Series 2012 Bonds may have other federal tax consequences as to which prospective purchasers of the Series 2012 Bonds may wish to consult their own tax advisors.

Original Issue Premium. The Series 2012 Bonds maturing in 2013 through 2023, inclusive, have been sold at prices reflecting original issue premium ("Premium Bonds"). An amount equal to the excess of the purchase price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity. The amount of amortizable premium allocable to an interest accrual period for a Premium Bond will offset a like amount of qualified stated interest on such Premium Bond allocable to that accrual period, and may affect the calculation of alternative minimum tax liability described above. As premium is amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of Premium Bonds, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Premium Bonds.

INITIATIVE AND REFERENDUM

Under the State Constitution, the voters of the State have the ability to initiate legislation through the power of initiative and referendum. 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 Legislature are submitted to the Legislature at its regular session each January. Once submitted, the 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 initiative approved by a majority of voters may not be amended or repealed by the 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 Legislature; after two years, the law is subject to amendment or repeal by the Legislature in the same manner as other laws.

In recent years there have been a number of initiatives filed in the State, including initiatives targeting fees and taxes imposed by local jurisdictions or subjecting local jurisdictions to additional requirements. 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

Basic Undertaking to Provide Annual Financial Information and Notice of Listed Events. To meet the requirements of paragraph (b)(5) United States Securities and Exchange Commission (the "SEC") Rule 15c2-12 ("Rule 15c2-12"), as applicable to a participating underwriter for the Series 2012 Bonds, the University will undertake (the "Undertaking") for the benefit of holders of the Series 2012 Bonds to provide or cause to be provided, either directly or through a designated agent, to the Municipal Securities Rulemaking Board (the "MSRB"), in an electronic format as prescribed by the MSRB accompanied by identifying information as prescribed by the MSRB:

(i) Annual financial information and operating data of the type included in this Official Statement as generally described below ("annual financial information"); and

(ii) Timely notice (not in excess of ten business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Series 2012 Bonds: (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 IRS of proposed final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or the material notices or determinations with respect to the tax status of the Series 2012 Bonds; (7) modifications to rights of holders of the Series 2012 Bonds, if material; (8) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2012 Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the University, as such "Bankruptcy Events" are defined in Rule 15c2-12; (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; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

The University also will provide to the MSRB timely notice of a failure by the University to provide required annual financial information on or before the date specified below.

Type of Annual Financial Information Undertaken to be Provided. The annual financial information that the University undertakes to provide will consist of (a) annual financial statements prepared (except as noted in the financial statements) in accordance with applicable generally accepted accounting principles promulgated by the Government Accounting Standards Board ("GASB"), as such principles may be changed from time to time, which statements shall not be audited, except, however, that if and when audited financial statements are otherwise prepared and available to the University they will be provided; and (b) the tables entitled "Statement of Revenues, Expenditures and Changes in Fund Balance," "Schedule of System Revenue Bond Debt Service," "Annual Average Enrollment," "Enrollment Statistics;" and "Budgeted versus Actual Enrollment will be provided to the MSRB not later than the last day of the ninth month after the end of each fiscal year of the University (currently, a fiscal year ending June 30), as such fiscal year may be changed as required or permitted by State law, commencing with the University's fiscal year ending June 30, 2012.

The annual financial information may be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the internet website of the MSRB or filed with the SEC.

Amendment of Undertaking. The Undertaking is subject to amendment after the primary offering of the Series 2012 Bonds without the consent of any holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12.

The University will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

Termination of Undertaking. The University's obligations under the Undertaking shall terminate upon the legal defeasance of all of the Series 2012 Bonds. In addition, the University's obligations under the Undertaking shall terminate if those provisions of Rule 15c2-12 which require the University to comply with the Undertaking become legally inapplicable in respect of the Series 2012 Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the University, and the University provides timely notice of such termination to the MSRB.

Remedy for Failure to Comply with Undertaking. If the University or any other obligated person fails to comply with the Undertaking, the University will proceed with due diligence to cause such noncompliance to be corrected as soon as practicable after the University learns of that failure. No failure by the University or other obligated person to comply with the Undertaking will constitute a default in respect of the Series 2012 Bonds. The sole remedy of any holder of a Bond will be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the University or other obligated person to comply with the Undertaking.

Continuing Disclosure Undertakings of the University. The University was late in filing its continuing disclosure for the period ending June 30, 2007, and therefore a material events notice was submitted reporting the late filing. The University is now in compliance with all prior undertakings under the Rule.

OTHER BOND INFORMATION

Rating

Moody's Investors Service ("Moody's) has assigned a rating of A1 to the Series 2012 Bonds. Such rating reflects only the view of the rating agency. 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 Moody's 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, New York 10007, (212) 553-0300. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2012 Bonds.

Financial Advisor

SDM Advisors, Inc. has served as financial advisor to the University relative to the preparation of the Series 2012 Bonds for sale, timing of the sale and other factors relating to the Series 2012 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 2012 Bonds. SDM Advisors, Inc. 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 sale of the Series 2012 Bonds and delivery thereof to the underwriter.

Underwriting

Robert W. Baird & Co. (the "Underwriter") has agreed, subject to certain conditions, to purchase the Series 2012 Bonds from the University at the price of $7,592,821.58, which is the par amount of $7,665,000.00 plus a premium of $98,658.50 and less an Underwriter's discount of $170,836.92. The Underwriter's obligations are subject to certain conditions precedent, and it will be obligated to purchase all Series 2012 Bonds if any such Series 2012 Bonds are purchased. The Series 2012 Bonds may be offered and sold to certain dealers at prices lower than such offering prices and such initial offering prices may be changed from time to time by the Underwriter.

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 2012 Bonds. The preparation and distribution of this Official Statement has been authorized by the University.

At the time of the delivery of the Series 2012 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 2012 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 make 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 has been authorized by the University.

CENTRAL WASHINGTON UNIVERSITY

By: /s/ George Clark
George Clark, Vice President for Business and Financial Affairs

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The University

General Information

Central Washington University (the "University") was established in 1890 as Washington State Normal School, and then successively became Central Washington College of Education in 1937, Central Washington State College in 1961 and Central Washington University in 1977. The University's main campus is located in Ellensburg, in the central part of the state of Washington (the "State"), approximately 110 miles east of Seattle and 170 miles west of Spokane. Additionally, the University supports eight University Centers, which are co-located with community colleges in Des Moines, Edmonds, Everett, Kent and Pierce County in Western Washington, and Moses Lake, Wenatchee and Yakima in Eastern Washington, where students can complete their baccalaureate degrees. A new dual-admission program allows community college students to be admitted to the University at the same time they are admitted to a community college, to streamline the admissions, advising and transfer processes. Enrollment at the University Centers for fall 2011 represents approximately 15 percent of state-funded full time equivalent enrollment and 17 percent of state-funded headcount enrollment for the University.

Academic Programs

The University offers over 150 major courses of study in over 40 departments within its four colleges: the College of Arts and Humanities, the College of Education and Professional Studies, the College of the Sciences and the College of Business. The University also offers eleven pre-professional programs in dentistry, dietetics, engineering, law, medicine, nursing in public health, occupational therapy, optometry, pharmacy, physical therapy, and veterinary studies, at the undergraduate level. Seventeen departments offer a total of 27 graduate degree programs. Other academic units of the University include the Library, the Office of Continuing Education, the Office of Undergraduate Studies, the Office of Graduate Studies and Research, International Studies & Programs and the William O. Douglas Honors College.

Accreditation

The University is accredited by the Northwest Commission on Colleges and Universities (the "NWCCU"). Based upon an extensive self-study and an NWCCU evaluation visit, the University's accreditation status was reaffirmed by the NWCCU in January 2010. Selected programs of the University - most typically those associated with professional degrees - also hold specialized accreditation and program approval from numerous accrediting associations and program approval bodies.

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 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.

Members of the Board of Trustees

Individual	Professional Affiliation	Year of Initial Appointment	Year Current Term Expires
Sid Morrison, Chair	US Congressman, Retired	2003	9/30/2015
Keith Thompson, Vice Chair	U.S. Bank Executive	2007	9/30/2013
Dan Dixon	Swedish Medical Center VP External Affairs	2009	9/30/2012
Ron Erickson	Co-founder, Chairman of ivi, Inc.	2010	9/30/2015
Chris Liu	Business and Government Executive, Retired	2012	9/30/2017
Kate Reardon	City of Everett public information director	2011	9/30/2017
Annette Sandberg	Consultant	2008	9/30/2014
Ivana Trottman	Student	2011	6/30/2012

Chair and Vice Chair of the Board of Trustees

Sid Morrison, Chair, was first appointed to the Board in 2003 with a current term ending in 2015. Mr. Morrison was appointed State Secretary of Transportation from 1993 to 2001, after serving as a U.S. Representative from 1980 to 1992. Previously he served in the State legislature from 1967 to 1973 and as a State senator from 1974 to 1980. Now retired, Mr. Morrison serves on the executive board of Energy Northwest, a major northwest public power producer. He earned his bachelor's degree in agriculture from Washington State University.

Keith Thompson, Vice Chair, was appointed to the Board in 2007 with a current term ending in 2013. Mr. Thompson is a senior portfolio manager and managing director for U.S. Bank Private Asset Management, where he has worked since 1990. He previously worked for Kidder Peabody, worked in a general aviation business and was an officer in the U.S. Navy. Mr. Thompson has served on the board of the University Foundation for seven years, and serves on the finance committee for the Eastern Washington University Foundation. Mr. Thompson earned his bachelor's degree from the University.

University Administration

The University is administered by a President, who is appointed by the Board. The President appoints administrative officers to assist in managing the University. Brief resumes for the President and the current administrative officers follow.

Dr. James L. Gaudino - President

Dr. James L. Gaudino assumed the position of president at the University on January 1, 2009. Before joining the University, Dr. Gaudino was the founding Dean of the College of Communication and Information (CCI) at Kent State University, a college that consists of the Schools of Communication Studies, Journalism and Mass Communication, Library and Information Science, and Visual Communication Design. Dr. Gaudino was previously the Executive Director of the National Communication Association (NCA), a scholarly society of 7,000 members that works to improve instruction and to produce research on topics of both intellectual and social significance related to human communication. While working at NCA, Dr. Gaudino also served as an adjunct professor at George Mason University and George Washington University. Prior to taking the position at NCA, he served on the faculty at Michigan State University's Department of Advertising. Dr. Gaudino's research interests include public relations and public opinion formation. He has authored or co-authored numerous chapters, articles, monographs, and convention presentations, including publication in the *Journal of Broadcasting and Electronic Media*, *Annals of the American Academy of Political and Social Science*, *Journalism Educator*, *Communication Education*, and the *Newspaper Research Journal*.

Dr. Gaudino holds a doctorate in Communications from Michigan State University and a masters in management from Troy State University. He is a graduate of the United States Air Force Academy and served in the US Air Force in California, Turkey, and Germany.

Dr. Marilyn Levine – Provost and Vice President of Academic and Student Life

Dr. Marilyn Levine was appointed Provost and Vice President of Academic and Student Life in 2011. She came from Eastern Oregon University where she served as Dean of Arts and Sciences since 2005, after having served as Chair of Social Sciences at Lewis-Clark State College. Dr. Levine was trained as a historian of Asia (China and Southeast Asia), with graduate degrees from the University of Chicago and the University of Hawaii. She has published two books, over four dozen articles, and created a dozen web sites from research, teaching, professional, and community service. She has obtained and administered more than three dozen grants to fund research, teaching, and community projects. She has received almost two dozen awards and honors, including three awards for teaching excellence.

Dr. Levine has served on numerous boards of directors including the Idaho Humanities Council. She served as chair of the Council of Conferences for the Association for Asian Studies and executive secretary of the Western Conference of the Association for Asian Studies. From 2003 to 2004 Dr. Levine served as co-president of the Women in Higher Education Roundtable. In 2004, she served as President of H-NET, (Humanities and Social Sciences Online) the world's largest society of teachers and scholars dedicated to utilizing the educational potential of the Internet. Dr. Levine holds a bachelor's degree in history from San Diego State University, a master's degree in history from the University of Hawaii and a doctorate in history from University of Chicago.

George Clark –Chief Financial Officer/Vice President, Business and Financial Affairs

George Clark was appointed as Chief Financial Officer/Vice President for Business and Financial Affairs in 2011, and is responsible for the departments of finance and budget planning, facilities management, business auxiliaries, public safety, information technology, and institutional research. With over 30 years of financial management expertise, Mr. Clark leads the University's work on business and financial matters and assists in institutional policy development. He serves as the chair of

the University budget and finance committee, is a member of the President's Cabinet and the President's Advisory Council, and serves as treasurer for the Board.

Before joining the University Mr. Clark was the associate director of administration at the National Radio Astronomy Observatory in Charlottesville, VA. He was responsible for all administrative and business functions. He led the strategic planning for a $150 million annual operating and construction budget and supported a $1 billion construction program in northern Chile. Prior to that he served as director of administration for the Institute for Astronomy/University of Hawaii and director of research/support finance for the University of Tennessee-Battelle and as chief financial officer for the University of Tennessee-Battelle Development Corporation.

Mr. Clark is a certified public accountant with a bachelor's degree in accounting and a master of business administration from the University of Washington

Sherer M. Holter – Chief of Staff

Sherer Holter was named the Chief of Staff in 2010, having served in the position on an interim basis since October, 2009. Ms. Holter joined the University in 2006 as Assistant Vice President for Human Resources. Ms. Holter has extensive experience in executive management positions that include State government, higher education and as a chief executive officer responsible for a multimillion dollar operation.

Ms. Holter's prior experience includes ten years in operational positions to include the role of chief executive officer and over 30 years in executive level human resources positions. Ms. Holter owned a consulting firm and has authored and published a consumer's guidebook. Her career has included state and local government, private sector and not-for-profit organizations. Ms. Holter holds a bachelor's degree in business administration and a master's degree in education and business from the University of South Carolina. She has a Juris Doctor from Western State University College of Law.

State Oversight of Higher Education

The State has had a single state postsecondary education planning agency since 1975, as required to qualify for Federal planning and other funds (though the State has had various councils or boards to assist in providing oversight of higher education since 1969). The purpose of the agency is to provide planning, coordination, monitoring, and policy analysis for higher education in the State in cooperation and consultation with the State's higher education institutions, their governing boards and other segments of postsecondary education.

From 1985 to present, that agency has been the Higher Education Coordinating Board (the "HECB"). In addition to the duties described, the HECB also administered student financial assistance programs and various federal programs. In 2012, the State Legislature adopted legislation (E2SHB 2483), signed by the Governor on March 30, 2012, which amends statutes enacted in 2011 that eliminate the HECB as of July 1, 2012 and divide the HECB's duties among: (1) a newly created Office of Student Financial Assistance (the "SFA") to administer all state and federal financial aid and the State's advanced college tuition payment program; and (2) a newly created Student Achievement Council (the "Council") with duties similar to the HECB, including proposing statewide goals and priorities for higher education, tracking progress, conducting research and analysis, identifying transition issues and solutions, protecting higher education consumers, directing the SFA, and advocating for higher education. Until July 1, 2012, the HECB is to continue to prioritize capital projects for the higher education system, after which date the legislation transfers this function to the State's Office of Financial Management. Excepting the student financial aid and capital projects functions discussed above, the HECB powers, duties, resources, staff, and records will be transferred to the new Council.

Faculty and Employees

Faculty members of the University are distinguished in both academic and teaching excellence. In Fall 2011, 88 percent of the University's 433 full-time instructional faculty held Ph.D. or terminal degrees. The University maintains a tenure system for its instructional faculty. As of Fall 2011, 54 percent of full-time faculty is tenured and an additional 20 percent are on the tenure track.

Instructional Faculty

	Fall 2011	Fall 2010	Fall 2009	Fall 2008	Fall 2007
Full-time Instructional Faculty	433	428	432	432	396
Part-time Instructional Faculty	163	161	173	169	182
Total Instructional Faculty	596	589	605	601	578
Percentage of Full-time Faculty tenured	54%	53%	53%	53%	57%
Percentage of Full-time Faculty with Ph.D. or Terminal Degree	88%	87%	87%	87%	86%

The University currently employs 433 full-time and 163 part-time faculty members, and 865 permanent staff members (classified and exempt) in addition to faculty. The University has 1,044 employees that are represented by one of the three labor unions including the Washington Federation of State Employees (two-year contract through June 30, 2013), Public School Employees of Washington (two-year contract through June 30, 2013); and United Faculty of Central (four-year contract through August 31, 2013). Collective bargaining agreements reached with labor unions require approval by the Board and the represented employees, and funding by the State Legislature. Management considers relations with its employees to be good.

Student Enrollment

The University's main campus draws 94 percent of its enrollment from within the State. Five counties, King, Kittitas, Pierce, Snohomish, and Yakima, account for 66 percent of all students from the State attending the Ellensburg campus. The University Centers are non-residential and draw primarily from their respective local areas. The University's main campus has historically had the highest share of its students enter directly from high school and is, therefore, characterized by a young student body with an undergraduate average age of twenty-one. The average high school grade point average for freshmen enrolled in fall 2011 is 3.15, and the freshmen to sophomore retention rate from fall 2010 to fall 2011 was 77 percent. The overall undergraduate retention rate is 82.3 percent.

The following table shows average annual enrollment (FTE and headcount) for the current (estimated) and past five academic years.

Annual Average Enrollment

	2011-12[1]	2010-11	2009-10	2008-09	2007-08	2006-07
Total Annual Average (FTE)	9,840	10,380	10,109	9,454	9,282	9,487
Total Annual Average Headcount	10,567	11,215	10,953	10,241	10,089	10,269

[1] *Average annual enrollment for 2011-12 is estimated, based on Fall and Winter quarter actual.*

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The following table shows graduate and undergraduate enrollments, applications, and acceptances, based on fall quarter enrollment for the past five years.

Enrollment Statistics [1]

	Fall 2011	Fall 2010	Fall 2009	Fall 2008	Fall 2007
Fall Quarter Enrollment (Headcount)					
Undergraduates					
Full-time	9,435	9,628	9,315	8,728	8,684
Part-time	1,335	1,423	1,450	1,453	1,295
Total Undergraduates	10,770	11,051	10,765	10,181	9,979
Graduates					
Full-time	391	336	337	266	260
Part-time	159	226	255	215	266
Total Graduates	550	562	592	481	526
Total – Undergraduates and Graduates					
Full-time	9,826	9,964	9,652	8,994	8,944
Part-time	1,494	1,649	1,705	1,668	1,561
Total: Full-time and Part-time	11,320	11,613	11,357	10,622	10,505
Fall Quarter Enrollment (FTE)	10,066	10,430	10,239	9,610	9,663
Freshmen Applications & Admissions					
Applications	4,553	4,859	4,960	5,013	4,580
Admitted	3,568	3,948	4,098	3,960	3,681
Percentage of Applicants Admitted	78%	81%	83%	79%	80%
Enrolled	1,308	1,666	1,660	1,559	1,473
Enrolled as Percentage of Admissions	39%	42%	41%	39%	40%
Transfer Students Applications & Admissions					
Applications	2,721	2,703	2,409	2,189	2,141
Admitted	3,568,	2,230	2,086	1,795	1,793
Percentage of Applicants Admitted	82%	83%	87%	82%	84%
Enrolled	1,417	1,414	1,509	1,124	1,124
Enrolled as Percentage of Admissions	63%	63%	72%	62%	63%

[1] *Fall quarter enrollment as reported to the Integrated Post-secondary Education Data System, under which one FTE equals 15 undergraduate credits or 12 graduate credits. Includes both state-funded and non-state-funded students.*

Tuition and Room and Board Charges

The State Legislature authorizes its public institutions of higher education to set tuition rates. The State Legislature granted flexibility to public universities to set tuition levels for resident undergraduates, without limitation through June 30, 2015, while creating new requirements that increase the amount of tuition-funded financial aid from 3.5 percent to 4.0 percent of tuition operating fee revenues. Prior to the 2011-13 biennium, the State Legislature prescribed a maximum allowable rate of tuition increase for various public institutions. The State Legislature also granted flexibility to public universities to set tuition levels for graduate and non-resident undergraduate students. Tuition and fees are set by the Board annually upon recommendation of the President. 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 University increased tuition by 14 percent for fiscal years 2012 and 2013. S&A and other mandatory fees were unchanged or were increased by various, lower, percentages.

Resident and non-resident tuition, including State-mandated fees, and room and board rates for the current year and past four academic years are shown in the table below and have been approved by the Board. Resident undergraduates represent approximately 90 percent of all students at the University.

Tuition And Room And Board Charges

Academic Year	Undergraduate Students Resident	Undergraduate Students Non-Resident	Graduate Students Resident	Graduate Students Non-Resident	Room and Board [1]
2011-12	$7,050	$17,721	$8,112	$18,069	$9,042
2010-11	6,201	16,842	7,689	17,172	8,901
2009-10	5,517	15,780	7,353	16,383	8,460
2008-09	4,841	14,714	6,958	15,558	7,154
2007-08	4,611	14,013	6,627	14,817	6,763

[1] *Residence Hall Room and Board, based on double occupancy and standard meal plan.*

Comparative Tuition and Fees for Academic Year 2011-12
Washington State Public Universities/Colleges

	Resident Undergraduate	Resident Graduate
University of Washington	$10,100	$12,424
Washington State University	9,886	10,188
Central Washington University	**7,050**	**8,112**
Western Washington University	6,973	7,445
The Evergreen State College	6,909	7,568
Eastern Washington University	6,689	8,931

Source: Higher Education Coordinating Board, 2011-12 Tuition and Fee Rates

Student Financial Aid

A summary of student financial aid delivered to students for the two most recent academic years is provided below.

Student Financial Aid

	2010-11	% of Total	2009-10	% of Total
Funding Source				
Federal	$ 89,777,902	68%	$ 79,631,357	66%
State	13,889,774	11	13,143,403	11
Institutional	19,547,278	15	19,007,659	16
Private donor/Other	8,712,254	7	8,430,594	7
Total	$ 131,927,208	100%	$120,213,013	100%
Programs				
Grants	$ 35,100,881	27%	$ 27,742,901	23%
Scholarships	4,166,390	3	8,168,224	7
Employment	11,228,568	9	10,875,859	9
Loans	72,219,746	55	65,567,720	54
Waivers	9,211,623	7	8,358,309	7
Total	$131,927,208	100	$120,713,013	100%

Beginning fiscal year 2012, the University was granted the authority to raise tuition and was required to reserve at least 4 percent of tuition operating fee revenue for college-based student scholarships and assistance (up from 3.5 percent previously). Although the State has reduced funding for the State Need Grant and State Work-study programs over the past few years, these programs continue to provide critical support to certain students.

The majority of the University's students have historically repaid their federal student loans in a timely manner, as evidenced by the University's low fiscal year default rates for the past several years. The University's official default rate for the William D. Ford Federal Direct Loan program was 3 percent for 2009, which is the most current information available. The University has been a long-standing participant in the Federal Quality Assurance Program, to assure that the delivery of student aid funds is conducted accurately, expediently, and with integrity.

UNIVERSITY FINANCIAL INFORMATION

Basis of Accounting

The University's financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments, and GASB Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities. The financial statements include a management's discussion and analysis, a balance sheet, a statement of revenues, expenses, and changes in net assets, a statement of cash flows, and notes to the financial statements. The format provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows.

For financial reporting purposes, the University is considered a special-purpose government, engaged only in business-type activities. Accordingly, the University'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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All significant intra-agency transactions have been eliminated.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the financial statements of a special-purpose government engaged in business-type activities to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The University has elected not to follow subsequent private-sector guidance.

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, 2011.

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. Prior to fiscal year 2011, the State Auditor's Office conducted compliance and accountability audits on an annual basis. Beginning with fiscal year 2011 the State Auditor's Office is conducting compliance and accountability audits for individual universities less frequently and changing to compliance and accountability reviews of consistent areas across the public institutions of higher education.

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.

Central Washington University
Statement of Revenues, Expenses and Changes in Net Assets [1]

	2011	2010	2009	2008	2007
REVENUES:					
Student Tuition and Fees	$ 92,780,902	$ 80,820,378	$ 68,467,604	$ 63,022,254	$ 61,665,344
Less tuition discounts	(23,773,719)	(21,160,785)	(16,116,384)	(13,822,799)	(13,284,973)
Federal Grants and Contracts [2]	6,664,889	6,959,174	14,216,721	13,705,978	13,523,583
State and Local Grants and Contracts	15,261,532	14,273,758	13,734,124	12,407,552	11,683,261
Non governmental grants and contacts	7,494,040	7,377,121	7,336,064	8,002,238	6,761,171
Sales and services of educational activities and other sources	4,081,947	3,997,632	4,164,158	4,580,797	4,135,631
Interest earned on loans to students	84,693	120,003	94,799	85,660	69,927
Auxiliary enterprise sales – Housing and Dining	28,574,753	28,451,553	24,554,284	22,478,623	21,151,687
Other Auxiliary Sales	12,945,726	12,298,092	11,363,766	10,506,739	9,642,293
Less auxiliary discount	(591,521)	(763,271)	(566,976)	(504,955)	(425,578)
Total Operating Revenues	$143,523,242	$132,373,655	$127,248,160	$120,462,087	$114,922,346
OPERATING EXPENDITURES					
Educational and General					
Instruction	$ 70,363,188	$ 68,931,247	$ 69,180,031	$ 65,213,191	$ 59,315,349
Research	2,540,812	2,538,984	2,319,690	1,945,018	1,772,127
Public Service	965,739	876,891	940,498	593,073	635,534
Academic Support	9,793,108	9,559,296	9,043,680	9,393,114	8,977,390
Student Services	10,148,889	10,550,176	10,516,130	10,913,430	9,721,471
Institutional Support	15,127,385	15,704,525	15,003,624	16,357,036	14,974,431
Operation and maintenance of plant	14,525,342	12,765,994	19,675,506	18,226,614	11,222,289
Scholarships and other student aid	22,362,887	20,243,349	16,844,431	15,504,127	14,509,673
Auxiliary enterprise expenditures	39,605,842	38,570,262	34,484,624	32,430,261	29,892,948
Depreciation	15,885,890	15,267,750	14,499,632	13,755,414	12,477,261
Total Operating Expenditures	$201,319,082	$195,008,474	$192,507,846	$184,331,278	$163,498,473
Operating income (loss)	$ (57,795,840)	$ (62,634,819)	$ (65,259,686)	$ (63,869,191)	$ (48,576,127)
Non-operating Revenues (Expenses)					
State appropriations	$ 41,811,000	$ 39,844,033	$ 56,994,142	$ 56,606,285	$ 51,407,177
State appropriations (ARRA) [3]	-	6,975,000	-	-	-
Pell Grant [2]	16,761,236	13,589,456	-	-	-
Investment income	7,001,518	4,388,166	215,097	2,172,114	5,550,245
Gifts to permanent endowments	359,060	312,268	498,092	1,420,114	1,557,106
Interest on indebtedness	(5,742,144)	(5,210,940)	(4,138,730)	(4,108,373)	(4,256,171)
Non-operating income net of expenses	117,030	626,901	(606,589)	(1,391,625)	(181,505)
Net non-operating revenues (expenses)	$ 60,307,700	$ 60,524,884	$ 52,962,012	$ 54,698,515	$ 54,076,852
Income or loss before other revenues, expenses, gains, or losses	$ 2,511,860	$ (2,109,935)	$ (12,297,674)	$ (9,170,676)	$ 5,500,725
Capital appropriations	$ 13,834,769	$ 10,088,489	$ 22,348,533	$ 22,961,489	$ 9,757,073
Increase (Decrease) in net assets	16,346,629	7,978,554	10,050,859	13,790,813	15,257,798
Net assets, beginning of the year	$338,340,589	$330,362,035	$320,311,176	$307,561,165	$292,301,367
Prior Period Adjustment	-	-	-	(1,040,802)	-
Net assets, end of year	$354,687,218	$338,340,589	$330,362,035	$320,311,176	$307,559,165

(1) *Information is based on audited financial statements of the University.*
(2) *Due to an accounting change, starting in 2010, the University reports Pell Grants as Non-operating Revenue, rather than Operating Revenue.*
(3) *Reflects Federal stimulus funding provided through State appropriation, due to the American Recovery and Reinvestment Act.*

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. Due to economic and financial stress over recent years, the State's level of funding has declined over the past three biennia. 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. The State Legislature determines a budgeted level of operating support each year based on student FTE enrollment for each public institution of higher education in the State. State appropriation dollars are allocated to an institution based in part on the budgeted FTE enrollments. An institution may exceed the budgeted enrollment level but will not receive additional State funding for additional enrollment, in which case any additional cost must be borne by the institution. The State considers one FTE student to be an undergraduate carrying 15 credits or a graduate student with 10 credits. The level of funding for budgeted enrollment is determined by the State Legislature each year, and has declined in recent years. Historically, the State has 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.

The following table shows budgeted and actual enrollment for the Ellensburg campus and University Centers, for the current and prior four years.

Budgeted Versus Actual Enrollment
Annual Average FTE

Fiscal Year	Budgeted	Actual	Difference
2012 [(1)]	8,808	9,700	892
2011	8,808	9,982	1,174
2010	8,469	9,673	1,204
2009	9,322	9,082	(240)
2008	8,952	8,931	(21)

[(1)] *Annual Average FTE Enrollment for 2012, and resulting difference, is estimated only.*

State budget adjustments may be made during subsequent legislative sessions, which modify the level of State funding support for the University's operating budget. During the past three biennia, the State has made reductions to operating appropriations during the biennium, which required the University to make mid-year budget adjustments. While the State Legislature decreased funding for the University in recent biennia, it also provided the University with greater authority to increase tuition. In addition to increasing student tuition in recent years, the University has reduced the number of employees, eliminated programs, merged and consolidated units, and taken other actions to reduce operating expenditures. The University anticipates that the State Legislature may make additional reductions to the level of State appropriations for the 2011-13 biennium.

The following table shows the history of State operating budget appropriations to the University for the five most recent biennia, which information reflects any subsequent State budget reductions.

Historical State Appropriations for University Operating Budget

	2011-13 Biennium	2009-11 Biennium	2007-09 Biennium	2005-07 Biennium	2003-05 Biennium
State Operating Appropriation	$41,811,000	$46,819,033	$56,994,142	$56,606,285	$51,407,177

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 the HECB, which is scored relative to capital project lists provided by other public higher education institutions. The HECB then develops a ranked list of capital priorities for the public higher education institutions for presentation to the Governor and the State Legislature. Major capital projects are generally reviewed by the State Legislature over a cycle of three biennia, with funding of the costs of pre-design, design and construction appropriated in sequential biennia. The following table shows the history of capital budget appropriations to the University for the five most recent biennia.

Historical State Appropriations for University Capital Budget

	2011-13 Biennium	2009-11 Biennium	2007-09 Biennium	2005-07 Biennium	2003-05 Biennium
State Capital Appropriations	$18,027,000	$40,468,000	$53,022,002	$23,350,022	$39,399,500

The University maintains a ten-year Capital Improvement Plan ("CIP") for academic facilities, which have historically been State-funded, as well as a CIP for facilities in each of its auxiliary systems, which are funded by the University. The University reviews and updates its CIPs on a biennial basis to reflect changes in University priorities and changes in available funding.

University Operating Budget

The information below shows the University budget plans, including State legislative appropriations, for the 2009-11 and 2011-13 biennia, which reflect adjustments made during the biennial period. The biennial budget plans do not include auxiliary operations, which are separately budgeted.

	Operating Budget ($ in Thousands)	
Fund	**2011-13 Biennium**	**2009-11 Biennium**
State General Fund	$ 64,069,000	$ 88,659,000
CWU Operating Fees Account	115,650,000	88,735,000
Local Dedicated Revenue	37,116,000	30,809,000
Grants and Contracts, Fund 145	82,607,000	48,465,000
Total Operating Funds	$299,442,000	$256,668,000

State Appropriations. The State appropriated $64,069,000 and $88,659,000 of operating funds for the 2011-13 biennium and the 2009-11 biennium, respectively. The State Legislature built the 2011-13 State appropriation budget based on an assumed 14 percent tuition increase for in-state undergraduate students in each of fiscal years 2012 and 2013, although the University has discretion to determine the actual level of increase in tuition. The State's initial 2009-11 biennial budget provided funding of $93,915,000 for the University, which was subsequently decreased to $88,659,000. Because the State continues to face budget challenges, the University anticipates that the State Legislature may reduce appropriations to the University for the 2011-13 biennium, and therefore, the University has developed contingency plans for various levels of reduction in funding, pending the outcome of State budget adjustments, if any.

CWU Operating Fees Account. Tuition Operating Fees represent the operating portion of the tuition and fees 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 by the University for operation of the University, at the discretion of the Board, after appropriation by the State Legislature.

Local Dedicated Revenue. Local Dedicated Revenue 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, and 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. For the 2011-13 biennium, the University's budgeted revenue from grants and contracts exceeded operating appropriations from the State for the first time. Financial aid to students through scholarships provides an important component of grant-funded support to the University. Pell Grants from the federal government and State Need Grants from the State provide support for tuition and housing to students from lower income families who might not otherwise be able to attend a university. Revenue in this category, other than financial aid, scholarships and students loans, includes $4,026,183 in research funding.

The Central Washington University Foundation

The University is supported by a private not-for-profit corporation, the Central 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. 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 received by the Foundation. 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 Foundation's financial condition and activities are presented as a discretely reported component unit in the University's financial statements.

During fiscal year 2011, the Foundation raised $1,653,220 in donations and earned approximately $2,678,235 in investment gains. As of June 30, 2011, total net assets of the Foundation were $18,036,303, of which $10,891,147 were permanently

restricted and $6,230,390 were temporarily restricted. Funds are used primarily for direct academic support and scholarships. The University provides the Foundation with operational staff, and related office expenses, including office space, furniture and equipment necessary for its operations. The Foundation provided $1,593,939 in scholarships and academic program support to the University in Fiscal Year 2011.

The following shows net assets held by the Foundation for each of the past five fiscal years.

Net Assets Held By The Foundation
For Years Ended June 30 [1]

	2011	2010	2009	2008	2007
Unrestricted	$ 914,766	$ (29,137)	$ 490,874	$ 970,898	$ 1,026,228
Temporarily Restricted	6,230,390	4,556,186	3,900,691	5,217,048	7,184,368
Permanently Restricted	10,891,147	10,494,239	10,125,097	9,600,481	7,676,146
Total Net Assets	$18,036,303	$15,021,288	$14,516,662	$15,788,427	$15,886,742

[1] *Information is based on audited financial statements of the University.*

Investments

The University manages cash and investments centrally, and pools University operating funds for investment purposes. The University's investment policy is structured to limit exposure to fair value losses by limiting the duration of the portfolio. The University accounts for its investments at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses, and changes in net assets. The following table, which shows the University Investments at Fair Market Value, includes investments of the Foundation, which is reported as a component unit of the University.

University Investments at Fair Market Value

	January 31, 2012 [1]	June 30, 2011 [2]	June 30, 2010 [2]
Local Government Investment Pool	$ 7,665,929	$ 3,655,750	$19,939,061
U.S. Government Securities	6,382,345	13,469,211	22,421,558
State and Municipal Bonds	14,807,126	17,828,679	11,610,686
Corporate Bonds	1,726,172	2,141,922	4,215,366
Fixed Income Bonds	4,191,537	319,047	234,545
Foreign Bonds	222,381	218,195	202,967
Investments in Equity	12,241,720	15,834,697	10,347,188
Certificates of Deposit	9,490,701	21,193,291	-
Money Market Investments	708,084	823,720	544,056
Sub-total	$ 57,435,995	$ 75,484,512	$69,515,427
Bank Demand and Time Deposits	63,324,002	42,235,792	5,692,584
Other	125,511	124,308	119,959
Total	$120,885,508	$117,844,612	$75,327,970

[1] *Information is unaudited.*
[2] *Information is based on audited financial statements of 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 Eastern and Western 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, 2011, the University received $3,362,094 in earnings and distributions from the Permanent Fund, which is used for capital purposes of the University, after appropriation by the State Legislature.

Risk Management

In accordance with State policy, the University self-insures unemployment compensation for all employees. Payments for State general fund employees are appropriated by the State. The University assesses local funds a semi-monthly payroll expense for unemployment compensation for all local fund employees. Charges for all local funds are based on employee earnings. The

percentage charged is based primarily upon the insured fund's claims experience. Payments made to State general fund employees and all local fund employees for the year ended June 30, 2011, were $117,950 and $131,940, respectively. Cash reserves for the unemployment compensation for all local fund employees at June 30, 2011 was $381,793.

Pension Plans

The University offers four contributory retirement plans that cover eligible faculty, staff, and administrative employees. The Washington State Public Employees' Retirement System ("PERS") Plans 1, 2, and 3, Washington State Teachers Retirement System ("TRS") Plans 1, 2, and 3, and the Law Enforcement Officers' and Fire Fighters' ("LEOFF") Plan 2, are multiple-employer, defined benefit, public retirement plans administered by the State. The University Retirement Plan (the "CWURP") is a defined contribution plan administered by the University. Under each plan, the employee and employer contribute a percentage of the employee's compensation. An actuarial valuation of the PERS, TRS and LEOFF plans for University employees is not available on a stand-alone basis. See Appendix B, Note 13, for additional discussion of the University's pension plans

CWURP. The CWURP is a defined contribution pension plan with a supplemental payment, when required. The CWURP 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 the three plan 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 CWURP 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 CWURP contributions for the year ending June 30, 2011, were $4,049,239 for employees and $4,048,497 for the University.

PERS, TRS and LEOFF. PERS 1 provides retirement and disability benefits, and minimum benefit increases beginning at age 66 to eligible non-academic plan members hired prior to October 1, 1977. PERS 2 and 3 provide retirement and disability benefits, and a cost-of-living allowance, to eligible non-academic plan members hired on or after October 1, 1977. In addition, PERS 3 has a defined contribution component, which is fully funded by employee contributions. PERS defined benefit plan benefits are vested after an employee completes five years of eligible service.

TRS 1 provides retirement and disability benefits, a lump sum death benefit, and minimum benefits increases beginning at age 65 to certain eligible faculty hired prior to October 1, 1977. TRS 2 and 3 provide retirement benefits, and cost-of-living allowance to certain eligible faculty hired on or after October 1, 1977.

In addition TRS 3 has a defined contribution component which is fully funded by employee contributions. Defined benefit plan benefits are vested after an employee completes five years of eligible service.

LEOFF 2 provides retirement benefits and a cost of living allowance for eligible law enforcement officers. LEOFF System benefits are vested after an employee completes five years of eligible service.

The authority to establish or amend benefit provisions for PERS, TRS, and LEOFF plans resides with the Washington State Legislature. The Washington System Department of Retirement Systems issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Washington System Department of Retirement Systems, P.O. Box 48380, Olympia, WA, 98504.

The required contribution rates expressed as a percentage of covered payroll at June 30, 2011, were as follows:

	Employee	University
PERS		
Plan I	6.00%	5.31%
Plan II	3.90	5.31
Plan III	5% to 15%	5.31
TRS		
Plan I	6.00%	6.14%
Plan II	3.36	6.14
Plan III	5% to 15%	6.14
LEOFF Plan II	8.46%	8.62%

The required contributions for the year ending June 30, 2011, were as follows:

	Employee	University
PERS	$1,211,566	$1,447,111
TRS	44,240	44,755
LEOFF	66,426	67,682

Contributions rates for the University were updated effective July 1, 2011, and again, effective September 1, 2011. The current contribution rates, effective September 1, 2011, are shown in the table below.

	Employee	University
PERS		
Plan I	6.00%	7.25%
Plan II	4.64	7.25
Plan III	5% to 15%	7.25
TRS		
Plan I	6.00%	8.04%
Plan II	3.37	8.04
Plan III	5% to 15%	8.04
LEOFF Plan II	8.46%	8.62%

Other Post Employment Benefit Obligations

The CWURP has a supplemental payment component, which guarantees a minimum retirement benefit to eligible retirees based upon a one-time calculation at the employee's retirement date. While the University will continue making supplemental payments required for qualifying retirees, this feature of the CWURP no longer applies for new employees hired after June 30, 2011. The University makes direct payments to qualifying retirees when the retirement benefits provided by the fund sponsors do not meet the benefit goals ("Required Annual Payment"). The supplemental payment component is financed on a pay-as-you-go basis. The Required Annual Payment changes from year to year, and was $696,000 in 2011. Actuarial evaluations were performed in 2004, 2007, 2009 and 2011 to calculate the Unfunded Actuarial Accrued Liability, which was estimated at $6,599,000, as of June 30, 2011. The actuarial assumptions included an investment rate of return of 4.25 percent and projected salary increases ranging from 2 percent to 4 percent. Approximately $47,077,747 of the University's payroll was covered under this plan during fiscal year 2011.

Health care and life insurance programs for employees of the State are administered by the Washington State Health Care Authority (the "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 Other Post Employment Benefits ("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 2011, this amount was $183 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 Office of the State Actuary calculated the total OPEB obligation of the State at July 1, 2011. The actuary calculated the OPEB obligation based on individual state employee data, including age, retirement eligibility, and length of service. The probability of an employee of a given age and length of service retiring and receiving OPEB benefits is based on statewide historical data. The actuary's allocation of the overall statewide liability related to the University was approximately $37 million, with the annual required contribution ("ARC") of approximately $3.7 million. The ARC represents the amortization of the liability for fiscal year 2011 plus the current expense for active employees, which is reduced by the current contributions of approximately $639,000. The University's net OPEB obligation at June 30, 2011 was approximately $13 million. This amount is not included in the University's financial statements. The State's combined annual financial report can be obtained at: http://www.ofm.wa.gov/cafr/.

Funding Status of State Retirement Systems

While the University's contributions in fiscal year 2011 represented its full current liability under PERS, TRS and LEOFF, any unfunded pension benefit obligations within the systems could be reflected in future years at higher contribution rates. The website of the Office of the State Actuary includes information regarding the values and funding levels of these retirement plans.

According to the 2010 Actuarial Valuation Report (the "Report") prepared by the Office of the State Actuary, as of June 30, 2010, PERS Plans 2 and 3 and LEOFF Plan 2 had no unfunded actuarial accrued liability. According to the Report, the total unfunded actuarial accrued liability of PERS Plan 1 is $4.7 billion and of TRS Plan 1 is $2.4 billion, each as of June 30, 2010. The assumptions used by the State Actuary in calculating unfunded liability are an 8 percent annual rate of investment return, 4 percent general salary increases and 3.5 percent inflation. Liabilities were valued using the "Projected Unit Credit" cost method and assets valued using the actuarial value of assets, which defers a portion of the annual investment gains or losses over a period of up to eight years.

Assets for one plan 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 in 2009 established certain maximum contribution rates that began in 2009 and continue until 2015 and certain minimum contribution rates that are to become effective in 2015 and remain in effect until the actuarial value of assets in PERS Plan 1 and in TRS Plan 1 equal 100 percent 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. This action is expected to reduce the unfunded accrued actuarial liability in PERS Plan 1 and TRS Plan 1, although litigation challenging this legislation has been filed.

CENTRAL WASHINGTON UNIVERSITY

March 1, 2012

TO MEMBERS OF THE BOARD OF TRUSTEES
OF CENTRAL WASHINGTON UNIVERSITY:

Attached is the annual financial report of Central Washington University. It has been prepared from the university's accounting records and reflects Central Washington University's financial position as of June 30, 2011, and the results of its operations for the year then ended.

Central Washington University maintains its accounts in accordance with the guidelines established by the Washington State Office of Financial Management and the state of Washington. To the greatest extent possible, this report has been prepared in compliance with the accounting principles suggested by the American Institute of Certified Public Accountants and the National Association of College and University Business Officers.

Sincerely,

George H. Clark
CFO/Vice President for
Business and Financial Affairs

Vice President for Business and Financial Affairs
400 East University Way . Ellensburg WA 98926-7481 . Office: 509-963-2323 . Fax: 509-963-1623

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EXECUTIVE OFFICERS (at June 30, 2011)

Dr. James L. Gaudino, President

Ms. Sherer Holter, Chief of Staff

Dr. Marilyn Levine, Provost/Vice President for Academic and Student Life

Mr. George H. Clark, CFO/Vice President for Business and Financial Affairs

BOARD OF TRUSTEES (at June 30, 2011)

Mr. Sid W. Morrison, Chair

Mr. Keith Thompson, Vice Chair

Mr. Logan Bahr, Student Trustee

Mr. Dan Dixon

Ms. Patricia Notter

Ms. Kate Reardon

Ms. Annette Sandberg

Mr. Ron Erickson

Washington State Auditor
Brian Sonntag

INDEPENDENT AUDITOR'S REPORT

February 10, 2012

Central Washington University
Ellensburg, Washington

We have audited the accompanying basic financial statements of Central Washington University, Kittitas County, Washington, as of and for the years ended June 30, 2011 and 2010 as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the Central Washington University Foundation, a blended component unit, which represents 3.5 percent, 5.1 percent, and 2.6 percent, respectively, of the assets, net assets and revenues of the University in 2011, and 3.3 percent, 4.4 percent, and 1.9 percent, respectively, of the assets, net assets and revenues of the University in 2010. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Central Washington University Foundation, is based on the reports of other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of Central Washington University are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities of the State of Washington that is attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of Washington as of June 30, 2011 and 2010, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Central Washington University, Kittitas County, Washington, as of June 30, 2011 and 2010, and the

Insurance Building, PO Box 40021 • Olympia, Washington 98504-0021 • (360) 902-0370 • (866) 902-3900 • TDD Relay (800) 833-6388
FAX (360) 753-0646 • http://www.sao.wa.gov

changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is supplementary information 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 principally 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 the 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 evidence sufficient to express an opinion or provide any assurance on it.

The information identified in the table of contents as appendices to the financial statements on pages 35 through 36 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the University. 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.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Central Washington University for the fiscal year ended June 30, 2011, with comparative 2010 and 2009 financial information. This discussion provides an objective and easily readable analysis of the university's financial performance for the year. The information has been prepared by management and should be read in conjunction with the financial statements and accompanying notes to the financial statements, which follow this section.

REPORTING ENTITY

Central Washington University (CWU) is one of six state-assisted, four-year institutions of higher education in Washington. A regional comprehensive university, CWU offers baccalaureate and graduate degrees in more than 100 academic programs to over 10,000 students. Throughout its history, the university has distinguished itself in many ways, most notably through quality teaching and academic programs, student-centered orientation, and commitment to research, outreach, and international experiences for faculty and students, and provision of life-long learning opportunities to the citizens of Washington. The university is comprised of the College of Arts and Humanities, College of the Sciences, College of Education and Professional Studies, and College of Business. CWU's faculty, numbering more than 500, compiles an impressive record of teaching, scholarship, and service. The main campus is located in Ellensburg, a community of approximately 17,000 that enjoys one of the finest living environments of the Pacific Northwest. In the shadow of the Cascade Mountains and only minutes from the Wenatchee National Forest, Ellensburg is situated in the Kittitas Valley, an agricultural region 110 miles east of Seattle, the cultural heart of Washington State.

The university is governed by a Board of Trustees appointed by the governor with the consent of the Senate. One member is a full-time student of the university. By statute the Board of Trustees has full control of the university and its property of various kinds, except as otherwise provided by law.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2011

The university recorded an increase of net assets of $16,346,629 in fiscal year 2011, primarily as a result of continued increases in enrollment over 2010 and the university's auxiliary operations. The state's economy continues to recover from the recession at a very slow pace, which has led to steady declines in state operating appropriations during fiscal years 2010 and 2011. Other factors impacting the 2011 financial performance included increased endowment earnings as a result of the overall market recovery and also positive results from programs the university manages and operates, primarily summer session courses. The increase in net assets of $7,978,554 in 2010 was primarily attributed to a slight increase in enrollment, as well as the university's commitment to capital construction projects.

Operating revenues typically are not sufficient to cover all of the university's operating expenses, which result in an operating loss. Non-operating revenues, including state operating and capital appropriations, Pell grant revenue, investment income, and gifts, usually offset the operating loss resulting in an increase in net assets of the university.

KEY FINANCIAL RESULTS FOR FISCAL YEAR 2011 COMPARED TO FISCAL YEARS 2010 AND 2009 (in thousands)

	2011	2010	2009
Total operating revenues	$143,523	$132,374	$119,035
Operating expenses	201,319	195,008	192,508
Operating Loss	**(57,796)**	**(62,634)**	**(73,473)**
State appropriations	41,811	39,844	56,994
State appropriations (ARRA)	-	6,975	-
Investment income (loss)	7,002	4,388	215
Gifts	359	312	498
Capital appropriations	13,835	10,088	22,349
Pell grant revenue	16,761	13,589	8,213
Interest on indebtedness	(5,742)	(5,211)	(4,139)
Non-operating income net of expenses	117	627	(606)
Total net non-operating revenues	**74,143**	**70,612**	**83,524**
Increase (decrease) in net assets	16,347	7,978	10,051
Net assets, beginning of year	338,340	330,362	320,311
Net assets, end of year	**$354,687**	**$338,340**	**$330,362**

USING THE FINANCIAL STATEMENTS

The university's financial reports include the Statement of Net Assets; the Statement of Revenue, Expenses, and Changes in Net Assets; and the Statement of Cash Flows. The Statement of Net Assets provides information about the university at a moment in time, at year-end. The Statement of Revenue, Expenses, and Changes in Net Assets and the Statement of Cash Flows provide information about operations and activities over a period of time. Together, these statements, along with the notes to the financial statements, provide a comprehensive way to assess the university's financial health as a whole.

These financial statements utilize the accrual basis of accounting; i.e., all of the current year's revenues and expenses are taken into account regardless of when cash is received or payments are made. Full accrual financial statements are intended to provide a view of the university's financial position similar to that presented by most private-sector companies. These 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. Current GASB standards require that financial statements be presented on a consolidated basis in order to focus on the university as a whole.

STATEMENT OF NET ASSETS

The Statement of Net Assets presents the financial position of the university at the end of the last two fiscal years and includes all assets and liabilities of the university, including the Central Washington University Foundation. This statement represents assets available to continue operations of the institution and how much the institution owes vendors, employees, investors and debt service obligations. Total assets increased during the fiscal year ending June 30, 2011, by $46,458,651 to $520,625,287. Total liabilities increased during the fiscal year ending June 30, 2011, by $30,112,022 to $165,938,069.

Current assets consist primarily of cash and cash equivalents, short-term investments, accounts receivables, and inventories. The amount of current assets at June 30, 2011, was $45,756,416, an increase of $9,254,492 from 2010. The increase in current assets was predominantly in cash and cash equivalents. The university chose to increase the amounts in lower yielding short-term investments in order to take advantage of more attractive long-term investment opportunities as they became available (Note 2). The June 30, 2010, balance of $36,501,924 was a decrease of $13,552,351 from 2009. During fiscal year 2010, the university reallocated short-term deposits and investments into long-term investments when the bond yields being offered were slightly higher than in 2009.

The university continues to commit to investing in the university's capital assets, which include land, buildings, improvements and infrastructure, and equipment (Note 7). The amount of capital assets, net of depreciation at June 30, 2011, was $381,950,525, which was an increase of $6,893,356 from 2010. The majority of the increase was from the progress on the construction of the new Barto Hall residence hall and also from the remodel/addition of Hogue Hall. The growth in capital assets, net of depreciation from 2009 to 2010 of $9,809,678 was from the completion of Wendell Hill Hall and the remodel/addition of Hogue Hall.

The other components included in non-current assets are long-term investments, student loan receivables, and cash and investments that are restricted for capital projects. Non-current assets increased in 2011 by $30,310,803, to $92,918,346, mainly from unspent bond proceeds for the construction of the new Barto Hall. Non-current assets at June 30, 2010, increased by $11,490,191 from 2009 to $62,607,543. This increase was a result of reallocating cash and cash equivalents into long-term investments offset by spending unspent bond proceeds for the completion of Wendell Hill Hall.

Current liabilities include accounts payable, accrued payroll liabilities, deferred revenues, deposits payable, and the current portion of bonds/leases payable. Current liabilities typically fluctuate from the timing of processing accounts payable and deposits payable, changes in the current year bond/leases payment schedule, and the current portion of accrued liabilities. Current liabilities at June 30, 2011, were $21,602,633, a decrease of $2,049,833 from 2010. Two areas that contributed to the overall decrease were accounts payable and salaries payable at June 30, which decreased by $552,880 and $573,857 respectively.

Salaries payable are included in the accrued liabilities balance. The June 30, 2010, balance of $23,652,466 was an increase of $544,085 from 2009.

Non-current liabilities mainly include compensated absences, supplemental retirement liabilities, and long-term debt obligations (Notes 11, 12 and 13). Non-current liabilities will vary from year to year primarily from adjustments to non-current compensated absence liabilities and as the university makes its scheduled debt service payments. Non-current liabilities increased by $32,161,855 to $144,335,436 at June 30, 2011. The increase in non-current liabilities is from the issuance of revenue bonds in November 2010. The bonds are for the construction of a new residence hall to replace Barto Hall. Non-current liabilities decreased by $775,121 in 2010 from 2009.

The difference between total assets and total liabilities is net assets (equity), and it is an indicator of the university's overall financial condition. A summary and comparison of the university's assets, liabilities, and net assets as of June 30, 2011, 2010, and 2009 is shown below.

Net assets are divided into four major categories.

- **Investment in Capital Assets Net of Related Debt**: Equity in property, plant, equipment, and infrastructure, net of accumulated depreciation, and outstanding debt obligations related to those capital assets.
- **Restricted Assets Non-Expendable**: Funds on which a donor or external party has imposed restrictions.
- **Restricted Assets Expendable**: Resources which the university is legally or contractually obligated to spend in accordance with restrictions placed on the funds.
- **Unrestricted Net Assets**: All other funds available to the university for general and educational obligations and may be expended for any lawful purpose. The university will often internally designate these assets for specific purposes.

As of June 30, 2011, net assets totaled $354,687,218, an increase of $16,346,629 over the June 30, 2010, balance of $338,340,589. Every net asset category increased in 2011 with the exception of the other category in the restricted assets expendable section. Investment in Capital Assets Net of Related Debt increased during the fiscal year by $1,421,044 to $266,883,583, primarily due to two major projects, Hogue Hall and Barto Hall. Total Restricted Assets, expendable and nonexpendable, increased by $1,866,492 to $34,821,222 as a result of increased earnings on endowment investments and an increase in the university's short-term loan fund. Unrestricted Net Assets increased by $13,059,093, from $39,923,320 to $52,982,413 in 2011. This increase was largely due to three main operational areas of the university: tuition, summer session, and auxiliary operations. Net assets increased in 2010 by $7,978,554 to $338,340,589 from 2009. Every net asset category increased in 2010 over 2009 with the biggest increases occurring in investment in capital assets, net of related debt $2,223,136, and $2,882,420 in the unrestricted net asset balance.

STATEMENT OF NET ASSETS

	2011	2010	2009
Assets			
Current assets	$ 45,756,416	$ 36,501,924	$ 50,054,275
Non-current assets	92,918,346	62,607,543	51,117,352
Capital assets, net of depreciation	381,950,525	375,057,169	365,247,491
Total assets	**520,625,287**	**474,166,636**	**466,419,118**
Liabilities			
Current liabilities	21,602,633	23,652,466	23,108,381
Non-current liabilities	144,335,436	112,173,581	112,948,702
Total liabilities	**165,938,069**	**135,826,047**	**136,057,083**
Net Assets			
Investment in capital assets, net of related debt	266,883,583	265,462,539	263,239,403
Restricted: nonexpendable	14,345,684	13,948,776	13,579,634
Restricted: expendable	20,475,538	19,005,954	16,502,098
Unrestricted	52,982,413	39,923,320	37,040,900
Total net assets	**$354,687,218**	**$338,340,589**	**$330,362,035**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

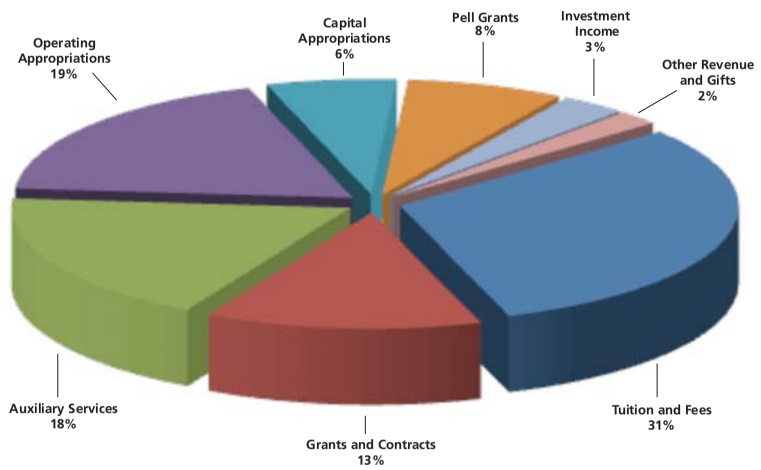
The Statement of Revenues, Expenses, and Changes in Net Assets provides information about the operating performance of the university and the effects of non-operating transactions over a one-year period of time. The statement classifies activities as either "operating" or "non-operating." This distinction results in an operating loss because state operating and capital appropriations are classified as non-operating revenues, but are budgeted and utilized for operations. Below is a condensed comparison of the university's revenues, expenses, and changes in net assets for the years ended June 30, 2011, 2010, and 2009.

SUMMARY STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	2011	2010	2009
Operating revenues	$143,523,242	$132,373,655	$119,034,790
Operating expenses	(201,319,082)	(195,008,474)	(192,507,846)
Operating loss	**(57,795,840)**	**(62,634,819)**	**(73,473,056)**
Non-operating revenues	79,884,613	75,824,313	88,269,234
Non-operating expenses	(5,742,144)	(5,210,940)	(4,745,319)
Net non-operating revenues (expenses)	**74,142,469**	**70,613,373**	**83,523,915**
Increases in net assets	16,346,629	7,978,554	10,050,859
Net assets beginning of year	338,340,589	330,362,035	320,311,176
Net assets end of year	**$354,687,218**	**$338,340,589**	**$330,362,035**

The graph shows revenues by source (both operating and non-operating), which are used to fund the operations of the university and its programs for the year ended June 30, 2011.

FISCAL YEAR 2011 REVENUES BY SOURCE



The following table provides a comparison of total revenues for the years ended 2011, 2010, and 2009.

REVENUES BY SOURCE (in thousands)

	2011		2010		2009	
Tuition and fees	$ 69,007	31%	$ 59,660	29%	$ 52,351	25%
Grants and contracts	29,420	13%	28,610	14%	27,074	13%
Auxiliary services	40,929	18%	39,986	19%	35,351	17%
Operating appropriations	41,811	19%	46,819	22%	56,994	28%
Capital appropriations	13,835	6%	10,088	5%	22,349	11%
Pell grants	16,761	8%	13,589	7%	8,213	4%
Investment income	7,002	3%	4,388	2%	215	0%
Other revenues and gifts	4,643	2%	5,058	2%	4,757	2%
Total	**$223,408**	**100%**	**$208,198**	**100%**	**$207,304**	**100%**

OPERATING AND NON-OPERATING REVENUES

Operating revenues are comprised primarily of tuition and fees, grant and sponsored program revenue, revenues generated from auxiliary enterprises, and other general support operations. Non-operating revenues consist of state operating appropriations, Pell grant revenue, and investment income. Other non-operating revenues include state capital appropriations and increases to permanent endowments.

Operating revenues in fiscal year 2011 totaled $143,523,242, an increase of $11,149,587 from 2010. Tuition and fees accounted for $9,347,590, or 83.8 percent of the increase. The 2010 state legislature was again forced to manage a projected revenue shortfall and authorized the state-supported universities to increase tuition rates up to 14 percent for fiscal years 2011 and 2012 to offset reductions in state appropriations. All other areas that contributed to operating revenue remained stable with slight increases in each category. Fiscal year 2010 operating revenues increased by $13,338,865 over 2009 with most revenue sources remaining relatively flat except for tuition and fees and auxiliary revenues.

Non-operating revenues in 2011 were $79,884,613, which was an increase of $4,060,300 from 2010. As mentioned earlier, the state of Washington's economy is recovering from the recession, but at an extremely slow pace. The result of this continued downturn was a reduction in state operating appropriations of $5,008,033 from 2010. While this budget cut of 10.7 percent was pretty steep, it was less severe than the 17.9 percent reduction in fiscal year 2010 from 2009. Capital appropriations increased by $3,746,280 to $13,834,769 in fiscal year 2011. The university was fortunate to have received continued funding and support from the state legislature for the completion of the Hogue Hall remodel/addition project, as well as important funding for other projects. Other increases to non-operating revenues in fiscal year 2011 were from Pell grant revenue and investment income, which increased $3,171,780 and $2,613,352 respectively over fiscal year 2010. Non-operating revenues decreased in 2010 by $12,444,921 over 2009. Operating appropriations accounted for $10,175,109 of the overall decrease.

OPERATING AND NON-OPERATING EXPENSES

Total operating expenses increased by $6,310,608 from $195,008,474 in fiscal year 2010 to $201,319,082 in fiscal year 2011. Every category of operating expenses increased during fiscal year 2011 with the exception of student services and institutional support, which decreased by $401,287 and $577,140 respectively from fiscal year 2010. This decrease was primarily from reduced personnel costs due to budget constraints. Operations and maintenance of plant had the largest percentage increase in operating expenses, which was 13.8 percent or $1,759,348 over 2010. This increase is directly attributed to the increase in capital appropriations received, which were used for preservation and maintenance of academic and administrative facilities.

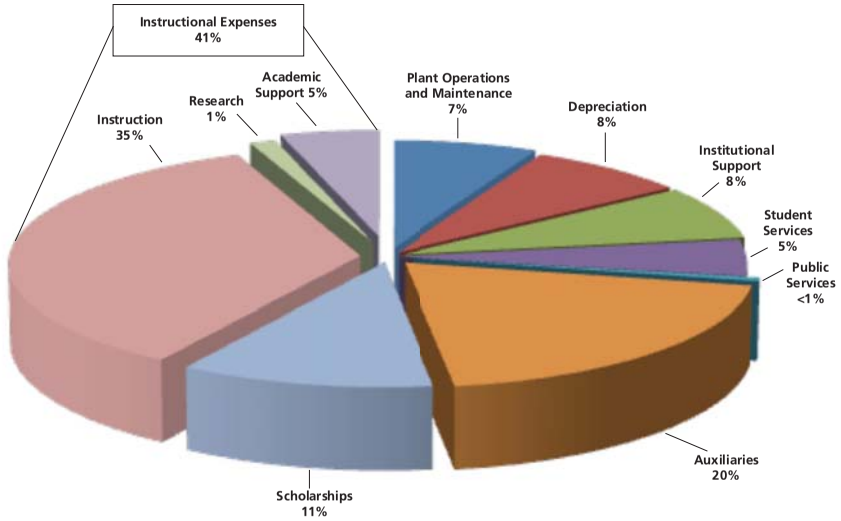
OPERATING AND NON-OPERATING EXPENSES

	2011	2010	2009
Operating expenses	$201,319,082	$195,008,474	$192,507,846
Non-operating expenses	5,742,144	5,210,940	4,745,319
Total operating and non-operating expenses	**$207,061,226**	**$200,219,414**	**$197,253,165**

Scholarships and other student aid had the second largest percentage increase in operating expenses of 10.5 percent or $2,119,538 from fiscal year 2010. A majority of this increase was from Pell grant related expenditures. Total non-operating expenses increased by $531,204 from $5,210,940 to $5,742,144 in fiscal year 2011. The increase is largely from the increase in interest payments on the university's outstanding debt. Non-operating expenses increased from $4,745,319 in fiscal year 2009 to $5,210,940 in fiscal year 2010 with the increase being again attributable to the increase in interest payments on the issued debt.

As identified on the pie chart, total instructional expenses comprised 41 percent of all university operating expenses during fiscal year 2011. Direct instruction expenses for all funds increased by $1,431,941 from 2010 to $70,363,188 in 2011

2011 OPERATING EXPENSES BY FUNCTION — ALL FUNDS



OPERATING EXPENSES BY FUNCTION — ALL FUNDS

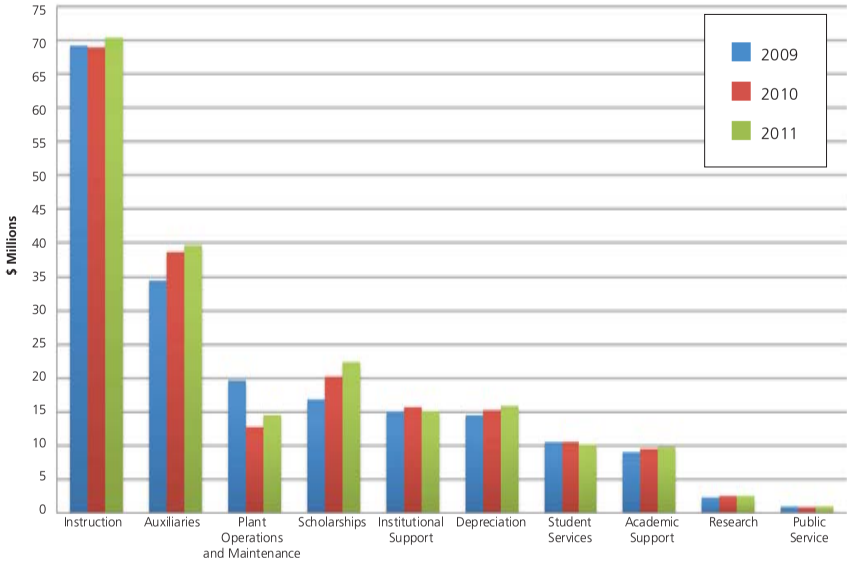
	2011		2010		2009	
Instruction	$ 70,363,188	35.0%	$ 68,931,247	35.4%	$ 69,180,031	35.9%
Research	2,540,812	1.3%	2,538,984	1.3%	2,319,690	1.2%
Public service	965,739	.5%	876,891	.4%	940,498	.5%
Academic support	9,793,108	4.9%	9,559,296	4.9%	9,043,680	4.7%
Student services	10,148,889	5.0%	10,550,176	5.4%	10,516,130	5.5%
Institutional support	15,127,385	7.5%	15,704,525	8.1%	15,003,624	7.8%
Operations and maintenance of plant	14,525,342	7.2%	12,765,994	6.5%	19,675,506	10.2%
Scholarships and other student aid	22,362,887	11.1%	20,243,349	10.4%	16,844,431	8.7%
Auxiliary	39,605,842	19.7%	38,570,262	19.8%	34,484,624	18.0%
Depreciation	15,885,890	7.8%	15,267,750	7.8%	14,499,632	7.5%
Total operating expenses	**$201,319,082**	**100%**	**$195,008,474**	**100%**	**$192,507,846**	**100%**

after remaining relatively flat from 2009 to 2010. The university remains committed to its primary mission—to prepare students for responsible citizenship, responsible stewardship of the earth, and to lead enlightened and productive lives. Reductions in state funding have driven the need for the university to continue to effectively manage its limited resources while still providing quality instruction to a growing student body.

The previous table shows operating expenses by function remaining fairly stable from 2010 to 2011 as a percentage of the total operating expenses. The university had no major shifts of resources during fiscal year 2011. With state funding being reduced and the focus on enrollment and tuition revenues increasing, the university's plan is to keep all major operations of the university stable.

One area of significant decrease in 2010 from 2009 was expenditures for operation and maintenance of plant. The plant operation and maintenance expenditures decreased by $6,909,512 to $12,765,994 in fiscal year 2010. The primary reason for the decrease was a cut from the state legislature in the funds appropriated for facility preservation and maintenance. All other major expense categories were relatively unchanged from 2009 due to the implementation of budget constraints.

2009-2011 OPERATING EXPENSE BY FUNCTION — ALL FUNDS



STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about the cash activity for the university during the year. The Statement of Cash Flows is composed of four parts:

1. **Operating Activities** – Operating cash flows and the net cash used by the operating activities of the university.
2. **Non-Capital Financing Activities** – Cash received and expended for non-operating, non-investing, and non-capital financing purposes, including state operating appropriations.
3. **Investing Activities** – Cash flows related to investments including purchases, proceeds, and income received.
4. **Capital and Related Financing Activities** – Cash used for the acquisition and construction of capital assets and related items.

SUMMARY STATEMENT OF CASH FLOWS

	2011	2010	2009
Used by operating activities	$(42,224,004)	$(46,801,775)	$(57,344,085)
Provided by non-capital financing activities	58,558,623	60,762,523	66,252,940
Provided (used) by investing activities	(13,315,222)	(16,651,609)	11,844,244
Provided (used) by capital and related activities	17,244,849	(22,053,093)	(27,827,686)
Net increase/decrease in cash	20,264,246	(24,743,954)	(7,074,587)
Cash beginning of year	25,695,792	50,439,746	57,514,333
Cash end of year	**$ 45,960,038**	**$ 25,695,792**	**$ 50,439,746**

The university's cash and cash equivalents increased by $20,264,246 from $25,695,792 in fiscal year 2010 to $45,960,038 in fiscal year 2011. The dominant factor for the cash increase was due to the auxiliary operations of the university. Auxiliary operating cash increased, as well as cash restricted for capital projects increased from the result of unspent bond proceeds. Cash and cash equivalents decreased by $24,743,954 from $50,439,746 in 2009 to $25,695,792 in 2010. The decrease was due to the university increasing the amount invested in long-term investments to maximize earnings on any available idle cash.

CAPITAL CONSTRUCTION AND RELATED DEBT

Capital construction is a high priority as the university modernizes and replaces outdated academic and residential facilities, continues to develop and improve campus infrastructure and utilities, and reduces deferred maintenance. Major remodeling and system upgrade projects continue on campus that will bring older buildings and infrastructure into compliance with current teaching methodology and technology, health and safety needs, and code requirements.

The university had $381,950,525 in capital assets net of depreciation at year-end 2011—an increase of $6,893,356 from fiscal year 2010. The two major projects currently under construction are the Hogue Hall remodel/addition and the replacement of Barto Hall. The Barto Hall project is the next step in the university's housing master plan, with an anticipated completion date of fall quarter 2012. The university issued $34,465,000 in revenue bonds in November 2010 to finance this project (Note 11).

The university also receives capital appropriations from the state for the construction and maintenance of the facilities that support academic programs. In 2011, capital appropriations received were $13,834,769 with $1,054,000 of the appropriations spent on deferred maintenance and the remaining $12,780,769 going toward capital improvements and the renovation of Hogue Hall. The state appropriated a total of $30.3 million for the Hogue Hall project, the majority of which was received and expended in fiscal year 2011. This project remodels the existing building and adds an additional 57,000 square feet.

The following table provides a comparison of capital assets for the years ended 2011, 2010, and 2009.

CAPITAL ASSETS

	2011	2010	2009
Land	$ 4,801,900	$ 4,471,078	$ 3,599,935
Construction in progress	29,211,299	11,773,420	28,763,361
Buildings	356,592,752	356,353,635	317,779,812
Improvements and infrastructure	87,007,211	85,011,339	85,011,339
Equipment	29,671,609	27,986,877	26,750,518
Building perpetuity rights	30,792,094	30,792,094	30,792,094
Library resources	25,872,411	25,314,621	25,094,569
Other capital assets	103,472	103,472	103,472
Total capital assets	564,052,748	541,806,536	517,895,100
Less accumulated depreciation	182,102,223	166,749,367	152,647,609
Capital assets, net	**$381,950,525**	**$375,057,169**	**$365,247,491**

- **Hogue Hall Renovation:** The current major project the university is undertaking is the renovation of Hogue Hall. Construction is funded for $30,265,000 through state capital appropriations.
- **Barto Hall Replacement:** The next project in the university's comprehensive housing master plan is to demolish the old Barto residence hall and construct a new 368-bed, four-story residence hall in its existing space. This project is funded by the issuance of approximately $35 million in revenue bonds in November 2010 (Note 11). Construction began in December 2010 with an anticipated occupancy date set for fall quarter 2012.

(A detailed presentation of changes in capital assets and long-term debt is displayed in Notes 7 and 11.)

PROSPECTS FOR THE FUTURE

Central Washington University's financial position has improved, but still faces a variety of internal and external factors that may affect the university's overall financial health in the future. Enrollment management continues to be an important piece of the strategic plan with the emphasis being on managing increasing enrollments that are outpacing state funding. This financial pressure is expected to continue as the state of Washington slowly recovers from the recession with the expectation of further state funding reductions.

The state of Washington provided 25 percent of the university's revenues in fiscal year 2011 as compared to 27 percent in fiscal year 2010. The decline in state support is a direct result of the state's budget shortfall and is expected to continue in fiscal year 2012 with state allocations expected to be reduced by approximately $9 to $10 million. With the majority of the university's revenues now coming from tuition and fees, the major focus shifts to maintaining or increasing enrollment to generate sufficient revenues, as well as identifying additional revenue sources to provide quality educational programs that prepare students for responsible citizenship, responsible stewardship of the earth, and enlightened and productive lives.

The university's administration has worked diligently with the campus community to develop a strategic plan to address state reductions in order to minimize the impact on the university's core mission and ensure that when the economy stabilizes the university is in a position to take advantage of opportunities for continued growth.

CENTRAL WASHINGTON UNIVERSITY
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011 AND 2010

	2011	2010
Assets		
Current assets		
Cash and cash equivalents	$ 34,610,496	$ 24,369,473
Accounts receivable, net	7,554,704	8,494,978
Student loans receivable, net	768,952	750,686
Interest receivable	501,644	362,163
Inventories	2,320,620	2,524,624
Total current assets	**45,756,416**	**36,501,924**
Non-current assets		
Cash restricted for capital projects	11,349,542	1,326,319
Investments restricted for capital projects	16,193,291	-
Investments	55,691,283	49,632,178
Student loans receivable, net	6,552,918	6,785,900
Issuance costs, net of amortization	1,754,667	1,550,845
Funds with State Treasurer	1,376,645	3,312,301
Capital assets, net of depreciation	381,950,525	375,057,169
Total non-current assets	**474,868,871**	**437,664,712**
Total assets	**520,625,287**	**474,166,636**
Liabilities		
Current liabilities		
Accounts payable	3,322,504	3,875,384
Accrued liabilities, current portion	9,302,076	9,923,354
Deposits payable	918,255	1,626,658
Deferred revenues	5,249,798	5,441,511
Leases and bonds payable, current portion	2,810,000	2,785,559
Total current liabilities	**21,602,633**	**23,652,466**
Non-current liabilities		
Construction accounts payable	1,200,704	1,326,319
Accrued liabilities	2,780,994	2,487,346
Net bond premium/discount, net of amortization	788,880	463,560
Long-term liabilities	139,564,858	107,896,356
Total non-current liabilities	**144,335,436**	**112,173,581**
Total liabilities	**165,938,069**	**135,826,047**
Net assets		
Invested in capital assets, net of related debt	266,883,583	265,462,539
Restricted for:		
Nonexpendable		
Scholarships and professorships	14,345,684	13,948,776
Expendable		
Endowment earnings	1,096,220	613,807
Loans	10,153,845	8,946,874
Other	9,225,473	9,445,273
Unrestricted	52,982,413	39,923,320
Total net assets	**$354,687,218**	**$338,340,589**

See Accompanying Notes to the Financial Statements

CENTRAL WASHINGTON UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Operating revenues		
Student tuition and fees	$ 92,780,902	$ 80,820,378
Less tuition discounts	(23,773,719)	(21,160,785)
Federal grants and contracts	6,664,889	6,959,174
State and local grants and contracts	15,261,532	14,273,758
Nongovernmental grants and contracts	7,494,040	7,377,121
Sales and services of educational activities and other sources	4,081,947	3,997,632
Interest earned on loans to students	84,693	120,003
Auxiliary enterprises sales: housing and dining	28,574,753	28,451,553
Other auxiliary sales	12,945,726	12,298,092
Less auxiliary discounts	(591,521)	(763,271)
Total operating revenue	**143,523,242**	**132,373,655**
Operating expenses		
Educational and general		
Instruction	70,363,188	68,931,247
Research	2,540,812	2,538,984
Public service	965,739	876,891
Academic support	9,793,108	9,559,296
Student services	10,148,889	10,550,176
Institutional support	15,127,385	15,704,525
Operation and maintenance of plant	14,525,342	12,765,994
Scholarships and other student aid	22,362,887	20,243,349
Auxiliary enterprise expenditures	39,605,842	38,570,262
Depreciation	15,885,890	15,267,750
Total operating expenses	**201,319,082**	**195,008,474**
Operating income (loss)	**(57,795,840)**	**(62,634,819)**
Non-operating revenues (expenses)		
State appropriations	41,811,000	39,844,033
State appropriations (ARRA)	-	6,975,000
Pell grants	16,761,236	13,589,456
Investment income	7,001,518	4,388,166
Gifts to permanent endowments	359,060	312,268
Interest on indebtedness	(5,742,144)	(5,210,940)
Non-operation income, net of expenses	117,030	626,901
Net non-operating revenues (expenses)	**60,307,700**	**60,524,884**
Income or (loss) before other revenues, expenses, gains, or losses	2,511,860	(2,109,935)
Capital appropriations	13,834,769	10,088,489
Increase (Decrease) in net assets	16,346,629	7,978,554
Net assets, beginning of year	338,340,589	330,362,035
Net assets, end of year	**$354,687,218**	**$338,340,589**

See Accompanying Notes to the Financial Statements

CENTRAL WASHINGTON UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Cash flows from operating activities		
Tuition and fees	$ 68,905,232	$ 59,894,640
Grants and contracts	30,004,760	28,184,763
Payments to vendors	(72,606,699)	(67,268,269)
Payments to employees for salaries and benefits	(113,628,613)	(111,487,488)
Auxiliary enterprise charges	40,858,031	40,515,449
Sales and services of educational activities and other sources	4,298,073	3,295,630
Interest received on loans to students	(54,789)	63,500
Net cash used by operating activities	**(42,224,004)**	**(46,801,775)**
Cash flows from noncapital financing activities		
State appropriations	41,438,327	46,860,799
Pell grants	16,761,236	13,589,456
Gifts for other than capital purposes	359,060	312,268
Net cash provided by noncapital financing activities	**58,558,623**	**60,762,523**
Cash flows from investing activities		
Purchases of investments	(66,035,428)	(37,906,461)
Proceeds from sales of investments	43,783,032	17,919,492
Investment income	7,001,518	4,388,166
Other investment activity	1,935,656	(1,052,806)
Net cash provided by investing activities	**(13,315,222)**	**(16,651,609)**
Cash flows from capital and related financing activities		
Capital appropriations	13,834,769	10,088,489
Purchases of capital assets	(22,779,246)	(25,077,428)
Proceeds from capital debt	34,478,502	-
Principal paid on capital debt	(2,785,559)	(2,521,187)
Interest paid on capital debt	(5,742,144)	(5,210,940)
Other capital activities	238,527	667,973
Net cash provided by capital and related financing activities	**17,244,849**	**(22,053,093)**
Net increase in cash and cash equivalents	20,264,246	(24,743,954)
Cash and cash equivalents, beginning of year	25,695,792	50,439,746
Cash and cash equivalents, end of year	**$ 45,960,038**	**$ 25,695,792**
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating loss	$(57,795,840)	$(62,634,819)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation	15,885,890	15,267,750
Changes in assets and liabilities		
Accounts receivable	1,312,948	(1,684,467)
Student loans receivable	214,716	(153,163)
Interest receivable	(139,481)	(56,503)
Inventories	204,004	149,881
Accounts payable	(678,495)	(703,924)
Accrued expenses	(327,630)	1,539,010
Deferred revenue	(191,714)	152,269
Student and other deposits	(708,403)	1,322,191
Net cash used by operating activities	**$(42,224,004)**	**$(46,801,775)**

See Accompanying Notes to the Financial Statements

NOTES TO FINANCIAL STATEMENTS

CENTRAL WASHINGTON UNIVERSITY — June 30, 2011 and June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Central Washington University is a comprehensive regional institution of higher education offering baccalaureate and master degrees. The university is an agency of the state of Washington, governed by a board of trustees appointed by the governor, and included in the general-purpose financial statements of the state of Washington.

The financial statements include the accounts of the Central Washington University Foundation, an independent, non-profit organization established to raise private funds that support the students, faculty, and programs of the university. Accordingly, the foundation has been reported as a blended component unit in the financial statements. Separate financial statements of the foundation may be requested from its administrative office at Barge Hall, room 402, Ellensburg, WA 98926.

Financial Statement Presentation

The financial statements of the university have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments* as amended by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.*

For financial reporting purposes, the university is considered a special-purpose government, engaged only in business-type activities. Accordingly, the university'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 obligations have been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met. All significant intra-agency transactions have been eliminated.

The financial statements include a management discussion and analysis, a statement of net assets, a statement of revenues, expenses, and changes in net assets, a statement of cash flows, and notes to the financial statements. The format provides a comprehensive, entity-wide perspective of the university's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows. Comparative totals for the year ended June 30, 2010, are presented where appropriate.

The Governmental Accounting Standards Board (GASB) issued Statement 39, *Determining Whether Certain Organizations are Component Units*, which amended GASB Statement 14, The Financial Reporting Entity. This provided additional guidance for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with a primary government and to clarify reporting requirements for those organizations.

Under GASB 39 criteria, the CWU Foundation is an affiliated organization that meets the criteria for blended component-unit presentation. The university and its blended-foundation unit are shown as the primary institution column in the financial statements. The CWU Foundation has a separately audited financial statement. The provisions of GASB Statement 39 were effective for financial statements for periods beginning with fiscal year 2004.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the financial statements of a special-purpose government engaged in business-type activities to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The university has elected not to follow subsequent private-sector guidance.

Cash Equivalents

For purposes of the statement of cash flows, the university considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. Funds invested through the State Treasurer's Local Government Investment Pool are considered cash equivalents.

Investments

The university accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net assets.

Accounts Receivable
Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable 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 the university's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories
Inventories consist primarily of merchandise and consumables held by internal service and auxiliary service departments. They are valued at cost based on actual cost or on the average cost method.

Non-current Cash and Investments
Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other non-current assets, are classified as non-current assets in the statement of net assets.

Capital Assets
Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. The university's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year.

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 expenses in the year in which the expenses were incurred.

Depreciation is computed using the straight-line method over the estimated useful lives (five to 50 years) of the assets in accordance with state guidelines. Inexhaustible resources such as the art collections and the library reserve collections are not depreciated. Beginning fiscal year 2005, CWU started depreciating its exhaustible library resources on a straight-line basis over 15 years. Unbooked depreciation accumulated prior to June 30, 2005, on exhaustible library resources is being spread over 10 years starting June 30, 2005, and ending June 30, 2014. (See also Note 7 – Capital Assets)

Deferred Revenues
Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period and amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences
Employee vacation, compensatory time, and sick leave are accrued at year-end for financial statement purposes. The liability and expense incurred are recorded as accrued liabilities in the statement of net assets, and as a component of compensation and benefit expense in the statement of revenues, expenses, and changes in net assets.

Non-current Liabilities
Non-current liabilities include: (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as non-current assets.

Net Assets
The university's net assets are classified as follows:

Investments in capital assets, net of related debt: This represents the university'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 included as a component of investments in capital assets, net of related debt.

Restricted net assets - expendable: Restricted expendable net assets include resources in which the university is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted net assets – non-expendable: Non-expendable restricted net assets 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 assets: Unrestricted net assets represent resources derived from student tuition and fees, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the university and may be used at the discretion of the governing board to meet current expenses for any purpose. The auxiliary enterprises are substantially self-supporting activities that provide services for students, faculty, and staff.

Income Taxes
The university, as a political subdivision of the state of Washington, is excluded from federal income taxes under Section 115(a) of the Internal Revenue Code, as amended. The foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Classification of Revenues
The university has classified its revenues as either operating or non-operating revenues 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, net of discounts and allowances; (3) federal, state, and local grants and contracts; and (4) interest on institutional student loans.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, Pell grants, and investment income.

Discounts and Allowances
Student tuition and fee revenues, and certain other revenues from students, are reported net of discounts and allowances in the statement of revenues, expenses, and changes in net assets. Discounts and allowances are the difference between the stated charges for goods and services provided by the university and the amounts that are 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 the university's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the university has recorded discounts and allowances.

Reclassification
Certain amounts on the June 30, 2010, financial statements have been reclassified to conform to the June 30, 2011, financial statement presentation. These reclassifications did not affect total net assets.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments are managed under the guidance of the university investment policy. Investments are made using the prudent person standard with primary objectives being: (1) safety of principal; (2) liquidity (enabling the university to meet all operating requirements); and (3) return on investment (the objective of attaining a market rate of return through budgetary and economic cycles).

The university invests or deposits all temporary cash. These investments and time deposits do not result in reductions of the cash balances of the various funds and are considered to be cash equivalents to the funds. These amounts are reported on the statement of net assets as part of cash and cash equivalents. Earnings from pool deposits are allocated to the funds owning the cash in proportion to the ending monthly balance in the investment pool.

As of June 30, 2011, the fair market value of cash and investments was $117,844,612. Of this total, $45,960,038 is cash and cash equivalents with maturity dates of less than 90 days and $71,884,574 is investments maturing in more than 90 days. Cash and cash equivalents include: Local Government Investment Pool (LGIP), Bank Demand and Time Deposits, and Petty Cash. Investments maturing in more than 90 days and/or more than a year include: US Government and Non-State Government Securities at fair value, Investments in Equity, and Cash Surrender Value of Life Insurance (Foundation).

The statement of net assets classification of cash and cash equivalents includes all readily available sources of cash such as petty cash, demand deposits, certificates of deposit, and temporary investments. All deposits of the university are insured by the FDIC up to $250,000 and by the Washington Public Deposit Protection Commission for amounts over $250,000.

The components of cash and investments are specified as follows:

CASH AND INVESTMENTS

	Carrying Amount June 30, 2011	Fair Value	Carrying Amount June 30, 2010	Fair Value
Local government investment pool (LGIP)	$ 3,655,750	$ 3,655,750	$19,939,061	$19,939,061
US government securities	13,448,920	13,469,211	22,370,410	22,421,558
Investments in equity – money markets	823,720	823,720	544,056	544,056
Investments in equity – bonds	20,429,875	20,507,843	16,210,674	16,263,564
Investments in equity – stocks, mutual funds	15,834,697	15,834,697	10,347,188	10,347,188
Investments in certificates of deposit	21,193,291	21,193,291	-	-
Investments in cash surrender value of life insurance	55,812	55,812	55,812	55,812
Subtotal	**75,442,065**	**75,540,324**	**69,467,201**	**69,571,239**
Bank demand and time deposits	42,235,792	42,235,792	5,692,584	5,692,584
Petty cash	68,496	68,496	64,147	64,147
Total	**$117,746,353**	**$117,844,612**	**$75,223,932**	**$75,327,970**

GASB 40, *Deposit and Investment Risk Disclosures*, became effective for financial statements for periods beginning after June 15, 2004. It primarily amends existing accounting guidance under GASB 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Agreements*, and under GASB 28, *Accounting and Financial Reporting for Securities Lending Transactions*. GASB 40 requires the university to disclose, as needed, any deposits and investments that are exposed to risks that have the potential to result in losses. The statement addresses risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest risk, this statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposit and investment policies related to any risks as identified by using this statement also need to be disclosed.

The disclosures required by this statement follow:

Deposits

The university's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Investments

As of June 30, 2011, the university had the following investments:

INVESTMENTS

	Fair Value of CWU's Own Investments	Fair Value of Investments Held by CWU as an Agent for Other Governments, Individuals, or Private Entities	Total
Cash surrender value of life insurance	$ 55,812	$0	$ 55,812
US treasuries	13,469,211	-	13,469,211
Money market *	823,720	-	823,720
Bonds*	20,507,843	-	20,507,843
Stocks*	15,834,697	-	15,834,697
Certificates of deposit	21,193,291	-	21,193,291
Total	**$71,884,574**	**$0**	**$71,884,574**

As of June 30, 2010, the university had the following investments:

INVESTMENTS

	Fair Value of CWU's Own Investments	Fair Value of Investments Held by CWU as an Agent for Other Governments, Individuals, or Private Entities	Total
Cash surrender value of life insurance	$ 55,812	$0	$ 55,812
US treasuries	22,421,558	-	22,421,558
Money market *	544,056	-	544,056
Bonds*	16,263,564	-	16,263,564
Stocks*	10,347,188	-	10,347,188
Total	**$49,632,178**	**$0**	**$49,632,178**

The LGIP is an unrated 2a-7-like pool, as defined by GASB 31. Accordingly, participants' balances in the LGIP are not subject to interest rate risk, as the weighted average maturity of the portfolio will not exceed 90 days. Per GASB 40 guidelines, the balances are also not subject to custodial credit risk. The credit (quality) risk of the LGIP is limited as most investments are either obligations of the US government, government-sponsored enterprises, or insured demand deposit accounts and certificates of deposit. Investments or deposits held by the LGIP are all classified as category one risk level investments. They are either insured or held by a third-party custody provider in the LGIP's name.

The university records its permanent endowments at the lower of original gift value or current market value in the Restricted–Nonexpendable Net Assets category. Of the total $14,103,678 and $13,662,916 permanent endowment funds (at fair value) as of June 30, 2011, and 2010, the aggregate amount of the deficiencies for all endowments where the fair value of the assets is less than the original gifts were zero and $446,725 at June 30, 2011, and 2010, respectively.

Custodial credit risk is the risk that in the event of a failure of the counterparty to an investment transaction, the university would not be able to recover the value of the investment or collateral securities. Of the university's total position, $0 are exposed to custodial credit risk because of investments being held by the university's brokerage firm, and by having that brokerage firm also being the counterparty in those particular securities.

* U.S. Bank Private Client Group, McAdams, Wright, Ragen, and Vanguard are like trust companies. They manage the investments, but the investments are still in Central Washington University's name. The U.S. Bank Private Client Group, McAdams, Wright, Ragen, and Vanguard are insured under the Security Investor's Protection Corporation. (This protection is to insure in case of loss of assets due to fraud, etc.)

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable, due from other agencies, and related allowance for uncollectible accounts consist of the following:

ACCOUNTS RECEIVABLE

	June 30, 2011	June 30, 2010
Student tuition and fees	$ 3,287,040	$ 3,376,801
Federal, state, and private grants and contracts	1,324,625	1,908,923
State appropriations receivable	443,038	70,365
Auxiliary enterprises	2,292,152	1,998,235
Other student fees	743,532	402,047
Other operating activities	1,750,887	2,802,187
Subtotal	**9,841,274**	**10,558,558**
Allowance for doubtful accounts	(2,286,570)	(2,063,580)
Net accounts receivable	**$ 7,554,704**	**$ 8,494,978**

Accounts receivable are written off after appropriate collection procedures are pursued and they meet the following criteria: when the amount is less than $25 for a non-student, and the account is more that 90 days old; when the amount is less than $100 for a non-student, and the account is inactive for more than two years; when the amount is less than $200 and the account is inactive for more than 10 years; when the amount is less than $500 and the account is inactive for more than 20 years; and when the account is inactive for more than 30 years.

NOTE 4 – STUDENT LOANS RECEIVABLE

Student loans are comprised of current, $768,952, and non-current, $6,552,918, at June 30, 2011. The university has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. On June 30, 2011, the allowance for uncollectible loans was $88,875.

Student loans receivable consisted of the following:

STUDENT LOANS RECEIVABLE

	June 30, 2011	June 30, 2010
Federal Perkins student loans	$7,371,477	$7,557,137
Other long-term loans	13,895	13,895
Institutional loans	25,373	47,126
Subtotal	**7,410,745**	**7,618,158**
Allowance for doubtful accounts	(88,875)	(81,572)
Total student loans receivable	**$7,321,870**	**$7,536,586**

Student loans receivable write-off procedures are the same as regular accounts receivable.

NOTE 5 – INVENTORIES

Inventories consisted of the following:

INVENTORIES

	June 30, 2011	June 30, 2010
Enterprise funds	$1,631,076	$1,759,513
Internal service funds	689,544	765,111
Total	**$2,320,620**	**$2,524,624**

NOTE 6 – FUNDS WITH STATE TREASURER

As of June 30, 2011, the balance invested with the State Treasurer was $1,376,645. This account represents the university's share of the net earnings of the Normal School Permanent Fund and the building fee portion of tuition, reduced by expenditures for capital projects, non-capitalized facility improvements and maintenance, and debt service incurred over the years (Fund 063), and the balance of licensing revenues held by the State Treasurer (Fund 783).

The Normal School Permanent Fund, established under RCW 43.79.160, is a permanent endowment fund that derives its corpus from the sale of state lands and timber. The investing activities are managed by the State Treasurer's Office, while the management of land and timber is administered by the Department of Natural Resources. Interest earned from investments is either reinvested or used exclusively for the benefit of Central Washington University, Eastern Washington University, Western Washington University, and The Evergreen State College.

NOTE 7 – CAPITAL ASSETS

Following are the changes in capital assets for the year ended June 30, 2011:

CAPITAL ASSETS

	Balance at June 30, 2009	Additions	Retirements	Balance at June 30, 2010	Additions	Retirements	Balance at June 30, 2011
Non-depreciable capital assets							
Land	$ 3,599,935	$ 871,143	$ -	$ 4,471,078	$ 330,822	$ -	$ 4,801,900
Artworks	100,350	-	-	100,350	-	-	100,350
Library resources collectibles	3,122	-	-	3,122	-	-	3,122
Construction in progress	28,763,361	21,203,752	38,193,693	11,773,420	19,060,407	1,622,528	29,211,299
Subtotal	32,466,768	22,074,895	38,193,693	16,347,970	19,391,229	1,622,528	34,116,671
Depreciable capital assets							
Buildings	317,779,812	38,573,823	-	356,353,635	239,117	-	356,592,752
Improvements and infrastructure	85,011,339	-	-	85,011,339	1,995,872	-	87,007,211
Equipment	25,254,094	2,407,197	1,170,838	26,490,453	2,218,391	533,659	28,175,185
Leased equipment	1,496,424	-	-	1,496,424	-	-	1,496,424
Buildings - perpetuity rights	30,792,094	-	-	30,792,094	-	-	30,792,094
Library resources (depreciable)	25,094,569	220,052	-	25,314,621	610,390	52,600	25,872,411
Subtotal	485,428,332	41,201,072	1,170,838	525,458,566	5,063,770	586,259	529,936,077
Total capital assets	**517,895,100**	**63,275,967**	**39,364,531**	**541,806,536**	**24,454,999**	**2,208,787**	**564,052,748**
Less accumulated depreciation							
Buildings	82,388,964	6,663,359	-	89,052,323	7,322,327	-	96,374,650
Improvements and infrastructure	32,784,139	3,716,730	-	36,500,869	3,685,272	-	40,186,141
Library resources	11,417,661	2,276,471	-	13,694,132	2,272,239	-	15,966,371
Equipment	20,733,163	1,816,273	1,165,992	21,383,444	1,811,132	533,031	22,661,545
Leased equipment	1,496,424	-	-	1,496,424	-	-	1,496,424
Amortized perpetuity rights - buildings	3,827,258	794,917	-	4,622,175	794,917	-	5,417,092
Total accumulated depreciation	152,647,609	15,267,750	1,165,992	166,749,367	15,885,887	533,031	182,102,223
Capital assets, net of depreciation	**$365,247,491**	**$48,008,217**	**$38,198,539**	**$375,057,169**	**$8,569,112**	**$1,675,756**	**$381,950,525**

Beginning fiscal year 2005, CWU began depreciating its exhaustible library resources on a straight-line basis over 15 years. Unbooked depreciation accumulated prior to June 30, 2005, on exhaustible library resources is being booked/expensed over ten years starting June 30, 2005, and ending June 30, 2014. (See also Note 1 – discussion of capital assets.)

The university has one building out of active service, the Samuelson Union Building. The net book value was $604,059 at June 30, 2011, and was $642,737 at June 30, 2010. This information is being disclosed according to the provisions of GASB Statement No. 42—*Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*—which was issued during November 2003, and became effective for fiscal periods beginning after December 15, 2004.

NOTE 8 – ACCRUED LEAVE LIABILITIES

At termination of employment, employees may receive cash payment for all accumulated vacation and compensatory time. Employees who retire receive 25 percent of the value of their accumulated sick leave credited to a Voluntary Employees' Beneficiary Association (VEBA) account, which can be used for future medical expenses or insurance purposes. The amounts of unpaid vacation and compensatory time accumulated by university employees are accrued as expenses when incurred. The amounts represent a liability to the university and are recorded and reported accordingly. The sick leave liability is recorded as an actuarial estimate of one-fourth the total balance on the payroll records. The amount of compensated time, vacation, and sick leave paid during fiscal year 2011 totaled $3,382,476. The accrued compensated time balance as of June 30, 2011, was $2,876.

NOTE 9 – LONG-TERM LIABILITIES

Long-term liability activity for the two-year period ended June 30, 2011, is summarized as follows:

LONG-TERM LIABILITIES

	June 30, 2010	Additions	Reductions	June 30, 2011	Current Portion	Long-Term Portion
Accrued liabilities	$ 11,220,697	$ 1,897,511	$2,733,359	$ 10,384,849	$ 9,302,076	$ 1,082,773
Pension liability	1,190,003	508,218	-	1,698,221	-	1,698,221
Leases/contracts payable	4,236,915	13,502	285,559	3,964,858	230,000	3,734,858
Bonds payable	106,445,000	34,465,000	2,500,000	138,410,000	2,580,000	135,830,000
Total	**$123,092,615**	**$36,884,231**	**$5,518,918**	**$154,457,928**	**$12,112,076**	**$142,345,852**

	June 30, 2009	Additions	Reductions	June 30, 2010	Current Portion	Long-Term Portion
Accrued liabilities	$ 10,149,777	$3,425,765	$2,354,845	$ 11,220,697	$ 9,923,354	$ 1,297,343
Pension liability	721,913	468,090	-	1,190,003	-	1,190,003
Leases/contracts payable	4,373,102	371,356	507,543	4,236,915	285,559	3,951,356
Bonds payable	108,830,000	-	2,385,000	106,445,000	2,500,000	103,945,000
Total	**$124,074,792**	**$4,265,211**	**$5,247,388**	**$123,092,615**	**$12,708,913**	**$110,383,702**

Additional information regarding bonds payable is included in Note 11. Additional information regarding capital lease obligations is included in Note 12.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

During fiscal year 2008, the university adopted GASB Statement No.45—*Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*. This statement establishes standards for the measurement, recognition, and display of other post-employment benefits (OPEB) expenditures and related liabilities (assets), note disclosures, and required supplementary information in the financial reports of state and local government employers.

Health care and life insurance programs for employees of the state of Washington are administered by the Washington Health Care Authority (HCA). The HCA calculates the premium amounts each year that are sufficient to fund the statewide 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.

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 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). This is also passed through to state agencies via active employee rates charged to the agency.

There is no formal state or university plan that underlies the subsidy of retiree health and life insurance.

The actuary's allocation of the overall statewide liability related to the university was approximately $37 million, with the annual required contribution (ARC) of approximately $3.7 million. The ARC represents the amortization of the liability for fiscal year 2011 plus the current expense for active employees, which is reduced by the current contributions of approximately $639,000. The university's net OPEB obligation (NOO) at June 30, 2011, was approximately $13 million. This amount is not included in the university's financial statements.

NOTE 11 – BONDS PAYABLE

State law requires that the university reimburse the state annually for debt service payments relating to the state of Washington General Obligation Bonds from tuition, timber sales, and earnings on investments held by the State Treasurer. Bonds payable at June 30, 2011, consisted of bonds issued by the state of Washington and Central Washington University.

BONDS PAYABLE

	Interest Rate %	Original Issue	Balance June 30, 2011	Balance June 30, 2010
State of Washington general obligation bonds				
Series 1994A (HE-CWU)	4.95	$ 4,455,000	$ 2,785,000	$ 2,785,000
Series R-2003C (1994A-HE-CWU)	2.00 - 4.50	1,860,000	195,000	490,000
System revenue bonds				
Series 2002 bonds (Kamola Hall)	5.21	9,200,000	7,740,000	7,950,000
Series 2004 bonds (SUB/REC–Sue Lombard)	3.00 - 5.50	64,080,000	58,120,000	59,410,000
Series 2008 bonds (Wendell Hill Hall)	3.00 - 5.00	36,495,000	35,105,000	35,810,000
Series 2010 bonds (Barto Hall Series A)	2.26 – 3.24	2,515,000	2,515,000	-
Series 2010 bonds (Barto Hall Series B)	1.50 – 6.95	31,950,000	31,950,000	-
Total bonds payable		**150,555,000**	**138,410,000**	**106,445,000**
Bond discounts and issuance costs			(1,943,917)	(1,748,088)
Bond premium			978,131	660,803
Total		**$150,555,000**	**$137,444,214**	**$105,357,715**

Maturity Information
The scheduled maturities of the general obligation and system revenue bonds are as follows:

DEBT SERVICE REQUIREMENTS

	General Obligation Bonds			System Revenue Bonds			
Fiscal Year	Principal	Interest	Sub Total	Principal	Interest	Sub Total	University Total
2012	$ 275,000	$145,050	$ 420,050	$ 2,305,000	$ 7,058,708	$ 9,363,708	$ 9,783,758
2013	330,000	127,000	457,000	3,130,000	6,952,341	10,082,341	10,539,341
2014	350,000	110,000	460,000	3,255,000	6,829,953	10,084,953	10,544,953
2015	365,000	92,125	457,125	3,375,000	6,698,502	10,073,502	10,530,627
2016	385,000	73,375	458,375	3,350,000	6,558,801	9,908,801	10,367,176
2017 – 2021	1,275,000	97,625	1,372,625	20,575,000	30,112,558	50,687,558	52,060,183
2022 – 2026	-	-	-	25,360,000	24,384,843	49,744,843	49,744,843
2027 – 2031	-	-	-	34,005,000	16,850,974	50,855,974	50,855,974
2032 – 2036	-	-	-	28,740,000	7,691,001	36,431,001	36,431,001
2037 – 2041	-	-	-	11,335,000	1,575,054	12,910,054	12,910,054
Total	**$2,980,000**	**$645,175**	**$3,625,175**	**$135,430,000**	**$114,712,735**	**$250,142,735**	**$253,767,910**

The Series 2004 Bonds were issued for the purpose of constructing a new Student Union and Recreation Center building, including a dining center, bookstore, and associated parking; capitalizing interest on the portion of the Series 2004 Bonds allocable to the SUB/Rec project through May 1, 2006; renovating a residence hall on the university's main campus; and paying costs of issuance of the Series 2004 Bonds.

Optional Redemption – the Series 2004 Bonds maturing on May 1, 2006, through 2014, inclusive, are issued without the right or option of the university to redeem those maturities prior to their stated maturity dates.

The university reserves the right and option to redeem the Series 2004 Bonds maturing on or after May 1, 2015, prior to their stated maturity dates at any time on or after May 1, 2014, as a whole or in part (within one or more maturities selected by the university and randomly within a maturity in such manner as the fiscal agent shall determine), at a price of par plus accrued interest to the date of redemption. These bonds were issued in the amount of $64,080,000 and have $58,120,000 of principal outstanding as of June 30, 2011.

The university has outstanding parity bonds payable from system revenue, designated the Central Washington University Housing System Revenue Bonds, Series 2002, which were originally issued in the amount of $9,200,000 and have $7,740,000 of principal outstanding as of June 30, 2011.

The Series 2008 Bonds were issued for the purpose of constructing a new student residence hall, capitalizing interest on the Series 2008 Bonds through August 31, 2009, and paying costs of issuance of the Series 2008 Bonds. The bonds were issued in the amount of $36,495,000 and have $35,105,000 of principal outstanding as of June 30, 2011.

The Series 2010 Bonds were issued for the purpose of constructing a new student residence hall, capitalizing interest on the Series 2010 Bonds through May 1, 2012. The Series A bonds were issued in the original amount of $2,515,000 and the Series B bonds were issued in the original amount of $31,950,000, and have a combined $34,465,000 of principal outstanding as of June 30, 2011.

The Series B bonds were issued under the American Reinvestment and Recovery Act (ARRA) Build America bond program as taxable bonds. Under this program the university expects to receive a subsidy from the United States federal government equal to 35 percent of interest paid until maturity. The subsidy received during fiscal year 2011 was $313,843. This amount is reported as non-operating revenue on the Statement of Revenues, Expenses, and Change in Net Assets.

NOTE 12 – LEASES/CONTRACTS PAYABLE

The university has acquired certain equipment under various lease/purchase contracts and other capital lease agreements. During 1998, the university entered a lease/purchase agreement with the Washington State Treasurer's Office for the replacement of steam and chilled water systems. In 2000, the Washington State Treasurer's Office approved a lease/purchase agreement for the purchase of new library lighting.

In August 2002, the university entered a 20-year lease/purchase agreement for $5,145,000 with the Office of the State Treasurer to pay for a portion of an instructional building at Edmonds Community College to house the CWU-Lynnwood Center. Average annual payments are $384,000 to be paid from tuition revenues for 20 years. Under the terms of the project contract, Edmonds Community College receives ownership of the building and Central Washington University has a tenant right in perpetuity.

The Helena Avenue purchase obligation was a local improvement district (LID) project completed in conjunction with the city of Ellensburg. The university's portion of the project was for infrastructure improvements including street improvements and related utility improvements.

During 2010 the university entered into an option to purchase agreement for three lots on University Way for $1,030,000. The option is for a term of 10 years and may be exercised anytime during that term. The university is using an imputed interest rate of 3.70 percent to value the land purchase.

Leases/Contracts Payable for the two-year period ended June 30, 2011:

Contract #	Contract Name	% Rate	Original Issue	Balance June 30, 2011	Balance June 30, 2010
0007	Energy conservation project	5.77	$1,000,035	$ -	$ -
0007B	HVAC	5.05	997,179	-	65,559
0008	Edmonds COP	4.42	5,145,000	3,580,000	3,800,000
936233	Helena Avenue LID	6.00	375,700	-	-
10-03-007	University Way land purchase option	3.70	871,356	384,858	371,356
Total			**$8,389,270**	**$3,964,858**	**$4,236,915**

The university's payments for the next five years and thereafter are as follows:

	Principal	Interest	Total
2012	$ 230,000	$ 155,778	$ 385,778
2013	240,000	146,608	386,608
2014	250,000	136,683	386,683
2015	260,000	126,098	386,098
2016	275,000	114,725	389,725
2017 – 2021	1,959,858	517,841	2,477,699
2022 – 2026	750,000	37,058	787,058
Total	**$3,964,858**	**$1,234,791**	**$5,199,649**

NOTE 13 – RETIREMENT PLANS

The university participates in eight contributory retirement plans: the Central Washington University Retirement Plan (CWURP), a defined contribution retirement plan with supplemental payment, when required; the Public Employees Retirement System (PERS) plans 1, 2, and 3; the Teachers Retirement System (TRS) plans 1, 2, and 3; and the Law Enforcement Officers and Fire Fighters (LEOFF) plan 2.

A. Central Washington University Retirement Plan:

Plan Description: Faculty, civil service exempt staff, and other salaried employees are eligible to participate in the Central Washington University Retirement Plan, a defined contribution plan administered by the university. Contributions to the plan are invested in annuity contracts or mutual fund accounts offered by the three fund sponsors. Employees have, at all times, a 100 percent vested interest in their accumulations.

Benefits from fund sponsors are available upon separation or retirement at the member's option. RCW 28.B.10.400 assigns the authority to establish and amend benefit provisions to the Central Washington University board of trustees.

The plan has a supplemental payment component, which guarantees a minimum retirement benefit to eligible retirees based upon a one-time calculation at the employee's retirement date. The university makes direct payments to qualifying retirees when the retirement benefits provided by the fund sponsors do not meet the benefit goals.

Funding Policy: Employee contribution rates, based on age, are 5 percent, 7.5 percent, or 10 percent of salary. The university matches the contributions of employees. Within parameters established by the legislature, contribution requirements may be established or amended by Central Washington University's board of trustees. Employee and employer contributions for the year ended June 30, 2011, were $4,049,239 and $4,048,497 respectively.

The supplemental payment component of the Central Washington University Retirement Plan is financed on a pay-as-you-go basis. The annual required contribution for fiscal year 2011 was $696,000.

CWU Supplemental Retirement Plan Disclosure
Supplemental Component (Unaudited): The university received an actuarial evaluation of the supplemental component of the CWURP for fiscal year 2011. The previous evaluation was performed in 2009. The Unfunded Actuarial accrued Liability (UAL) calculated as of June 30, 2011 and 2009, was $6,599,000 and $5,774,000 respectively, and is amortized over a 13.5-year period. The Annual Required Contribution (ARC) of $696,000 consists of amortization of the UAL ($533,000) and normal cost (or current cost) ($148,000). The UAL and ARC were established using the entry age normal cost method. The actuarial assumptions included an investment rate of return of 4.25 percent and projected salary increases ranging from 2 percent to 4 percent. Approximately $47,077,747 and $46,981,665 of CWU's payroll were covered under this plan during 2011, and 2010, respectively. The following table reflects the activity in the Net Pension Obligation (NPO) for the year ended June 30, 2011:

NET PENSION OBLIGATION

Balance as of June 30, 2008	$ 262,650
Annual required contribution fiscal year 2009	612,000
Payments to beneficiaries fiscal year 2009	(152,737)
Balance as of June 30, 2009	721,913
Annual required contribution fiscal year 2010	612,000
Payments to beneficiaries fiscal year 2010	(143,910)
Balance as of June 30, 2010	1,190,003
Annual required contribution fiscal year 2011	696,000
Payments to beneficiaries fiscal year 2011	(187,782)
Balance as of June 30, 2011	**$1,698,221**

CWU reported the NPO balance as a long-term liability.

B. Public Employees Retirement System plans 1, 2, and 3; Teachers Retirement Systems plans 1, 2, and 3; Law Enforcement Officers and Fire Fighters plan 2:

Plan Description: Central Washington University contributes to PERS, TRS, and LEOFF; cost-sharing multiple-employer defined benefit pension plans administered by the Washington State Department of Retirement Systems.

PERS plan 1 and TRS plan 1 provide retirement and disability benefits, and minimum benefit increases, beginning at any age with 30 years of service, or at age 55 with 25 years of service, or at age 60 with five years of service to eligible members hired prior to October 1, 1977.

PERS plan 2 and TRS plan 2 provide retirement and disability benefits, and a cost-of-living allowance, beginning at age 65 with five years of service, or an actuarially reduced benefit beginning at age 55 with 20 years of service, to eligible members hired on or after October 1, 1977.

LEOFF plan 2 provides retirement and disability benefits, and a cost-of-living allowance, beginning at age 53 with five years of service, or an actuarially reduced benefit beginning at age 50 with 20 years of service, to eligible law enforcement officer members hired on or after October 1, 1977.

PERS plan 3 and TRS plan 3 are hybrid defined-benefit and defined-contribution plans. University contributions fund the defined-benefit component, providing retirement and disability benefits, and a cost-of-living allowance, beginning at age 65 with minimum service requirements, or an actuarially reduced benefit at age 55 with at least 10 years of service, to eligible members hired on or after July 1, 1996, and those who transferred from PERS plan 2 and TRS plan 2. Member contributions are fully vested in the defined contribution component of the plan and funds are available at separation or retirement at the member's option.

The authority to establish and amend benefit provisions for PERS, TRS, and LEOFF plans resides with the legislature. The Washington State Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Department of Retirement Systems, P.O. Box 48380, Olympia, Washington 98504-8380.

Funding Policy: The office of the State Actuary, using funding methods prescribed by statute, determines actuarially required contribution rates for PERS, TRS, and LEOFF. Plan 1 members are required by statute to contribute 6 percent of their annual covered salary. Contributions for Plan 2 members are determined by the aggregate method and may vary over time. Plan 3 members elect their contribution rate at employment from both flat and aggregated rate plans varying from 5 percent to 15 percent of annual covered salary. The contribution rates at June 30, 2011, were as follows:

PERS, TRS, AND LEOFF CONTRIBUTION RATES

	2011		2010		2009	
Plan	Member	University	Member	University	Member	University
PERS I	6.00%	5.31%	6.00%	5.31%	6.00%	8.31%
PERS II	3.90%	5.31%	3.90%	5.31%	5.45%	8.31%
PERS III	VARIOUS	5.31%	VARIOUS	5.31%	VARIOUS	8.31%
LEOFF II	8.46%	8.62%	VARIOUS	6.14%	8.83%	8.99%
TRS I	6.00%	6.14%	6.00%	6.14%	6.00%	8.46%
TRS II	3.36%	6.14%	3.36%	6.14%	4.26%	8.46%
TRS III	VARIOUS	6.14%	VARIOUS	6.14%	VARIOUS	8.46%

University and member contributions for the current year and two previous years were as follows:

PERS, TRS, LEOFF, AND CWURP CONTRIBUTIONS

	2011		2010		2009	
Plan	Member	University	Member	University	Member	University
PERS I	$ 86,881	$ 76,890	$ 129,602	$ 114,627	$ 141,155	$ 195,501
PERS II	755,775	1,058,715	808,373	1,100,408	1,121,796	1,710,372
PERS III	368,910	311,506	381,719	317,483	384,362	493,294
LEOFF II	66,426	67,682	65,050	66,281	72,731	74,049
TRS I	19,812	20,274	18,719	20,049	22,489	30,655
TRS II	4,776	8,728	5,022	9,304	5,721	11,373
TRS III	19,652	15,753	18,429	16,900	23,071	23,622
CWURP	4,049,239	4,048,497	4,035,685	4,036,427	3,989,843	3,989,843
Total	**$5,371,471**	**$5,608,045**	**$5,462,599**	**$5,681,479**	**$5,761,168**	**$6,528,709**

NOTE 14 – DEFERRED COMPENSATION

The university, through the state of Washington, offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. Under the plan, eligible employees can elect to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable financial emergency.

NOTE 15 – RELATED PARTY TRANSACTIONS

The Central Washington University Foundation is organized to operate exclusively for the purposes of encouraging, promoting, and supporting educational programs and scholarly pursuits at or in conjunction with Central Washington University. The foundation provided $1,593,939 in scholarships and program support to the university during the fiscal year ending June 30, 2011. Detailed financial information for the foundation may be obtained from its administrative office.

Summary financial information of the Central Washington University Foundation as of, and for, the years ended:

CWU FOUNDATION FINANCIAL INFORMATION

	June 30, 2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2011
Income	$3,338,797	$1,674,204	$ 396,908	$ 5,409,909
Expenses	2,394,894	-	-	2,394,894
Change in net assets	943,903	1,674,204	396,908	3,015,015
Net assets at beginning of year	(29,137)	4,556,186	10,494,239	15,021,288
Net assets at end of year	**$ 914,766**	**$6,230,390**	**$10,891,147**	**$18,036,303**

	June 30, 2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2010
Income	$2,678,610	$ 721,478	$ 369,142	$ 3,769,230
Expenses	2,061,660	-	-	2,061,660
Change in net assets	616,950	721,478	369,142	1,707,570
Net assets at beginning of year	(646,087)	3,834,708	10,125,097	13,313,718
Net assets at end of year	**$ (29,137)**	**$4,556,186**	**$10,494,239**	**$15,021,288**

NOTE 16 – COMMITMENTS AND CONTINGENT LIABILITIES

The university had outstanding commitments under construction contracts of approximately $6,594,688 at June 30, 2011. The university is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of university management, the ultimate resolution of these matters will not have a material adverse effect upon the university's financial position. The university participates in certain federal grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agencies for expenditures disallowed under terms of the grants. Management believes disallowances, if any, will not be material.

The Risk Management Act of Washington State provides a $5,000,000 self-insurance policy applying to all exposure to tort, general damage, and vehicle liability. The university purchases commercial property insurance for auxiliary enterprise buildings that were acquired with bond proceeds.

In accordance with state policy, the university self-insures unemployment compensation for all employees. Payments for state general fund employees are appropriated by the state. The university assesses local funds, a semi-monthly payroll expense for unemployment compensation for all local fund employees. Charges for all local funds are based on employee earnings. The percentage charged is based primarily upon claims experience. Cash reserves for unemployment compensation for all local fund employees at June 30, 2011, were $381,793. Payments made to state general fund employees and all local fund employees are as follows:

UNEMPLOYMENT COMPENSATION PAID

	2011	2010	2009
State fund	$117,950	$167,568	$70,627
Local fund	$131,940	$94,564	$41,344

NOTE 17 – OPERATING EXPENSES BY NATURAL CLASSIFICATION

The statement of revenues, expenses, and changes in net assets displays operating expenses by functional classification. The following table summarizes operating expenses by natural classification for the years ended:

OPERATING EXPENSES BY NATURAL CLASSIFICATION

	June 30, 2011	June 30, 2010
Compensation and benefits	$113,300,984	$113,026,498
Goods and services	49,769,321	46,470,877
Scholarships and fellowships	22,362,887	20,243,349
Depreciation	15,885,890	15,267,750
Total	**$201,319,082**	**$195,008,474**

NOTE 18 – PLEDGED REVENUES

The university has pledged specific revenues, net of specified operating expenses, to repay the principal and interest of revenue bonds. The revenue bonds are obligations of the university's reporting segment referred to as "The System" (Note 19) with all revenues pledged as a whole to all debt service repayment. The following is a schedule of the pledged revenues and related debt:

PLEDGED REVENUES

Source of Revenue Pledged	2011 Revenues Pledged	2011 Debt Service	Total Future Revenues Pledged*	Description of Debt	Purpose of Debt	Term of Commitment
Student and activity fees	$3,166,855	$2,803,913	$ 64,466,695	Series 2004 Bonds	Construction of new Student Union Building and Recreation Center (SURC)	2034
Bookstore revenues	745,442	228,458	5,252,645	Series 2004 Bonds	Construction of new bookstore as part of the new SURC	2034
Housing and dining revenues	4,875,890	4,238,665	165,154,385	Series 2002, 2004, 2008, 2010 Bonds	Remodel of Kamola Hall 2002, new dining facilities in SURC/ Sue Lombard remodel 2004, and construction of Wendell Hill Hall 2008	2040
Total	**$8,788,187**	**$7,271,036**	**$234,873,725**			

* Total future principal and interest payments on debt.

NOTE 19 – SEGMENT INFORMATION

Central Washington University's System operates the Student Union and Recreation Center, residence halls, apartment complexes, a conference program, dining facilities, parking services, and the Wildcat Shop bookstore located on the Ellensburg campus. The system owns its buildings, while the university owns the land. The system issues revenue bonds from time to time to renovate and build new facilities. The system pledges its net revenues to cover the costs of debt service, for accounting purposes the system is considered a segment of the university.

Presented below are condensed financial statements for the system.

CONDENSED STATEMENT OF NET ASSETS

	June 30, 2011	June 30, 2010
Assets		
Current assets	$ 30,877,660	$ 25,712,143
Non-current assets	157,626,791	126,905,712
Total assets	**188,504,451**	**152,617,855**
Liabilities		
Current liabilities	6,417,183	6,529,552
Non-current liabilities	135,295,112	102,958,151
Total liabilities	**141,712,295**	**109,487,703**
Net assets		
Capital assets, net of related debt	20,207,207	21,945,833
Unrestricted	26,584,949	21,184,320
Total net assets	**$ 46,792,156**	**$ 43,130,153**

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Operating revenues	$52,325,883	$51,184,858
Operating expenses	40,086,346	39,183,116
Depreciation	3,454,132	2,848,985
Net operating income (loss)	8,785,405	9,152,757
Non-operating revenues (expenses)		
Investment income	783	82,541
Interest on indebtedness	(5,092,734)	(4,851,720)
Gain (loss) on disposition of asset	-	-
Other non-operating revenue (expense), net	(31,451)	419,300
Total increase in net assets	3,662,003	4,802,878
Total net assets, beginning of year	43,130,153	38,327,275
Total net assets, end of year	**$46,792,156**	**$43,130,153**

CONDENSED STATEMENT OF CASH FLOWS

Net cash flows provided by:		
Operating activities	$11,775,311	$13,047,048
Non-capital financing activities	-	-
Investing activities	783	82,541
Capital and related financing	19,416,232	(19,345,528)
Net increase (decrease) in cash	31,192,326	(6,215,939)
Cash—beginning of year	24,034,940	30,250,879
Cash—end of year	**$55,227,266**	**$24,034,940**

NOTE 20 – SUBSEQUENT EVENTS

As of June 30, 2011, the university owned $1,600,000 in Greater Wenatchee Regional Events Center Public Facilities District Municipal Bond Anticipation Notes with a maturity date of December 1, 2011. The notes were not redeemed on their due date and the event center went into technical default. The city of Wenatchee has approached the state legislature with the intent of formulating a plan to resolve this issue.

APPENDIX I

BOND CONTINUING DISCLOSURE INFORMATION

EXHIBIT I

CENTRAL WASHINGTON UNIVERSITY
BUDGETED VERSUS ACTUAL ENROLLMENT
AVERAGE ANNUAL FTE

Year	Budgeted	Actual
2010-11	8,808	9,982
2009-10	8,469	9,673
2008-09	9,322	9,082
2007-08	8,952	8,931
2006-07	8,692	9,204
2005-06	8,323	9,057

EXHIBIT II

CENTRAL WASHINGTON UNIVERSITY
ENROLLMENT STATISTICS (IPEDS)
FOR FISCAL YEARS ENDED JUNE 30,

	2011	2010	2009	2008	2007
Fall Quarter Headcount					
Undergraduates					
Full-time	9,929	9,315	8,728	8,684	8,858
Part-time	1,423	1,450	1,453	1,295	1,287
Total undergraduates	**11,352**	**10,765**	**10,181**	**9,979**	**10,145**
Graduates					
Full-time	336	337	266	260	307
Part-time	226	255	215	266	236
Total graduates	**562**	**592**	**481**	**526**	**543**
Total undergraduates and graduates					
Full-time	9,965	9,652	8,994	8,944	9,165
Part-time	1,649	1,705	1,668	1,561	1,523
Total full- and part-time	**11,614**	**11,357**	**10,662**	**10,505**	**10,688**
Fall quarter FTE	**10,430**	**10,213**	**9,610**	**9,477**	**9,718**

	2011	2010	2009	2008	2007
Freshmen					
Applications	4,856	4,960	5,013	4,602	3,945
Percent applicants admitted	81%	83%	79%	80%	75%
Enrolled	1,667	1,660	1,559	1,477	1,475
Enrolled percent of admissions	42%	41%	39%	40%	50%
Transfer Students					
Applications	2,702	2,409	2,189	2,264	2,518
Percent applicants admitted	83%	87%	82%	83%	82%
Enrolled	1,461	1,509	1,124	1,122	1,268
Enrolled percent of admissions	65%	72%	62%	60%	61%

EXHIBIT III

CENTRAL WASHINGTON UNIVERSITY
HISTORICAL OPERATIONS FOR THE SYSTEM
FOR FISCAL YEARS ENDED JUNE 30,

	2011	2010	2009	2008	2007
Gross revenue					
Housing and dining	$28,573,970	$28,398,100	$25,243,319	$22,788,956	$20,996,759
Services and activities	12,441,403	12,161,217	10,766,709	10,312,005	9,897,094
University store	10,202,361	9,582,170	8,578,382	7,832,266	7,040,350
Parking	1,108,149	1,043,371	1,047,956	937,813	831,757
Total gross revenue	52,325,883	51,184,858	45,636,366	41,871,040	38,765,960
Operating expenses (1)					
Housing and dining	21,421,338	21,247,615	19,906,139	18,022,469	16,375,719
Services and activities	8,325,306	8,097,231	7,260,816	6,410,775	6,212,301
University store	9,315,245	8,882,270	8,064,425	7,567,604	6,611,905
Parking	1,024,457	956,000	692,115	778,674	674,274
Total operating expenses	40,086,346	39,183,116	34,923,495	32,779,522	29,874,199
Net revenue	**$12,239,537**	**$12,001,742**	**$10,712,871**	**$9,091,518**	**$8,891,761**
Total debt service (2)	$7,271,036	$6,956,720	$5,090,119	$4,963,561	$4,963,061

(1) Excludes depreciation (2) Excludes capitalized interest

EXHIBIT IV

CENTRAL WASHINGTON UNIVERSITY
SCHEDULE OF SYSTEM REVENUE BOND DEBT SERVICE

Fiscal Year	The Series 2002 Bonds		The Series 2004 Bonds		The Series 2008 Bonds		The Series 2010 Bonds		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2012	$ 220,000	$ 390,475	$ 1,355,000	$ 2,999,556	$ 730,000	$ 1,574,575	$ -	$ 2,094,102	$ 9,363,708
2013	230,000	380,795	1,425,000	2,928,419	755,000	1,549,025	720,000	2,094,102	10,082,341
2014	240,000	370,445	1,505,000	2,853,606	785,000	1,522,600	725,000	2,083,302	10,084,953
2015	250,000	359,405	1,575,000	2,774,594	815,000	1,493,163	735,000	2,071,340	10,073,502
2016	260,000	347,655	1,660,000	2,691,906	845,000	1,462,600	585,000	2,056,640	9,908,801
2017	275,000	335,175	1,750,000	2,602,682	880,000	1,428,800	610,000	2,027,390	9,909,047
2018	285,000	321,081	1,850,000	2,508,619	915,000	1,393,600	645,000	1,996,890	9,915,190
2019	300,000	306,475	1,945,000	2,409,182	950,000	1,357,000	675,000	1,964,640	9,907,297
2020	315,000	291,100	2,050,000	2,304,638	985,000	1,319,000	1,290,000	1,930,890	10,485,628
2021	335,000	274,956	2,160,000	2,194,450	1,025,000	1,279,600	1,335,000	1,866,390	10,470,396
2022	350,000	257,788	2,280,000	2,078,350	1,070,000	1,237,319	1,375,000	1,799,640	10,448,097
2023	370,000	239,850	2,405,000	1,952,950	1,115,000	1,191,844	645,000	1,730,890	9,650,534
2024	390,000	220,888	2,535,000	1,820,675	1,160,000	1,144,456	665,000	1,693,480	9,629,499
2025	410,000	200,900	2,675,000	1,681,250	1,210,000	1,095,156	690,000	1,654,910	9,617,216
2026	430,000	179,888	2,805,000	1,547,500	1,265,000	1,042,219	1,515,000	1,614,890	10,399,497
2027	450,000	157,850	2,945,000	1,407,250	1,320,000	986,875	1,580,000	1,516,415	10,363,390
2028	475,000	134,788	3,095,000	1,260,000	1,380,000	927,475	1,650,000	1,413,715	10,335,978
2029	500,000	110,443	3,250,000	1,105,250	1,440,000	865,375	1,715,000	1,306,465	10,292,533
2030	525,000	84,818	3,410,000	942,750	1,510,000	798,775	1,790,000	1,194,990	10,256,333
2031	550,000	57,912	3,585,000	772,250	1,575,000	728,938	1,260,000	1,078,640	9,607,740
2032	580,000	29,723	3,760,000	593,000	1,650,000	656,094	1,320,000	991,070	9,579,887
2033	-	-	3,950,000	405,000	1,725,000	579,781	1,380,000	899,330	8,939,111
2034	-	-	4,150,000	207,500	1,810,000	500,000	1,440,000	803,420	8,910,920
2035	-	-	-	-	1,900,000	409,500	1,505,000	703,340	4,517,840
2036	-	-	-	-	1,995,000	314,500	1,575,000	598,743	4,483,243
2037	-	-	-	-	2,095,000	214,750	1,645,000	489,280	4,444,030
2038	-	-	-	-	2,200,000	110,000	1,720,000	374,952	4,404,952
2039	-	-	-	-	-	-	1,795,000	255,412	2,050,412
2040	-	-	-	-	-	-	1,880,000	130,660	2,010,660
Total	**$7,740,000**	**$5,052,410**	**$58,120,000**	**$42,041,377**	**$35,105,000**	**$27,183,020**	**$34,465,000**	**$40,435,928**	**$250,142,735**

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FOSTER PEPPER PLLC

[FORM OF APPROVING LEGAL OPINION]

Central Washington University
Ellensburg, Washington

Re: Central Washington University
$7,665,000 System Revenue Refunding Bonds, Series 2012

We have served as bond counsel to Central Washington University (the "University") in connection with the issuance of the above-referenced bonds (the "Series 2012 Bonds"), and in that capacity have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion. As to matters of fact material to this opinion, we have relied upon representations contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

The Series 2012 Bonds are issued by the University pursuant to Restated Master Resolution No. 12-02 of the University (the "Master Resolution") and to Resolution No. 12-01 of the University, as amended and supplemented by Resolution No. 12-03 (collectively, the "Series Resolution" and, together with the Master Resolution, the "Bond Resolution"), for the purpose of providing funds with which to pay a portion of the cost of a current refunding of a portion of the University's outstanding Housing System Revenue Bonds, Series 2002, and to pay the costs of issuance of the Series 2012 Bonds, all as provided in the Bond Resolution.

Reference is made to the Series 2012 Bonds and the Bond Resolution for the definitions of capitalized terms used and not otherwise defined herein.

We have not been engaged to review and thus express no opinion concerning the completeness or accuracy of any official statement, offering circular or other sales or disclosure material relating to the issuance of the Series 2012 Bonds or otherwise used in connection with the Series 2012 Bonds.

Under the Internal Revenue Code of 1986, as amended (the "Code"), the University is required to comply with certain requirements after the date of issuance of the Series 2012A Bonds in order to maintain the exclusion of the interest on the Series 2012A Bonds from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of Series 2012A Bond proceeds and the facilities refinanced with Series 2012A Bond proceeds, limitations on investing gross proceeds of the Series 2012A Bonds in higher yielding investments in certain circumstances and the arbitrage rebate requirement to the extent applicable to the Series 2012A Bonds. The University has covenanted in the Bond Resolution to comply with those requirements, but if the University fails to comply with those requirements, interest on the Series 2012A Bonds could become taxable retroactive to the date of issuance of the Series 2012A Bonds. We have not undertaken and do not undertake to monitor the University's compliance with such requirements.

Based upon the foregoing, as of the date of initial delivery of the Series 2012 Bonds to the purchaser thereof and full payment therefor, it is our opinion that under existing law:

The University is a regional university of the State of Washington duly organized and legally existing under the laws of the State of Washington.

The Series 2012 Bonds have been duly authorized and executed by the University and are issued in full compliance with the provisions of the Constitution and laws of the State of Washington and the resolutions of the University relating thereto.

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SEATTLE WASHINGTON SPOKANE WASHINGTON

The Series 2012 Bonds constitute valid obligations of the University payable solely out of the Gross Revenue to be paid into the Bond Fund, except only to the extent that enforcement of payment may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and by the application of equitable principles and the exercise of judicial discretion in appropriate cases.

The Series 2012 Bonds are not general obligations of the University, the State of Washington, its agencies, instrumentalities or political subdivisions. The University does not have taxing power.

Assuming compliance by the University after the date of issuance of the Series 2012A Bonds with applicable requirements of the Code, the interest on the Series 2012A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals; however, while interest on the Series 2012A Bonds also is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, interest on the Series 2012A Bonds received by corporations is to be taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations, interest on the Series 2012A Bonds received by certain S corporations may be subject to tax, and interest on the Series 2012A Bonds received by foreign corporations with United States branches may be subject to a foreign branch profits tax. We express no opinion regarding any other federal tax consequences of receipt of interest on the Series 2012A Bonds.

This opinion is given as of the date hereof, and we assume no obligation to 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.

We bring to your attention the fact that the foregoing opinions are expressions of our professional judgment on the matters expressly addressed and do not constitute guarantees of result.

Respectfully submitted,

BOOK-ENTRY TRANSFER 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 DTC's website at www.dtcc.com and 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 purposes of this section, references to the Issuer mean the University, and references to Agent mean the Bond Registrar. For the purposes of this Official Statement, the term "Beneficial Owner" includes the person for whom the Participant acquires an interest in the Series 2012 Bonds.

1. DTC will act as securities depository for the Bonds. The Series 2012 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 Bond certificate will be issued for each maturity of the 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 and www.dtc.org (which are not incorporated herein by these references).

3. Purchases of the Series 2012 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 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2012 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 2012 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 2012 Bonds, except in the event that use of the book-entry system for the Series 2012 Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2012 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 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 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012 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 Agent 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. Redemption notices will be sent to DTC. If less than all of the Series 2012 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2012 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 Issuer 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 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Series 2012 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 Issuer or the Agent, 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 Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, 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 Issuer or the Bond 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.

9. DTC may discontinue providing its services as securities depository with respect to the Series 2012 Bonds at any time by giving reasonable notice to the Issuer and the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2012 Bond certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of the book-entry transfers through DTC (or a successor securities depository). In that event, Series 2012 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 Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX E
MASTER AND SERIES RESOLUTIONS

This Master Resolution restates the Master Resolution No. 02-03 adopted on May 10, 2002, by the Board of Trustees of Central Washington University, as amended by Resolution No. 04-01 adopted on May 26, 2004, including certain provisions approved by Bondowners on June 10, 2004, and by Resolution No. 10-10 adopted on October 1, 2010. This Restated Master Resolution was adopted as Resolution No. 12-02 by the Board of Trustees on February 3, 2012.

BOARD OF TRUSTEES
CENTRAL WASHINGTON UNIVERSITY

SYSTEM REVENUE BONDS
RESTATED MASTER RESOLUTION
RESOLUTION NO. 12-02

A RESOLUTION of the Board of Trustees of Central Washington University repealing Resolution No. 94-3; authorizing special fund revenue bonds of the housing system to be issued in series to finance and refinance facilities for the system; creating and establishing a lien upon gross revenue of the system for the payment of such bonds; establishing a system of registration of bonds and obligations of the University; establishing a bond redemption fund and other funds; and making covenants and agreements in connection with the foregoing.

ADOPTED February 3, 2012

Prepared by:

Foster Pepper PLLC
1111 Third Avenue, Suite 3400
Seattle, Washington 98101
(206) 447-4400

BOARD OF TRUSTEES
CENTRAL WASHINGTON UNIVERSITY

SYSTEM REVENUE BONDS
RESTATED MASTER RESOLUTION
RESOLUTION NO. 12-02

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* This Table of Contents and the Cover Page are for convenience of reference and are not intended to be a part of this resolution.

BOARD OF TRUSTEES
CENTRAL WASHINGTON UNIVERSITY

SYSTEM REVENUE BONDS
RESTATED MASTER RESOLUTION
RESOLUTION NO. 12-02

A RESOLUTION of the Board of Trustees of Central Washington University repealing Resolution No. 94-3; authorizing special fund revenue bonds of the housing system to be issued in series to finance and refinance facilities for the system; creating and establishing a lien upon gross revenue of the system for the payment of such bonds; establishing a system of registration of bonds and obligations of the University; establishing a bond redemption fund and other funds; and making covenants and agreements in connection with the foregoing.

RECITALS FROM RESOLUTION NO. 02-03:

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

WHEREAS, the Board of Trustees deems it advisable and in the best interest of the University and the System to establish a lien for special fund 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 gross revenue of the System; and

WHEREAS, Section 149(a) of the Internal Revenue Code of 1986, as amended, requires municipal bonds and obligations offered to the public having a maturity of more than one year to be in registered form as a condition of the exclusion from gross income for federal income tax purposes of the interest on those bonds and obligations; and

WHEREAS, RCW 39.46.030 authorizes the University to establish a system of registering the ownership of its bonds or obligations as to principal and interest, or principal only;

RECITALS FROM RESOLUTION NO. 04-01:

WHEREAS, Resolution No. 02-03 (the "Original Resolution"), adopted May 10, 2002, by the Board of Trustees (the "Board") of Central Washington University (the "University"), authorized special fund revenue bonds ("Bonds") of the housing system of the University to be issued in series to finance and refinance facilities for the housing system of the University, which

"system" was defined to include, but not be limited to, lands, buildings and facilities for housing, dining and conferences, and any other facilities financed pursuant to the provisions set forth in Section 8 of the Original Resolution; and

WHEREAS, Section 8 of the Original Resolution permits Bonds to be issued "for any purpose of the University now or hereafter permitted by law and this resolution," provided that the Bonds are issued consistent with Sections 8 and 11 of the Original Resolution; and

WHEREAS, RCW 28B.10.300 expressly authorizes the University to issue revenue bonds to finance, among other things, housing, dining, parking, student activities and "services of any kind for students," and to pledge to the repayment of those bonds the rentals, fees, charges and other income derived from the ownership, operation and use of those facilities; and

WHEREAS, Section 14(b) of the Original Resolution authorized the University to adopt a resolution supplemental to the Original Resolution without the consent or concurrence of the owner of any Bonds "to add covenants and agreements of the University for the purpose of further securing the payment of the Bonds, if such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the University contained in this resolution"; and

WHEREAS, the Board of Trustees (the "Board") desires to expand the scope of the System to include additional facilities for students, to issue additional Bonds therefor, and to add the revenue from such facilities to further secure the payment of all the Bonds; and

WHEREAS, the Board desires specifically to issue Bonds to pay part of the cost of a new Student Union Building and a new Recreation Center and associated parking (collectively, the "SUB/Rec Project"), as well as improvements to housing and dining facilities; and

WHEREAS, by Motion 01-28 adopted June 8, 2001, the Board established a student fee of $95 per quarter for the Recreation Center and $64 per quarter for the Student Union Building, and by Motion 04-13 adopted March 12, 2004, the Board specified that the student fees adopted by Motion 01-28 would be assessed at the beginning of the academic quarter following completion of each building, respectively, or the beginning of Spring Quarter, 2006, whichever occurs first, and the Board committed the proceeds of those fees to support the repayment of Bonds issued to finance those SUB/Rec Project facilities; and

WHEREAS, pursuant to its authority under RCW 28B.15.045, the Services and Activities Fee Committee of the University (1) on February 3, 2003, approved an annual allocation of student activities fees to the SUB/Rec Project, from July 1, 2003, until the retirement of Bonds issued to finance that project, and (2) on February 4, 2004, recommended the annual budgeting and allocation, to bond financing for the SUB/Rec Project, of the student fees adopted by the Board for SUB/Rec Project; and

WHEREAS, through an amendment of the Original Resolution not requiring Bondowners consent, the Board desires to expand the definition of the System and to pledge revenue from the additional components of the System to secure the payment of Bonds, including without limitation revenue from the student fees described above, and to change from a net revenue pledge to a gross revenue pledge as security for the Bonds; and

WHEREAS, pursuant to Resolution No. 02-04 adopted May 10, 2002, the University issued its Housing System Revenue Bonds, Series 2002 (the "Series 2002 Bonds"), in the original principal amount of $9,200,000 as a first series of Bonds under the Original Resolution; and

WHEREAS, pursuant to Resolution No. 04-03 adopted March 12, 2004, the University contemplated amendments to the Original Resolution adjusting the reserve requirement and coverage covenant, which amendments would require Bondowners consent, and provided for a vote by proxy in accordance with Sections 15 through 23 of the Original Resolution; and

WHEREAS, the Board of Trustees deems it advisable and in the best interest of the University to amend the Original Resolution as set forth herein;

RECITALS FROM RESOLUTION NO. 10-10:

WHEREAS, on May 10, 2002, the Board of Trustees (the "Board") of Central Washington University (the "University") adopted its Resolution No. 02-03 (as amended and supplemented from time to time, the "Master Resolution") authorizing the University to issue certain special fund revenue bonds ("Bonds") from time to time;

WHEREAS, Section 14 of the Master Resolution authorizes the University to amend the Master Resolution, without the consent or concurrence of the owner of any Bond, for any of the following purposes (among others):

> *"To add covenants and agreements of the University for the purpose of further securing the payment of the Bonds, if such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the University contained in this resolution;"*
>
> *"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, but only if such modifications shall not materially and adversely affect the rights of any owners;" or*
>
> *"To modify any of the provisions of this resolution in any other respects, including, but not limited to, changes at the request of Rating Agencies or providers of Credit Facilities, but only if such modifications shall not materially and adversely affect the rights of any Bondowners";*

WHEREAS, pursuant to Resolution No. 04-01, adopted by the Board on May 26, 2004, the Board amended and supplemented various provisions of the Master Resolution;

WHEREAS, with the enactment of the American Recovery and Reinvestment Tax Act of 2009, the United States Congress authorized the Secretary of Treasury to make payments under Section 6431 of the Internal Revenue Code of 1986, as amended (the "Code"), to issuers of certain bonds, the interest on which was taxable;

WHEREAS, the category of bonds for which such payments are authorized to be paid to issuers by the Secretary of Treasury was expanded by the Hiring Incentives to Restore Employment Act of 2010;

WHEREAS, the Board finds and determines that the Master Resolution does not anticipate the University's receipt of revenue pursuant to Section 6431 of the Code and similar laws that may be enacted in the future, which revenue is closely related to the Bonds but is not derived from the ownership and operation of the System;

WHEREAS, the Board further finds and determines that the payment of the Bonds will be further secured, and the rights of Bondowners will not be materially and adversely affected, if the Master Resolution is amended and supplemented to allow the University to pledge to the System certain money received pursuant to Section 6431 of the Code and similar laws that may be enacted in the future; and

WHEREAS, the Board deems it advisable and in the best interests of the University and of Owners to amend the Master Resolution as set forth herein;

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

Section 1. Repealer. Resolution No. 94-3 of the University (as defined in Section 2 below), adopted by the Board of Trustees on April 8, 1994, should be and hereby is repealed.

Section 2. Definitions and Interpretation. 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 (a) 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 (b) 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 11(b) of this resolution, Net Revenues at least equal to 1.0 times Maximum Annual Debt Service.

"Aggregate Annual Debt Service" means Annual Debt Service for all Outstanding Bonds and all Bonds authorized but unissued under Series Resolutions 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.

"Average Annual Debt Service" means the Annual Debt Service, for each series of Bonds, in all years between the date of calculation and the final scheduled maturity thereof, divided by the number of years between such dates, all calculated on a series by series basis.

"Balloon Maturity Bonds" means any Bonds which are so designated in the Series Resolution pursuant to which such Bonds are issued. Commercial paper or similar obligations (obligations with a maturity of no more than 270 days from the date of issuance) shall be deemed to be Balloon Maturity Bonds.

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

"Bond Fund" means the System Revenue Bond Fund (the "Bond Fund"), created and established in Section 9 of this Master Resolution for the purpose of paying and securing the payment of any Parity Bonds.

"Bondowners' Trustee" or "Trustee" means a Trustee appointed in accordance with Section 26 of this resolution.

"Bonds" means the bonds, notes or other evidences of indebtedness issued from time to time in series pursuant to and under authority of Section 8 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.

"Code" means the Internal Revenue Code of 1986, as heretofore or hereafter amended, together with all applicable regulations and rulings heretofore or hereafter promulgated thereunder.

"Consultant" means at any time an independent consultant recognized in higher education operations 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 13 hereof and making the calculation required by Section 13 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 hereof issued to finance the costs of such improvements during the period

of construction of such improvements, and for a reasonable 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 such 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 such 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 1.0 times Maximum Annual Debt Service.

"Credit Enhanced Bonds" means Bonds the payment of the principal of, interest on or purchase price of which is guaranteed by a Credit Facility.

"Credit Facility" means a policy of municipal bond insurance, 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 a Rating Agency then maintaining a rating for any Bonds in a Rating Category which is either (a) no lower than the Rating Category assigned to any Bonds which are not Credit Enhanced Bonds, or (b) one of its three highest Rating Categories if there are no Bonds which are not Credit Enhanced Bonds; and which Credit Facility obligates such 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 Initial Issuance" means the date of issuance of the first series of Bonds to be issued pursuant to Section 8 hereof.

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

(a) 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;

(b) With respect to any Outstanding Fixed Rate Bonds, an amount equal to (1) the principal amount of such Bonds due or subject to mandatory redemption during such period and for which sinking fund installments have been established, plus (2) 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 (3) all interest payable during such period on any such Bond 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;

(c) With respect to Balloon Maturity Bonds, any 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;

(d) 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

(e) 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 (1) 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 40 years after the date of issuance, (2) at an interest rate equal to the maximum rate of interest permitted under the terms of the Series Resolution, and (3) to provide for essential level annual debt service of principal and interest over such period.

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

"Default" means any of the events specified in Section 26 of this resolution.

"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.

"Direct Subsidy Receipts" means any and all money received by the University pursuant to Section 6431 of the Code and any other provision of the Code that requires the Secretary of Treasury to make payments to the University (or agent designated by the University) under circumstances similar to those requirement payments under Section 6431 of the Code. For sake

of clarity, proceeds received by the University on account of the sale of tax credit bonds, or tax credits that have been stripped from tax credit bonds, are not intended to be "Direct Subsidy Receipts."

"Fiscal Agency" means collectively, the fiscal agent and co-fiscal agent of the State of Washington, as the same may be designated from time to time.

"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.

"Generally Accepted Accounting Principles" or "GAAP" means at any time all promulgated and nonpromulgated Accounting Research Bulletins, Accounting Principles Board Opinions and Statements, and Governmental Accounting Standards Board Statements and Interpretations then in effect.

"Gross Revenue" means all income and revenue derived from time to time by the University from any source whatsoever, from the ownership and operation of the System, including Direct Subsidy Receipts, grants, rentals, fees, and any other charges that now are or hereafter may be charged to all or any segment of the student population, if pledged to the System, and including interest income, but shall not include:

(a) The proceeds of any borrowing by the University and the earnings thereon (other than earnings on proceeds deposited in reserve funds);

(b) Income and revenue which may not legally be pledged for revenue bond debt service;

(c) State or federal grants or substitutes therefor allocated to capital projects;

(d) Payments made under Credit Facilities issued to pay or secure the payment of a particular series of Bonds;

(e) Proceeds of insurance or condemnation proceeds other than business interruption insurance; and

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

Solely for purposes of this definition, Direct Subsidy Receipts are deemed not to be described by any of the foregoing clauses (a) through (f). Any Direct Subsidy Receipt not pledged to the System in a Series Resolution will not be consider as part of "Gross Revenue."

"Master Resolution" means the Original Resolution as amended by Resolution No. 04-01 and Resolution No. 10-10.

"Maximum Annual Debt Service" means the greatest Annual Debt Service scheduled to be payable on all Outstanding Bonds from the date of calculation to the final maturity thereof.

"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, as defined under Generally Accepted Accounting Principles, including an allocable share of insurance expenses and other administrative expenses of the University directly related to the operation of the System, excluding any allowances for depreciation or amortization or interest on any obligations of the System incurred in connection with and payable from Gross Revenue.

"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.

"Original Resolution" means Resolution No. 02-03 adopted May 10, 2002, by the Board of the University.

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

"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 11 hereof.

"Permitted Investments" means any investments permitted for regional universities under the laws of the State of Washington including, but not limited to, the Local Government Investment Pool administered by the Treasurer of the State of Washington.

"Principal and Interest Account" means the subaccount of that name created in the Bond Fund for the payment of the principal of and interest and mandatory redemption requirements, if any, on the Parity Bonds.

"Rate Covenant" has the meaning given such term in Section 13(a) of this resolution.

"Rating Agencies" means (a) Moody's Investors Service, Inc., or its successors and assigns; (b) Standard & Poor's Corporation or its successors and assigns; (c) Fitch Investors Service, Inc., or its successors and assigns; and/or (d) 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.

"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.

"Rebate Amount," with respect to any issue of tax-exempt Bonds, has the meaning ascribed to such phrase in Treasury Regulation § 1.148-1(b).

"Rebate Fund" means the fund of that name, the creation of which is provided for in Section 10 of this resolution.

"Registrar" means the Fiscal Agency or 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, paying agent, transfer agent and authenticating trustee for one or more series of Bonds.

"Renewal and Replacement Fund" means the special fund designated as the "Central Washington University System Renewal and Replacement Fund," created pursuant to Section 6(b) of this resolution.

"Reserve Account" means the account of that name created in the Bond Fund for the purpose of securing the payment of the principal of and interest on the Series 2002 Bonds only.

"Reserve Insurance" means any bond insurance, letter of credit, guaranty, surety bond or similar credit enhancement device obtained by the University to provide for part or all of the Reserve Requirement which is issued by an institution which has been assigned a credit rating at the time of issuance of the device in one of the two highest rating categories of each of the Rating Agencies.

"Reserve Requirement" means, with respect to the Series 2002 Bonds only, as of the date of calculation the lesser of Maximum Annual Debt Service on the Series 2002 Bonds, 125% of Average Annual Debt Service on the Series 2002 Bonds or 10% of the proceeds of the Series 2002 Bonds.

"Revenue Fund" means collectively the following special funds previously created pursuant to resolutions of the Board: (a) the "Housing and Food Services Fund"; (b) the "Associated Student Fund" (also known as the "Service and Activities Fund"); (c) the "University Store Fund"; (d) the "Parking Fund"; and (e) any other special funds created in the office of the Treasurer for the receipt of Gross Revenue.

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

"Series 2002 Bonds" means the outstanding Central Washington University, Housing System Revenue Bonds, Series 2002, issued pursuant to Resolution No. 02-04.

"State" means the State of Washington.

"System" means (a) the existing housing and dining system of the University; (b) the services and activities system (including without limitation the Student Union Building and Recreation Center); (c) the bookstore system of the University; and (d) the parking system of the University; all as the same shall be added to, improved and extended through the use 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 also includes any other facilities financed pursuant to Section 8 of this resolution.

"Treasurer" means the Vice President, Business and Financial Affairs, 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 Central Washington University, a regional university of the State.

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 3. Findings Regarding Registration. The Board finds that it is in the University's best interest to establish a system of registering the ownership of the University's bonds and obligations in the manner permitted by law.

Section 4. Adoption of Registration System. The University adopts the following system of registering the ownership of its bonds and obligations:

(a) Registration Requirement. All bonds and obligations offered to the public, having a maturity of more than one year, on which the interest is intended to be excluded from gross income for federal income tax purposes, shall be registered as to both principal and interest as provided in this resolution.

(b) Method of Registration. The registration of all University bonds and obligations required to be registered shall be carried out either by

(i) a book entry system of recording the ownership of the bond or obligation on the books of the Registrar, whether or not a physical instrument is issued; or

(ii) recording the ownership of the bond or obligation and requiring as a condition of the transfer of ownership of any bond or obligation the surrender of the old bond or obligation and either the reissuance of the old bond or obligation or the issuance of a new bond or obligation to the new owner.

No transfer of any bond or obligation subject to registration requirements shall be effective until the name of the new owner and the new owner's mailing address, together with such other information deemed appropriate by the Registrar, are recorded on the books of the Registrar.

(c) Denominations. Except as may be provided otherwise by the resolution authorizing their issuance, registered bonds or obligations may be issued and reissued in any denomination up to the outstanding principal amount of the bonds or obligations of which they are a part. Such denominations may represent all or a part of a maturity or several maturities and

on reissuance may be in smaller amounts than the individual denominations for which they are reissued.

(d) Appointment of Registrar. Unless otherwise provided in the resolution authorizing the issuance of registered bonds or obligations, the Treasurer shall be the Registrar for all registered interest-bearing warrants, installment contracts, interest-bearing leases and other registered bonds or obligations not usually subject to trading without a fixed maturity date or maturing one year or less after issuance and the Fiscal Agency shall be the Registrar for all other University bonds and obligations with a fixed maturity date or maturing more than one year after issuance.

(e) Duties of Registrar. The Registrar shall serve as the University's authenticating trustee, transfer agent, registrar and paying agent for all registered bonds and obligations for which he, she, or it serves as Registrar and shall comply fully with all applicable federal and state laws and regulations respecting the carrying out of those duties.

The rights, duties, responsibilities and compensation of the Registrar shall be prescribed in each resolution authorizing the issuance of the bonds or obligations, which rights, duties, responsibilities and compensation shall be embodied in a contract executed by the University and the Registrar, except that (i) when the Fiscal Agency serves as Registrar, the University adopts by reference the contract between the State Finance Committee of the State of Washington and the Fiscal Agency in lieu of executing a separate contract and prescribing by resolution the rights, duties, obligations and compensation of the Registrar.

In all cases when the Registrar is not the Fiscal Agency and the bonds or obligations are assignable, the resolution authorizing the issuance of the registered bonds or obligations shall specify the terms and conditions of:

(i) making payments of principal and interest;

(ii) printing any physical instruments, including the use of identifying numbers or other designation;

(iii) specifying record and payment dates;

(iv) determining denominations;

(v) establishing the manner of communicating with the owners of the bonds or obligations;

(vi) establishing the methods of receipting for the physical instruments for payment of principal, the destruction of such instruments and the certification of such destruction;

(vii) registering or releasing security interests, if any; and

(viii) such other matters pertaining to the registration of the bonds or obligations authorized by such resolution as the University may deem to be necessary or appropriate.

Section 5. Statement of Transfer Restrictions. Any physical instrument issued or executed by the University subject to registration under this resolution shall state that the principal of and interest on the bonds or obligations shall be paid only to the owner thereof registered as such on the books of the Registrar as of the record date defined in the instrument and to no other person, and that such instrument, either principal or interest, may not be assigned except on the books of the Registrar.

Section 6. Priority of Use of Gross Revenue; Renewal and Replacement Fund.

(a) The Gross Revenue shall be deposited in the Revenue Fund as collected. The Revenue Fund shall be held separate 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 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;

Second, to make all payments required to be made into any debt service reserve fund(s) to secure the payment of any Bonds;

Third, to pay Operating Expenses;

Fourth, 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 Gross Revenue 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, and to make all deposits of Rebate Amounts to the Rebate Fund;

Fifth, to make all payments required to be made into any fund or account created by a Series Resolution;

Sixth, to make necessary additions, betterments, improvements and repairs to or extensions and replacements of the System, and make deposits to the Renewal and Replacement Fund as considered appropriate; and

Seventh, to retire by redemption or purchase in the open market any outstanding revenue bonds or other revenue obligations of the University as authorized in the various resolutions of the Board authorizing their issuance, and to carry out other lawful purposes of the University.

(b) There is hereby created and established in the office of the Treasurer a special fund of the University to be designated as the "Central Washington University System Renewal and Replacement Fund" (the "Renewal and Replacement Fund"). The University covenants and agrees that it will make deposits into the Renewal and Replacement Fund from time to time as considered appropriate and maintain a balance therein. Money in the Renewal and Replacement Fund may be used by the University to pay extraordinary operating and maintenance expenses of the System, make capital replacements, additions, expansions, repairs and renewals of the System, and to pay principal of and interest on any Bonds to the extent other funds are not legally available. Notwithstanding the foregoing the University does not guarantee that amounts will be available in the Renewal and Replacement Fund to make any such deposits in the Principal and Interest Account.

Section 7. Authorization of Bonds. Revenue bonds of the University, unlimited in amount, to be known as the "Central Washington University System 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 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(s) authorizing their issuance. The Bonds shall be payable solely from and secured solely by Gross Revenue; 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 Gross Revenue, 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.

The 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 liens and/or 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 8 and 11 of this resolution.

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

Section 8. 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 and this resolution, provided that the University shall comply with the terms and conditions for the issuance of Bonds hereinafter set forth in this Section 8 and in Section 11 hereof.

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

(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 Registrar or Registrars, 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;

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

(m) The form or forms of the Bonds of such series, which may include but shall not be limited to, registered form, and book-entry form, and the methods, if necessary, for the registration, transfer and exchange of the Bonds of such series;

(n) 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;

(o) 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;

(p) 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;

(q) If so determined by the University, the authorization of and any terms and conditions with respect to credit or liquidity support and the use of any Credit Facility for the Bonds of such series and the pledge or provision of money, assets or security other than Gross Revenue to or for the payment of the Bonds of such series or any portion thereof;

(r) 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 money or security therein;

(s) Undertake to provide continuing disclosure for governmental Bonds of the University; and

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

Section 9. Bond Fund. There is hereby created and established in the office of the Treasurer a special fund of the University designated as the "System Revenue Bond Fund" (the "Bond Fund"), for the purpose of paying and securing the payment of any Parity Bonds. The 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 any Parity Bonds.

So long as any Parity Bonds are outstanding, the University shall set aside and pay into the Bond Fund out of the Gross Revenue, certain fixed amounts without regard to any fixed proportion, namely, on or prior to each interest or principal and interest payment date from its Gross Revenue or other money in the Revenue Fund legally available therefor, money which, together with money then on deposit in that fund, shall be at least sufficient to meet the debt service on the Parity Bonds required on the next interest or principal and interest payment date.

Money in the Bond Fund not needed to pay the interest or principal and interest next coming due on any outstanding Parity Bonds or to maintain required reserves therefor may be used to purchase or redeem and retire Parity Bonds. Money in the Bond Fund may be invested in Permitted Investments, which shall mature prior to the date on which such money shall be needed for required interest or principal payments. All interest earned and income derived by

virtue of such investments shall remain in the Bond Fund and be used to meet the required deposits into any account therein.

The University may, at its discretion, provide for a reserve requirement with respect to any series of Parity Bonds, and may create subfunds or accounts within the Bond Fund as it deems necessary in connection with any such reserve requirement. The Reserve Account created pursuant to the Original Resolution shall be deemed to be a reserve account for the Series 2002 Bonds, and Debt Service Reserve Surety Bond No. 38037(2) shall be allocated to that reserve account and shall remain in full force and effect with respect to the Series 2002 Bonds only. The owners of Parity Bonds other than the Series 2002 Bonds shall have no rights with respect to Debt Service Reserve Surety Bond No. 38037(2) or any amounts deposited in the reserve account for the Series 2002 Bonds.

Nothing herein shall limit the University's right to issue bonds, notes or other obligations, for any lawful System purpose, secured in whole or in part by liens against the Gross Revenue and the money and investments in the Revenue Fund that are junior and inferior to the lien against the Gross Revenue and money and investments in the Revenue Fund securing the payment of the Bonds.

Section 10. Rebate Fund. The University wishes to assure that any Rebate Amount will be timely deposited in the Rebate Fund in accordance with the following procedures:

(a) The University shall establish a separate special fund designated as the "Rebate Fund" if at any time there is determined, pursuant to Section 10(b) of this resolution, to be a Rebate Amount, which fund shall be segregated from all other funds and accounts held by the University. If such Rebate Fund is established, the University shall maintain the Rebate Fund until the expiration of 60 days after the retirement of the last outstanding tax-exempt Bond.

(b) Within the time required by the Code, the University shall determine or cause to be determined the Rebate Amount in accordance with Section 148 of the Code and applicable Treasury Regulations promulgated thereunder. If a Rebate Amount is determined to exist, the University shall deposit into the Rebate Fund the amount necessary, together with other money therein, to equal the Rebate Amount. The University shall use money in the Rebate Fund to pay the Rebate Amount to the United States Treasury in the manner required by the Code and applicable Treasury Regulations. Any money remaining in the Rebate Fund after such payment and not on deposit on account of another issue of Bonds, may be transferred by the University to the Principal and Interest Account.

(c) The University may, in its discretion, establish such accounts within the Rebate Fund established under this resolution, and subaccounts within any of such accounts, as the University may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from such accounts or subaccounts, but the establishment of any such additional account or subaccount shall not alter or modify any of the

requirements of this resolution with respect to the deposit or use of money in the Rebate Fund established hereunder or result in commingling of funds not permitted hereunder.

Section 11. Parity Bonds. All Bonds authorized to be issued under Series Resolutions shall be Parity Bonds, having an equal lien and charge upon the Gross Revenue, upon fulfillment of the conditions of this resolution, whether at the time of authorization or issuance of such Bonds. The University shall not issue any series of Bonds or incur any additional indebtedness with a parity lien or charge on Gross Revenue (on a parity of lien with Bonds at the time Outstanding) unless:

(a) The University shall not have been in default of its Rate Covenant for the immediately preceding fiscal year; and

(b) The University has received either (1) or (2):

(1) A certificate delivered by the Designated University Representative, based upon the appropriate audited annual financial reports of the System, to the effect that average annual Net Revenues, plus the net revenues from any other sources pledged as security for all Outstanding Bonds, during the two full fiscal years immediately preceding the date of issuance of such Parity Bonds, was equal to at least the Coverage Requirement on all Bonds to be Outstanding during the full fiscal year succeeding the date of issuance of the Parity Bonds; but if such Parity Bonds are proposed to be issued at any time during any fiscal year when the audited financial report of the System for the preceding fiscal year is not available, then Net Revenues for the previous fiscal year shall be calculated, for purposes of meeting the requirements of this section, based upon the unaudited statement of revenue and expenses for any twelve successive calendar months in the fifteen months immediately preceding the date of issuance of the Parity Bonds proposed to be issued, prepared by the Designated University Representative in accordance with GAAP; or

(2) A certificate of the Designated University Representative to the effect that the estimated Net Revenues, plus the net revenues from any other sources pledged as security for all Outstanding Bonds during the three consecutive full fiscal years next succeeding the date of issuance of such proposed Parity Bonds (or, if new facilities or improvements are to be constructed with any portion of the proceeds of such Parity Bonds, in the three full fiscal years following the fiscal year in which such new facilities or improvements are expected to be completed) will be equal to at least the Coverage Requirement on all Bonds to be Outstanding during such three full fiscal years. Computation of future Net Revenues of the then existing System, and other pledged revenues, shall be based on actual Net Revenues for the fiscal year immediately preceding the issuance of Parity Bonds, adjusted to reflect the schedule or rates and charges to

become effective when the additional facilities become revenue producing, and after giving recognition to anticipated changes in Operating Expenses of the System. Computation of the estimated net revenues of any facility or facilities under construction, to be constructed or acquired, or not in operation for the preceding full fiscal year shall be predicated upon reasonable utilization rates.

(c) In accordance with the requirements of Subsection (a) of this Section 11, and in lieu of the requirements of Subsection (b) of this Section 11, Parity Bonds may be issued solely for the purpose of financing the cost or estimated cost of completing a capital project where Bonds have been issued under a Series Resolution to pay costs of such a project; provided, however, the aggregate principal amount of Parity Bonds issued financing the completion of a given project shall not exceed fifteen percent (15%) of the principal amount of Bonds originally issued or incurred to finance such project.

Section 12. Refunding Bonds. The University, by means of a Series Resolution adopted in compliance with the provisions of Section 8 hereof, may issue refunding Bonds hereunder as follows:

(a) Bonds may be issued at any time for the purpose of refunding (including by purchase) 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 11 hereof. Such refunding Bonds also may be issued without a certificate if the Maximum Annual Debt Service on all 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 such refunding. Prior to the issuance of such Bonds the University must provide a certificate if required by Section 11 hereof.

(c) Bonds may be issued for the purpose of refunding (including by purchase) at any time within one year prior to maturity, any Bonds for the payment of which sufficient Gross Revenue or other money is not available, without the requirement of a certificate pursuant to Section 11 hereof.

Section 13. Specific Covenants. The University covenants and agrees with the owners of each of the Bonds for as long as any of the same remain Outstanding as follows:

(a) It will at all times establish such rules and 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 in each fiscal year at least equal to the greater of (1) the Coverage Requirement, or (2) amounts required to be deposited during such fiscal year into bond funds and reserve funds established for Outstanding Bonds, but excluding from each of the foregoing, payments made from refunding debt and capitalized debt service (herein referred to as 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 under this Section 13(a) or under the provisions of Section 26(c) of this resolution during such fiscal year, unless the University fails to meet the Rate Covenant for two consecutive fiscal years.

(b) It 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 those Bonds provided and will at all times faithfully perform and observe any and all covenants, undertakings and provisions contained in this resolution, the Series Resolution, as applicable, and in the Bonds.

(c) It 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) 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) It 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) It will 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 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) It will 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. On or before 120 days after each fiscal year it 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 of the System, expenses of normal operation, expenses of normal and extraordinary maintenance and repair, and expenditures for capital purposes of the System 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.

Section 14. 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 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 8 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, if 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 Gross Revenue 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 Gross Revenue or of any other money, 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, but only if 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;

(h) To modify any of 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 portion thereof is not adversely affected; or

(i) To modify any of the provisions of this resolution in any other respects, including, but not limited to, changes at the request of Rating Agencies or providers of Credit Facilities, but only if such modifications shall not materially and adversely affect the rights of any Bondowners.

Notwithstanding anything in this Section 14 to the contrary:

(1) No such resolution amending or supplementing the provisions hereof or of any Series Resolution shall (A) permit the creation of a lien or charge on the Gross Revenue superior or prior to the payment of the Bonds; (B) reduce the percentage of Bonds, the owners of which are required to consent to any such resolution amending or supplementing the provisions hereof; or (C) give to any

Bond or Bonds any preference over any other Bond or Bonds secured hereby, without the specific consent of the owner of each Bond;

(2) No such resolution amending or supplementing the provisions hereof or any Series Resolution shall (A) change the date of payment of the principal of any Bond, (B) reduce the principal amount or Accreted Value of any Bond, (C) change the rate or extend the time of payment of interest thereof, (D) reduce any premium payable upon the redemption or prepayment thereof, or (E) 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

(3) No such amendment shall change or modify any of the rights or obligations of any Registrar 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 15 through 23 hereof.

Section 15. 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 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, except 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 16. 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 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 such owner who shall have filed with the University an address for notices.

Section 17. Proxies and 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, may, by an instrument in writing under their hands, appoint any person or persons, with full power of station, as their proxy to vote at any meeting for them.

Any registered owner of Bonds 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 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).

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 18. 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 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.

Section 19. Vote Required to Amend Resolution. Any amendment of the provisions of this resolution or any Series Resolution in any particular, except by 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 20 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:

(1) No such resolution amending or supplementing the provisions hereof or of any Series Resolution shall (A) permit the creation of a lien or charge on the Gross Revenue superior or prior to the payment of the Bonds; (B) 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 (C) give to any Bond or Bonds

any preference over any other Bond or Bonds secured hereby, without the specific consent of the owner of each Bond;

(2) No such resolution amending or supplementing the provisions hereof or any Series Resolution shall (A) change the date of payment of the principal of any Bond, (B) reduce the principal amount of any Bond, (C) change the rate or extend the time of payment of interest thereon, (D) reduce any premium payable upon the redemption or prepayment thereof, or (E) 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

(3) No such amendment shall change or modify any of the rights or obligations of any Registrar 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 14 of this resolution or authorized by any Series Resolution.

Section 20. 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 20. 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 19 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.) Proof of such mailing 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 conclusively to be binding upon the University, the Registrars and other agents, if any, for that series, and the owners of all Bonds of that series, if any, appurtenant thereto, upon such filing.

Section 21. 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 (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 17 hereof. Any such consent shall be binding upon the owner of 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 owner of a majority in aggregate principal amount or Accreted Value of the Bonds of the series whose contract with the University will 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, 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 Registrars and other agents, if any, for that series and the owners of all Bonds of that series upon such filing.

Section 22. 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 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 21, except that no notice to Bondowners shall be required, and the amendment shall be effective immediately upon such unanimous vote or written consent of all such owners of Bonds.

Section 23. 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 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.

Section 24. Master 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, including, but not limited to, 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 such laws shall constitute a contract with the owner or owners of each Bond, 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.

Section 25. Money Held by Registrar After Due Date and Funds Escheated to the State. Unless otherwise provided in the Series Resolution authorizing a series of Bonds, money or securities held by the Registrar in trust for the payment and discharge or purchase of any of the Bonds of a series which remain unclaimed for five years after the date when such Bonds are purchased or shall have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such money was held by such Registrar at such date, or for five years after the date of deposit of such money if deposited with the Registrar after the date when such Bonds become due and payable, shall be paid by the Registrar to the State pursuant to RCW 63.29.120(1) as now in effect or hereafter amended.

Section 26. Defaults and Remedies; Appointment of Bondowners' Trustee. 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 money, funds and securities to the purposes herein set forth. Accordingly, the provisions of this Section 26 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 mandatory 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; or

(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, if any Bonds are not redeemed when properly presented at their maturity or call date, the University shall be obligated to pay interest on such Bonds at the same rate provided in the Bond from and after its maturity or call date until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the appropriate bond redemption fund and the Bond has been

called for payment by giving notice of that call to the registered owner of each of those unpaid Bonds. Further, there shall be no acceleration to pay principal of and interest on such Bonds.

Additionally, 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 a Bondowners' Trustee, notification thereof being given to the University. Any Bondowners' Trustee appointment under the provisions of this section shall be a national banking association or a bank or trust company organized under the laws of any state, in each case, authorized or permitted to serve as a Trustee for the Bondowners under the laws of the State. The fees and expenses of a Bondowners' Trustee shall be borne by the Bondowners and not by the University. 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 those 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 those 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 those 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 those Bonds; to execute any paper or documents for the receipt of such money, 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 accept or adopt, on behalf of any owner of those Bonds, any plan of reorganization or adjustment affecting those 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 future 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, 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 Gross Revenues the principal of and interest on those Bonds to the respective owners thereof 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 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 27. 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.

Section 28. Effective Date. Resolution No. 02-03 was effective May 10, 2002. Resolution No. 04-01 was effective May 26, 2004. Resolution No. 10-10 was effective October 1, 2010. This restated resolution shall be effective immediately upon its adoption. Any actions pursuant to this resolution, prior to its effective date, are ratified and confirmed.

PASSED AND APPROVED by the Board of Trustees of Central Washington University at a regular meeting held on the 3rd day of February, 2012.

CENTRAL WASHINGTON UNIVERSITY

_____

Chair of its Board of Trustees

ATTEST:

_____

Secretary of its Board Trustees

50435979.5

SECRETARY'S CERTIFICATE

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

1. That the attached Resolution No. 12-02 (the "Resolution") is a full, true and correct copy of a resolution of the Board duly adopted at a regular meeting of the Board held on February 3, 2012, as that Resolution appears on the minute book of the University, and the Resolution is now in full force and effect;

2. A quorum of the members of the Board was present throughout the meeting and a majority of those members present voted in the proper manner for the adoption of the Resolution;

IN WITNESS WHEREOF, I have hereunto set my hand as of this 3rd day of February, 2012.

_____

Secretary of its Board of Trustees

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BOARD OF TRUSTEES
CENTRAL WASHINGTON UNIVERSITY

SYSTEM REVENUE BONDS
SERIES 2012 BOND RESOLUTION
RESOLUTION NO. 12-01

A RESOLUTION of the Board of Trustees of Central Washington University providing for the issuance of the University's System Revenue Refunding Bonds, Series 2012, in the aggregate principal amount of not to exceed $7,900,000 for the purpose of providing funds to pay a portion of the cost of a current refunding of a portion of the University's outstanding Housing System Revenue Bonds, Series 2002, and to pay the costs of issuance and sale of the bonds; providing for certain terms and covenants of the bonds; providing for and authorizing the purchase of certain obligations out of the proceeds of the sale of the bonds herein authorized and for the use and application of the money derived from those investments; authorizing the execution of an agreement with U.S. Bank National Association of Seattle, Washington, as refunding trustee; providing for the call, payment and redemption of the outstanding bonds to be refunded; and authorizing and directing the sale of such bonds.

ADOPTED February 3, 2012

Prepared by:

Foster Pepper PLLC
1111 Third Avenue, Suite 3400
Seattle, Washington 98101
(206) 447-4400

BOARD OF TRUSTEES
CENTRAL WASHINGTON UNIVERSITY

SYSTEM REVENUE BONDS
SERIES 2012 BOND RESOLUTION
RESOLUTION NO. 12-01

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BOARD OF TRUSTEES
CENTRAL WASHINGTON UNIVERSITY

SYSTEM REVENUE BONDS
SERIES 2012 BOND RESOLUTION
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A RESOLUTION of the Board of Trustees of Central Washington University providing for the issuance of the University's System Revenue Refunding Bonds, Series 2012, in the aggregate principal amount of not to exceed $7,900,000 for the purpose of providing funds to pay a portion of the cost of a current refunding of a portion of the University's outstanding Housing System Revenue Bonds, Series 2002, and to pay the costs of issuance and sale of the bonds; providing for certain terms and covenants of the bonds; providing for and authorizing the purchase of certain obligations out of the proceeds of the sale of the bonds herein authorized and for the use and application of the money derived from those investments; authorizing the execution of an agreement with U.S. Bank National Association of Seattle, Washington, as refunding trustee; providing for the call, payment and redemption of the outstanding bonds to be refunded; and authorizing and directing the sale of such bonds.

WHEREAS, Resolution No. 02-03, adopted May 10, 2002, by the Board of Trustees (the "Board") of Central Washington University (the "University"), authorized the issuance of special fund revenue bonds in one or more series; and

WHEREAS, pursuant to Resolution No. 02-04, adopted May 10, 2002, the University issued its Housing System Revenue Bonds, Series 2002 (the "Series 2002 Bonds"), in the original principal amount of $9,200,000; and

WHEREAS, by Resolution No. 04-01, adopted by the Board on May 26, 2004, and Resolution No. 10-10, adopted by the Board on October 1, 2010, the Board amended and supplemented Resolution No. 02-03 (as Resolution No. 02-03 has been and hereafter may be amended and supplemented from time to time, the "Master Resolution"); and

WHEREAS, pursuant to Resolution No. 04-02, adopted May 26, 2004, the University issued its System Revenue Bonds, Series 2004 (the "Series 2004 Bonds"), in the original principal amount of $64,080,000 as a second series of Bonds under the Master Resolution; and

WHEREAS, pursuant to Resolution No. 08-01, adopted June 4, 2008, the University issued its System Revenue Bonds, Series 2008 (the "Series 2008 Bonds"), in the original principal amount of $36,495,000 as a third series of Bonds under the Master Resolution; and

WHEREAS, pursuant to Resolution No. 10-15, adopted November 5, 2010, the University issued its System Revenue Bonds, 2010, Series A and Series B (Taxable Build America Bonds-Direct Payment (collectively, the "Series 2010 Bonds"), in the aggregate original principal amount of $34,465,000 as a fourth series of Bonds under the Master Resolution; and

WHEREAS, the University in Resolution No. 02-04 reserved the right to redeem the Series 2002 Bonds prior to their maturity on May 1, 2012, at a price of par plus accrued interest to the date fixed for redemption; and

WHEREAS, there presently are outstanding $7,520,000 par value of Series 2002 Bonds maturing on May 1 of each of the years 2013 through 2016, 2024 and 2032, and bearing various interest rates from 4.50% to 5.125% (the "Refunded Bonds"); and

WHEREAS, after due consideration, it appears to the Board that the Refunded Bonds may be refunded by the issuance and sale of a fifth series of Bonds (the "Series 2012 Bonds") under the authority of the Master Resolution so that a substantial savings will be effected by the difference between the principal and interest cost over the life of the Series 2012 Bonds and the principal and interest cost over the life of the Refunded Bonds without such a refunding, which refunding will be effected by carrying out the Refunding Plan (as hereinafter defined); and

WHEREAS, to effect that refunding in the manner that will be most advantageous to the University it is found necessary and advisable that certain Acquired Obligations (hereinafter defined) bearing interest and maturing at such time or times as necessary to accomplish the refunding as aforesaid be purchased out of a portion of the proceeds of the Series 2012 Bonds and other money of the University; and

WHEREAS, it is necessary that the date, form and certain terms and conditions of the Series 2012 Bonds be fixed pursuant to Section 8 of the Master Resolution;

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

Section 1. Definitions and Interpretation. 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:

"Acquired Obligations" means those United States Treasury Certificates of Indebtedness, Notes, and Bonds--State and Local Government Series and other direct, noncallable obligations of the United States of America purchased to accomplish the refunding of the Refunded Bonds as authorized by this Series Resolution.

"Bond Register" means the registration books or other records maintained by the Registrar on which are maintained the name and address of the Owners of the Series 2012 Bonds.

"Bond Sale Resolution" means a supplemental resolution to this Series Resolution hereafter adopted by the Board that establishes, among other items, the aggregate principal amount, principal amounts per maturity, maturity dates, interest rates, redemption provisions and

other terms of the Series 2012 Bonds that are dependent upon the final pricing of such Bonds, as such resolution may be amended or supplemented from time to time.

"DTC" means The Depository Trust Company, New York, New York.

"Future Parity Bonds" means any special fund revenue bonds or other revenue obligations which will 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 in existence or hereafter amended.

"Letter of Representations" means the Blanket Issuer Letter of Representations between the University and DTC dated May 10, 2002, as it may be amended from time to time.

"Master Resolution" has the meaning specified in the preamble to this Series Resolution.

"MSRB" means the Municipal Securities Rulemaking Board.

"Outstanding Parity Bonds" means the Series 2002 Bonds maturing on May 1, 2012, the Series 2004 Bonds, the Series 2008 Bonds and the Series 2010 Bonds.

"Owner" means the person named as a registered owner of the Series 2012 Bonds on the Bond Register.

"Refunded Bonds" means the outstanding Series 2002 Bonds maturing the years 2013 through 2016, 2024 and 2032, issued pursuant to the Series 2002 Bond Resolution, the refunding of which has been provided for by this Series Resolution.

"Refunding Plan" means:

(a) the placement of sufficient proceeds of the Series 2012 Bonds which, with other money of the University, if necessary, will acquire the Acquired Obligations to be deposited, with cash, if necessary, with the Refunding Trustee;

(b) the call, payment, and redemption on May 1, 2012, of all of the Refunded Bonds at a price of par, plus accrued interest; and

(c) the payment of the costs of issuing the Series 2012 Bonds and the costs of carrying out the foregoing elements of the Refunding Plan.

"Refunding Trust Agreement" means a Refunding Trust Agreement between the University and the Refunding Trustee substantially in the form of that which is on file with the Secretary of the Board and by this reference incorporated herein.

"Refunding Trustee" means U.S. Bank National Association of Seattle, Washington, serving as trustee or escrow agent or any successor trustee or escrow agent.

"Rule 15c2-12" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

"SEC" means the Securities and Exchange Commission.

"Series 2002 Bond Resolution" means, together, the Master Resolution and Resolution No. 02-04 of the Board.

"Series 2002 Bonds" has the meaning specified in the preamble to this Series Resolution.

"Series 2004 Bonds" has the meaning specified in the preamble to this Series Resolution.

"Series 2008 Bonds" has the meaning specified in the preamble to this Series Resolution.

"Series 2010 Bonds" has the meaning specified in the preamble to this Series Resolution.

"Series 2012 Bonds" means the Central Washington University System Revenue Refunding Bonds, 2012, authorized to be issued by this Series Resolution.

"Term Bonds" means those Series 2012 Bonds which are designated as Term Bonds in the Bond Sale Resolution and all other Parity Bonds designated as such in the applicable Parity Bond authorizing resolution.

"Undertaking" means the continuing disclosure agreement set forth in Section 19 of this Series Resolution.

"Underwriter" means the successful bidder and underwriter identified in the Bond Sale Resolution.

Section 2. Findings of the Board of Trustees. In addition to the findings made in the preamble to this Series Resolution, the Board finds that:

(1) There is no deficiency in either the Principal and Interest Account or the Reserve Account of the Bond Fund.

(2) Provision is made by Section 11 herein for the payment of the principal of and interest on the Series 2012 Bonds from the Bond Fund.

(3) The University is or will be in compliance with the conditions for the issuance of the Series 2012 Bonds as Parity Bonds set forth in Section 11 of the Master Resolution.

Section 3. Authorization of Series 2012 Bonds. The University shall issue the Series 2012 Bonds in the principal amount of not to exceed $7,900,000 for the purpose of providing funds to carry out the Refunding Plan.

Section 4. Description of Series 2012 Bonds. The Series 2012 Bonds shall be designated the Central Washington University System Revenue Refunding Bonds, Series 2012; shall be issued in the principal amount of not to exceed $7,900,000; shall be dated as of their date of initial issue; shall be in the denomination of $5,000 or any integral multiple thereof within a single maturity; shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification; and shall mature on May 1 in each of the years 2013 through 2032, inclusive. The Treasurer is hereby authorized and directed to determine the principal amount of the Series 2012 Bonds which will mature in each of the years 2013 through 2032, inclusive.

The principal amounts of Series 2012 Bonds maturing the years 2013 through 2032, inclusive, either shall mature serially in such years, or, if specified by the successful bidder in

accordance with Section 17 of this Series Resolution, shall be aggregated as one or more Term Bonds in the manner specified by the successful bidder and shall be subject to mandatory redemption on the dates set forth in the Bond Sale Resolution.

The Series 2012 Bonds shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) from their date or from the most recent interest payment date to which interest has been paid or duly provided for, whichever is later, payable semiannually on May 1 and November 1 of each year, commencing November 1, 2012, to the maturity or earlier redemption thereof, at such rate or rates as the Board hereafter shall establish in the Bond Sale Resolution. Only one interest rate may be specified for the Series 2012 Bonds of the same maturity.

The Series 2012 Bonds shall be special fund revenue obligations of the University payable only out of the Bond Fund, and shall be secured as provided herein. The Series 2012 Bonds are not general obligations of the University. The Series 2012 Bonds do not constitute an indebtedness of the University or the State of Washington within the meaning of the constitutional provisions and limitations of the State.

Section 5. Bond Registrar; Registration and Transfer of Series 2012 Bonds.

(a) Registration of Series 2012 Bonds. The Series 2012 Bonds shall be issued only in registered form as to both principal and interest and shall be recorded on the Bond Register.

(b) Bond Registrar. The Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Series 2012 Bonds, which shall be open to inspection by the University at all times. The Bond Register

shall contain the name and mailing address of the Owner of each Series 2012 Bond and the principal amount and number of each of the Series 2012 Bonds held by each Owner.

The Registrar is authorized, on behalf of the University, to authenticate and deliver the Series 2012 Bonds transferred or exchanged in accordance with the provisions of the Series 2012 Bonds and this Series Resolution, to serve as the University's paying agent for the Series 2012 Bonds and to carry out all of the Registrar's powers and duties under this Series Resolution and the Master Resolution (as they pertain to the Series 2012 Bonds).

The Registrar shall be responsible for its representations contained in the Registrar's Certificate of Authentication on the Series 2012 Bonds. The Registrar may become the owner of the Series 2012 Bonds 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 members of, or in any other capacity with respect to, any committee formed to protect the rights of the Owner.

Series 2012 Bonds surrendered to the Registrar may be exchanged for Series 2012 Bonds in any authorized denomination of an equal aggregate principal amount and of the same interest rate and maturity. Series 2012 Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Registrar. Any exchange or transfer shall be without cost to the Owner or transferee. The Registrar shall not be obligated to exchange or transfer any Series 2012 Bond during the 15 days preceding any principal payment or redemption date with respect to such Series 2012 Bond.

(c) DTC and the Book-Entry System. The Series 2012 Bonds initially shall be registered in the name of Cede & Co., as the nominee of DTC. The Series 2012 Bonds so registered shall be held in fully immobilized form by DTC as depository in accordance with the

provisions of the Letter of Representations. Neither the University nor the Registrar shall have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Series 2012 Bonds regarding accuracy of any records maintained by DTC or DTC participants of any amount in respect of principal of or interest on the Series 2012 Bonds, or any notice which is permitted or required to be given to Owners hereunder (except such notice as is required to be given by the Registrar to DTC).

For as long as any Series 2012 Bonds are held in fully immobilized form, DTC, its nominee or its successor depository shall be deemed to be the Owner of such Series 2012 Bonds for all purposes hereunder and all references to registered owners, bondowners, bondholders, or the like in the context of such Series 2012 Bonds shall mean DTC or its nominee and shall not mean the owners of any beneficial interests in those Series 2012 Bonds. Registered ownership of such Series 2012 Bonds, or any portions thereof, may not thereafter be transferred except: (i) to any successor of DTC or its nominee, if that successor shall be qualified under any applicable laws to provide the services proposed to be provided by it; (ii) to any substitute depository appointed by the University or such substitute depository's successor; or (iii) to any person if such Series 2012 Bonds are no longer held in immobilized form.

Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or a determination by the University that it no longer wishes to continue the system of book-entry transfers through DTC or its successor (or any substitute depository or its successor), the University may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

If (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the University determines that the Series 2012 Bonds are to be in certificated form, the ownership of Series 2012 Bonds may be transferred to any person as provided herein and the Series 2012 Bonds no longer shall be held in fully immobilized form.

Section 6. Payment of Series 2012 Bonds. Both principal of and interest on the Series 2012 Bonds shall be payable in lawful money of the United States of America. For so long as the Series 2012 Bonds are registered in the name of DTC or its nominee, payment of principal of and interest on the Series 2012 Bonds shall be made in the manner set forth in the Letter of Representations. If the Series 2012 Bonds cease to be in book-entry-only form, interest on the Series 2012 Bonds shall be paid by checks or drafts of the Registrar mailed on the interest payment date to the Owners at the addresses appearing on the Bond Register on the 15th day of the month preceding the interest payment date or, if requested in writing by an Owner of $1,000,000 or more in principal amount of Series 2012 Bonds prior to the applicable record date, by electronic transfer on the interest payment date. Principal of the Series 2012 Bonds shall be payable on presentation and surrender of the Series 2012 Bonds by the Owners to the Registrar.

Section 7. Redemption Provisions and Open Market Purchase of Series 2012 Bonds .

(a) Optional Redemption. The Series 2012 Bonds maturing in the years 2013 through 2022, inclusive, shall be issued without the right or option of the University to redeem those Series 2012 Bonds prior to their stated maturity dates. The University reserves the right and option to redeem Series 2012 Bonds maturing on or after May 1, 2023, prior to their stated maturity dates at any time on or after May 1, 2022, as a whole or in part (within one or more

maturities selected by the University), at par plus accrued interest to the date fixed for redemption.

(b) Mandatory Redemption. The University shall redeem Term Bonds, if any, randomly in such manner as the Registrar shall determine, at par plus accrued interest, in the principal amounts determined pursuant to Section 4 of this Series Resolution, on May 1 of the years 2013 through 2032, inclusive. If there is more than one Term Bond maturity, the Term Bonds shall be redeemed in chronological order of maturity. If the University redeems under the optional redemption provisions, purchases in the open market, or defeases Term Bonds, the par amount of the Term Bonds so redeemed, purchased or defeased (irrespective of their actual redemption or purchase prices) shall be credited against one or more scheduled mandatory redemption amounts for those Term Bonds. The University shall determine the manner in which the credit is to be allocated and shall notify the Registrar in writing of its allocation prior to the earliest mandatory redemption date for that maturity of Term Bonds for which notice of redemption has not already been given.

(c) Partial Redemptions. Portions of the principal amount of any Series 2012 Bond, in any authorized denomination, may be redeemed. If less than all of the principal amount of any Series 2012 Bond is redeemed, upon surrender of that Series 2012 Bond to the Registrar, there shall be issued to the Owner, without charge, a new Series 2012 Bond (or Bonds, at the option of the Owner) of the same maturity and interest rate in any authorized denomination in the aggregate principal amount remaining unredeemed.

(d) Selection of Series 2012 Bonds for Redemption. If fewer than all of the outstanding Series 2012 Bonds within a maturity are to be redeemed prior to maturity, Series 2012 Bonds shall be selected for redemption randomly within a maturity in such manner as the

Registrar shall determine. Notwithstanding the foregoing, for as long as the Series 2012 Bonds are registered in the name of DTC or its nominee, selection of Series 2012 Bonds for redemption shall be in accordance with the Letter of Representations.

(e) Effect of Redemption. Interest on Series 2012 Bonds called for redemption shall cease to accrue on the date fixed for redemption unless the Series 2012 Bond or Series 2012 Bonds called are not redeemed when presented pursuant to the call.

(f) Open Market Purchase. The University reserves the right and option to purchase any or all of the Series 2012 Bonds in the open market at any time at any price (which price may include accrued interest to the date of purchase).

(g) Cancellation of Series 2012 Bonds. All Series 2012 Bonds purchased or redeemed under this section shall be canceled.

Section 8. Notice of Redemption. While the Series 2012 Bonds are held by DTC in book-entry-only form, any notice of redemption shall be given in accordance with the Letter of Representations, and the Registrar shall not be required to give any other notice of redemption. If the Series 2012 Bonds cease to be in book-entry-only form, the University shall cause notice of any intended redemption of Series 2012 Bonds to be given not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Owner of any Series 2012 Bond to be redeemed at the address appearing on the Bond Register at the time the Registrar prepares the notice, and the requirements of this sentence shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the Owner of any Series 2012 Bond.

In the case of an optional redemption, the notice may state that the University retains the right to rescind the redemption notice and the related optional redemption of Series 2012 Bonds

by giving a notice of rescission to the affected Owners at any time prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Series 2012 Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

In addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB, consistent with the Undertaking, and to each Rating Agency which at the time maintains a rating on the Series 2012 Bonds at the request of the University, with any additional information as the University may determine to provide, but providing such additional notice shall not be a condition precedent to the redemption of Series 2012 Bonds.

Section 9. Failure to Redeem Series 2012 Bonds. If any Series 2012 Bond is not redeemed when properly presented at its maturity or call date, the University shall be obligated to pay interest on that Series 2012 Bond at the same rate provided in the Series 2012 Bond from and after its maturity or call date until that Series 2012 Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund and the Series 2012 Bond has been called for payment by giving notice of that call to the Owner of such unpaid Series 2012 Bond.

Section 10. Form and Execution of Series 2012 Bonds. The Series 2012 Bonds shall be prepared in a form consistent with the provisions of the Master Resolution, this Series Resolution, the Bond Sale Resolution and state law, shall be signed in the corporate name of the University by the Chair of its Board and attested by the Secretary of its Board, either or both of whose signatures may be manual or in facsimile, and the seal of the University or a facsimile reproduction thereof shall be impressed or printed thereon.

Only Series 2012 Bonds bearing a Certificate of Authentication in the following form, manually signed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Series Resolution: "Certificate of Authentication - This Series 2012 Bond is one of the fully registered Central Washington University System Revenue Refunding Bonds, Series 2012, described in the Series Resolution." The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Series 2012 Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this Series Resolution.

If any officer whose facsimile signature appears on the Series 2012 Bonds ceases to be an officer of the University authorized to sign bonds before the Series 2012 Bonds bearing his or her facsimile signature are authenticated or delivered by the Registrar or issued by the University, those Series 2012 Bonds nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the University as though that person had continued to be an officer of the University authorized to sign bonds. Any Series 2012 Bond also may be signed on behalf of the University by any person who, on the actual date of signing of the Series 2012 Bond, is an officer of the University authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Series 2012 Bond.

Section 11. Bond Fund; Pledge of Gross Revenue. Pursuant to the Master Resolution, the Bond Fund has been previously created in the office of the Treasurer for the purpose of paying and securing the payment of Parity Bonds. The 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 Parity Bonds.

The Gross Revenue is pledged to the payment of the Parity Bonds. The University irrevocably obligates and binds itself for as long as any of the Series 2012 Bonds remain outstanding to set aside and pay into the Bond Fund from Gross Revenue or other money in the Revenue Fund, on or prior to the respective dates the same become due, such amounts as are required to pay the principal of and interest on the Series 2012 Bonds.

All amounts pledged to be paid with respect to the Series 2012 Bonds are 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 that the Series 2012 Bonds shall have a lien and charge upon such Gross Revenue on a parity with the lien and charge of the Outstanding Parity Bonds and any Future Parity Bonds. Notwithstanding the foregoing, the Owners of the Series 2012 Bonds shall have no claim to amounts or proceeds of any Reserve Insurance in the Reserve Account previously established in the Bond Fund, and only the Owners of the Series 2002 Bonds outstanding shall be secured by and have a claim on such amounts or proceeds.

Money in the Bond Fund not needed to pay the interest or principal and interest next coming due on the Parity Bonds may be used to prepay the Parity Bonds or applied to the next payment of debt service coming due. Money in the Revenue Fund and the Bond Fund may be commingled for investment purposes and may be invested in any investments legal for the University.

Pursuant to this Series Resolution, the Treasurer is authorized to make deposits to and transfers (or payments) from 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 Series Resolution.

Section 12. Tax Matters.

(a) Tax Covenant. The University covenants that it will take all actions necessary to prevent interest on the Series 2012 Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Series 2012 Bonds or other funds of the University treated as proceeds of the Series 2012 Bonds at any time during the term of the Series 2012 Bonds which will cause interest on the Series 2012 Bonds to be included in gross income for federal income tax purposes. The University also covenants that it will, to the extent the arbitrage rebate requirement of Section 148 of the Code, is applicable to the Series 2012 Bonds, take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with the Series 2012 Bonds, including the calculation and payment of any penalties that the University has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Series 2012 Bonds from being included in gross income for federal income tax purposes.

(b) Designation of Series 2012 Bonds as "Qualified Tax-Exempt Obligations." The University has determined and certifies that (a) the Series 2012 Bonds are not "private activity bonds" within the meaning of Section 141 of the Code; (b) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) which the University and any entity subordinate to the University (including any entity that the University controls, that derives its authority to issue tax-exempt obligations from the University, or that issues tax-exempt obligations on behalf of the University) will issue during the calendar year in which the Series 2012 Bonds are issued will not exceed $10,000,000; and (c) the amount of tax-exempt

obligations, including the Series 2012 Bonds, designated by the University as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Series 2012 Bonds are issued does not exceed $10,000,000. The University designates the Series 2012 Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code.

Section 13. Refunding or Defeasance. The University may issue refunding bonds pursuant to the laws of the State or use money available from any other lawful source to pay when due the principal of and interest on the Series 2012 Bonds, or any portion thereof included in a refunding or defeasance plan, and to redeem and retire, refund or defease all or a portion of such then-outstanding Series 2012 Bonds (hereinafter collectively called the "defeased Series 2012 Bonds") and to pay the costs of the refunding or defeasance. If money and/or Government Obligations maturing at such time or times and bearing interest in amounts (together with money, if necessary) sufficient to redeem and retire, refund or defease the defeased Series 2012 Bonds in accordance with their terms, are set aside in a special trust fund irrevocably pledged to that redemption, retirement or defeasance of defeased Series 2012 Bonds (hereinafter called the "trust account"), then all right and interest of the Owners of the defeased Series 2012 Bonds in the covenants of this Series Resolution and the Master Resolution and in the funds and accounts obligated to the payment of the defeased Series 2012 Bonds shall cease and become void. The Owners of defeased Series 2012 Bonds shall have the right to receive payment of the principal of and interest on the defeased Series 2012 Bonds from the trust account. The University shall include in the refunding or defeasance plan such provisions as the University deems necessary for the random selection of any defeased Series 2012 Bonds that constitute less than all of a particular maturity of the Series 2012 Bonds, for notice of the defeasance to be given to the

Owners of the defeased Series 2012 Bonds and to such other persons as the University shall determine, and for any required replacement of Series 2012 Bond certificates for defeased Series 2012 Bonds. The defeased Series 2012 Bonds shall be deemed no longer outstanding, and the University may apply any money in any other fund or account established for the payment or redemption of the defeased Series 2012 Bond to any lawful purposes of the System as it shall determine.

If the Series 2012 Bonds are registered in the name of DTC or its nominee, notice of any defeasance of Series 2012 Bonds shall be given to DTC in the manner prescribed in the Letter of Representations for notices of redemption of Series 2012 Bonds.

Section 14. Refunding of the Refunded Bonds.

(a) Appointment of Refunding Trustee. U.S. Bank National Association of Seattle, Washington, is appointed Refunding Trustee.

(b) Use of Series 2012 Bond Proceeds; Acquisition of Acquired Obligations. All of the proceeds of the sale of the Series 2012 Bonds shall be deposited immediately upon the receipt thereof with the Refunding Trustee and used to discharge the obligations of the University relating to the Refunded Bonds under the Series 2002 Bond Resolution by providing for the payment of the amounts required to be paid by the Refunding Plan. To the extent practicable, such obligations shall be discharged fully by the Refunding Trustee's simultaneous purchase of the Acquired Obligations, bearing such interest and maturing as to principal and interest in such amounts and at such times so as to provide, together with a beginning cash balance, if necessary, for the payment of the amount required to be paid by the Refunding Plan. The Acquired Obligations are listed and more particularly described in Exhibit A attached to the Refunding Trust Agreement between the University and the Refunding Trustee, but are subject

to substitution as set forth below. Any Series 2012 Bond proceeds or other money deposited with the Refunding Trustee not needed to purchase the Acquired Obligations and provide a beginning cash balance, if any, and pay the costs of issuance of the Series 2012 Bonds shall be returned to the University at the time of delivery of the Series 2012 Bonds to the initial purchaser thereof and deposited in the Bond Fund to pay interest on the Series 2012 Bonds on the first interest payment date.

(c) Substitution of Acquired Obligations. Prior to the purchase of any Acquired Obligations by the Refunding Trustee, the University reserves the right to substitute other direct, noncallable obligations of the United States of America ("Substitute Obligations") for any of the Acquired Obligations and to use any savings created thereby for any lawful University purpose if, (a) in the opinion of Foster Pepper PLLC, the University's bond counsel, the interest on the Series 2012 Bonds and the Refunded Bonds will remain excluded from gross income for federal income tax purposes under Sections 103, 148, and 149(d) of the Code, and (b) such substitution shall not impair the timely payment of the amounts required to be paid by the Refunding Plan, as verified by a nationally recognized independent certified public accounting firm.

After the purchase of the Acquired Obligations by the Refunding Trustee, the University reserves the right to substitute therefor cash or Substitute Obligations subject to the conditions that such money or securities held by the Refunding Trustee shall be sufficient to carry out the Refunding Plan, that such substitution will not cause the Series 2012 Bonds or the Refunded Bonds to be arbitrage bonds within the meaning of Section 148 of the Code and regulations thereunder in effect on the date of such substitution and applicable to obligations issued on the issue dates of the Series 2012 Bonds and the Refunded Bonds, as applicable, and that the

University obtain, at its expense: (1) a verification by a nationally recognized independent certified public accounting firm acceptable to the Refunding Trustee confirming that the payments of principal of and interest on the substitute securities, if paid when due, and any other money held by the Refunding Trustee will be sufficient to carry out the Refunding Plan; and (2) an opinion from Foster Pepper PLLC, bond counsel to the University, its successor, or other nationally recognized bond counsel to the University, to the effect that the disposition and substitution or purchase of such securities, under the statutes, rules, and regulations then in force and applicable to the Series 2012 Bonds, will not cause the interest on the Series 2012 Bonds or the Refunded Bonds to be included in gross income for federal income tax purposes and that such disposition and substitution or purchase is in compliance with the statutes and regulations applicable to the Series 2012 Bonds. Any surplus money resulting from the sale, transfer, other disposition, or redemption of the Acquired Obligations and the substitutions therefor shall be released from the trust estate and transferred to the University to be used for any lawful University purpose.

(d) Administration of Refunding Plan. The Refunding Trustee is authorized and directed to purchase the Acquired Obligations (or Substitute Obligations) and to make the payments required to be made by the Refunding Plan from the Acquired Obligations (or Substitute Obligations) and money deposited with the Refunding Trustee pursuant to this Series Resolution. All Acquired Obligations (or Substitute Obligations) and the money deposited with the Refunding Trustee and any income therefrom shall be held irrevocably, invested and applied in accordance with the provisions of the Series 2002 Bond Resolution, the Master Resolution, this Series Resolution, chapter 39.53 RCW and other applicable statutes of the State of Washington and the Refunding Trust Agreement. All necessary and proper fees, compensation,

and expenses of the Refunding Trustee for the Series 2012 Bonds and all other costs incidental to the setting up of the escrow to accomplish the refunding of the Refunded Bonds and costs related to the issuance and delivery of the Series 2012 Bonds, including bond printing, verification fees, bond counsel's fees, and other related expenses, shall be paid out of the proceeds of the Series 2012 Bonds.

(e) Authorization for Refunding Trust Agreement. To carry out the Refunding Plan provided for by this Series Resolution, the Treasurer of the University is authorized and directed to execute and deliver to the Refunding Trustee a Refunding Trust Agreement substantially in the form on file with the Secretary of the Board and by this reference made a part hereof setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with the payment, redemption, and retirement of the Refunded Bonds as provided herein and stating that the provisions for payment of the fees, compensation, and expenses of such Refunding Trustee set forth therein are satisfactory to it. Prior to executing the Refunding Trust Agreement, the Treasurer of the University is authorized to make such changes therein that do not change the substance and purpose thereof or that assure that the escrow provided therein and the Series 2012 Bonds are in compliance with the requirements of federal law governing the exclusion of interest on the Series 2012 Bonds from gross income for federal income tax purposes.

Section 15. Call for Redemption of the Refunded Bonds. The University calls for redemption on May 1, 2012, all of the Refunded Bonds at par plus accrued interest. Such call for redemption shall be irrevocable after the delivery of the Series 2012 Bonds to the initial purchaser thereof. The date on which the Refunded Bonds are herein called for redemption is the first date on which those bonds may be called.

The proper University officials are authorized and directed to give or cause to be given such notices as required, at the times and in the manner required, pursuant to the Series 2002 Bond Resolution in order to effect the redemption prior to their maturity of the Refunded Bonds.

Section 16. Board Findings with Respect to Refunding. The Board finds and determines that the issuance and sale of the Series 2012 Bonds at this time will effect a savings to the University and is in the best interest of the University and its ratepayers and in the public interest. In making such finding and determination, the Board has given consideration to the fixed maturities of the Series 2012 Bonds and the Refunded Bonds, the costs of issuance of the Series 2012 Bonds and the known earned income from the investment of the proceeds of the issuance and sale of the Series 2012 Bonds and other money of the University used in the Refunding Plan pending payment and redemption of the Refunded Bonds.

The Board further finds and determines that the money to be deposited with the Refunding Trustee for the Refunded Bonds in accordance with Section 14(b) of this Series Resolution will discharge and satisfy the obligations of the University under the Series 2002 Bond Resolution with respect to the Refunded Bonds, and the pledges, charges, trusts, covenants, and agreements of the University therein made or provided for as to the Refunded Bonds, and that the Refunded Bonds shall no longer be deemed to be outstanding under the Series 2002 Bond Resolution immediately upon the deposit of such money with the Refunding Trustee.

Section 17. Sale of Series 2012 Bonds. The Series 2012 Bonds shall be sold at public sale to the bidder offering to purchase the Series 2012 Bonds at the lowest true interest cost to the University at such price as shall be determined at the time of sale by the University on all the terms and conditions set out in the Official Notice of Sale. Bidders may aggregate the principal amounts of the Series 2012 Bonds maturing in the years 2013 through 2032, inclusive, into one

or more maturities of Term Bonds. Any Term Bond so designated must consist of the total principal payments for two or more consecutive years and mature on the latest of such years.

The Treasurer is authorized and directed to (a) cause to be prepared an Official Notice of Sale of the Series 2012 Bonds and to publish that notice or an abridgment thereof in such publications at such times as he may deem desirable; (b) prepare and circulate a Preliminary Official Statement and bid form for the sale of the Series 2012 Bonds; (c) take such other actions to publicize or facilitate the sale as he may deem desirable or necessary, including, but not limited to, securing a rating on the Series 2012 Bonds from one or more of the established rating services; and (d) determine and approve the aggregate principal amount of the Series 2012 Bonds to be issued hereunder in accordance with the limitations set forth in Section 4 hereof.

All bids must be submitted electronically for the purchase of the Series 2012 Bonds via a bidding service pre-qualified by the Treasurer. Such bids shall be accompanied by a good faith deposit in the form specified in the Official Notice of Sale and in a minimum amount equal to 1% of the par amount of the Series 2012 Bonds which the Treasurer is authorized and directed to determine.

Bids will be received by the Board on such date, and at such place and time as the Treasurer, acting as staff for the Board, hereafter shall determine. The bids and their verification will be announced after the meeting of the Board is convened. The Board reserves the right to reject any and all bids and to waive any irregularity or informality in any bid.

The Series 2012 Bonds will be prepared, executed and furnished at University expense and will be delivered to the Underwriter with the approving legal opinion of Foster Pepper PLLC, municipal bond counsel of Seattle, Washington, regarding the Series 2012 Bonds.

The final terms and conditions of the Series 2012 Bonds, and such other matters as the Board deems appropriate, shall be set forth in the Bond Sale Resolution.

The proper University officials are authorized and directed to do everything necessary for the prompt delivery of the Series 2012 Bonds to the Underwriter and for the proper application and use of the proceeds of the sale thereof.

Section 18. Official Statement. To allow the initial Underwriter of the Series 2012 Bonds to comply with Section (b)(1) of Rule 15c2-12, the Board hereby authorizes the Treasurer to execute a certificate "deeming final," as of its date, the preliminary official statement to be prepared by the University in connection with the offering of the Series 2012 Bonds. The preliminary official statement may be deemed final even though it omits information as to offering prices, interest rates, selling compensation, aggregate principal amounts, principal amount per maturity, maturity dates, options of redemption, delivery date, ratings and other terms of the Series 2012 Bonds that are dependent on such matters.

The Board authorizes and approves the preparation, execution by the Treasurer and delivery to the Underwriter of a final official statement for the Series 2012 Bonds, in the form of the preliminary official statement, with such modifications and amendments thereto as shall be deemed necessary or desirable by the Treasurer. The Board authorizes and approves the distribution by the Underwriter of the preliminary official statement to potential purchasers of the Series 2012 Bonds and the final official statement to purchasers of the Series 2012 Bonds.

Section 19. Undertaking to Provide Continuing Disclosure. To meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the Series 2012 Bonds, the University makes the following written Undertaking for the benefit of holders of the Series 2012 Bonds:

(a) Undertaking to Provide Annual Financial Information and Notice of Listed Events. The University undertakes to provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(i) Annual financial information and operating data of the type included in the final official statement for the Series 2012 Bonds and described in subsection (b) of this section ("annual financial information");

(ii) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Series 2012 Bonds: (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, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Series 2012 Bonds; (7) modifications to rights of holders of the Series 2012 Bonds, if material; (8) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2012 Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the University, as such "Bankruptcy Events" are defined in Rule 15c2-12; (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; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(iii) Timely notice of a failure by the University to provide required annual financial information on or before the date specified in subsection (b) of this section.

(b) Type of Annual Financial Information Undertaken to be Provided. The annual financial information that the University undertakes to provide in subsection (a) of this section:

(i) Shall consist of (1) annual financial statements prepared (except as noted in the financial statements) in accordance with applicable generally accepted accounting principles promulgated by the Government Accounting Standards Board ("GASB"), as such principles may be changed from time to time, which statements shall not be audited, except, however, that if and when audited financial statements are otherwise prepared and available to the University they will be provided; (2) the tables in the final official statement for the Series 2012 Bonds that are designated by the Treasurer and approved in the Bond Sale Resolution;

(ii) Shall be provided not later than the last day of the ninth month after the end of each fiscal year of the University (currently, a fiscal year ending June 30), as such fiscal year may be changed as required or permitted by State law, commencing with the University's fiscal year ending June 30, 2011; and

(iii) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

(c) Amendment of Undertaking. The Undertaking is subject to amendment after the primary offering of the Series 2012 Bonds without the consent of any holder of any Series 2012 Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency, or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12. The University will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(d) Beneficiaries. The Undertaking evidenced by this section shall inure to the benefit of the University and any holder of Series 2012 Bonds, and shall not inure to the benefit of or create any rights in any other person.

(e) Termination of Undertaking. The University's obligations under this Undertaking shall terminate upon the legal defeasance of all of the Series 2012 Bonds. In addition, the University's obligations under this Undertaking shall terminate if those provisions of Rule 15c2-12 which require the University to comply with this Undertaking become legally inapplicable in respect of the Series 2012 Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the University, and the University provides timely notice of such termination to the MSRB.

(f) Remedy for Failure to Comply with Undertaking. As soon as practicable after the University learns of any failure to comply with the Undertaking, the University will proceed with due diligence to cause such noncompliance to be corrected. No failure by the University or other obligated person to comply with the Undertaking shall constitute a default in respect of the Series 2012 Bonds. The sole remedy of any holder of a Series 2012 Bond shall be to seek an order of mandamus or specific performance from an appropriate court to compel the University or other obligated person to comply with the Undertaking.

(g) Designation of Official Responsible to Administer Undertaking. The Treasurer of the University (or such other officer of the University who may in the future perform the duties of that office) or his or her designee is authorized and directed in his or her discretion to take such further actions as may be necessary, appropriate or convenient to carry

out the Undertaking of the University in respect of the Series 2012 Bonds set forth in this section and in accordance with Rule 15c2-12, including, without limitation, the following actions:

(i) Preparing and filing the annual financial information undertaken to be provided;

(ii) Determining whether any event specified in subsection (a) has occurred, assessing its materiality, where necessary, with respect to the Series 2012 Bonds, and preparing and disseminating any required notice of its occurrence;

(iii) Determining whether any person other than the University is an "obligated person" within the meaning of Rule with respect to the Series 2012 Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of listed events for that person in accordance with Rule 15c2-12;

(iv) Selecting, engaging and compensating designated agents and consultants, including but not limited to financial advisors and legal counsel, to assist and advise the University in carrying out the Undertaking; and

(v) Effecting any necessary amendment of the Undertaking.

Section 20. 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 Parity Bonds.

Section 21. Effective Date. This Series Resolution shall be effective immediately upon its adoption. Any actions pursuant to this Series Resolution, prior to its effective date are ratified and confirmed.

PASSED AND APPROVED by the Board of Trustees of Central Washington University at a regular meeting held on the 3rd day of February, 2012.

CENTRAL WASHINGTON UNIVERSITY

_____
Chair of its Board of Trustees

ATTEST:

_____
Secretary of its Board Trustees

51188228.2

SECRETARY'S CERTIFICATE

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

1. That the attached Resolution No. 12-01 (the "Resolution") is a full, true and correct copy of a resolution of the Board duly adopted at a regular meeting of the Board held on February 3, 2012, as that Resolution appears on the minute book of the University, and the Resolution is now in full force and effect;

2. A quorum of the members of the Board was present throughout the meeting and a majority of those members present voted in the proper manner for the adoption of the Resolution;

IN WITNESS WHEREOF, I have hereunto set my hand as of this 3rd day of February, 2012.

_____
Secretary of its Board of Trustees