

MINUTES  
Board of Regents  
June 8, 2018

The Board of Regents of Washington State University (WSU) held a special meeting pursuant to call in Open Meeting at 7:30 a.m., Friday, June 8, 2017, in the Manor House at Chateau Ste. Michelle, Woodinville, Washington.

Present: Regent Ted Baseler, Chair; Regents Brett Blankenship, Scott Carson, T. Ryan Durkan, Alyssa Norris, Lura Powell, Heather Redman, Ron Sims, and Mike Worthy. Also present were WSU staff members President Kirk Schulz, Provost and Executive Vice President Daniel Bernardo, WSU Vancouver Chancellor Mel Netzhammer, North Puget Sound at Everett Chancellor Paul Pitre, WSU Spokane Chancellor Daryll DeWald, WSU Tri-Cities Chancellor Sandra Haynes, Associate Vice President and Chief Budget Officer Joan King, Vice President for Finance and Administration Stacy Pearson, Vice President for Student Affairs Mary Jo Gonzales, Vice President for Marketing and Communications Phil Weiler, Vice President for Government Relations Colleen Kerr, Vice President for Information Technology and CIO Sasi Pillay, Vice President for Academic Outreach and Innovation Dave Cillay, Vice President for Research Chris Keane, Vice President for Advancement and WSU Foundation CEO Lisa Calvert, Vice President for International Programs Asif Chaudhry, Associate Vice President and Chief Human Resource Officer Theresa Elliott-Cheslek, Director of Athletics Pat Chun, Student Regent Elect Jordan Frost, Senior Assistant Attorney General Danielle Hess, Chief of Staff Christine Hoyt, and Executive Assistant to the Board of Regents Desiree Jacobsen.

There were presentations and discussions as follows:

- Benchmarking – National & State Comparisons presented by President Kirk Schulz.
- WSU/UW Partnership – Marketing and Communications presented by Vice President for Marketing and Communications Phil Weiler.
- #HealthyCougs: Student Health and Wellness at WSU presented by Regent Alyssa Norris and Vice President for Student Affairs Mary Jo Gonzales.
- President's 2018-2019 Goals: President Schulz presented his 2018-2019 goals for the Regents' consideration.
- Information Technology at WSU presented by Vice President for Information Technology and CIO Sasi Pillay.

In addition to the noted presentations the following Action Items were submitted for the Board's consideration.

Vice President for Finance and Administration Stacy Pearson and Associate Vice President for Finance Matt Skinner presented:

Action Item 1: Finance and Human Resource Services Modernization Initiative Project Budget

After Board discussion, it was moved and seconded that the Board of Regents adopt Resolution #180608-585 and approve the following two actions associated with the Modernization Initiative:

1. The Board of Regents approve the one-time project budget with a not to exceed cost of \$30,000,000 and authorize and delegate authority to the President or his designee to enter into any and all contracts necessary to complete the initiative within the budgeted amount

and

2. The Board of Regents authorize and delegate authority to the President or his designee to enter into the appropriate agreement with Workday, Inc. to provide core finance and human resources software as proposed. Carried (*Exhibit A*)

Vice President for Finance and Administration Stacy Pearson and Associate Vice President for Finance Matt Skinner presented:

#### Action Item 2: Finance and Human Resource Services Modernization Initiative Financing Plan

After Board discussion, it was moved and seconded that the Board of Regents adopt Resolution #180608-586 and approve a General Revenue Obligations Resolution (the "Resolution") to authorize the issuance and sale of bonds or other obligations, in one or more series, to be used for the Finance and Human Resources Modernization Project; with net proceeds for the project not to exceed \$30,000,000, a final maturity not to exceed October 1, 2040, and a maximum interest rate not to exceed 5.5%; and delegate authority to the President or his designee to sell bonds or other obligation including the authority to determine the final issue size, amount of capitalized interest, maturity schedule, redemption provisions and timing of sale. Carried (*Exhibit B*)

Associate Vice President and Chief Budget Officer Joan King presented:

#### Action Item 3: Athletics Budget

After Board discussion, it was moved and seconded that the Board of Regents: (1) approve the 2018-2019 WSU Athletics budget; (2) approve the plan for reducing operating deficits in future fiscal years; and (3) approve transfers necessary at FY18 year-end to cover the deficit balance as proposed. Carried (*Exhibit C*)

Provost and Executive Vice President Dan Bernardo presented:

#### Action Item 4: Elson S. Floyd College of Medicine Statement of Commitment to Graduate Medical Education

After Board discussion, it was moved and seconded that the Board of Regents approve the Elson S. Floyd College of Medicine Statement of Commitment to Graduate Medical Education as proposed. Carried. (*Exhibit D*)

At the conclusion of the business portion of the meeting, Chair Baseler called for an Executive Session to discuss with the University's legal counsel matters relating to pending or potential litigation involving the University. At the conclusion of the Executive Session, Chair Baseler reported that related to that discussion, the Board had one Action Item and submitted the following for the Board's consideration:

It was moved and seconded that the Board of Regents adopt resolution #180608-584, approving the request for defense. Carried. (*Exhibit E*)

Public Comment Period: There was no public comment.

The meeting adjourned at 3:15 p.m.

Approved by the Board of Regents at its meeting held September 20, 2018, in Vancouver, Washington.

SIGNED COPIES AVAILABLE IN THE PRESIDENT'S OFFICE

## ACTION ITEM #1

### Finance and Human Resource Modernization Initiative Project Budget (Stacy Pearson/Matt Skinner)

June 8, 2018

TO ALL MEMBERS OF THE BOARD OF REGENTS

**SUBJECT:** Finance and Human Resources Modernization (Finance and Human Resources Enterprise Resource Planning system replacement) Project Budget. (Pearson/Skinner)

**PROPOSED:** It is proposed that the Board of Regents approve two actions associated with the Modernization Initiative (replacement of core finance and human resources systems).

1. The Board of Regents approve the One-Time Project Budget with a not to exceed cost of \$30,000,000 and authorize and delegate authority to the President or his designee to enter into any and all contracts necessary to complete the initiative within the budgeted amount.
2. The Board of Regents authorize and delegate authority to the President or his designee to enter into the appropriate agreement with Workday, Inc. to provide core finance and human resources software in accordance with the terms described herein. The software costs will be paid for as part of the on-going costs budget. The on-going costs budget is presented for information purposes below.

**SUBMITTED BY:** Stacy Pearson, Vice President for Finance and Administration

**SUPPORTING INFORMATION:** Supporting information associated with the two requested actions is provided below. In addition, the attached document provides additional background on the Modernization Initiative.

#### *Item One: One-Time Project Costs*

The Finance and Human Resources Modernization (Finance and Human Resources Enterprise Resource Planning system replacement) will be accomplished with a one-time project budget will not exceed \$30,000,000. The one-time project budget will cover costs such as engagement of a strategic integration partner (a consulting firm that helps configure the software to meet WSU needs and provide change management and training assistance), appropriate project contingencies and other costs.

Implementation, training, change management, quality assurance and other consulting or other services (including contingency)	27,000,000
Team training, temporary staffing, start-up, etc.	3,000,000
Total One-Time Cost Budget	30,000,000

*Source of Funds for One-Time Project Costs*

The one-time project budget will be covered with up to \$30,000,000 in externally financed debt, to be repaid in no more than 22 years. Please see the financing action item for additional information.

*Item Two: Software Contract with Workday*

Through a formal, competitive procurement process, WSU has named Workday, Inc. as the apparent successful vendor to provide the underlying core finance and human resources software for the University.

The Workday contract will include an initial term of up to 6 years, with a base annual cost not to exceed \$2.3 million per year, and no annual cost inflation escalator. However, the annual cost of the subscription may increase on a pro-rata basis if the number of WSU employees using the system increases above the current level.

The contract will provide for an optional second term of 5 years, with a base annual cost equal to year 6 of the initial term. During the second term, an annual cost inflation escalator percentage of 1 + consumer price index, not to exceed 3% per year will be applied. In addition, the annual cost of the subscription may increase on a pro-rata basis if the number of WSU employees using the system increases above the current level.

Given the expected dollar value of the contract for Workday software, a delegation of authority from the Board to the President or his designee will be needed to enter into the agreement with Workday in accordance with the contractual terms described above.

*On-going costs budget*

To provide context, the contract with Workday for software will be part of the on-going costs for the initiative. WSU anticipates a total on-going cost of approximately \$7,000,000 per year associated with this initiative. These costs, include but are not limited to: annual software subscription costs, security, and authentication; dedicated project staffing, change management, training, functional service desk; and data conversion and testing software,

and other costs. The annual on-going cost may change in future years, once the new system is stabilized, based on University budget actions, salary programs, inflationary cost changes, etc.

*Funding the On-Going Cost*

The on-going cost will be funded through a number of actions. Backup funding plans are in place as a contingency. The following table demonstrates how the funding sources will work together over multiple years.

Funding Sources	FY2019	FY2020	On-Going
1. Seed funding	3,300,000	700,000	700,000
2. From Strategic Reallocation Pool	1,500,000	700,000	0
3. Overhead rate on payroll and revenue generated by enrollment growth	2,200,000	5,600,000	6,300,000
Total	7,000,000	7,000,000	7,000,000

ATTACHMENT A: Overview of Modernization Initiative

# BOARD OF REGENTS

## Finance and Human Resources Modernization (Finance and Human Resources Enterprise Resource Planning system replacement) Project Budget.

### Resolution # 180608-585

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

RESOLVED: That 1) The Board of Regents approve the One-Time Project Budget with a not to exceed cost of \$30,000,000 and authorize and delegate authority to the President or his designee to enter into any and all contracts necessary to complete the initiative within the budgeted amount and 2) The Board of Regents authorize and delegate authority to the President or his designee to enter into the appropriate agreement with Workday, Inc. to provide core finance and human resources software.

The Workday contract will include an initial term of up to 6 years, with a base annual cost not to exceed \$2.3 million per year, and no annual cost inflation escalator. However, the annual cost of the subscription may increase on a pro-rata basis if the number of WSU employees using the system increases above the current level.

The contract will provide for an optional second term of 5 years, with a base annual cost equal to year 6 of the initial term. During the second term, an annual cost inflation escalator percentage of 1 + consumer price index, not to exceed 3% per year will be applied. In addition, the annual cost of the subscription may increase on a pro-rata basis if the number of WSU employees using the system increases above the current level.

Dated this 8th day of June, 2018.

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Chair, Board of Regents

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Secretary, Board of Regents

## ACTION ITEM #2

### Finance and Human Resource Modernization Initiative Financing Plan (Stacy Pearson/Matt Skinner)

June 8, 2018

TO ALL MEMBERS OF THE BOARD OF REGENTS

**SUBJECT:** Financing plan and authorizing resolution for financing of Finance and Human Resources Modernization (Pearson/Skinner)

**PROPOSED:** That the Board of Regents approve a General Revenue Obligations Resolution (the "Resolution") to authorize the issuance and sale of bonds or other obligations, in one or more series, to be used for the Finance and Human Resources Modernization Project; with net proceeds for the project not to exceed \$30,000,000, a final maturity not to exceed October 1, 2040, and a maximum interest rate not to exceed 5.5%; and delegate authority to the President or his designee to sell bonds or other obligations including the authority to determine the final issue size, amount of capitalized interest, maturity schedule, redemption provisions and timing of sale.

**SUPPORTING INFORMATION:** The Board of Regents has legal authority to incur debt for various purposes through issuance of revenue bonds or notes ("obligations") secured by general revenues of the University. Given the magnitude of one-time costs for implementation of the Finance and Human Resources Modernization (ERP), the University has developed a plan to fund the costs of ERP without impacting current operations or budgets.

The funding proposal is to incur general revenue obligations to be paid from existing revenue currently used to pay debt service on bonds that will be retired over the next several years. Those retiring bonds are paid from University central funds, which have been committed for the purposes of key infrastructure investments in the past. The Regents are asked to approve the Resolution for the issuance of general revenue obligations attached hereto in Attachment B. The main financing parameters are described in Attachment A herein.

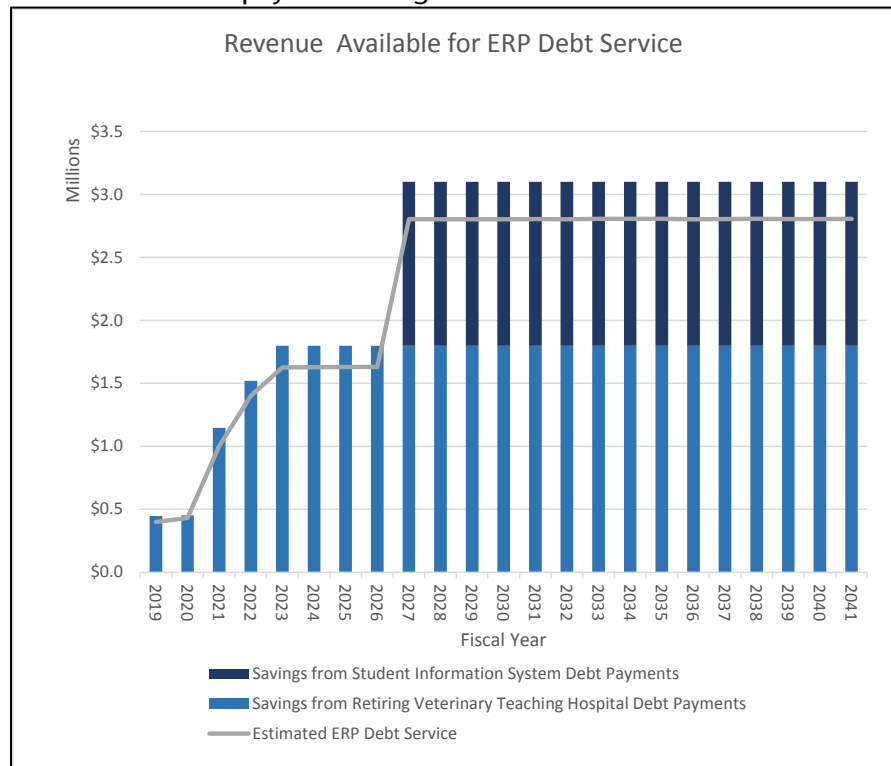
#### *Proposed Repayment Sources*

The University currently makes payments on several series of bonds which are scheduled for final payment in 2022 and 2026.



- Debt service payments related to the veterinary teaching hospital to be paid off from 2019 to 2022, freeing up approximately \$1.8 million per year for annual payments thereafter.
- Debt service payments related to the student information system to be paid off from 2019 to 2026, freeing up approximately \$1.3 million per year for annual payments thereafter.

The following chart illustrates the annual revenues freed up by retirement of the veterinary teaching hospital and student information system obligations and the expected annual debt service for ERP. As shown in the chart, available revenues will fully cover future debt payment obligations.



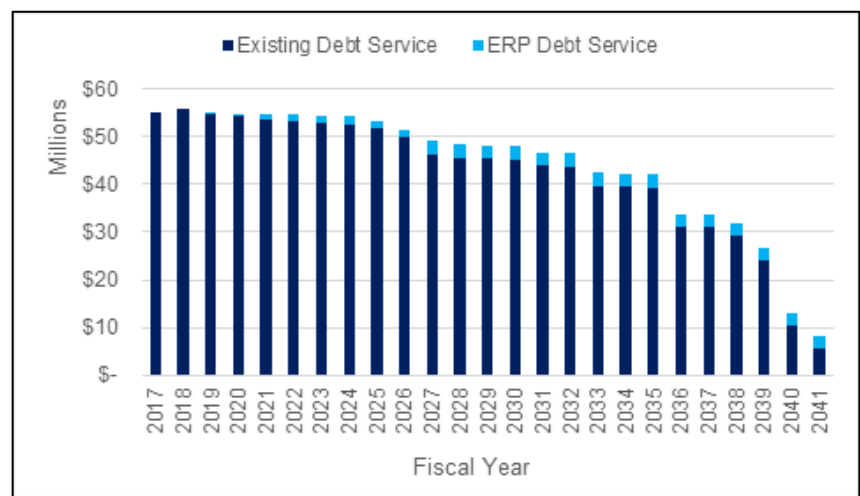
### *Proposed Financing Structure*

The proposed term of financing is estimated at 22 years (final maturity not later than October 1, 2040), in order to ensure that the repayment is structured within the available revenues, as shown above.

The University, as advised by its financial advisor, will use taxable obligations rather than tax-exempt financing due to the nature of the “software” and other costs being financed, not all of which may be capitalized. In the current market, the difference between taxable and tax-exempt interest rates is approximately 0.25%.

Research and analysis by WSU and PFM found this structure offers a creative solution that balances the University’s fiscal recovery plan (i.e., reduction of operating losses) with the important need for this system modernization. It accomplishes the goal of financing the ERP without increasing debt service payments beyond current debt service commitments.

The following chart demonstrates the current annual debt service by year, and the change attributable to the ERP debt service.



ATTACHMENTS:

- Attachment A: Provisions of the Resolution
- Attachment B: Bond Proposal
- Attachment C: Market Update

**BOARD OF REGENTS**  
**Finance and Human Resource**  
**Modernization Initiative Financing Plan**

**Resolution # 180608-586**

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

RESOLVED: That the Board of Regents approve a General Revenue Obligations Resolution (the "Resolution") to authorize the issuance and sale of bonds or other obligations, in one or more series, to be used for the Finance and Human Resources Modernization Project; with net proceeds for the project not to exceed \$30,000,000, a final maturity not to exceed October 1, 2040, and a maximum interest rate not to exceed 5.5%; and delegate authority to the President or his designee to sell bonds or other obligations including the authority to determine the final issue size, amount of capitalized interest, maturity schedule, redemption provisions and timing of sale.

Dated this 8th day of June, 2018.

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Chair, Board of Regents

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Secretary, Board of Regents

## ATTACHMENT A

### PROVISIONS OF THE RESOLUTION

#### *Security Pledge:*

The financing will be secured by General Revenue of the University, generally defined in the Resolution to mean all non-appropriated income, revenues, and receipts of the University if and to the extent such funds are not restricted in their use by law, regulation, or contract.

As noted above, debt service on the proposed financing will be paid from existing revenues currently used to pay debt service on retiring obligations. As the outstanding debt is retired, the revenues currently used for those payments will be allocated to debt service payments for proposed financing.

#### *Issue Size:*

The Resolution will delegate determining the final issue size, which is determined as the amount required to finance the project costs, not to exceed \$30,000,000 net proceeds, plus required financing costs and capitalized interest. Items that will affect the issue size are: (1) the project cost estimate; (2) potential for use of capitalized interest to reduce near term debt service burden; and (3) actual costs of issuance.

#### *Term/Maturity:*

The financing is expected to have a term of 22 years (final maturity not later than October 1, 2040). The financing plan may be executed in more than one series, to align with outflows for the project for a total project cost not to exceed \$30,000,000.

#### *Conditions Of Delegation:*

The delegated authority to incur the obligations will be conditioned on (1) a specified maximum issue size; (2) a maximum true interest cost (TIC); and (3) a maximum financing term, all of which are specified in the Resolution. Furthermore, the Resolution delegates authority to the President or his designee to approve the number of series, the method of sale, the final principal amounts, dates of the obligation, interest rates, payment dates, redemption provisions, and maturity dates, and other terms and conditions of the obligations. The authority to enter into the financing obligations shall remain in effect until withdrawn by the Board.

#### *Timing of Issuance:*

Assuming authorization is received in June 2018, the University will be positioned to enter the marketplace by October 2018. The actual timing will be determined based on timing for project contracting, need for funds for the project, and market conditions.

#### *Method of Sale:*

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

## ATTACHMENT A

### *Bond Rating:*

At the time of public offering of the obligations, the University will apply for bond ratings from Moody's Investors Service ("Moody's") and S&P Global Ratings ("S&P"). Ratings are anticipated to be consistent with the University's ratings for parity bonds, as this potential financing has been taken into account in recent bond rating updates.

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

### *Estimated Interest Rates:*

The Resolution includes a maximum average interest rate ("true interest cost" or "TIC"). Current rates are estimated at 3.9% and the planning rate for the debt service shown in this document has been based on interest rates 0.75% above current market as a cushion for interest rate changes. As mentioned above, the University seeks the authority to sell the obligations in one or more series and requests flexibility for this and future series to have a maximum interest rate of 5.5%.

### *Estimated Debt Service:*

Debt service will be structured to fit within the available revenues, and will increase annually through 2026, then level out at approximately \$3 million per year, 2027 through 2041.

### *Other Covenants:*

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

### *University's Advisors:*

Bond Counsel:	K&L Gates (Cynthia Weed and Scott McJannet)
Financial Advisor:	PFM Financial Advisors (Thomas Toepfer and Jeremy Bass)

WASHINGTON STATE UNIVERSITY  
GENERAL REVENUE OBLIGATIONS

RESOLUTION NO. 180608-587

A RESOLUTION OF THE BOARD OF REGENTS OF WASHINGTON STATE UNIVERSITY AUTHORIZING THE SALE AND ISSUANCE OF GENERAL REVENUE OBLIGATIONS IN AN AGGREGATE DOLLAR AMOUNT TO PROVIDE NOT TO EXCEED \$30,000,000 OF NET PROCEEDS (AFTER PAYMENT OF COSTS OF ISSUANCE AND PROVIDING FOR CAPITALIZED INTEREST) TO FINANCE A PORTION OF THE ACQUISITION AND IMPLEMENTATION OF AN ENTERPRISE RESOURCE PLANNING SYSTEM; AUTHORIZING OFFICIAL STATEMENTS AS NECESSARY; DELEGATING AUTHORITY TO THE DESIGNATED UNIVERSITY REPRESENTATIVE TO DETERMINE THE MANNER OF SALE OF THE OBLIGATIONS; APPROVE THE NUMBER OF SERIES, THE SERIES DESIGNATION, FINAL PRINCIPAL AMOUNTS, DATE OF THE OBLIGATIONS, DENOMINATIONS, INTEREST RATES, PAYMENT DATES, REDEMPTION PROVISIONS, AND MATURITY DATES FOR THE OBLIGATIONS UNDER THE TERMS AND CONDITIONS SET FORTH HEREIN.

ADOPTED: June 8, 2018

Prepared by:

K&L GATES LLP  
Seattle, Washington

WASHINGTON STATE UNIVERSITY  
RESOLUTION NO. 180608-587

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BOARD OF REGENTS

WASHINGTON STATE UNIVERSITY

RESOLUTION NO. 180608-587

A RESOLUTION OF THE BOARD OF REGENTS OF WASHINGTON STATE UNIVERSITY AUTHORIZING THE SALE AND ISSUANCE OF GENERAL REVENUE OBLIGATIONS IN AN AGGREGATE DOLLAR AMOUNT TO PROVIDE NOT TO EXCEED \$30,000,000 OF NET PROCEEDS (AFTER PAYMENT OF COSTS OF ISSUANCE AND PROVIDING FOR CAPITALIZED INTEREST) TO FINANCE A PORTION OF THE ACQUISITION AND IMPLEMENTATION OF AN ENTERPRISE RESOURCE PLANNING SYSTEM; AUTHORIZING OFFICIAL STATEMENTS AS NECESSARY; DELEGATING AUTHORITY TO THE DESIGNATED UNIVERSITY REPRESENTATIVE TO DETERMINE THE MANNER OF SALE OF THE OBLIGATIONS; APPROVE THE NUMBER OF SERIES, THE SERIES DESIGNATION, FINAL PRINCIPAL AMOUNTS, DATE OF THE OBLIGATIONS, DENOMINATIONS, INTEREST RATES, PAYMENT DATES, REDEMPTION PROVISIONS, AND MATURITY DATES FOR THE OBLIGATIONS UNDER THE TERMS AND CONDITIONS SET FORTH HEREIN.

WHEREAS, the Legislature of the State of Washington, pursuant to the Bond Act (as hereinafter defined) has authorized the Board of Regents to sell and issue and incur revenue obligations to finance a portion of the University's Finance and Human Resources Modernization Initiative, including the acquisition and installation of an Enterprise Resource Planning System for the University (the "Project"); and

WHEREAS, the Board of Regents has determined to issue one or more series of general revenue obligations in an aggregate dollar amount to provide not to exceed \$30,000,000 of net proceeds (after payment of costs of issuance and providing for capitalized interest) (collectively, the "Obligations") to finance all or a portion of the costs of the Project as described herein; and

WHEREAS, the Board of Regents wishes to delegate authority to the President of the University or his designee or the Vice President for Finance and Administration (hereinafter defined as the "Designated University Representative") to approve the manner of sale of such Obligations, number of series, the series designation, the final principal amounts of the obligations, date of the obligations, denominations, interest rates, payment dates, redemption provisions, and maturity dates of such Obligations to be fixed under such terms and conditions as are approved by this resolution;

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



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

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

***Athletic Facilities System*** mean all of the facilities operated and maintained by the component unit of the University that operates and maintains certain intercollegiate athletic facilities for the University, whether now owned or hereafter acquired by the University.

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

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

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

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

***Bond Act*** means, collectively, RCW 28B.10.300 through RCW 28B.10.330, inclusive, chapter 28B.140 RCW and chapter 28B.142 RCW, in each case as amended from time to time.

***Bond Counsel*** means an attorney or firm of attorneys whose opinion is accepted in the national governmental obligations capital markets as to the issuance and validity of municipal securities, which attorney or firm has been approved by, selected by or retained by the University from time to time.

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

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

***Debt Register*** means the registration records for the Obligations maintained by the Registrar.

***Debt Service Fund*** means the special fund designated as the General Revenue Debt Redemption Fund, \_\_\_\_\_[year of issuance][series designation], created pursuant to Section 10 hereof.

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

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

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

***Fiscal Year*** means the University's duly adopted fiscal year.

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

- (1) Appropriations to the University by the State from the State's General Fund;
- (2) Income or revenue from each fund the purpose of which has been restricted in writing by the terms of the gift or grant under which such fund has been donated, or by the donor thereof;
- (3) Fees imposed upon students as a condition of enrollment at the University, including but not limited to services and activities fees, the building fee component of tuition (established pursuant to RCW 28B.15.025), and technology fees;
- (4) (a) Pursuant to RCW 28B.30.741, all moneys received from the lease or rental on account of the trust lands set apart by the enabling act for a scientific school, all interest or income arising from the proceeds of the sale of such lands or of the timber, fallen timber, stone, gravel or other valuable material thereon, except for investment income derived pursuant to RCW 43.84.080 and, less the allocation to the State investment board expense account pursuant to RCW 43.33A.160 and all moneys received as interest on deferred payments on contracts for the sale of such lands, and (b) pursuant to RCW 28B.30.742, all moneys received from the lease or rental of lands set apart by the enabling act, pursuant to federal law, for an agricultural college, all interest or income arising from the proceeds of the sale of such lands or of the timber, fallen timber, stone, gravel or other valuable material thereon, except for investment income derived pursuant to RCW 43.84.080 and, less the allocation to the state investment board expense account pursuant to RCW 43.33A.160; and all moneys received as interest on deferred payments on contracts for the sale of such lands, and identified as the Washington State

University Agricultural School Trust and the Washington State University Scientific School Trust and (c) any additional fees and revenues hereafter pledged by the University for payment of debt service on the Trust and Building Fee Revenue Bonds, Series 2009 and any obligations issued on a parity therewith or subordinate thereto as provided in Resolution No. 091009-367;

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

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

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

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

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

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

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

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

**Obligations** means the Washington State University obligations, whether incurred in the form of notes, financing contracts or bonds, authorized to be issued by this resolution.

**Official Notice of Sale** means, if the Obligations shall be sold by Competitive Sale, the notice of bond sale authorized to be given in Section 9 of this resolution.

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

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

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

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

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

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

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

**Project** means the University's Finance and Human Resources Modernization Initiative, including the acquisition and installation of an Enterprise Resource Planning System for the University.

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

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

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

**Registrar** means, at the option of the Designated University Representative, the University or the fiscal agent of the State of Washington, whose duties include registering and authenticating the Obligations, maintaining the Debt Register, transferring ownership of the Obligations, and paying the principal of and interest on the Obligations.

**Resolution** means this resolution of the Board and all supplements or amendments hereto made in conformity herewith.

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

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

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

**State** means the State of Washington.

**System** or **Systems** means and includes the Housing and Dining System and the Athletic Facilities System.

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

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

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

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

**Rules of Interpretation.** In this resolution, unless the context otherwise requires:

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

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

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

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

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

(f) Whenever any consent or direction is required to be given by the University, such consent or direction shall be deemed given when given by a Designated University Representative or his or her designee; and

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

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

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

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

Section 3. Authorization and Purpose of Obligations. For the purpose of paying and reimbursing the University for all or a portion of the costs of the Project, paying capitalized interest, and paying costs of issuing the Obligations, the Board hereby authorizes the sale and issuance of general revenue obligations (the “Obligations”). The University may issue the Obligations in one or more series. The aggregate principal amount of the Obligations to be issued for each series and the maximum term for any series of Obligations under this resolution shall be determined by the Designated University Representative, pursuant to the authority granted in Section 9. The dollar amount of all Obligations to be issued under this resolution shall not exceed \$30,000,000 of net proceeds (after payment of costs of issuance and providing for capitalized interest).

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

Obligations shall not constitute an indebtedness of the University within the meaning of the constitutional provisions and limitations of the State of Washington.

Section 5.      Redemption and Purchase.

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

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

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

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

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

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

All official notices of redemption shall be dated and shall state:

- (1) the redemption date,
- (2) the redemption price,
- (3) if fewer than all outstanding Obligations of a series are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Obligations of a series to be redeemed,
- (4) that on the redemption date, provided that in the case of optional redemption the full amount of the redemption price is on deposit therefor, the redemption price will become due and payable upon each such Obligation or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
- (5) the place where such Obligations are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar.

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

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

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

(g) *Effect of Notice; Obligations Due.* Unless otherwise provided in the Sale Contract or Approved Bid (in which case, notice shall be given in accordance with the Sale Contract or Approved Bid) or unless the University has revoked a notice of redemption (or unless the University provided a conditional notice and the conditions for redemption set forth therein are not satisfied), official notice of redemption having been given as aforesaid, the Obligations or portions of Obligations so to be redeemed shall, on the redemption date (unless in the case of optional redemption the University shall default in the payment of the redemption price), become due and payable at the redemption price therein specified, and from and after such date such Obligations or portions of Obligations shall cease to bear interest. Upon surrender of such Obligations for redemption in accordance with said notice, such Obligations shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to a mandatory redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Obligation, there shall be prepared for the Registered Owner a new Obligation of the same maturity and series in the aggregate amount of the unpaid principal. All Obligations which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.



(h) *Additional Notice.* Unless otherwise provided in the Sale Contract or Approved Bid (in which case, notice shall be given in accordance with the Sale Contract or Approved Bid) in addition to the foregoing notice, further notice shall be given by the University as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Obligations being redeemed; (ii) the date of issue of the Obligations as originally issued; (iii) the rate of interest borne by each Obligation being redeemed; (iv) the maturity date of each Obligation being redeemed; and (v) any other descriptive information needed to identify accurately the Obligations being redeemed. Each further notice of redemption may be sent at least 20 days before the redemption date to each party entitled to receive notice pursuant to Section 23 of this resolution under agreements for continuing disclosure information, and to the Underwriter or to its business successors, if any, and with such additional information as the Registrar deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Obligations.

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

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

#### Section 6. Registration, Exchange and Payments.

(a) *Registrar/Debt Register.* If the Obligations are issued in the form of revenue bonds or otherwise sold by public sale, the University will utilize the system of registration approved by the Washington State Finance Committee, which utilizes the fiscal agent of the State of Washington, as registrar, authenticating agent, paying agent and transfer agent. In the alternative, if determined by the Designated University Representative, the University may act as the registrar, authenticating agent, paying agent and transfer agent (in either case, collectively, the “Registrar”). The Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient records for the registration and transfer of the Obligations (the “Debt Register”), which shall be open to inspection by the University. The Registrar is authorized, on behalf of the University, to authenticate and deliver Obligations transferred or exchanged in accordance with the provisions of such Obligations and this resolution and to carry out all of the Registrar’s powers and duties under this resolution. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Obligations.

(b) *Registered Ownership.* The University and the Registrar may deem and treat the Registered Owner of each Obligation as the absolute owner for all purposes, and neither the University nor the Registrar shall be affected by any notice to the contrary. Payment of any such Obligation shall be made only as described in Section 6(h) hereof, but such registration may be transferred as herein provided. All such payments made as described in Section 6(h) shall be valid and shall satisfy the liability of the University upon such Obligation to the extent of the amount or amounts so paid.

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

Neither the University nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Obligations for the accuracy of any records maintained by DTC or any DTC participant, the payment by DTC or any DTC participant of any amount in respect of the principal of or interest on Obligations, any notice that is permitted or required to be given to Registered Owners under this resolution (except such notices as shall be required to be given by the University to the Registrar or to DTC), the selection by DTC or any DTC participant of any person to receive payment in the event of a partial redemption of the Obligations, or any consent given or other action taken by DTC as the Registered Owner. For so long as any Obligations are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes, and all references in this resolution to the Registered Owners shall mean DTC or its nominee and shall not mean the Beneficial Owners.

(d) *Use of Depository.*

(1) The Obligations shall be registered initially in the name of CEDE & Co., as nominee of DTC, with a single Obligation for each maturity of a series in a denomination equal to the total principal amount of such maturity. Registered ownership of such immobilized Obligations, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Designated University Representative pursuant to subsection (2) below or such substitute depository's successor; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the University to discontinue the system of book-entry transfers through DTC or its successor (or any substitute depository or its successor), the Designated University Representative may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

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

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

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

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

(g) *Registration Covenant.* The University covenants that it will maintain a system for recording the ownership of each Tax-Exempt Obligation that complies with the provisions of Section 149 of the Code.

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

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

UNITED STATES OF AMERICA

NO. \_\_\_\_\_ \$ \_\_\_\_\_

STATE OF WASHINGTON  
WASHINGTON STATE UNIVERSITY

GENERAL REVENUE [BOND], \_\_\_\_\_[year of issuance][series designation]

INTEREST RATE:      %                      MATURITY DATE:                      CUSIP NO.:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

WASHINGTON STATE UNIVERSITY (the “University”), a state university organized and existing under and by virtue of the laws of the State of Washington (the “State”), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the University known as the “General Revenue Debt Redemption Fund, \_\_\_\_\_[year of issuance][series designation]” (the “Bond Fund”) maintained by the University and General Revenues to be deposited therein pursuant to a Resolution adopted by the Board of Regents on June 8, 2018 (the “Resolution”), the Principal Amount indicated above and to pay interest thereon from the Bond Fund from \_\_\_\_\_, \_\_\_\_\_[year of issuance], or the most recent date to which interest has been paid or duly provided for or until payment of this bond at the Interest Rate set forth above, payable on \_\_\_\_\_, and semiannually thereafter on the first days of each \_\_\_\_\_ and \_\_\_\_\_. Both principal of and interest on this bond are payable in lawful money of the United States of America. For so

long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company (“DTC”) referred to in the Blanket Issuer Letter of Representations (the “Letter of Representations”) from the University to DTC. The fiscal agent of the State is acting as the registrar, authenticating agent and paying agent for the bonds of this issue (the “Bond Registrar”). Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Resolution. Reference is made to the Resolution for other covenants of the University and other terms and conditions upon which this bond has been issued, which terms and conditions are made a part hereof by this reference. The University irrevocably and unconditionally covenants that it will keep and perform all of the covenants of this bond and of the Resolution.

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

This bond is payable first from General Revenues of the University, and the University does hereby pledge and bind itself to set aside from such General Revenues, and to pay into the Bond Fund the various amounts required by the Resolution to be paid into and maintained in such Fund, all within the times provided by the Resolution.

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

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

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

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

IN WITNESS WHEREOF, Washington State University has caused this bond to be executed by the manual or facsimile signatures of the Chair and Secretary of the Board of Regents, and a facsimile corporate seal of the University to be imprinted hereon as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_[year of issuance].

[SEAL]

WASHINGTON STATE UNIVERSITY

By \_\_\_\_\_/s/\_\_\_\_\_  
Chair, Board of Regents

ATTEST:

\_\_\_\_\_/s/\_\_\_\_\_  
Secretary, Board of Regents

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

#### CERTIFICATE OF AUTHENTICATION

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

[WASHINGTON STATE FISCAL  
AGENT][UNIVERSITY], Registrar

By \_\_\_\_\_  
Authorized Signer

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

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

In case either of the officers of the University who shall have executed the Obligations shall cease to be such officer or officers of the University before the Obligations so signed shall have been authenticated or delivered by the Registrar, or issued by the University, such Obligations may nevertheless be authenticated, delivered and issued and upon such

authentication, delivery and issuance, shall be as binding upon the University as though those who signed the same had continued to be such officers of the University. Any Bond may also be signed and attested on behalf of the University by such persons as at the actual date of execution of such Bond shall be the proper officers of the University although at the original date of such Bond any such person shall not have been such officer.

Section 9. Sale of Obligations; Official Statement.

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

(1) the net proceeds of sale (gross proceeds, minus costs of issuance and capitalized interest), does not exceed \$30,000,000;

(2) the final maturity of the Obligations is not later than October 1, 2040; and

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

In determining the manner of sale, number of series, the taxable or tax-exempt status of each series, the series designation, the final principal amounts of the Obligations, date of the Obligations, interest rates, payment dates, redemption provisions, and maturity dates of such Obligations, the Designated University Representative, in consultation with University staff and the University's financial advisor, shall take into account those factors that, in his judgment, will result in the most favorable interest cost on the applicable series of the Obligations to their maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the applicable series of the Obligations.

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

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

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

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

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

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

Section 10. Debt Service Fund. The University hereby establishes a separate special fund to be held separate and apart from all other funds and accounts of the University to be designated as the "General Revenue Debt Redemption Fund, \_\_\_\_[year of issuance][series designation]" (the "Debt Service Fund"). The University covenants to deposit into the Debt Service Fund from General Revenues on or prior to each interest payment date, redemption date



and maturity date an amount sufficient to pay the interest on the Obligations then coming due and the principal of the Obligations maturing or subject to redemption and redemption premium, if any. Such payments shall be made in sufficient time to enable the Registrar to pay interest on and/or principal of and redemption price of the Obligations to the Registered Owners, when due. Net income earned on investments in the Debt Service Fund, if any, shall be deposited in the Debt Service Fund.

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

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

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

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

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

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

Section 12. Source of Repayment and Security for Obligations.

(a) *Special Fund Obligations.* The Obligations shall be special fund obligations of the University, payable solely from General Revenues and the money and investments deposited into the Debt Service Fund. The Obligations shall not constitute an obligation, either general, special or moral, of the State, nor a general or moral obligation of the University. The Registered Owners of the Obligations shall have no right to require the State, nor has the State any obligation or legal authorization, to levy any taxes or appropriate or expend any of its funds

for the payment of the principal thereof or the interest or any premium thereon. The University has no taxing power.

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

(c) *Additions to General Revenues.* The University reserves the right to include in General Revenues, at its sole option, in the future, other sources of revenue or income.

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

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

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

Section 14. Establishment of Additional Accounts and Subaccounts. The University reserves the right, to be exercised in its sole discretion, to establish such additional accounts within the funds established pursuant to this resolution, and subaccounts within such accounts, as it deems necessary or useful for the purpose of identifying more precisely the sources of payments herein and disbursements therefrom; provided that the establishment of any such account or subaccount does not alter or modify any of the requirements of this resolution with respect to a deposit or use of money or result in commingling of funds not permitted hereunder.

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

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

Obligations as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Code for investment by financial institutions.

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

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

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

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

Section 20. Supplemental Resolutions.

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

(1) to add to the covenants and agreements of the University in this resolution other covenants and agreements thereafter to be observed, which shall not materially adversely affect the interests of the Registered Owners of any Outstanding Obligations affected by the

supplemental resolution, or to surrender any right or power herein reserved to or conferred upon the University; or

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

Any such supplemental resolution of the Board may be adopted without the consent of the Registered Owners of any Obligations at any time Outstanding, notwithstanding any of the provisions of subsection (b) of this section.

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

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

(2) reduce the aforesaid percentage of Registered Owners required to approve any such supplemental resolution, without the consent of the Registered Owners of all of the Outstanding Obligations affected by the reduction.

For purposes of granting any consent under this subsection, the issuer of any insurance policy or letter of credit guaranteeing the payment of any Obligations shall be deemed to be the Owner of those Obligations. It shall not be necessary for the consent of Registered Owners under this subsection (b) to approve the particular form of any proposed supplemental resolution, but it shall be sufficient if such consent shall approve the substance thereof.

#### Section 21. Concerning the Registered Owners.

(a) *Form of Consent of Registered Owners.* Any request, direction, consent or other written instrument required by this resolution to be signed or executed by the Registered Owners may be in any number of concurrent written instruments of similar tenor and may be signed or executed by such Registered Owners in person or by an agent or agents duly appointed by a written instrument. For purposes of compliance with this section, the issuer of an irrevocable letter of credit securing the repayment of the Obligations or an issuer of a policy of municipal bond insurance insuring the payment of the Obligations shall be deemed to be the Registered Owner of the Obligations. Proof of the execution of any such written instrument and of the

ownership of the Obligations shall be sufficient for any purpose of this resolution and shall be conclusive in favor of the University, and/or the Registered Owners with regard to any action taken under such instrument, if made in the following manner:

(1) the fact and date of the execution by any Registered Owner of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments of deeds to be recorded within such jurisdiction, to the effect that the Registered Owner signing such instrument acknowledged to him or her the execution thereof, or by an affidavit of a witness to such execution; and

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

Nothing contained in this Section 21(a) shall be construed as limiting the University to the proof above specified, it being intended that the University may accept any other evidence of the matters herein stated to which it may seem sufficient.

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

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

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

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

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

Section 25. Contract-Savings Clause. The covenants contained in this resolution, the Obligations and the provisions of the Bond Act shall constitute a contract between the University and the Registered Owners of the Obligations and shall be construed in accordance with and controlled by the laws of the State. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the University shall be declared by any court of competent jurisdiction and final appeal, if any appeal be taken, to be contrary to law, then such covenant or covenants, agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements in this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Obligations.

Section 26. No Benefits to Outside Parties. Nothing in this resolution, express or implied, is intended or shall be construed to confer upon or to give to any person, other than the University, the Registrar, and the Registered Owners of Obligations, any right, remedy or claim under or by reason of this resolution; and the covenants, stipulations and agreements in this resolution are and shall be for sole and exclusive benefit of the University, the Registrar, and the Registered Owners of Obligations, their successors and assigns.

Section 27. Immediate Effect. This resolution shall take effect immediately upon its adoption.

ADOPTED AND APPROVED by the Board of Regents of Washington State University,  
by a regular meeting of the Board held this 8th day of June, 2018.

WASHINGTON STATE UNIVERSITY

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Chair, Board of Regents

ATTEST:

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Secretary, Board of Regents

CERTIFICATE

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

1. That the attached Resolution (the “Resolution”) is a true and correct copy of a resolution of the University, as finally adopted at a regular meeting of the Board of Regents held on the 8th day of June, 2018, and duly recorded in my office.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of June, 2018.

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Secretary



## ATTACHMENT C

### MARKET UPDATE

#### *Market Commentary May 2018:*

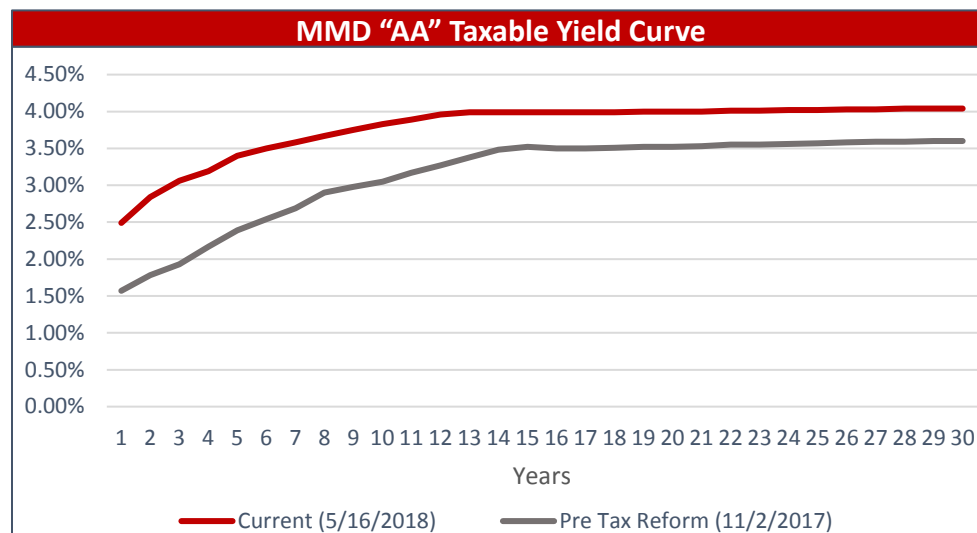
Market volatility subsided even as interest rates marched higher. Economic data was generally favorable, but the political situation remains uncertain on trade, immigration and policies involving North Korea and the Iran nuclear deal.

The initial estimate for 2018 first quarter U.S. Gross Domestic Product (GDP) indicated the economy grew at an annualized rate of 2.3%, down-shifting from the stronger growth of the prior three quarters.

At their early May meeting, the Federal Open Market Committee (FOMC) left overnight rates unchanged. The Federal Reserve (Fed) acknowledged strong job gains, strong business investment and expressed a more confident tone regarding inflation's move towards the 2% target rate. Market participants expect another interest rate hike of 0.25% in June.

Although net job gains were below expectations for April, the unemployment rate fell to 3.9%, the lowest level since 2000. In another sign of the strength of the U.S. labor market, the weekly tally of initial claims for unemployment insurance reached the lowest level since 1969.

The graph below shows taxable interest rates prior to the tax-reform in November 2017 compared to the current rate levels. Short-term interest rates have and are expected to continue to increase at a faster pace than long-term interest rates resulting in a flatter yield curve.



**ACTION ITEM #3**  
**2018-2019 Athletics Budget Approval**  
**(Joan King)**

June 8, 2018

TO ALL MEMBERS OF THE BOARD OF REGENTS

SUBJECT: 2018-2019 Athletic Budget Approval

PROPOSED: That the Washington State University Board of Regents:  
(1) Approve the 2018-2019 WSU Athletics budget; (2) Approve the plan for reducing operating deficits in future fiscal years; and (3) Approve transfers necessary at FY18 year-end to cover the deficit balance.

SUBMITTED BY: Joan King, Associate Vice President/Chief University Budget Officer

SUPPORTING INFORMATION: Washington State University has implemented a 3-year fiscal health restoration plan and has nearly completed the first year of the plan. As a part of the University's plan, WSU Athletics has developed a targeted plan to ensure that it will return to an operating breakeven position in the next few years. The Athletics plan also ensures that WSU is fully compliant with Substitute Senate Bill 6493, which was passed by the 65<sup>th</sup> Legislature during its 2018 regular session. This bill requires certain actions of the boards of the state's colleges and universities, related to intercollegiate athletics programs. (See SSB 6493, attached.) This bill requires that the WSU Board of Regents specifically approve, in an open public meeting, the annual budget for the Athletics program; the plan for reducing the operating deficits in future fiscal year; and any transfers that are necessary at year-end for WSU Athletics. The three prior fiscal years' financial statements for the program will also be conspicuously posted to the University's web site.

ATTACHMENTS: Attachment A: Substitute Senate Bill 6493  
Attachment B: FY15 – FY17 Athletics Actual Revenues and Expenditures

Attachment C: FY18 Athletics Budget, including estimates of May and June activity plus FY 2019-2023 Proposed Budgets with breakeven in 20-23

Attachment D: Transfer Process and Projected Amounts, based on financial information as of 4/30/18

S-4650.1

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SUBSTITUTE SENATE BILL 6493

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State of Washington

65th Legislature

2018 Regular Session

By Senate Higher Education & Workforce Development (originally sponsored by Senators Billig, Palumbo, Ranker, Carlyle, Hasegawa, and Kuderer)

READ FIRST TIME 02/01/18.

1 AN ACT Relating to increased transparency and accountability for  
2 intercollegiate athletic programs at public colleges and  
3 universities; and adding a new section to chapter 28B.15 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 28B.15  
6 RCW to read as follows:

7 (1) The board of trustees or regents of each of the state's  
8 colleges and universities under RCW 28B.15.005 must specifically  
9 approve in an open public meeting, the annual budget for its programs  
10 for intercollegiate athletic competition in advance of any  
11 expenditure for that fiscal year.

12 (2) If a college or university's programs experience an operating  
13 deficit at the end of any fiscal year, the board of trustees or  
14 regents must:

15 (a) Approve a plan for how the programs will reduce operating  
16 deficits in future fiscal years;

17 (b) Conspicuously post to the college or university's web site  
18 the financial statements of the programs for the three prior fiscal  
19 years and the plan in (a) of this subsection. Any public records  
20 request for a copy of the financial statements or plan must be at no  
21 cost to the requester;

1 (c) Approve in advance any transfer exceeding two hundred fifty  
2 thousand dollars; and

3 (d) Except as provided in subsection (3) of this section, approve  
4 in advance any expenditure over two hundred fifty thousand dollars  
5 that was not included in the approved annual budget, in an open  
6 public meeting.

7 (3) Approval of an expenditure by the board of trustees or  
8 regents may occur at the next regularly scheduled board meeting after  
9 the expenditure if the expenditure is:

10 (a) Time sensitive and the net fiscal impact of the expenditure  
11 results in a direct revenue gain to the program; or

12 (b) Required to meet an immediate public safety need.

13 (4) Unless the context clearly requires otherwise, the  
14 definitions in this subsection apply throughout this section:

15 (a) "Expenditure" means any discrete purchase, payment, contract  
16 amendment, or expense, unless that expenditure is required to meet an  
17 immediate public safety need.

18 (b) "Operating costs" means all direct and indirect costs to  
19 operate the programs including the value of any costs that are  
20 typically charged to departments, but have been waived by the college  
21 or university. Waived costs include, but are not limited to the value  
22 of tuition waivers for student athletes and any internal or central  
23 service costs not charged to the programs.

24 (c) "Operating deficit" means the amount by which the aggregate  
25 operating costs of the programs exceeds the aggregated receipts and  
26 revenue directly generated by the programs in the fiscal year.

27 (d) "Programs for intercollegiate athletic competition" or  
28 "programs" means those programs established under RCW 28B.10.703.

29 (e) "Transfers" means any transfer of moneys to an account used  
30 by programs for intercollegiate athletic competition from any account  
31 that holds moneys not directly generated by the programs.

--- END ---

**Washington State University**  
**FY15 - FY17 Athletics Actual Revenue & Expenses**

Attachment B

(\$ M)	Actuals		
	FY15	FY16	FY17
<b>REVENUES:</b>			
01 - Ticket Sales	6.8	5.5	7.7
02 - Direct State/Gov Support	-	-	-
03 - Student Fees	1.1	0.8	1.6
04 - Direct Inst. Support	3.7	3.7	3.3
05 - Less Xfer to Inst.	-	-	-
06 - Indirect Inst. Support	1.2	0.4	0.4
06A - Debt Service, Lease, Rentals	-	-	-
07 - Guarantee Revenue	0.4	0.3	0.3
08 - Contributions	6.4	7.6	8.1
09 - In-Kind	0.2	0.1	0.1
10 - 3rd Party Compensation	-	-	-
11 - Media Rights	17.0	17.9	18.8
12 - NCAA Distribution	1.3	1.3	3.2
13 - Conference Distribution	8.2	9.4	10.7
14 - Program/Concessions etc.	0.2	0.2	0.9
15 - Royalties/Advert. etc.	4.0	6.3	4.4
16 - Sport Camp Revenue	0.4	0.4	0.4
17 - Endowments	0.6	0.6	0.6
18 - Other Revenue	2.4	2.1	1.4
19 - Bowl Revenue	-	1.9	2.4
<b>Total Revenue</b>	<b>54.1</b>	<b>58.8</b>	<b>64.3</b>
<b>EXPENSES:</b>			
20 - Athletic Aid	9.7	11.0	10.7
21 - Guarantee Expense	1.3	1.7	1.6
22 - Coaches Comp: WSU	10.7	11.7	11.8
23 - Coaches Comp: 3rd Party	-	-	-
24 - Admin Comp: WSU	12.1	12.8	13.4
25 - Admin Comp: 3rd Party	-	-	-
26 - Severance	1.0	0.0	0.1
27 - Recruiting	1.2	1.1	1.2
28 - Team Travel	4.0	4.0	4.1
29 - Equipment	2.4	3.0	2.0
30 - Game Expenses	2.4	1.6	1.8
31 - Fund Raising/Marketing	1.9	2.4	2.2
32 - Sport Camp Expense	0.3	0.3	0.3
33 - Spirit Groups	0.2	0.2	0.2
34 - Facilities: Debt/Lease/Rental	11.5	9.7	9.3
35 - Direct Admin Expense	0.0	2.3	2.4
36 - Indirect Inst. Support	1.2	0.4	0.4
37 - Medical/Insurance	1.1	1.0	0.8
38 - Dues & Memberships	1.8	1.8	1.7
39 - Student-Athlete meals	-	0.8	1.0
40 - Other Expense	4.5	4.1	4.9
41 - Bowl Expenses	0.0	1.7	1.9
<b>Total Expenses</b>	<b>67.4</b>	<b>71.7</b>	<b>71.8</b>
<b>Net Operating Income</b>	<b>(13.3)</b>	<b>(12.9)</b>	<b>(7.5)</b>
<b>Cumulative Deficit</b>	<b>(38.6)</b>	<b>(51.5)</b>	<b>(59.0)</b>

**Washington State University**  
**FY19 through FY23 Athletics Budget**

Attachment C

( \$ M)	Estimated	Budgets as of 5/25/18				
	FY18 Y-end	FY19	FY20	FY21	FY22	FY23
<b>REVENUES:</b>						
01 - Ticket Sales	8.5	9.5	8.6	10.3	10.4	11.5
02 - Direct State/Gov Support	-	-	-	-	-	-
03 - Student Fees	1.6	1.5	2.3	2.3	3.2	3.2
04 - Direct Inst. Support	3.5	3.4	3.5	3.6	3.7	3.8
05 - Less Xfer to Inst.	-	-	-	-	-	-
06 - Indirect Inst. Support	0.4	0.4	0.4	0.4	0.4	0.5
06A - Debt Service, Lease, Rental:	-	-	-	-	-	-
07 - Guarantee Revenue	0.0	0.3	-	0.2	-	0.3
08 - Contributions	8.2	7.7	8.7	9.6	9.9	10.7
09 - In-Kind	1.6	1.6	1.6	1.6	1.6	1.6
10 - 3rd Party Compensation	-	-	-	-	-	-
11 - Media Rights	19.6	20.6	21.6	22.8	23.9	25.2
12 - NCAA Distribution	1.3	1.3	1.3	1.4	1.4	1.5
13 - Conference Distribution	11.9	12.1	12.8	12.5	13.0	12.9
14 - Program/Concessions etc.	0.9	1.0	1.4	1.4	1.5	1.5
15 - Royalties/Advert. etc.	2.9	4.1	4.2	4.3	4.4	4.6
16 - Sport Camp Revenue	0.3	0.3	0.3	0.3	0.3	0.3
17 - Endowments	0.6	0.6	0.6	0.7	0.7	0.7
18 - Other Revenue	1.9	1.8	1.7	1.8	1.8	1.9
19 - Bowl Revenue	2.3	2.5	2.6	2.7	2.8	2.9
<b>Total Revenue</b>	65.6	68.6	71.7	75.9	79.1	83.0
<b>EXPENSES:</b>						
20 - Athletic Aid	10.5	11.4	11.6	11.9	12.2	12.5
21 - Guarantee Expense	1.7	1.7	1.8	1.3	1.8	1.4
22 - Coaches Comp: WSU	12.7	13.3	13.8	14.9	15.4	15.9
23 - Coaches Comp: 3rd Party	-	-	-	-	-	-
24 - Admin Comp: WSU	13.8	14.0	14.1	14.3	14.6	15.0
25 - Admin Comp: 3rd Party	-	-	-	-	-	-
26 - Severance	1.0	-	-	-	-	-
27 - Recruiting	1.5	1.5	1.5	1.6	1.6	1.6
28 - Team Travel	4.1	4.3	4.6	4.6	4.7	4.8
29 - Equipment	2.3	2.0	2.0	2.0	2.0	2.2
30 - Game Expenses	2.4	2.4	2.3	2.5	2.6	2.7
31 - Fund Raising/Marketing	2.2	2.1	2.2	2.2	2.3	2.3
32 - Sport Camp Expense	0.3	0.3	0.3	0.3	0.3	0.3
33 - Spirit Groups	0.2	0.2	0.2	0.2	0.2	0.2
34 - Facilities: Debt/Lease/Rental	9.2	9.2	9.2	9.2	9.2	9.2
35 - Direct Admin Expense	1.7	1.8	1.9	1.9	1.9	2.0
36 - Indirect Inst. Support	0.4	0.4	0.4	0.4	0.4	0.5
37 - Medical/Insurance	0.9	0.9	0.9	1.0	1.0	1.0
38 - Dues & Memberships	2.2	2.2	2.2	2.3	2.4	2.4
39 - Student-Athlete meals	1.0	0.9	1.0	1.0	1.0	1.0
40 - Other Expense	4.3	4.3	4.4	4.6	4.7	4.8
41 - Bowl Expenses	2.4	2.5	2.6	2.7	2.8	2.9
<b>Total Expenses</b>	74.7	75.3	77.0	78.8	81.1	82.9
<b>Net Operating Income</b>	(9.1)	(6.7)	(5.3)	(3.0)	(2.0)	0.2
<b>Cumulative Deficit</b>	(68.1)	(74.8)	(80.1)	(83.1)	(85.1)	(84.9)

**Washington State University**  
Athletics Transfers at Year End

Attachment D

	ACTUAL				Cash balance as of 5/23/18
	FY2014	FY2015	FY2016	FY2017	
Cumulative Athletics operating deficit before transfers	(25.3)	(38.9)	(51.5)	(59.0)	(78.2)

Note: Additional revenues and expenses are expected before the end of the fiscal year. These may change the FY18 results significantly. Three possible scenarios are shown below.

Athletic's projection of FY18 (full-year) activity is (9.1 M), which would result in a cumulative deficit of **(68.1 M)**. This is the FY17 cumulative deficit (59.0 M) plus the FY18 projected deficit (9.1 M) after all revenue and expenses have been booked from May and June activity. This actual fiscal year end number will not be known until late in July.

	Projection 1 Best Case	Projection 2 Midpoint	Projection 3 Worst Case
Current position for Athletics based on snapshot of <b>cash balance as of May 23, 2018</b>	(78.2)	(78.2)	(78.2)
Possible range of additional anticipated revenue through June, 2018	14.2	13.2	11.7
Possible range of additional anticipated expenses through June, 2018	(2.1)	(3.1)	(4.0)
Anticipated ending balance on 6/30/18 + Transfers required	(66.1)	(68.1)	(70.5)
Transfers to offset deficit at the end of the fiscal year			
Housing and Dining	44.6	44.6	44.6
Parking & Transportation	4.8	4.8	4.8
Creamery Building Reserve	2.7	2.7	2.7
Misc. Auxiliaries and Self-Sustaining Activities	8.2	8.2	8.2
Health and Wellness Services	4.7	4.7	4.7
Real Estate Management	1.1	3.1	5.5
<b>Total Transfers</b>	<b>66.1</b>	<b>68.1</b>	<b>70.5</b>



# **WSU & Intercollegiate Athletics: A Closer Look**

June 8, 2018

Kirk H. Schulz, President

Washington State University

# **Benefits of Pac-12 membership**

## Benefits of Pac-12 membership

Affiliation with other  
world-class institutions







## Benefits of Pac-12 membership

Boosts student recruitment



## Benefits of Pac-12 membership

Tuition and fees paid  
by student-athletes

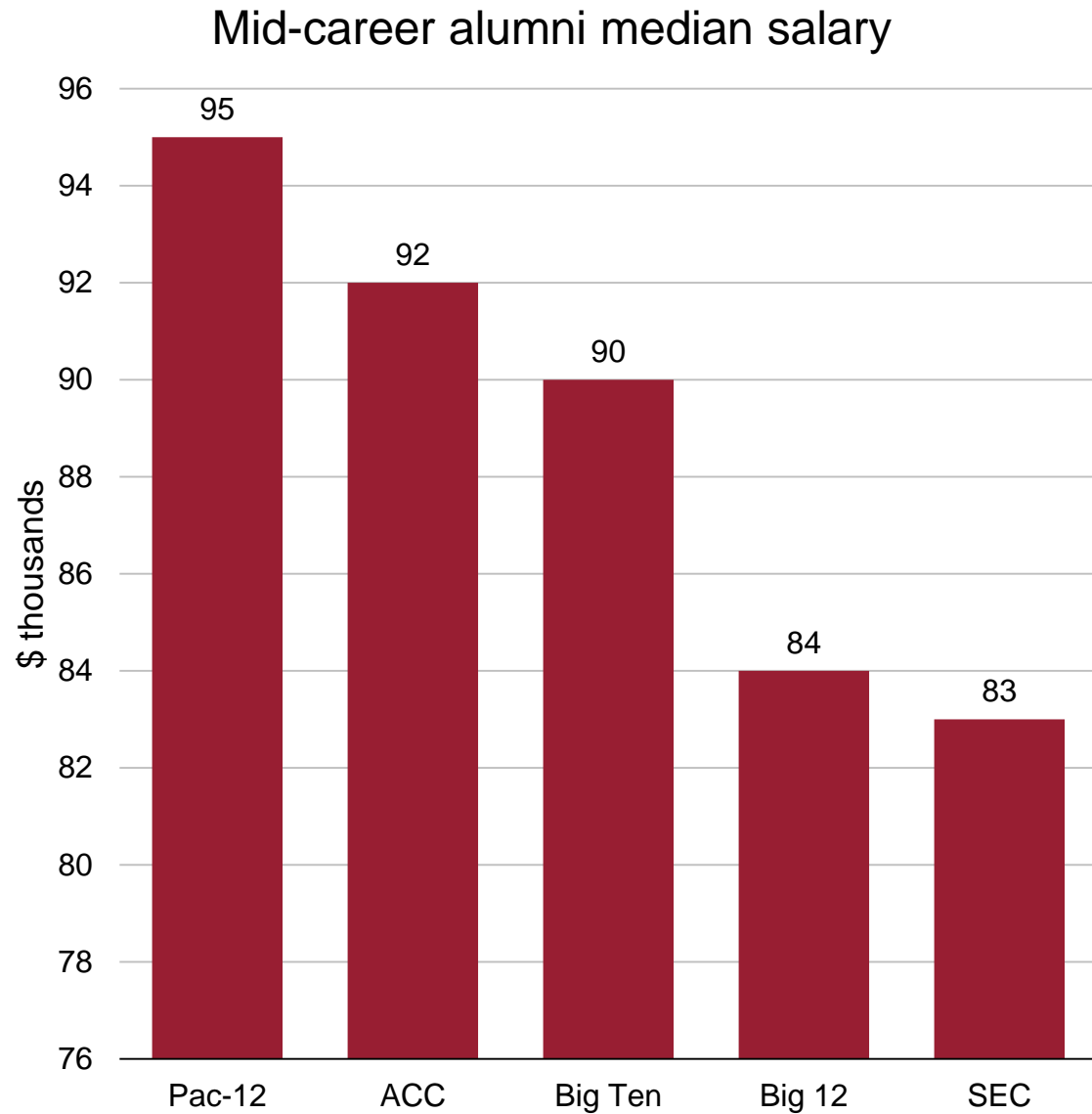




Benefits of Pac-12 membership

Boosts economy of Pullman  
and eastern Washington

## Benefits of Pac-12 membership



Boosts career salaries  
of alumni

**Builds WSU brand**



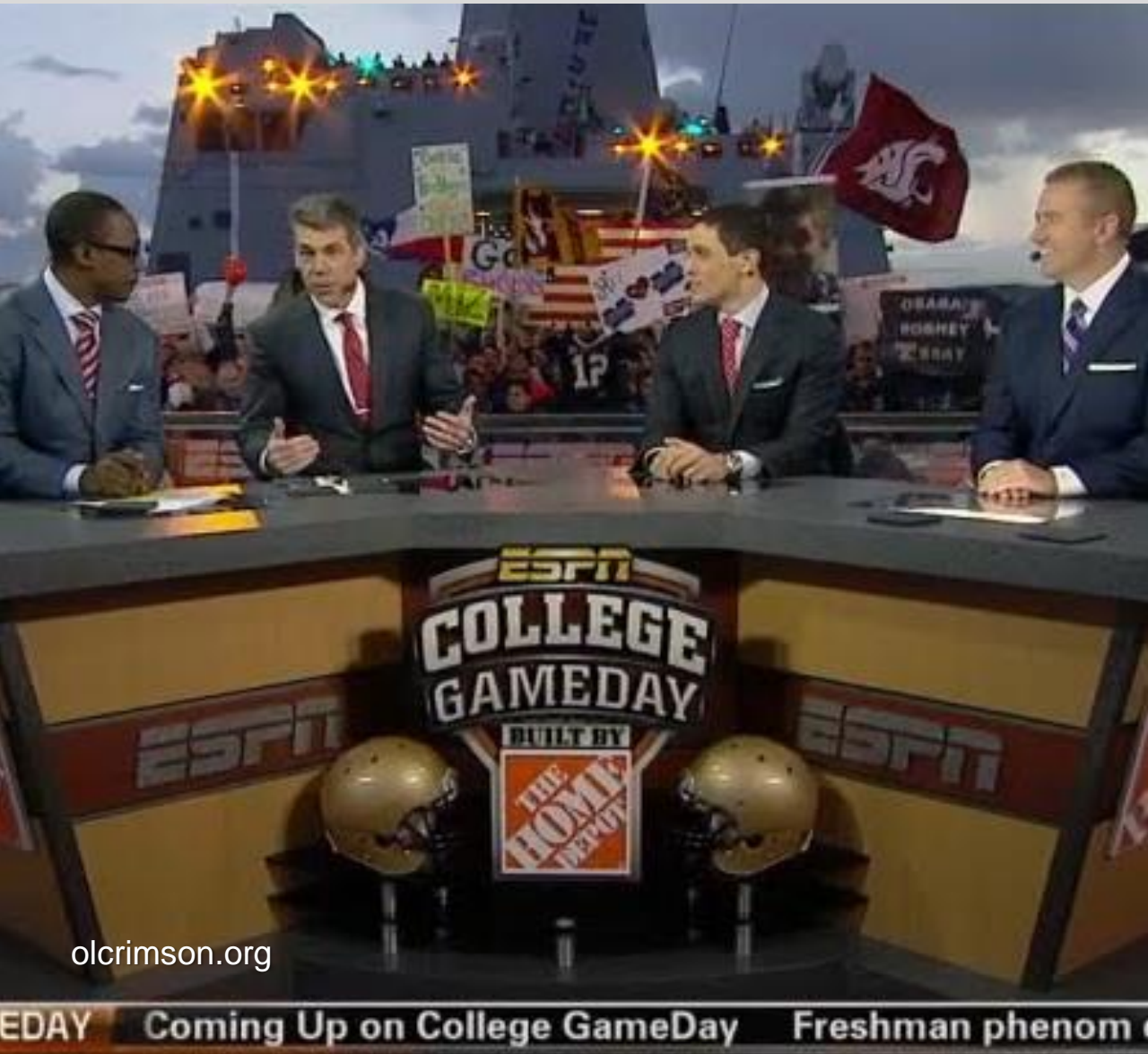


Builds WSU brand

National TV broadcast  
Friday night football vs. USC

Builds WSU brand

## Ol' Crimson on ESPN College Game Day







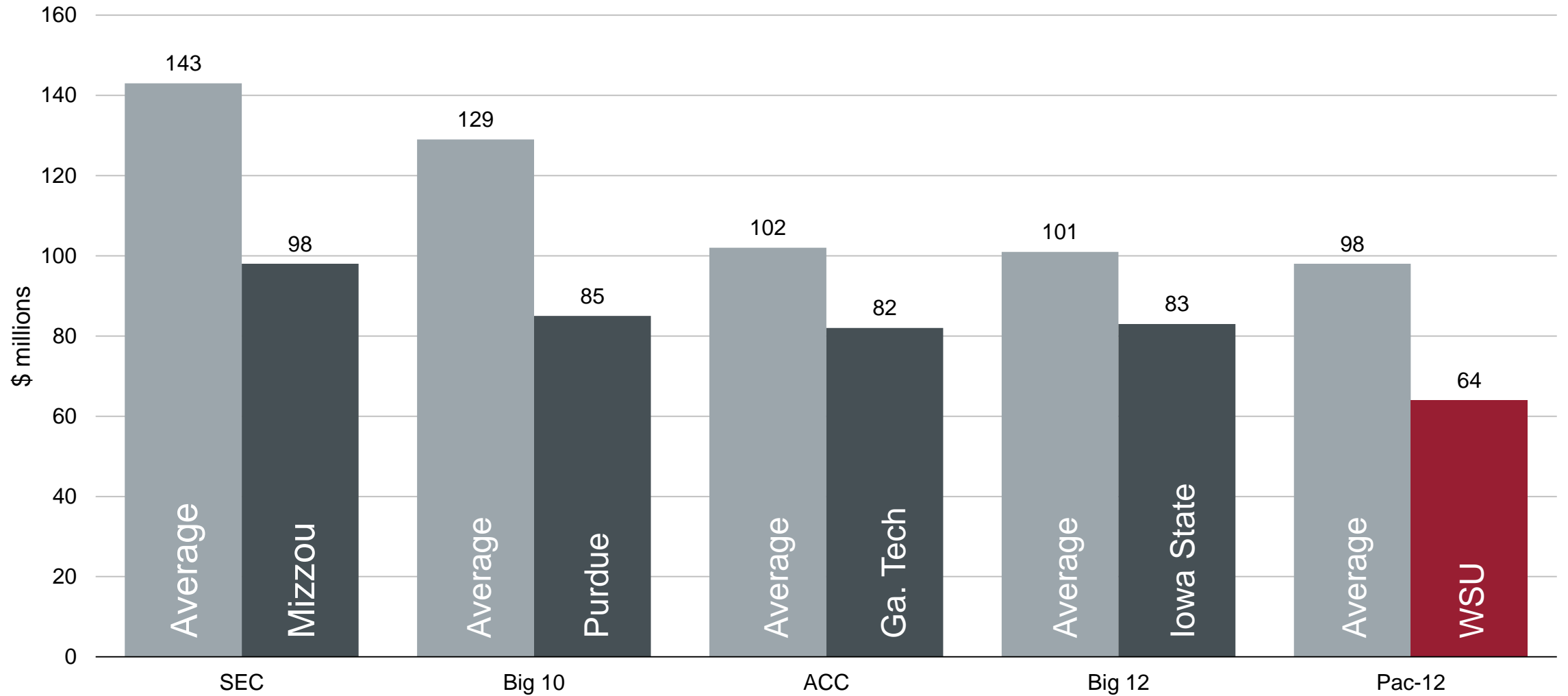
Builds WSU brand

Enriches the student experience  
and Pullman's college town  
reputation

# **Athletic budget: A closer look**

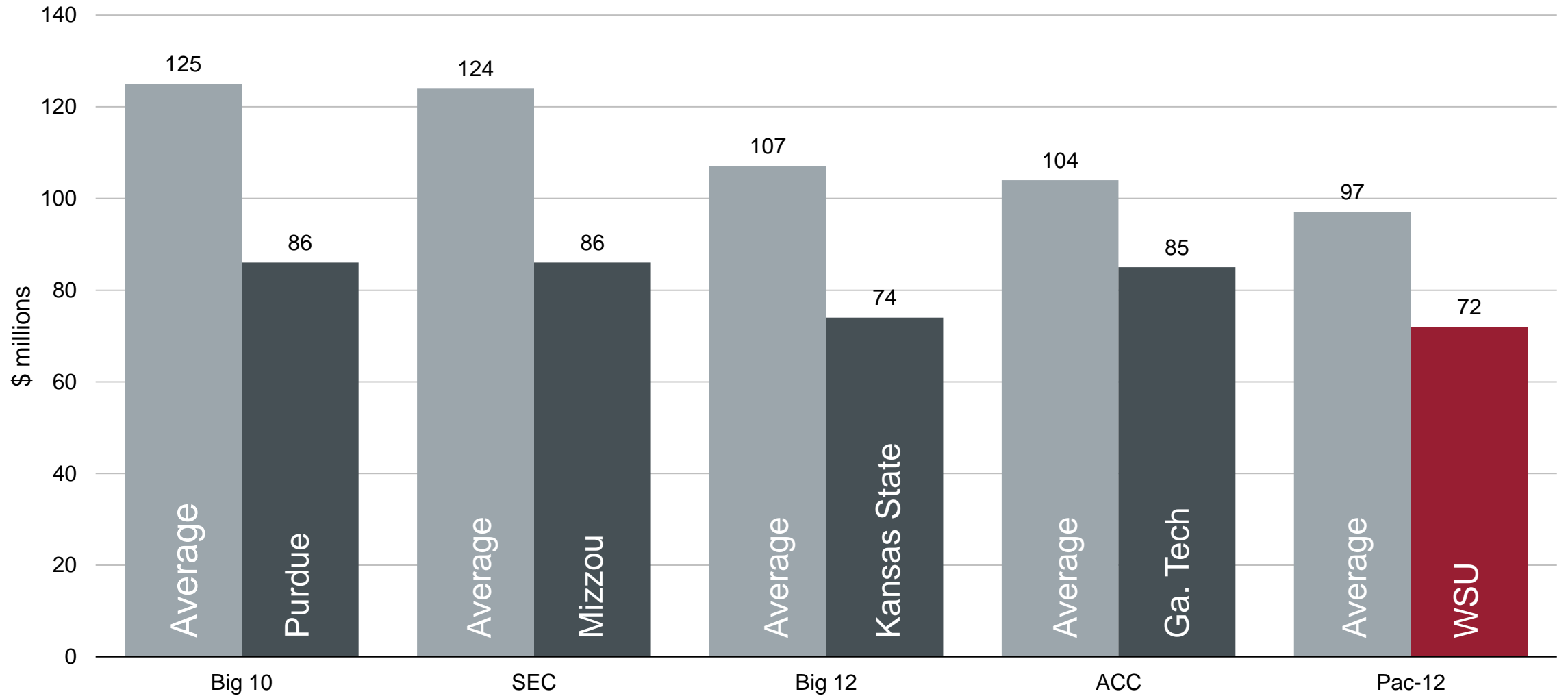
## Athletic budget: A closer look

### WSU revenues vs Power 5 peers, FY17



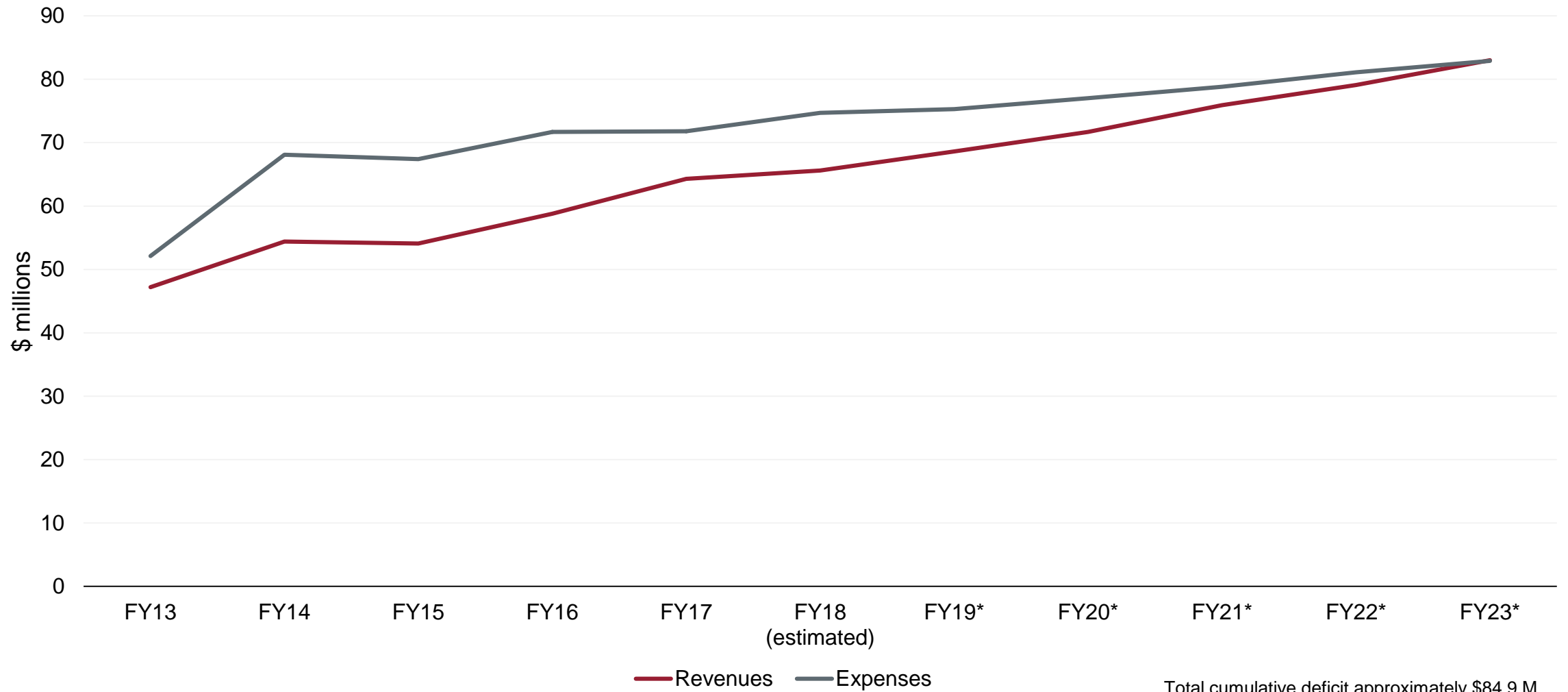
## Athletic budget: A closer look

# WSU expenses vs Power 5 peers, FY 17



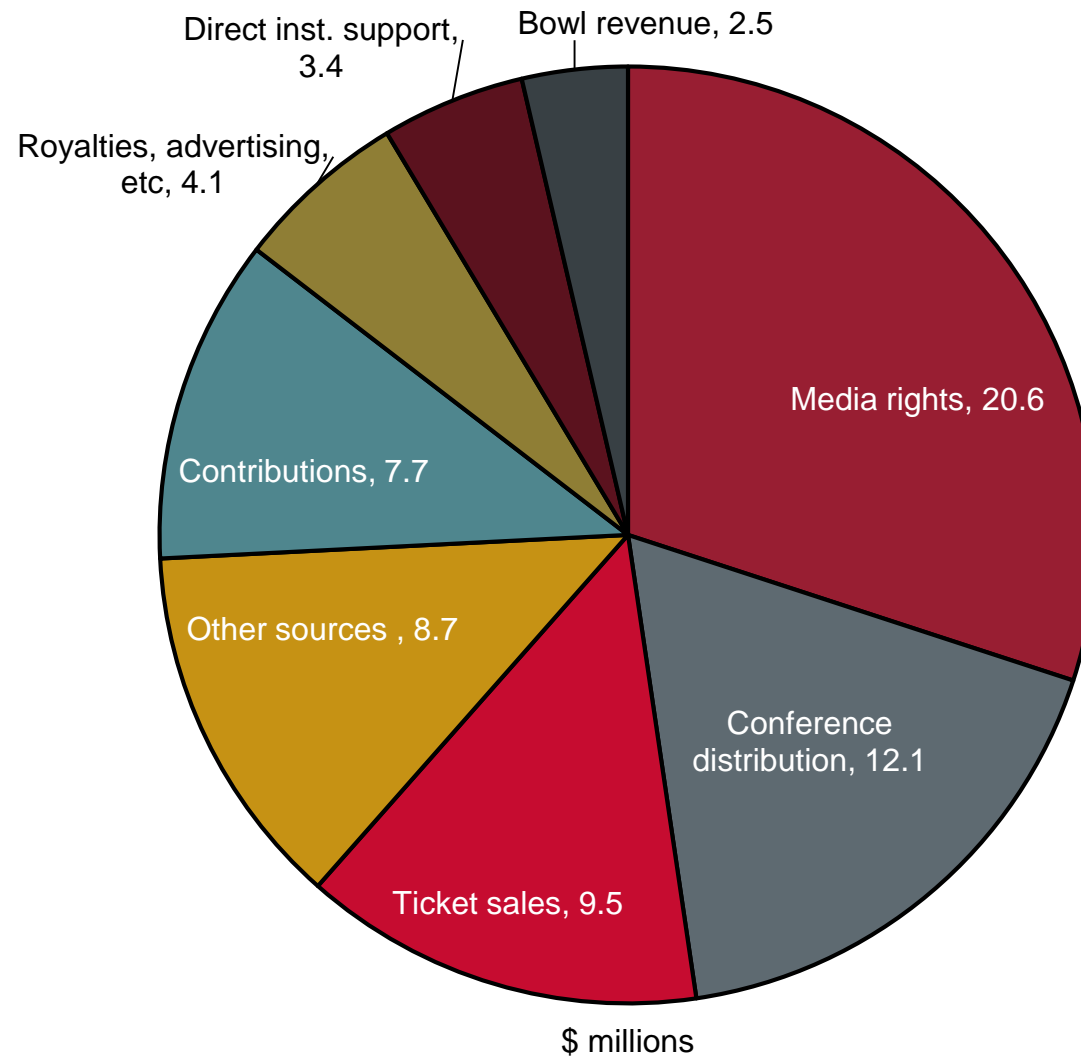
## Athletic budget: A closer look

# Athletics revenues & expenditures, FY13 to FY23



## Athletic budget: A closer look

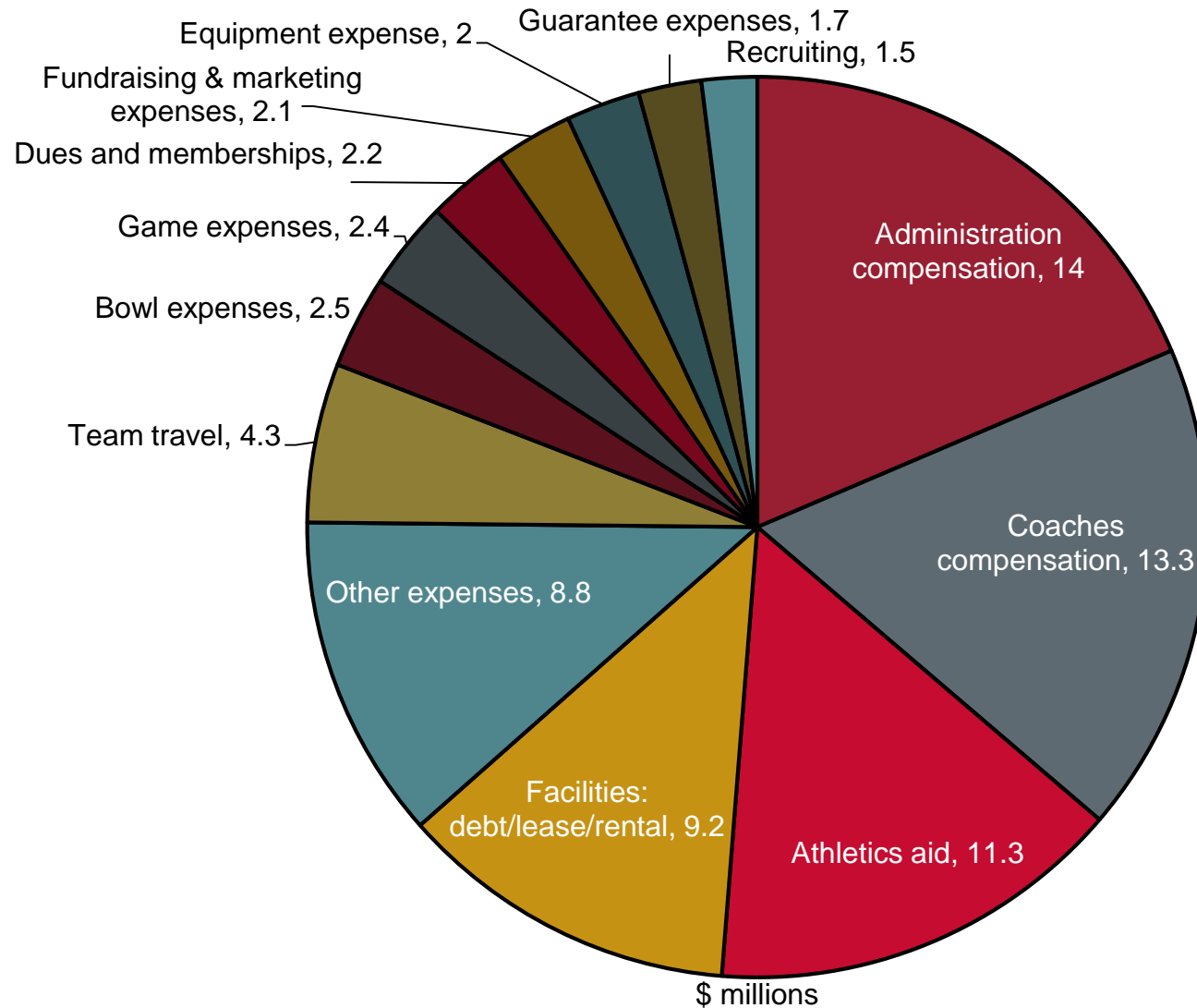
Projected athletics revenue, FY19: \$68.6 million



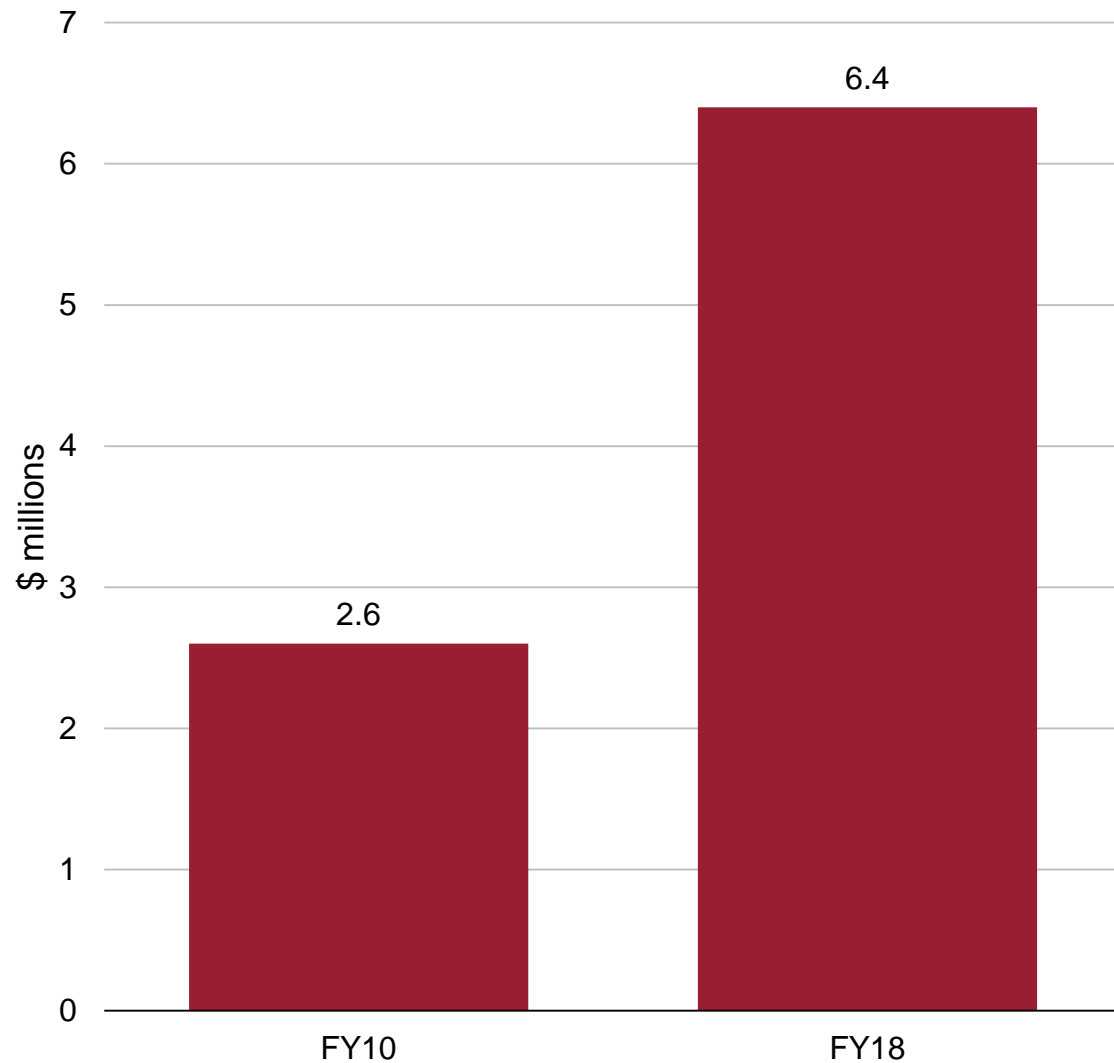


## Athletic budget: A closer look

# Projected athletics expenses, FY19: \$75.3 million

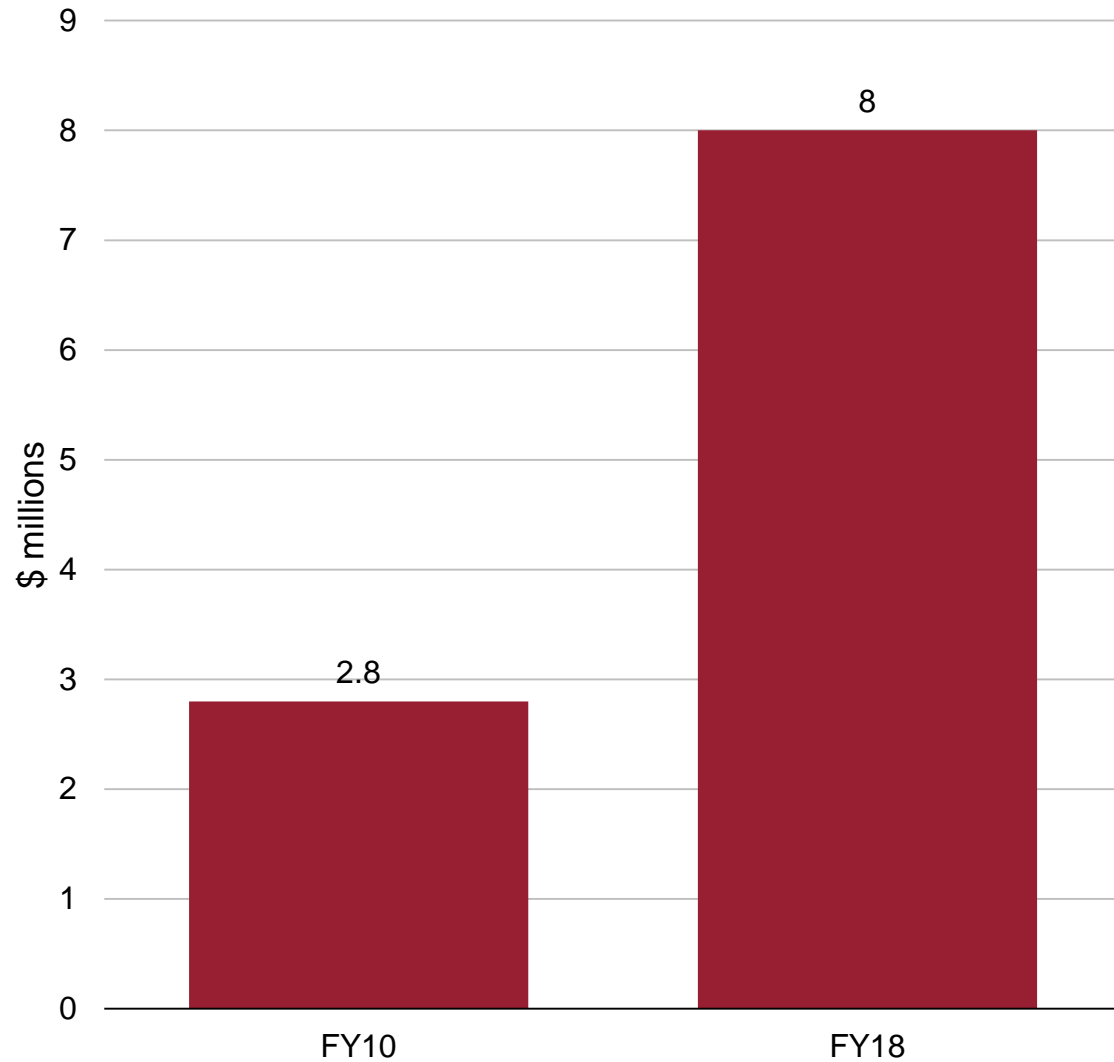


## Athletics budget: A closer look



Cougar Athletic Fund  
giving at record level

## Athletics budget: A closer look



Football gate at record level



## Athletics budget: A closer look

Decreased institutional support for athletics contributes to the athletics debt

# **Building a fiscally sound athletics program**





Building a fiscally sound athletics program

4 principles moving forward





Building a fiscally sound athletics program

No. 1:  
The WSU community  
must solve the challenges





Building a fiscally sound athletics program

No. 2:  
Athletics must achieve  
a balanced budget





Building a fiscally sound athletics program

No. 3:  
Athletics must build  
budget reserves





Building a fiscally sound athletics program

No. 4:  
Athletics will repay  
central reserves

**Looking ahead**

Thank you



## ACTION ITEM #4

### Elson S. Floyd College of Medicine Statement of Commitment to Graduate Medical Education (Daniel J. Bernardo)

June 8, 2018

TO ALL MEMBERS OF THE BOARD OF REGENTS

SUBJECT: Elson S. Floyd College of Medicine Statement of Commitment to Graduate Medical Education

PROPOSED: That the Board of Regents approve the Elson S. Floyd College of Medicine Statement of Commitment to Graduate Medical Education

SUBMITTED BY: Daniel J. Bernardo, Provost and Executive Vice President

SUPPORTING INFORMATION: The Elson S. Floyd College of Medicine (ESFCOM) provides an attached Statement of Commitment to Graduate Medical Education for Washington State University's Board of Regent's approval.

In order to sponsor and oversee resident and fellow assignments, the ESFCOM must first be accredited by the Accreditation Council for Graduate Medical Education (ACGME). A required component of the ACGME application is a written statement documenting the sponsoring institution's commitment to GME by providing the necessary financial, administrative, educational, and clinical resources that is signed by the institution's senior administrator and a representative of the governing body.

The College of Medicine is steadfast in providing high quality education and training to the next generation of physicians for the state of Washington, converging on solutions to the health care triple aim of improving the patient experience, keeping populations healthy, and decreasing the cost of care, all while improving the work life of health care providers. An important component of physician training is the sponsorship of residency and fellowship programs. ESFCOM recognizes the need for and benefits of Graduate Medical Education (GME) and is committed to the sponsorship of GME programs believing that such programs enhance medical student education, further our mission in the provision of quality care, respond to the needs of our communities

and ensures the training of future generations of health care professionals.

The mission of Graduate Medical Education at ESFCOM is to provide Institutional Sponsorship to (and be affiliated with) high quality programs of Graduate Medical Education in those primary and specialty care disciplines relevant to the College of Medicine's mission. Such Graduate Medical Education Programs will be accomplished in concert with major participating institutions and other health care organizations and educational institutions in the communities affiliated with the College.

GME is an integral and essential part of any comprehensive medical school; hence, the costs for developing GME have already been built into the ESFCOM *pro forma*. Most of the costs of GME are bore by the clinical partners where residents are often training. These clinical partners pay the medical school for the administrative oversight of the program, for developing and administering curriculum, for hiring of residency directors, and for ensuring compliance with accreditation by the ACGME. This request does not authorize the use of university funds to pay for the direct costs of student sponsorship.

A copy of the proposed statement of commitment and a fact sheet providing further explanation of Graduate Medical Education and WSU's participation is attached.

## **Graduate Medical Education (GME) at ESFCOM/WSU**

### **Goals of ESFCOM GME:**

- Providing the full continuum of the education and training experience so that doctors are well prepared to meet the needs of our communities.
- Establishing a physician workforce able to meet Washington's future health care needs.
- Ensure that our investment in GME yields adequate access to physicians who provide our communities the high-quality health care they deserve. (About 70% of trainees will stay within 100 miles of where they FINISH (ie do their residency), their training.

### **Benefits/Value of GME for WSU, ESFCOM, and Our Communities**

- There is a growing shortage of physicians in Washington state and across the country
- Increasing the amount of medical school graduates alone does not lead to an increase in the number of practicing physicians
- Graduate Medical Education (GME) is the phase of medical education that prepares physicians for independent practice in a medical specialty and allows them to be licensed.
- Residents are physicians in graduate training who acquire clinical experience, knowledge and skills by participating in a structured curriculum in addition to clinical care under varying levels of clinical supervision.
- LCME accredited medical schools across the country provide GME as part of their mission and the medical education continuum
- GME positively impacts medical residents, their sponsoring institutions, the community, affiliated academic health centers, community clinics, university sponsors and the global community as well as our own nation's population health.<sup>1</sup>
- Medical residents serve a vital role in undergraduate medical education (UME) specifically during clinical training, and are required to teach our medical students (LCME requirement)
- GME allows WSU and ESFCOM to strengthen our community focused mission and provide training and care to our communities throughout the state (overall, residents contribute 40% to 60% of direct care of patients)
- Trainees provide care for more than 20% of all hospital inpatients in the country, 28% of Medicaid hospital admissions, 40% of all hospital-based charity care (amounting to roughly \$9.9 billion annually), 40% of high-acuity patient transfers, 62% of pediatric ICU care and 80% of level I trauma care. In addition, more teaching hospitals than nonteaching hospitals (89% vs. 16%) offer community outreach ambulatory services, which significantly impact population health in the setting of limited access to preventive services.<sup>2</sup>
- Free community clinics staffed by residents offer an opportunity for continuity in care for community health and an appreciation of health care disparities.<sup>3</sup>



- GME can be used to recruit physicians to local areas, marketing the success of the medical school and WSU in our communities
- GME creates a physician workforce that not only provides care locally while physicians are training, but additionally as physicians tend to locate near the community in which they have completed their training.
- Local workforce of residents reduces recruitment costs for hospitals and practices, helps retain providers and mitigates shortages, positively affecting local health care practices in terms of increased community capacity and enhanced relationships between local hospitals, WSU as the Sponsor, and communities.<sup>4</sup>
- Physicians may find a community with GME as an attractive place for relocation, as the health care resources and educational opportunities provided by the teaching hospital create a setting that enriches practice, and thus enhances health care.<sup>6</sup>
- Many residents who train in safety net settings return to practice in these settings.<sup>7</sup>
- The local community gains from GME, specifically by attracting physician talent, preventing physician attrition, and improving the economic and health care-providing benefits of local teaching institutions.

<sup>1</sup> Report of the Council on Medical Education (CME Report 9-A-15), American Medical Association, 2015.

<sup>2</sup> What roles do teaching hospitals fulfill? Association of American Medical Colleges.

<sup>3</sup> Pincavage AT, Razi RR, Arora VM, et al. Resident education in free clinics: an internal medicine continuity clinic experience. J Grad Med Educ. 2013;5(2):327-331.

<sup>4</sup> Fletcher S, Mullett J, Beerman S. Value of a regional family practice residency training program site: perceptions of residents, nurses, and physicians. Can Fam Physician. 2014; 60:e447-54.

<sup>5</sup> Economic Impact of AAMC Medical Schools and Teaching Hospitals in Washington, March 2018.

<sup>6</sup> IMS Health. The National Economic Impact of Physicians. 2018.

<sup>7</sup> Phillips RL, Petterson S, Bazemore A. Do residents who train in safety net settings return for practice? Acad Med. 2013; 88(12):1934-1940.

What has already been accomplished?

- An Associate Dean for Graduate Medical Education was hired to build out the GME program of the medical school.
- ESFCOM currently has an established, organized GME Committee (GMEC) with experts in the field providing structure, support and leadership for the institution and moving forward for all future ESFCOM sponsored GME programs .
- About 26 policies have to be developed in order to apply for ACGME (Accreditation Council on Graduate Medical Education). Over half of these policies have already been developed and the other half will be developed over the next month.



- A preliminary application for ACGME sponsorship has been developed.

#### Next Steps.

Once approval of sponsorship has been granted by ACGME, ESFCOM will have to either take over sponsorship of existing hospital based residency programs or will have to help partnering institutions start new programs. In the case of a new program, it takes between 2-3 years to get the necessary approvals and pieces in place to recruit the first class of residents.

#### What does it cost ESFCOM?

The costs for developing GME have already been built into the ESFCOM proforma. Most of the costs of GME are bore by the clinical partners where residents are often training. These clinical partners pay the medical school for the administrative oversight of the program, for developing and administering curriculum, for hiring of residency directors, and for ensuring compliance with accreditation by the ACGME as well as the RRC's (Residency Review Committees) that are necessary for each discipline/program of training that you have.

The position of GME dean, Residency directors and support staff for the administrative oversight are already built into the proforma for the college therefore no additional monies from WSU will be needed to begin GME at ESFCOM.

**Washington State University  
Elson S. Floyd College of Medicine  
Statement of Commitment to Graduate Medical Education  
2018-2023**

The Elson S. Floyd College of Medicine (ESFCOM) is steadfast in providing high quality education and training to the next generation of physicians for the state of Washington, converging on solutions to the health care triple aim of improving the patient experience, keeping populations healthy, and decreasing the cost of care, all while improving the work life of health care providers. ESFCOM recognizes the need for and benefits of Graduate Medical Education (GME) and is committed to the sponsorship of GME programs believing that such programs enhance medical student education, further our mission in the provision of quality care, respond to the needs of our communities and ensures the training of future generations of health care professionals.

The mission of Graduate Medical Education at ESFCOM is to provide Institutional Sponsorship to (and be affiliated with) high quality programs of Graduate Medical Education in those primary and specialty care disciplines relevant to the College of Medicine's mission. Such Graduate Medical Education Programs will be accomplished in concert with Major Participating Institutions and other health care organizations and educational institutions in the communities affiliated with the College.

To achieve this mission, ESFCOM will:

- Ensure that all residency programs for which ESFCOM is the Sponsoring Institution, meet or exceed the Institutional and Program Requirements promulgated by the Accreditation Council for Graduate Medical Education (ACGME) and its individual Review Committees.
- Sponsor graduate medical education programs that meet the health care needs of the people of the state of Washington.
- Fully fund GME administrative support for the institution and all GME programs, Graduate Medical Education Committee (GMEC), and GMEC Sub-committees.
- Support the Designated Institutional Official (DIO) who has the authority and responsibility for the oversight and administration of each of ESFCOM's accredited programs.
- Provide committed and competent professionals to the teaching faculty of its Institutionally Sponsored GME programs. Members of the teaching faculty are appointed and selected for their professional abilities and commitment to teaching, medical education, patient care, and the scientific and humanistic bases of medicine.
- Offer educational resources (library, teaching space and equipment, information systems) and curricula common to all GME programs.
- Ensure that all residents have the opportunity to learn and provide safe, effective, and compassionate patient care, under supervision, commensurate with their level of training.
- Ensure that all residents are treated fairly and have ample opportunity to communicate any concerns in a confidential manner.
- Commits to providing the necessary educational, financial, and human resources to support GME in partnership with its major participating institutions.

The College of Medicine is committed to excellence in the Graduate Medical Education Programs with which the College sponsors or is affiliated. As members of the College of Medicine's governing body, administration, and GME leadership, we sign below as verification of our commitment to the values expressed above.

\_\_\_\_\_  
Theodor P. Baseler  
Chair  
Board of Regents  
Washington State University  
Date: \_\_\_\_\_

\_\_\_\_\_  
Kirk H. Schulz  
President  
Washington State University  
Date: \_\_\_\_\_

\_\_\_\_\_  
John Tomkowiak, M.D.  
Founding Dean  
Elson S Floyd College of Medicine  
Washington State University  
Date: \_\_\_\_\_

\_\_\_\_\_  
Jonathan R. Espenschied, M.D.  
Associate Dean, GME & CME  
Designated Institutional Official  
Elson S Floyd College of Medicine  
Washington State University  
Date: \_\_\_\_\_

\_\_\_\_\_  
James Zimmerman  
Vice Dean, Administration, Accreditation & Finance  
Elson S Floyd College of Medicine  
Washington State University  
Date: \_\_\_\_\_

Request for State Attorney General's Office  
To Provide Defense for University Employees  
(Danielle Hess)

TO ALL MEMBERS OF THE BOARD OF REGENTS

SUBJECT: Request for State Attorney General's Office to Provide Defense for Washington State University (WSU) Employees

PROPOSED: That the Board of Regents approve the request for defense by Don Holbrook, Budget Director for Academic Affairs, Office of the Provost; Brian Allan Dixon, Assistant Vice President, Student Financial Services; and Randi N. Croyle, Associate Director, Student Financial Services

SUBMITTED BY: Danielle Hess, Senior Assistant Attorney General

SUPPORTING

INFORMATION: The complaint in the case of *Darryl W. Riser v. WSU, Holbrook, Dixon and Croyle*, U.S. District Court for the Eastern District of Washington, Cause No. 2:18-cv-00119-TOR, names Mr. Holbrook, Mr. Dixon, and Ms. Croyle as defendants, thus exposing them to a risk of personal liability.

A statutory procedure exists authorizing WSU employees to request that the Attorney General's Office represent them in such cases and that any judgment obtained be paid from state funds. This procedure requires that the Board of Regents take action by resolution finding that the University employee involved was acting within the scope of his duties and in good faith. The Board's determination must be made upon the facts available to it at the time of request for defense and indemnification.

I have reviewed the claim and conducted a preliminary investigation of the facts of this case. It is my opinion that Mr. Holbrook, Mr. Dixon, and Ms. Croyle were acting within the scope of their duties and in good faith when taking the actions from which this lawsuit arose. I therefore recommend defense by the Attorney General's Office and indemnification by the state.

A proposed Board Resolution is attached.

BOARD OF REGENTS  
Washington State University

Resolution #180608-584

WHEREAS, a legal action has been commenced in Whitman County Superior Court by Darryl W. Riser against Don Holbrook, Brian Allan Dixon, and Randi N. Croyle; and

WHEREAS, Senior Assistant Attorney General Danielle Hess, serving as legal counsel to the University, has reviewed the claim, conducted a preliminary investigation of the facts of the case, and, based upon existing information and belief, has advised the Board of Regents that this claim arose out of activities performed in good faith and within the scope of employment; and

WHEREAS, RCW 28B.10.842 authorizes the Board of Regents to request the Attorney General to defend legal actions against employees, officials, and agents of Washington State University, and to authorize payment of any obligation arising from such actions from the state tort liability account pursuant to the provisions of RCW 4.92.130 through RCW 4.92.160;

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents hereby finds that Budget Director for Academic Affairs Don Holbrook, Assistant Vice President of Student Financial Services Brian Allan Dixon, and Associate Director of Student Financial Services Randi N. Croyle, who are named individually as defendants in the legal action brought by Darryl W. Riser in the U.S. District Court, Eastern District of Washington, Cause No. 2:18-cv-00119-TOR, acted within the scope of their duties and in good faith with regard to conduct alleged by the plaintiff. Further, the Board of Regents hereby specifically requests, pursuant to RCW 28B.10.842, that the Attorney General's Office defend the above-named WSU employees against the claim brought by the plaintiff in the above-referenced legal action, or any other claim or legal action commenced by the plaintiff in any state or federal court of proceeding arising out of the facts alleged in this lawsuit, and that any obligation for payment arising from the above-referenced actions, or any other claim or legal action by the plaintiff, be paid from the state tort liability account pursuant to the provisions of RCW 4.92.130 through RCW 4.92.160.

DATED this \_\_\_\_ day of June, 2018.

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Chair, Board of Regents

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Secretary, Board of Regents