PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 26, 2024

New Issue | **Ratings: See "OTHER BOND INFORMATION—Ratings" herein**
Book-Entry Only
Not Bank Qualified

In the opinion of Bond Counsel, under existing law and subject to certain qualifications described herein, interest on the Bonds is excludable from gross income for federal income tax purposes. In addition, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds may affect the federal alternative minimum tax applicable to certain corporations. See "TAX MATTERS" herein.

UNIVERSITY OF WASHINGTON

$222,190,000* General Revenue Bonds, 2024A

$69,605,000* General Revenue Refunding Bonds, 2024B

Dated: Delivery Date (as defined below) | **Due: As shown on inside cover**

The University of Washington (the "University") is issuing its General Revenue Bonds, 2024A (the "2024A Bonds") and its General Revenue Refunding Bonds, 2024B (the "2024B Bonds" and, together with the 2024A Bonds, the "Bonds") as fully-registered securities, in denominations of $5,000 or integral multiples thereof within a series and maturity. The Depository Trust Company, New York, New York ("DTC") will act as initial securities depository for the Bonds, with the Bonds registered in the name of Cede & Co. as DTC's nominee. Under DTC's book-entry-only transfer system, purchasers ("Beneficial Owners") will purchase Bonds through DTC's broker-dealer participants, which will receive a credit in DTC's records. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds. *See* APPENDIX D—"BOOK-ENTRY ONLY SYSTEM." The fiscal agent of the State of Washington (the "State"), currently U.S. Bank Trust Company, National Association, will act as the registrar, authenticating agent, transfer agent and paying agent for the Bonds (the "Bond Registrar").

The 2024A Bonds will mature April 1 of each year, commencing April 1, 20__, and will bear interest payable on April 1 and October 1 of each year, commencing April 1, 2024, until maturity or prior redemption. The 2024B Bonds will mature July 1 of each year, commencing July 1, 20__, and will bear interest payable on July 1 and January 1 of each year, commencing July 1, 2024, until maturity or prior redemption. For as long as the Bonds remain in book-entry form, the Bond Registrar will remit principal and interest payments from the University to DTC, which will in turn remit these payments to its participants for subsequent disbursement to the Beneficial Owners. *See* APPENDIX D—"BOOK-ENTRY ONLY SYSTEM."

Maturity Dates, Principal Amounts, Interest Rates, Yields, Prices and CUSIP Numbers on Inside Front Cover

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The University will use the proceeds of the Bonds to (a) pay costs, or refinance commercial paper issued to pay costs, of University projects; (b) refund and/or purchase certain of the University's outstanding General Revenue Bonds tendered to the University, for debt service savings; and (c) pay the costs of issuance. *See* "SOURCES AND USES OF BOND PROCEEDS."

The Bonds are subject to redemption prior to their stated maturity dates. *See* "THE BONDS—Optional Redemption."

The Bonds are special fund obligations of the University, payable solely from General Revenues, as defined herein. General Revenues include 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. The Bonds are not general obligations of the University or the State. The full faith and credit of the University is not pledged to the payment of the Bonds. The University has no taxing power. *See* "SECURITY FOR THE BONDS."

The University reserves the right to include in General Revenues other sources of revenue or income upon compliance with certain conditions, and to exclude items from General Revenues in the future. The University has previously issued bonds and commercial paper notes payable from General Revenues and has entered into lease and other financing arrangements payable from General Revenues. The University may issue additional bonds or enter into leases or other contractual obligations payable from General Revenues without restriction. *See* "SECURITY FOR THE BONDS."

The University has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. *See* "TAX MATTERS."

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

A portion of the Bonds are offered when, as and if issued by means of the Invitation to Tender Bonds for Purchase with the assistance of BofA Securities as Dealer Manager, as described herein. The Bonds are offered when, as and if issued, subject to receipt of the approving legal opinion of Pacifica Law Group LLP. Certain matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Seattle, Washington. The University expects the Bonds to be available for delivery through DTC's facilities in New York, New York, or through the Bond Registrar on DTC's behalf by Fast Automated Securities Transfer, on or about February 15, 2024 (the "Delivery Date").

BofA Securities

Morgan Stanley | **Academy Securities**

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* Preliminary, subject to change.

Official Statement dated ________________, 2024

UNIVERSITY OF WASHINGTON

GENERAL REVENUE BONDS, 2024A
$222,190,000*

Maturity (April 1)*	Principal Amount*	Interest Rate	Yield	Price	CUSIP** Number
	$	%	%		

$_______*, ___% Term Bond due April 1, 20__*, yield [___]%, price _______, CUSIP** No. __________

GENERAL REVENUE REFUNDING BONDS, 2024B
$69,605,000*

Maturity (July 1)*	Principal Amount*	Interest Rate	Yield	Price	CUSIP** Number
	$	%	%		

$_______*, ___% Term Bond due July 1, 20__*, yield [___]%, price _______, CUSIP** No. __________

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* Preliminary, subject to change.

** CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP service. CUSIP numbers are provided for convenience of reference only. None of the University, the Underwriter or their agents or counsel assumes responsibility for the accuracy of such numbers.

UNIVERSITY OF WASHINGTON
4333 Brooklyn Avenue Northeast
Seattle, Washington 98195
Telephone: (206) 221-6752
Website: http://finance.uw.edu/treasury/[(1)]

BOARD OF REGENTS

Regent	Title	Term Expiration
David Zeeck[(2)]	Chair	September 30, 2029
Blaine Tamaki	Vice-Chair	September 30, 2028
Jay L. Cunningham[(2)(3)]	Member	June 30, 2024
Leonard Forsman	Member	September 30, 2027
Leonor R. Fuller	Member	September 30, 2027
Alexes Harris[(2)(4)]	Member	September 30, 2024
Jeremy Jaech	Member	September 30, 2024
Linden Rhoads	Member	September 30, 2028
Constance W. Rice[(2)]	Member	September 30, 2025
Rogelio Riojas[(2)]	Member	September 30, 2025
Maggie Walker[(2)]	Member	September 30, 2024

Tyler Lange	Secretary of the Board of Regents
Kristine Holmberg-Lennemann	Assistant Secretary of the Board of Regents

ADMINISTRATIVE OFFICERS

Ana Mari Cauce	President
Tricia Serio	Provost and Executive Vice President for Academic Affairs
Sarah Norris Hall[(5)]	Senior Vice President for Finance, Planning & Budgeting, and Chief Financial Officer
Brian McCartan[(5)]	Vice President for Finance
Dr. Tim Dellit	Chief Executive Officer, UW Medicine

BOND COUNSEL
Pacifica Law Group LLP
Seattle, Washington

MUNICIPAL ADVISOR
Piper Sandler & Co.
Seattle, Washington

FISCAL AGENT AND BOND REGISTRAR
U.S. Bank Trust Company, National Association

(1) This inactive textual reference to the University's website (and other website references herein) are not hyperlinks, and do not incorporate such websites by reference. Investors should not rely on information presented on such websites in determining whether to purchase the Bonds.
(2) Pending State Senate confirmation.
(3) Student Regent (serves a one-year term).
(4) Faculty Regent (serves a three-year term).
(5) Brian McCartan will retire in April 2024. Commencing January 16, 2024, finance functions will report to Sarah Norris Hall, Senior Vice President for Finance, Planning & Budgeting.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the cover page and Appendices, must be considered in its entirety. The offering of the Bonds is made only by means of this entire Official Statement.

No dealer, broker, salesperson or any other person has been authorized to give any information or to make any representation, other than the information and representations contained in this Official Statement, in connection with the sale of the Bonds and, if given or made, such information or representation must not be relied upon as having been authorized by the University. This Official Statement does not constitute an offer to sell or a solicitation or sale of the Bonds.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Certain statements contained in this Official Statement do not reflect historical facts but are forecasts and "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, words such as "estimate," "project," "anticipate," "expect," "intend," "forecast," "plan," "believe" and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement.

CUSIP numbers are included in this Official Statement for the convenience of the holders and potential holders of the Bonds. The CUSIP numbers were provided by CUSIP Global Services. No assurance can be given that the CUSIP numbers for the Bonds will remain the same after the date of issuance and delivery of the Bonds. Neither the University nor any purchaser takes any responsibility for the accuracy of such CUSIP numbers.

The University has "deemed final" this Preliminary Official Statement pursuant to Rule 15c2-12, promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, except for information which is permitted to be excluded from this Preliminary Official Statement under Rule 15c2-12.

This Official Statement is not to be construed as a contract or agreement between the University and purchasers or owners of any of the Bonds.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Bond Resolution has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the Bonds in accordance with applicable provisions of securities laws of the states in which the Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies have passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

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OFFICIAL STATEMENT

UNIVERSITY OF WASHINGTON

$222,190,000*	$69,605,000*
General Revenue Bonds, 2024A	**General Revenue Refunding Bonds, 2024B**

INTRODUCTORY STATEMENT

This Official Statement, including the inside front cover, table of contents and appendices, provides information regarding the University of Washington (the "University") and its General Revenue Bonds, 2024A (the "2024A Bonds") and its General Revenue Refunding Bonds, 2024B (the "2024B Bonds" and, together with the 2024A Bonds, the "Bonds"). The University is issuing the 2024A Bonds to (a) pay costs, or refinance commercial paper issued to pay costs, of University projects; and (b) pay costs of issuance. The University is issuing the 2024B Bonds to (a) refund and/or purchase certain of the University's outstanding General Revenue Bonds tendered to the University, for debt service savings; and (b) pay costs of issuance. *See* "SOURCES AND USES OF BOND PROCEEDS."

A portion of the Bonds are proposed to be issued in connection with the Invitation to Tender Bonds for Purchase dated January 26, 2024 (the "University Offer") inviting owners of certain of its outstanding general revenue bonds to tender such bonds for purchase for cash, with the assistance of BofA Securities, as Dealer Manager (the "Dealer Manager"), as described therein.

The University is issuing the Bonds pursuant to chapter 28B.142 of the Revised Code of Washington ("RCW"). The issuance of the Bonds is authorized pursuant to a resolution of the Board of Regents of the University adopted on September 14, 2023 (the "Resolution"). *See* APPENDIX A—"COPY OF THE RESOLUTION."

Brief descriptions of the Bonds, the University, the Resolution, and certain statutes and agreements are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references to the documents, statutes, agreements, or other instruments described herein are qualified in their entirety by reference to each such document, statute, agreement or other instrument. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the University since the date of this Official Statement. Capitalized terms used in this Official Statement but not defined herein have the meanings set forth in the Resolution, a copy of which is included in Appendix A.

THE BONDS

General

The Bonds will be dated as of the Delivery Date. The 2024A Bonds will mature on April 1, and the 2024B Bonds will mature on July 1, in the years set forth on the inside front cover of this Official Statement, and will be subject to prior redemption. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months, and will be payable at the rates and on the dates set forth on the inside front cover (each, an "Interest Payment Date").

The Bonds will be issued as fully registered bonds in denominations of $5,000 each or any integral multiple of $5,000 within a series and maturity (each, an "Authorized Denomination"). The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to DTC's book-entry only system (the "Book-Entry Only System"). Purchases of beneficial interests in the Bonds will be made in book-entry form only. If at any time the Book-Entry Only System is discontinued for the Bonds, the Bonds will be exchangeable for other fully-registered, certificated Bonds of the same series and maturity in Authorized Denominations. *See* Appendices A and E.

* Preliminary, subject to change.

For so long as Cede & Co. is the Registered Owner of the Bonds, interest and principal shall be paid and delivery shall be made as described in the operational arrangements referred to in the Letter of Representations and pursuant to DTC's standard procedures. *See* Appendix D.

The interest due on any Bond on any Interest Payment Date shall be paid to the Registered Owner of such Bond as shown on the Bond Register as of the 15th day (whether or not a Business Day) of the month next preceding each Interest Payment Date (the "Record Date"). If the Bonds are no longer held in book-entry only form, the interest on the Bonds shall be payable by check, provided that any Registered Owner of $1,000,000 or more in aggregate principal amount of the Bonds, upon written request given to the Registrar (as defined below) at least five business days prior to the Interest Payment Date, Maturity Date or Redemption Date, designating an account in a domestic bank, may be paid by wire transfer of immediately available funds. If the Bonds are no longer held in book-entry only form, all payments of principal shall be made solely upon presentation of the Bond to the Registrar.

Registrar for the Bonds

The University has adopted the system of registration for the Bonds approved, from time to time, by the State Finance Committee (the "Committee"). Pursuant to chapter 43.80 RCW, the Committee designates one or more fiscal agencies for bonds issued within the State of Washington (the "State"). The fiscal agent of the State, currently U.S. Bank Trust Company, National Association (the "Registrar"), will authenticate the Bonds and act as the paying agent and registrar for the purpose of paying the principal of and interest on the Bonds, recording the purchase and registration, exchange or transfer, and payment of such Bonds and performing the other respective obligations of the paying agent and registrar under the Resolution.

Optional Redemption*

2024A Bonds. The 2024A Bonds maturing on or after April 1, 20__ are subject to redemption at the option of the University, as a whole or in part on any date on or after [April/October] 1, 20__, at a Redemption Price equal to 100 percent of the principal amount thereof, plus interest accrued to the date fixed for redemption.

2024B Bonds. The 2024B Bonds maturing on or after July 1, 20__ are subject to redemption at the option of the University, as a whole or in part on any date on or after [January/July] 1, 20__, at a Redemption Price equal to 100 percent of the principal amount thereof, plus interest accrued to the date fixed for redemption.

Selection of Bonds for Redemption. If the University elects to redeem fewer than all of the Bonds for optional redemption, the University shall select the series, amount and maturities to be redeemed. In no event shall any Bond be Outstanding in a principal amount that is not an Authorized Denomination.

If fewer than all the Outstanding Bonds within a maturity are to be redeemed, the Bonds to be redeemed shall be selected in accordance with the then effective operational arrangements of DTC referred to in the Letter of Representations, or if the Bonds are no longer in book-entry only form, the Bonds shall be selected randomly by the Registrar.

Notice of Redemption. For so long as the Book Entry-Only System is in effect, notice of redemption for the Bonds shall be provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations, and no additional published or other notice shall be provided by the University, except as otherwise described in "CONTINUING DISCLOSURE UNDERTAKING." Notice of redemption for the Bonds shall be given by the University to the Registrar, who shall give notice to DTC at least 20 days prior to the proposed date of redemption. Any notice provided as described above will be conclusively presumed to have been given, whether or not actually received by any owner of a Bond. The failure to provide notice with respect to any Bond will not affect the validity of the proceedings for the redemption of any other Bond with respect to which notice was so provided.

Conditional Redemption. Any notice of optional redemption with respect to the Bonds may be conditional, in which case the conditions shall be set forth therein.

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* Preliminary, subject to change.

Effect of Redemption. If an unconditional notice of redemption has been given or if a conditional notice of redemption has been given and the conditions set forth in the conditional notice of redemption have been satisfied, then on the Redemption Date the Bonds or portions thereof so called for redemption shall become payable at the Redemption Price specified in such notice. From and after the Redemption Date, provided that sufficient funds have been duly provided for the payment of the Redemption Price, interest on such Bonds or on portions thereof so called for redemption shall cease to accrue, and such Bonds or portions thereof shall cease to be Outstanding and to be entitled to any benefit, protection or security under the Resolution, and the Owners of such Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the Redemption Price upon delivery of such Bonds to the Registrar.

Any notice mailed as described above will be conclusively presumed to have been given, whether or not actually received by any owner of a Bond. The failure to mail notice with respect to any Bond will not affect the validity of the proceedings for the redemption of any other Bond with respect to which notice was so mailed.

Mandatory Sinking Fund Redemption*

The [2024__] Bonds maturing on [July/April]1, 20__, are Term Bonds, subject to mandatory sinking fund redemption at a price of 100 percent of the principal amount thereof plus accrued interest to the date fixed for redemption on [July/April] 1 in the years and amounts as follows:

Term Bonds
due [July/April] 1, 20__

Year	Amount
	$
*	

* Maturity

If the University redeems the Bonds that are Term Bonds under the optional redemption provisions described above or purchases or defeases such Term Bonds, the Term Bonds so redeemed, purchased or defeased (irrespective of their actual redemption or purchase prices) will be credited at the par amount thereof against one or more scheduled mandatory redemption amounts for such Term Bonds in accordance with the then effective operational arrangements of DTC referred to in the Letter of Representations, with the Term Bonds being redeemed in the scheduled redemption amounts to be selected by the University, and randomly within each scheduled redemption amount. In the event such Term Bonds are no longer in book-entry only form, the Term Bonds shall be redeemed in the scheduled redemption amounts to be selected by the University, and randomly within each scheduled redemption amount.

Purchase of Bonds by the University

The University may acquire Bonds by the purchase of Bonds offered to the University at any time at such purchase price as the University deems appropriate, or by gift at any time, on terms as the University deems appropriate. The Resolution does not require that Bonds so acquired be cancelled.

Defeasance

Any Bonds shall be deemed to have been paid and not be Outstanding under the Resolution and shall cease to be entitled to any benefit or security of the Resolution except the right to receive the money and the proceeds and income from Government Obligations set aside and pledged in the manner hereafter described, if (a) in the event that any or all of the Bonds are to be optionally redeemed, the University shall have given to the Registrar irrevocable instructions to give such notice of redemption of such Bonds as may be required by the provisions of the Resolution; and (b) there shall have been made an Irrevocable Deposit, in trust, with the Registrar or another corporate fiduciary of money in an amount that shall be sufficient, and/or noncallable Government Obligations that are direct obligations of the United States or obligations unconditionally guaranteed by the United States maturing at such time or times and bearing such interest to be earned thereon, without considering any earnings on the reinvestment thereof, as will provide a series of

* Preliminary, subject to change.

payments that shall be sufficient, together with any money initially deposited, to provide for the payment of the principal of and the interest on the defeased Bonds when due in accordance with their terms, or upon the earlier prepayment thereof in accordance with a refunding plan.

SOURCES AND USES OF BOND PROCEEDS

Use of Proceeds

The proceeds from the sale of the 2024A Bonds will be used, [together with a cash contribution,] to (a) pay costs, or refinance commercial paper issued to pay costs, of University projects, and (b) pay the costs related to the issuance of the 2024A Bonds. The proceeds from the sale of the 2024B Bonds will be used, [together with a cash contribution,] to (a) refund and/or purchase certain outstanding University general revenue bonds, and (b) pay the costs related to the issuance of the 2024B Bonds.

Plan of Refunding; University Offer

Plan of Refunding. The University intends to use a portion of the Bonds being issued to refund and/or purchase certain outstanding general revenue bonds, including bonds tendered to the University pursuant to the University Offer and thereby to refund such general revenue bonds for debt service savings.

University Offer. Concurrently with the issuance of the Bonds, the University with the assistance of the Dealer Manager is making the University Offer to the beneficial owners (the "Holders" or "Bondholders"). As further described in the University Offer, the University is making an offer to the Holders of any and all of the University's outstanding General Revenue and Refunding Bonds, 2021B (Taxable) (the "2021B Bonds"), and any and all of the outstanding General Revenue Refunding Bonds, 2022B (Taxable) (the "2022B Bonds" and together with the 2021B Bonds, the "Target Bonds"), to tender such Target Bonds for purchase at the respective prices described in the University Offer. The University may refund a portion of the Target Bonds to achieve annual debt service savings.

In the event that the University refunds, rather than purchases, any of the Target Bonds, such Target Bonds will be "Refunded Bonds." In such event, the University will deposit a portion of the proceeds of the 2024B Bonds on their date of delivery, together with cash to be contributed from accounts held in connection with the Refunded Bonds, to be escrowed to the redemption date for such Refunded Bonds at which time such Refunded Bonds will be redeemed at a price of par plus accrued interest to the date of redemption. To fund the escrow, if any, with respect to the defeasance and refunding of the Refunded Bonds, the University may purchase certain direct noncallable Government Obligations. Cash and Government Obligations, if any, will be deposited in the custody of U.S. Bank Trust Company, National Association (the "Escrow Agent"). The maturing principal of the Government Obligations, interest earned thereon, and necessary cash balance, if any, will provide payment of interest on the Refunded Bonds when due, up to and including the redemption date; and on the redemption date, the redemption price of the Refunded Bonds. The Government Obligations, interest earned thereon, and necessary cash balance, if any, will irrevocably be pledged to and held in trust for the benefit of the owners of the Refunded Bonds by the Escrow Agent, pursuant to an escrow deposit agreement to be executed by the University and the Escrow Agent.

Causey Demgen & Moore P.C. (the "Verification Agent") will verify the accuracy of the mathematical computations concerning the adequacy of the maturing principal amounts of and interest earned on the Governmental Obligations, to be placed together with other escrow money in the escrow account to pay when due, pursuant to the call for redemption, the principal of and interest on the Refunded Bonds.

Sources and Uses of Funds

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

Sources of Funds	**Total**[1]
Par Amount	$
[Net] Original Issue Premium/Discount	
[Cash Contribution]	
Total Sources of Funds[1]	$
Uses of Funds	
Project Fund Deposit	
Escrow Deposit	
Issuance Costs[2]	
Total Uses of Funds[1]	$

(1) Totals may not foot due to rounding. Figures to be provided in final Official Statement.

(2) Issuance costs include Underwriters' discount, legal fees, Escrow Agent fees, Municipal Advisor fees, rating agency fees, Verification Agent fees, additional proceeds, information and tender agent fees, and other costs incurred in connection with the issuance of the Bonds.

SECURITY FOR THE BONDS

Special Fund Obligations

The Bonds are special fund obligations of the University, payable solely from General Revenues and the money and investments that are deposited into the special fund designated as the General Revenue Bond Redemption Fund, 2024 (the "Bond Fund"). The Bonds are not an obligation, either general, special or moral, of the State, nor a general or moral obligation of the University. The Registered Owners of the Bonds shall have no right to require the State, nor has the State any obligation or legal authorization, to levy any taxes or appropriate or expend any of its funds for the payment of the principal of or the interest or any premium on the Bonds. The University has no taxing power.

The University is obligated to pay debt service on the Bonds from General Revenues; however, the obligations of the University are not secured by a statutory lien on or security interest in General Revenues. The University's commitment to apply General Revenues to pay debt service on the Bonds is a legally enforceable covenant.

There is no coverage covenant, debt service reserve requirement or additional bonds test in the Resolution.

General Revenues

"General Revenue" or "General Revenues" means 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. For example, the following items are restricted and, therefore, excluded from General Revenues:

(a) Appropriations to the University by the State from the State's General Fund;

(b) Each fund the purpose of which has been restricted in writing by the terms of the gift or grant under which such fund has been donated, or by the donor thereof;

(c) Certain limited-purpose fees imposed upon students as a condition of enrollment at the University, including but not limited to services and activities fees, building fees ("Building Fees") and technology fees; and

(d) Revenues and receipts attributable to the Metropolitan Tract Revenue (which consists of revenues from approximately 10 acres owned by the University in downtown Seattle, known as the "Metro Tract").

See "GENERAL REVENUES." Unrestricted fund balances, to the extent that they were accumulated from money that was received as General Revenues, are included in and available to pay obligations secured by General Revenues. Any interest subsidy received from the federal government with respect to General Revenue Bonds is included and available to pay obligations secured by General Revenues.

Additions to General Revenues

The University reserves the right to include in General Revenues, at its sole option, other sources of revenue or income currently excluded from the definition of General Revenues. Such additions shall occur on the date and as provided in a certificate executed by the controller of the University (the "Controller") (or the successor to the functions of the Controller). The Controller shall, in the case of additions of items or auxiliaries to General Revenues prior to the "Springing Effective Date" defined below, certify that for the preceding two Fiscal Years for which audited financial statements are available, the item or auxiliary maintained a "coverage ratio" (as defined in the Resolution) of at least 125 percent. On and after the Springing Effective Date, no such coverage ratio certification of the Controller shall be required to add items or auxiliaries to General Revenues. In the event an auxiliary or item is added to General Revenues, the obligations of that auxiliary or item may remain outstanding and have a prior claim on auxiliary Net Revenue. For the purposes of clarification, by its terms this subsection of the Resolution applies only to auxiliary systems or items that have issued and have outstanding obligations that are secured by a lien on Net Revenues or gross revenues of such auxiliary system or item. The certification has no applicability in the case of the addition of revenues that are not encumbered by a lien. Springing Effective Date means the date on which the General Revenue obligations that were Outstanding as of September 9, 2021, are no longer Outstanding.

Deletions from General Revenues

The University reserves the right to remove, at its sole option, in the future, without limitation, any revenues from General Revenues. The removal of General Revenues shall be evidenced by a certificate executed by the Controller identifying the items to be deleted. The University is not required to meet any coverage or other test prior to removing revenues from General Revenues. To date, the University has not removed any such revenues.

Building Fee Revenue Bonds

A portion of the University's outstanding General Revenue Bonds are "Building Fee Revenue Bonds" that are payable from Building Fees and trust land revenues in addition to General Revenues and money and investments in the Bond Fund. The State Legislature (the "Legislature") has previously authorized and may in the future authorize the University to issue a bond or bonds to be paid from Building Fees and trust land revenues deposited into the University of Washington bond retirement fund defined in and in accordance with RCW 28B.20.700 through 28B.20.740 (the "Building Fee Revenue Bond Act"). The Building Fee Revenue Bond Act permits the University to issue bonds payable from and secured by a pledge of any or all of the Building Fees and trust land revenues deposited in the University of Washington bond retirement fund ("Building Fee Revenue Bonds").

Under the Resolution, the Board of Regents has covenanted to establish, maintain and collect Building Fees in such amounts that will provide money sufficient to pay the principal of and interest on all bonds (outstanding Building Fee Revenue Bonds and any additional Building Fee Revenue Bonds hereafter issued) payable out of the University of Washington bond retirement fund, to set aside and maintain reserves, if any, required to secure the payment of such principal and interest, and to maintain coverage, if any, which may be required over such principal and interest.

Building Fee Revenue Bonds are not general or special obligations of the State, but are limited obligation bonds of the University payable only from Building Fees, money and investments in the University of Washington bond retirement fund, General Revenues and money and investments in the Bond Fund. The Bonds are not Building Fee Revenue Bonds.

Additional Bonds

The University may incur additional obligations, including bonds, Payment Agreements (such as interest rate swaps) and lease or other contractual obligations, that are payable from General Revenues, in addition to the Bonds, the University's outstanding General Revenue Notes (Commercial Paper) (the "Commercial Paper Notes"), line of credit draws, outstanding General Revenue Bonds, and other lease and contractual obligations. There are no limitations, either statutory or contractual, that would prevent the University from incurring such additional obligations.

Payment Agreements

To the extent permitted by State law, the University may enter into Payment Agreements payable from General Revenues subject to the satisfaction of certain conditions precedent. Payment Agreements, as defined in chapter 39.96 RCW, include interest rate swaps entered into in connection with the issuance of bonds.

The University currently has no Payment Agreements in place.

No Acceleration upon Default

The Resolution does not specify events of defaults and remedies. In the event of a default, Bondholders can pursue available remedies permitted by State law. If the University were to default on the payment of principal of or interest on the Bonds, payment of the principal of and accrued interest on the Bonds would not be subject to acceleration. The University is liable for principal and interest payments only as they become due. In the event of multiple defaults on the payment of principal of or interest on the Bonds, the Bondholders would be required to bring a separate action for each such payment not made. This could give rise to a difference in legal interests between owners of earlier- and later-maturing Bonds. Any such action to compel payment or for money damages would be subject to the limitations on legal claims and remedies against public bodies under State law. *See* "CERTAIN INVESTMENT CONSIDERATIONS—Limitations on Remedies."

Debt Payment Record

The University has never defaulted on the payment of principal of or interest on any of its bonds or other debt.

Future Debt

The University expects to continue to issue debt for University purposes. For Fiscal Years 2024 through 2028, the University currently expects to borrow a total of approximately $625 million for non-refunding purposes, including the Bonds; the actual amount issued may vary from this estimate. In addition, the University expects to continue to make draws in connection with the University's program for Financing Assets in the Short-term (the "FAST Program") on a not-to-exceed $40 million non-revolving line of credit (the "FAST Non-Revolving Line of Credit"). *See* "UNIVERSITY DEBT AND ESTIMATED DEBT SERVICE—General Revenue Obligations—Lines of Credit." Additional projects, if approved by the Board of Regents, may be funded on an interim basis with proceeds of Commercial Paper Notes, issuable from time to time in a not-to-exceed $250 million principal amount, or on a long-term basis with proceeds of bonds. The University has a revolving line of credit (the "Revolving Line of Credit") sized at $100 million to provide additional liquidity should it be needed, which is currently in effect and is currently undrawn. The University may remarket bonds and/or issue additional refunding bonds.

UNIVERSITY DEBT AND ESTIMATED DEBT SERVICE

General Revenue Obligations

The University's General Revenue obligations take three forms:

(1) *General Revenue Bonds and Commercial Paper Notes*.

(i) *General Revenue Bonds.* From time to time, the University issues and has outstanding General Revenue Bonds, such as the Bonds, to finance University purposes in accordance with law.

(ii) *Commercial Paper Notes.* The University is authorized to issue Commercial Paper Notes from time to time in an aggregate principal amount not-to-exceed $250 million, for University purposes, pursuant to an amended and restated resolution of the Board of Regents adopted on July 11, 2019. Under the resolution, the University may not issue a Commercial Paper Note with a maturity later than June 30, 2039. The University issues Commercial Paper Notes generally to provide interim financing for University projects, including a portion of the projects to be financed by the 2024A

Bonds and other projects to be financed by future General Revenue bonds. The University currently provides self-liquidity for the payment of its Commercial Paper Notes, which are not currently secured by a bank credit or liquidity facility.

(2) *Leases and other contractual obligations payable from General Revenues*.

(i) *Leases supporting Lease Revenue Bonds*. The University has entered into a number of financing and other leases in connection with lease revenue bonds, which are payable from General Revenues. University lease payments are applied to pay debt service on lease revenue bonds. Lease revenue bonds have financed the University's multi-phase South Lake Union biomedical research facilities and other clinic, research and administrative facilities.

(ii) *Other Contractual Obligations*. The University has entered into other contracts payable from all or a component of General Revenues and, in some cases, other revenues. Reimbursed State General Obligation Bonds ("Reimbursed Bonds") refers to bonds authorized by the Legislature and issued as State general obligation bonds to provide proceeds to the University. These bonds are payable from all or a component of General Revenues and, in some cases, other revenues. The University also enters into equipment leases and leases in connection with State-issued certificates of participation ("Certificates of Participation") from time to time to finance equipment and other property. The University also enters into leases for the use of equipment and property.

(iii) *Promissory Note Agreement.* On March 31, 2022, the members of the Seattle Cancer Care Alliance ("SCCA")—UW Medical Center, Fred Hutchinson Cancer Research Center ("Fred Hutch"), and Seattle Children's Healthcare System ("SCHS")—agreed to merge Fred Hutch and SCCA, and to rename SCCA the "Fred Hutchinson Cancer Center" ("FHCC"). As part of the transaction, UW Medical Center and Fred Hutch bought out SCHS's interest in SCCA for $285.9 million, with Fred Hutch providing the funding. On April 1, 2022, UW Medical Center entered into a promissory note agreement with FHCC (the "FHCC Promissory Note Agreement") whereby UW Medical Center will pay FHCC for its 50% share of SCHS's membership in SCCA. The principal amount of the note is $142.9 million and the interest rate is 4.82%. The note is payable in 40 equal consecutive quarterly installments of principal and interest and matures in March 2032. Both parties agree that all payments on the note are offset by UW Medical Center's portion of the Clinical Distribution Pool due under the Restructuring and Enhanced Collaboration Agreement also entered into between UW Medical Center and FHCC in connection with the merger (the "Restructuring Agreement") to the extent that these funds are available. *See* "UW MEDICINE—Strategic Collaboration—Fred Hutchinson Cancer Center (FHCC)." As of June 30, 2023, the University has paid $11.4 million of principal on the promissory note, with these payments offset by UW Medical Center's portion of the Clinical Distribution Pool.

(3) *Lines of Credit*. The University has available the following two lines of credit (collectively the "Lines of Credit"):

(i) FAST Non-Revolving Line of Credit under a Master Financing Agreement with JPMorgan Chase Bank, N.A., payable from General Revenues. The FAST Non-Revolving Line of Credit currently allows for draws (for a maximum term of 10 years) in an aggregate amount not-to-exceed $40 million through September 30, 2028, and provides funding for the University's FAST loan program.

(ii) Revolving Line of Credit under the Amended and Restated Revolving Credit Agreement with U.S. Bank National Association, payable from General Revenues. The Amended and Restated Revolving Credit Agreement is in the principal amount of not-to-exceed $100 million, and provides liquidity for University purposes, during a term through September 30, 2024.

The Bonds, the outstanding General Revenue Bonds, the Commercial Paper Notes, leases and other contractual obligations, and the Lines of Credit are equally and ratably payable from General Revenues without preference, priority or distinction because of date of issue or otherwise.

University Debt

Table 1 summarizes outstanding debt obligations by type, including obligations paid from General Revenues and obligations paid from other sources such as Building Fees.

Table 1: Outstanding Obligations
(as of February 1, 2024)
(dollars in thousands)

	Total
Type of Obligation	
General Revenue Bonds[(1)]	$ 1,915,005
Leases (supporting Lease Revenue Bonds)	262,930
Reimbursed Bonds and Certificates of Participation	23,309
Commercial Paper Notes[(2)]	158,000
Equipment (Capital) Leases	43
Other[(3)]	148,374
Total Obligations[(3)(4)]	**$ 2,507,661**

(1) Excludes the Bonds. Includes the Target Bonds.
(2) The outstanding Commercial Paper Notes will be paid at maturity from proceeds of the 2024A Bonds.
(3) Includes amounts drawn on the FAST Non-Revolving Line of Credit. Includes the FHCC Promissory Note Agreement. *See* "UNIVERSITY DEBT AND ESTIMATED DEBT SERVICE—General Revenue Obligations—*Promissory Note Agreement.*"
(4) Total may not foot due to rounding.
Source: The University.

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Additional detail on the Commercial Paper Notes is shown in Table 2:

Table 2: Unused Commercial Paper Authorization
(as of February 1, 2024)
(dollars in thousands)

	Total
Maximum Amount Authorized	$ 250,000
Less: Amount Outstanding[1]	(158,000)
Unused Commercial Paper Authorization	$ 92,000

(1) The University expects to use proceeds of the 2024A Bonds to pay at maturity $158 million of outstanding Commercial Paper Notes.

Source: The University.

Estimated General Revenue Debt Service Schedule

Table 3 provides the debt service requirements for the Bonds, outstanding General Revenue Bonds, and lease and other contractual obligations payable from General Revenues.

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Table 3: University of Washington General Revenue Bonds Debt Service Schedule[1]
(as of February 15, 2024)

Fiscal Year Ending 6/30	Outstanding General Revenue Bonds	The Bonds Principal	The Bonds Interest	Total General Revenue Bonds	Leases and Other Obligations Paid from General Revenues[2]	Total General Revenue Debt Service
2024	$ 136,920,720	-	-	$ 136,920,720	$ 66,514,463	$ 203,435,183
2025	146,074,238			146,074,238	60,479,090	206,553,328
2026	147,809,225			147,809,225	54,847,611	202,656,835
2027	148,073,988			148,073,988	54,252,335	202,326,324
2028	143,169,054			143,169,054	50,809,836	193,978,890
2029	142,854,053			142,854,053	46,168,182	189,022,235
2030	138,004,776			138,004,776	44,069,873	182,074,649
2031	135,948,898			135,948,898	41,056,844	177,005,742
2032	134,484,940			134,484,940	36,243,794	170,728,734
2033	127,526,479			127,526,479	21,821,901	149,348,380
2034	123,503,021			123,503,021	19,792,538	143,295,559
2035	124,475,078			124,475,078	17,889,239	142,364,316
2036	147,275,331			147,275,331	17,789,062	165,064,393
2037	122,398,480			122,398,480	17,692,319	140,090,799
2038	115,351,518			115,351,518	17,582,584	132,934,102
2039	114,396,532			114,396,532	11,513,919	125,910,452
2040	130,796,759			130,796,759	11,398,385	142,195,145
2041	113,627,254			113,627,254	11,280,581	124,907,834
2042	111,799,245			111,799,245	11,152,404	122,951,648
2043	112,595,462			112,595,462	11,018,566	123,614,028
2044	110,278,487			110,278,487	5,170,600	115,449,087
2045	36,088,205			36,088,205	5,170,600	41,258,805
2046	34,276,944			34,276,944	5,168,800	39,445,744
2047	26,697,663			26,697,663	5,170,000	31,867,663
2048	107,578,700			107,578,700	5,168,800	112,747,500
2049	5,462,550			5,462,550	-	5,462,550
2050	5,454,700			5,454,700	-	5,454,700
2051	3,052,400			3,052,400	-	3,052,400
Total[3]	**$ 2,945,974,699**	**$**	**$**	**$2,945,974,699**	**$ 649,222,326**	**$ 3,595,197,024**

(1) Excludes principal on Commercial Paper Notes and the then outstanding principal of the Revolving Line of Credit. Includes all General Revenue Bonds, including those that are also Building Fee Revenue Bonds. Includes Target Bonds for the purposes of the Preliminary Official Statement. For the University's General Revenue Refunding Bonds, 2022C (Term Rate Bonds) (the "2022C Bonds"), assumes 4.00% stated coupon rate through the Scheduled Mandatory Purchase Date of August 1, 2027, and also assumes a rate of 4.00% through final maturity, although the University has the right to earlier redemption of the 2022C Bonds.

(2) Includes leases and other contractual obligations payable from General Revenues, including lease obligations with respect to lease revenue bonds, a note, FAST lines of credit (amount drawn as of February 1, 2024), interest for Reimbursed Bonds and Certificates of Participation. Includes the FHCC Promissory Note Agreement. See "UNIVERSITY REVENUES AND EXPENSES—Collaboration—Fred Hutchinson Cancer Center (FHCC)."

(3) Totals may not foot due to rounding.

Source: The University.

GENERAL REVENUES

Overview of General Revenues

As described under the heading "SECURITY FOR THE BONDS—General Revenues," General Revenues include 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.

The University receives financial support from a variety of sources, including grants and contracts (including direct grant and contract revenue and indirect cost recovery revenue associated with grants and contracts), patient services, tuition and fees, State funding, gifts, auxiliary enterprises, investment income and sales and services. As shown in Table 4, several of these sources are unrestricted and are included in General Revenues: auxiliary systems and patient services, student tuition and fees (less student activities fees, U-Pass fees, technology fees, Building Fees and student loan funds), grants and contracts indirect cost recovery revenues, sales and services of educational departments of the University, other operating revenue, and invested funds distribution and net invested funds' unrealized gains and losses.

Table 4 shows General Revenues of the University for Fiscal Years 2019 through 2023, calculated first by subtracting exclusions from Total Revenue and then by adding the specific components that comprise General Revenues.

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Table 4: General Revenues[1]
(Fiscal Years, dollars in thousands)

General Revenue (Exclusions from Total Revenue)	2019[2]	2020[2][3]	2021[2][4]	2022[2][5]	2023
Total Revenue[6]	$6,634,277	$6,784,822	$8,384,721	$7,563,825	$8,973,458
Less:					
State operating appropriations	(378,656)	(415,030)[7]	(480,826)[7]	(484,915)[7]	(531,999)
Grant and contract direct costs	(1,207,662)	(1,267,351)	(1,331,027)	(1,402,203)	(1,568,373)
Gifts[8]	(165,831)	(219,542)	(214,620)	(218,012)	(182,137)
Revenues of component units[9]	(676,205)	(513,740)	(430,391)	(412,365)	(399,863)
Student activities fees and U-Pass fees	(46,652)	(43,177)	(36,393)	(50,866)	(50,667)
Student technology fees, Building Fees, student loan funds	(78,553)	(81,563)	(81,574)	(85,255)	(81,528)
Metropolitan Tract[10]	0	0	(66,337)	(62,872)	(74,904)
Trust and endowment income, net unrealized gains on non invested funds investments, component unit investment income, and other restricted investment income	(274,178)[10]	(114,810)[10]	(1,285,833)	419,153	(338,716)
State capital appropriations	(24,797)	(23,098)	(69,557)	(127,892)	(201,379)
Capital grants, gifts and other	(44,260)	(179,089)	(119,803)	(46,877)	(79,223)
Other nonoperating revenues	(8,365)	(118,883)[11]	(163,232)[11]	(158,825)[11]	(198,426)[11]
Gifts to permanent endowments	(135,484)	(65,425)	(67,017)	(91,601)	(105,766)
Total General Revenues[12]	$3,593,634	$3,743,114	$4,038,111	$4,841,286	$5,160,477
General Revenue (by Component)					
Student tuition and fees (less student activities fees, U-Pass fees, technology fees, building fees, and loan funds)	$939,245	$941,040	$914,721	$1,002,960	$1,039,825
Grant and contract indirect costs	269,649	275,991	287,747	308,720	345,084
Invested funds distributions and net invested funds unrealized gains and losses	65,700	94,177	31,965	(50,282)	98,873
Sales and services of educational departments[13]	260,176	283,169	463,060	792,488	661,826
Patient services[14]	1,475,975	1,582,321	1,770,427	2,007,809	2,124,833
Auxiliary systems	466,231	401,331	314,068	524,185	507,916
Other operating net revenues[15]	116,658	165,085	256,123	255,406	382,120
Total General Revenues	$3,593,634	$3,743,114	$4,038,111	$4,841,286	$5,160,477

(1) *See* accompanying notes to Audited Financials: Reconciliation of Total University Revenue to General Revenue, June 30, 2023 (in Appendix B).

(2) In Fiscal Year 2023, an accounting error was discovered that had resulted in a misstatement of operating revenues and operating expenses for prior fiscal years. This included understatements of both operating revenues and operating expenses—each in the amount of $295 million—in Fiscal Year 2022. These understatements of revenues and expenses were offsetting, and therefore did not impact net position. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows for Fiscal Year 2022 were restated to reflect the correction. Fiscal years prior to 2022 have not been restated. For additional information, see Management's Discussion & Analysis in Appendix B.

(3) 2020 figures adjusted to reflect restatements due to GASB 84 (Fiduciary Activities), which was implemented in Fiscal Year 2021.

(4) 2021 figures adjusted to reflect restatements due to GASB 87 (Leases), which was implemented in Fiscal Year 2022.

(5) 2022 figures adjusted to reflect restatements due to GASB 96 (Subscription-Based Information Technology Arrangements), which was implemented in Fiscal Year 2023.

(6) "Total Revenue" includes certain net non-operating revenues and other revenues. *See* "UNIVERSITY REVENUE AND EXPENSES—University Revenues." As of January 1, 2020, UW Medical Center Northwest campus (formerly known as Northwest Hospital, and referred to as "Northwest") was integrated into UW Medical Center and is now referred to as UW Medical Center Northwest campus. Northwest revenues are included in total revenues in Fiscal Year 2019 and for the first six months of Fiscal Year 2020 because, effective Fiscal Year 2017, Northwest was presented as a blended component unit of the University (previously, a discretely presented component unit). Northwest revenues are part of UW Medical Center revenues as of January 1, 2020.

(7) Includes COVID-19 related allocations from the State of $8 million in Fiscal Year 2020, $48 million in Fiscal Year 2021 and $40 million in Fiscal Year 2022.

(8) Gift figures represent amounts realized in applicable Fiscal Year.

(9) Revenues of component units include UW Physicians and UW Medicine Primary Care (formerly "UW Medicine Neighborhood Clinics") and, in Fiscal Year 2019 and for the first six months of Fiscal Year 2020, Northwest revenues. *See* "UW MEDICINE."

(10) Presentation of Metropolitan Tract revenues changed due to GASB 87 (Leases); change was applied retroactively to Fiscal Year 2021. Revenues were previously combined with Trust and endowment income, net unrealized gains on non invested funds investments, component unit investment income, and other restricted investment income.

(11) Includes $87 million of CARES ACT - Provider Relief –and HEERF funds in Fiscal Year 2020, $127 million in Fiscal Year 2021, $93 million in Fiscal Year 2022 and $12 million in Fiscal Year 2023.

(12) *See* "General Revenue Components" below for notes regarding the various components for Fiscal Year 2023.

(13) Largely consists of Laboratory Medicine sales, School of Dentistry sales and Computing and Communication fees for various services. Also includes revenue from seminars and conferences hosted by the various schools.

(14) Excludes revenue from UW Physicians and UW Medicine Primary Care. Includes UW Medical Center Northwest campus as of January 1, 2020.

(15) Includes pharmacy sales, services sold to Harborview Medical Center (e.g., lab and pathology), and revenue from Harborview Medical Center. Includes FHCC affiliation agreement revenues. See "UW MEDICINE—Strategic Collaboration—Fred Hutchinson Cancer Center (FHCC)" below for a description of the FHCC agreement. See APPENDIX B.

Source: The University's General Revenue Supplement to Audited Financial Statements.

The definition of "General Revenues" in the Resolution provides that 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. To illustrate unrestricted fund balances that may be available to pay General Revenue obligations, Table 5 shows general net position and also shows general net position adjusted to remove certain non-cash items (to show the figure excluding the effect of Governmental Accounting Standards Board ("GASB") Statement No. 68, Accounting and Financial Reporting for Pensions ("GASB 68"), which was implemented in Fiscal Year 2015, and GASB Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits other than Pensions ("GASB 75"), which was implemented in Fiscal Year 2018).

Table 5: General Net Position - General Revenues
(Fiscal Years, dollars in thousands)

General Net Position	**2019**	**2020(1)**	**2021(2)**	**2022(3)**	**2023**
General Net Position (per audit)	($1,061,438)	($831,046)	$34,101	$805,750	$1,126,151
Plus: Impact of 2015 GASB 68 -- Pensions(4)	584,284	456,362	316,325	(84,909)	(268,880)
Plus: Impact of 2018 GASB 75 -- OPEB(5)	1,817,162	1,853,385	1,850,642	1,917,208	1,904,030
Adjusted General Net Position	$1,340,008	$1,478,701	$2,201,068	$2,638,049	$2,761,301

(1) 2020 figures adjusted to reflect restatements due to GASB 84 (Fiduciary Activities), which was implemented in Fiscal Year 2021 and increased General Net Position by $41 million.

(2) 2021 figures adjusted to reflect restatements due to GASB 87 (Leases), which was implemented in Fiscal Year 2022 and reduced General Net Position by $2.5 million.

(3) Fiscal Year 2022 figures adjusted to reflect restatements due to GASB 96 (Subscription-Based Information Technology Arrangements), however, General Net Position for Fiscal Year 2022 was not impacted

(4) The impact of GASB 68 accounting in the year of implementation, and the cumulative impact on subsequent years, is shown as an adjustment to General Net Position to illustrate the effects of this non-cash change in accounting.

(5) The impact of GASB 75 accounting in the year of implementation, and the cumulative impact on subsequent years, is shown as an adjustment to General Net Position to illustrate the effects of this non-cash change in accounting.

Source: The University's General Revenue Supplement to Audited Financial Statements.

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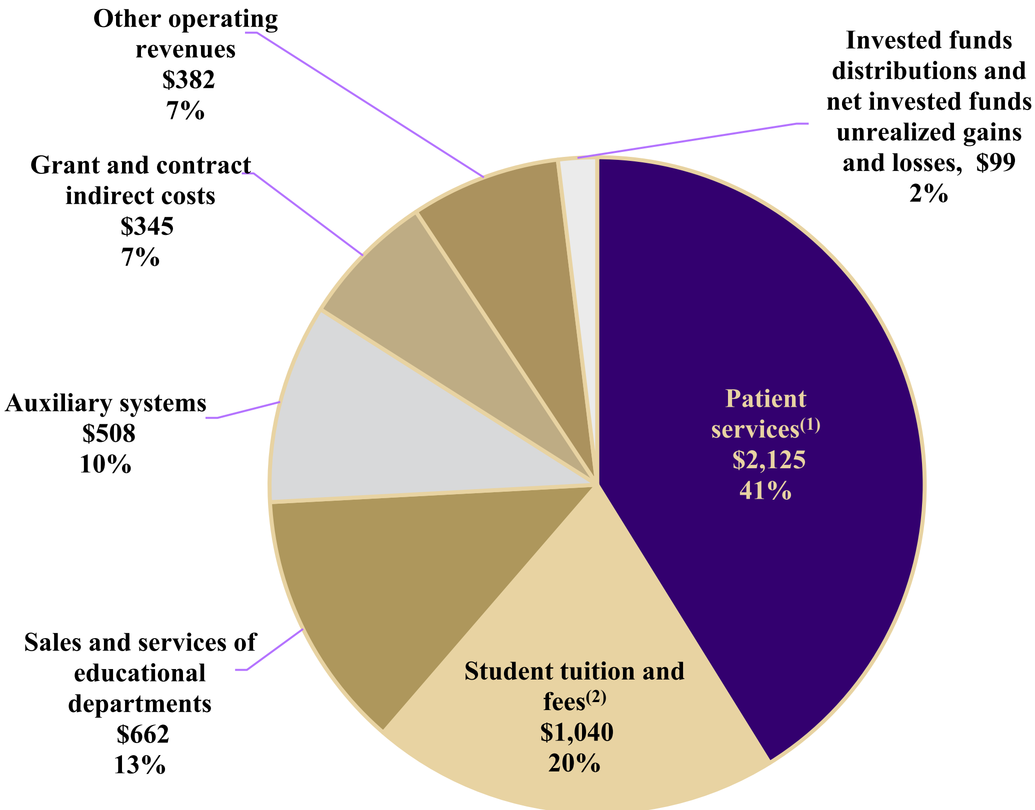
General Revenue Components

Figure 1 shows the General Revenue components for Fiscal Year 2023.

Figure 1: General Revenue Components, Fiscal Year 2023
(dollars in millions, total $5,160)



(1) Excludes activities of UW Physicians and UW Medicine Primary Care (formerly "UW Medicine Neighborhood Clinics").
(2) Does not include student activities fees, U-Pass fees, technology fees, building fees, and loan funds.
Source: Figure 1 is derived from data included in the General Revenue Supplement to Audited Financial Statements of the University (Fiscal Year Ended June 30, 2023). Totals may not foot due to rounding.

The following describes the largest components of General Revenues, which include patient services, student tuition and fees, sales and services of educational departments, auxiliary systems, and grant and contract indirect costs.

Patient Services

Patient services are the largest component of General Revenues, representing 41 percent of General Revenues in Fiscal Year 2023. Patient services revenue increased from $2.008 billion in Fiscal Year 2022 to $2.125 billion in Fiscal Year 2023 due to higher patient admissions and occupancy at UW Medical Center.

As outlined in Table 6 below, some revenues of the integrated health system operated under the name "UW Medicine," described under the heading "UW MEDICINE," are patient services revenues included in General Revenues and some are not. In addition, some UW Medicine entities generate other revenues included in General Revenues, such as student tuition and fees and grant and contract indirect costs. *See* "—Student Tuition and Fees" and "—Grants and Contract Indirect Costs."

Table 6 lists the UW Medicine entities and notes which entities' revenues are included in General Revenues and whether the entities' revenues are reflected in the University's audited financial statements. Table 6 also identifies the entities that are part of the UW Medicine Select Units—UW Division (the "Select Units"), which includes University divisions, departments and blended component units that generate patient services revenues.

On March 31, 2022, the members of the SCCA—UW Medical Center, Fred Hutch, and SCHS—agreed to merge Fred Hutch and SCCA. As part of this agreement, UW Medical Center and Fred Hutch purchased SCHS's membership interest in SCCA, and SCCA was renamed Fred Hutchinson Cancer Center ("FHCC")—a non-member, non-profit Washington corporation. In connection with this restructuring of the former SCCA corporate entity, FHCC and UW Medical Center entered into a Restructuring and Enhanced Collaboration Agreement, which clinically and financially integrates the adult cancer program between both entities. For additional information, see "UW MEDICINE—Strategic Collaboration—Fred Hutchinson Cancer Center (FHCC)," below.

Table 6: UW Medicine Entities

Entity	Included in General Revenues Pledged to Bonds?	Included in Select Units Financial Statements (and Patient Services Revenue)?	Included in University financial statements?
UW Medical Center[1]	Yes	Yes	Yes
UW School of Medicine	Yes	No	Yes
Shared Services[2]	Yes[3]	Yes	Yes
Airlift Northwest	Yes	Yes	Yes
Harborview Medical Center	No	No	No
UW Medicine Primary Care[4]	No	Yes	Yes, blended component unit
UW Physicians[5]	No	Yes	Yes, blended component unit
Valley Medical Center	No	No	Yes, as a discrete component unit
Fred Hutchison Cancer Center	No[6]	No	Yes, as a discrete component unit[7]

(1) Includes UW Medical Center's Montlake and Northwest campuses (Northwest campus was included in UW Medical Center commencing January 1, 2020).
(2) Includes UW Medicine Information Technology Services and UW Medicine Shared Services (shared costs such as accounting, patient financial services, supply chain, finance, etc.).
(3) Represents certain revenues from shared services provided to Harborview Medical Center and Valley Medical Center as well as other revenues.
(4) UW Physicians Network d/b/a UW Medicine Primary Care or UWM PC (formerly "UW Medicine Neighborhood Clinics").
(5) The Association of University Physicians d/b/a UW Physicians.
(6) FHCC is an independent entity and its revenues are not included in General Revenues. The revenues UW Medicine receives through the agreement with FHCC are included in General Revenues. *See* "UW MEDICINE—Strategic Collaboration—Fred Hutchinson Cancer Center (FHCC)."
(7) FHCC is presented as a discrete component unit due to the significant level of integration with the University; therefore, its financial position beginning June 30, 2022, and results of operations for Fiscal Years 2022 and 2023, are reported in separate columns for financial statement presentation purposes. *See* Note 1 to APPENDIX B—"AUDITED FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTAL INFORMATION OF THE UNIVERSITY (FISCAL YEAR ENDED JUNE 30, 2023)."

Source: The University.

Student Tuition and Fees

Student tuition and fees are the second largest component of General Revenues, representing 20 percent of General Revenues in Fiscal Year 2023. Student tuition and fee revenue increased from $1.003 billion in Fiscal Year 2022 to $1.040 billion in Fiscal Year 2023.

Student tuition is established by the Board of Regents within the tuition-setting authority delegated by the Legislature. Under current State law, the University retains authority to set tuition for graduate students and non-resident undergraduate students, but the Legislature limits increases in tuition for resident undergraduate students and defines eligibility for resident status. *See* "OTHER UNIVERSITY INFORMATION—State Appropriations and Tuition." Increases in student tuition are subject to Initiative 960, an initiative that requires legislative approval for any fee increase or new fees. *See* "CERTAIN INVESTMENT CONSIDERATIONS—State Legislation and Rulemaking, Initiatives and Referenda—Initiative 960." Student fees that are included in General Revenues include student fees that are unrestricted, and consist primarily of the operating fee.

Annual increases in resident undergraduate tuition are limited by State law to no more than the rolling average annual percentage growth rate in the median hourly wage for Washington for the previous 14 years. The University increased resident undergraduate tuition by the full allowable amount (2.4 percent for 2022-2023 and 3.0 percent for 2023-2024), and increased non-resident tuition by the same percentages. Meanwhile, graduate program tuition rates increased between zero and 6.0 percent in each of those years, though tuition rates for most graduate and professional programs grew by the same 2.4 percent in 2022-2023 and 3.0 percent in 2023-2024. *See* also "CERTAIN INVESTMENT CONSIDERATIONS—State Legislation and Rulemaking, Initiatives and Referenda."

The University has the authority to waive or reduce tuition and fees. Student tuition and fees revenue figures included in this Official Statement exclude amounts waived. Tuition waivers are used to assist low-income students, recruit outstanding students and recruit and support graduate teaching and research assistants. Tuition can be waived by the University for students meeting certain eligibility requirements consistent with these objectives and with authorizations in State law.

Sales and Services of Educational Departments

Sales and services of educational departments represent the third largest component of General Revenues, representing 13 percent of General Revenues in Fiscal Year 2023. These revenues largely consist of Laboratory Medicine sales, School of Dentistry sales and Computing and Communication fees for various services. Revenues from sales and services of educational departments decreased from $792 million in Fiscal Year 2022 to $662 million in Fiscal Year 2023 due mainly to School of Medicine programs, primarily Laboratory Medicine, which had large decreases in COVID-19 testing activities.

Auxiliary Systems

Auxiliary systems revenues are the fourth largest component of General Revenues, representing 10percent of General Revenues in Fiscal Year 2023. Auxiliary systems include housing and food services, athletic programs and other auxiliary enterprises. Auxiliary systems revenues decreased from $524 million in Fiscal Year 2022 to $508 million in Fiscal Year 2023 due in part to a $9.8 million decrease in revenues earned by UW Medicine shared services provided to Harborview Medical Center. In Fiscal Year 2022, $10 million was received from the developer to proceed with the Bothell campus housing project.

In August 2024, the University will join the Big Ten Conference. Long-term, the University expects that enhanced resources from joining the Big Ten Conference will benefit initiatives regarding academics, accessibility and affordability for University student athletes.

Grants and Contract Indirect Costs

Grants and contracts fund a wide variety of research and training programs at the University. To reimburse the University for infrastructure support costs (or "indirect costs") associated with sponsored research and other sponsored projects, the University imposes a Facilities and Administrative ("F&A") rate on sponsors. These indirect costs revenues from grants and contracts are the fifth largest component of General Revenues, representing 7 percent of

General Revenues in Fiscal Year 2023. Grant and contract indirect cost revenues increased from $309 million in Fiscal Year 2022 to $345 million in Fiscal Year 2023 largely as a result of increased billings on sponsored research initiatives (e.g., National Institutes of Health ("NIH") grant activity supporting a variety of biomedical research initiatives).

The University negotiates F&A rates with the U.S. Department of Health and Human Services every four to six years. The current F&A rate is 55.5 percent for on campus, organized research. While the process of negotiating new F&A rates is underway, current F&A rates are in effect until amended.

The University's expectations with regard to future grant and contract revenues (and therefore future grant and contract indirect cost revenues included in General Revenues) are informed by its awards. *See* "OTHER UNIVERSITY INFORMATION." Awards are received by the University over one or more fiscal years and, when expenditures are made reimbursable, are presented as grant and contract revenues in the University's financial statements. For more information regarding grant and contract revenues for Fiscal Years 2023 and 2022, see APPENDIX B—"AUDITED FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTAL INFORMATION OF THE UNIVERSITY (FISCAL YEAR ENDED JUNE 30, 2023)."

UNIVERSITY OVERVIEW

Founded in 1861, the University is a research university with campuses located in Seattle, Bothell and Tacoma. The University is the largest of six State-funded four-year institutions of higher education in the State. In autumn quarter 2023, approximately 113,000 people studied and worked in approximately 29.5 million square feet of University-owned facilities. Of these people, approximately 54 percent were students and 46 percent were staff and faculty. With approximately 52,000 full-time and part-time employees at the University's Autumn 2023 census, the University is one of the largest employers in King County and the State.

The University's three campuses provide baccalaureate, masters, doctoral and professional degree programs through colleges and schools including arts and sciences, built environments, business, dentistry, education, Continuum College, engineering, environment, information, law, medicine, nursing, pharmacy, public affairs, public health, and social work. The University offers 646 degree options across 316 programs. In the 2022-2023 academic year, the University awarded 18,323 degrees, including 11,532 bachelor degrees, 5,297 master's degrees, 886 doctoral degrees and 595 professional degrees.

Governance

The Board of Regents consists of eleven members, one of whom is a student and one of whom is a member of the faculty. Regents are appointed by the governor to serve six-year terms, with the exception of the Student Regent, who serves a one-year term, and the Faculty Regent, who serves a three-year term. Regents serve after the expiration of their terms until they resign or until the Governor appoints a replacement.

The Board of Regents consists of the following individuals:

Jay L. Cunningham, Student Member (Student at the University).

Leonard Forsman, Member (Chairman, Suquamish Tribe).

Leonor R. Fuller, Member (Retired Attorney, Fuller & Fuller Attorneys).

Alexes Harris, Faculty Member (Member of the Faculty at the University).

Jeremy Jaech, Member (Managing Partner, Harmony Meadows LLC).

Linden Rhoads, Member (Technology Investor, Seattle Ventures).

Constance Rice, Member (President, The Very Strategic Group).

Rogelio Riojas, Member (President and Chief Executive Officer, Sea Mar Community Health Centers).

Blaine Tamaki, Member (Founder and Attorney, Tamaki Law).

Maggie Walker, Member (President, Walker Family Foundation).

David Zeeck, Member (Retired President and Publisher, The News Tribune, The Olympian, and The Bellingham Herald).

The University's Administrative Officers include the following individuals:

Dr. Ana Mari Cauce, President. Ana Mari Cauce is the 33rd president of the University where she has been a member of the faculty since 1986. A graduate of the University of Miami and Yale University, she is a noted scholar on risk and resilience among adolescents and has received numerous awards for her research as well as the University's Distinguished Teaching Award. Before becoming president in 2015, she served as chair of the Departments of American Ethnic Studies and Psychology, as dean of the College of Arts and Sciences and as provost, the University's chief academic officer. In 2008, she played a key role in establishing the Husky Promise, a program that has helped more than 40,000 low-income students attend the University. Since becoming president, Dr. Cauce has put a spotlight on the University's work in Population Health across the University, launched the University's Race & Equity Initiative and been a champion for ensuring the University and public higher education across the country remain accessible and affordable for all students, and she was elected to the American Academy of Arts and Sciences and the National Academy of Medicine in recognition of her leadership and pioneering research. Throughout her career, she has worked to advance the University's mission of serving the public good by focusing on the University's impact on the lives of the people in the State and throughout the world.

Dr. Tricia Serio, Provost and Executive Vice President for Academic Affairs. Tricia Serio joined the University as provost and executive vice president for academic affairs in August 2023. A biochemist, she also holds a faculty appointment in the School of Medicine's Department of Biochemistry. As the University's academic and budget officer, Dr. Serio leads the faculty and allocates resources to promote each student's academic experience and success. Dr. Serio (she/her pronouns) came to the University from the University of Massachusetts Amherst, where she was provost and senior vice chancellor for academic affairs, as well as a professor in the Department of Biochemistry and Molecular Biology. A first-generation college graduate, Dr. Serio earned her bachelor's degree in molecular biology at Lehigh University and completed her master's degree and Ph.D. in molecular biophysics and biochemistry at Yale. Dr. Serio's research centers on prion proteins, which are associated with infectious neurodegenerative disease in mammals (e.g., mad cow disease and Creuzfeldt-Jakob Disease). She has earned numerous recognitions for her research, including being named a Damon Runyon-Walter Winchell Cancer Research Postdoctoral Fellow, and a Pew Scholar in the Biomedical Sciences. She has also received awards from the National Cancer Institute and the American Society of Cell Biology.

Sarah Norris Hall, Senior Vice President for Finance, Planning & Budgeting, and Chief Financial Officer. Ms. Hall has worked at the University since 2009, most recently as Vice Provost, Planning and Budgeting. Commencing January 16, 2024, she leads the University's newly configured Office of Finance, Planning and Budgeting, which combines Finance with the Office of Planning and Budgeting. She is responsible for supporting the University President and Provost's vision and objectives for the University's academic financial and planning processes and results. Ms. Hall serves on the boards of the KUOW Puget Sound Public Radio, and the Portage Bay Insurance Company. She previously worked for the former Higher Education Coordinating Board, and Washington State University. Ms. Hall holds a baccalaureate degree from the University of Puget Sound in International Political Economy, a master's degree from Teachers College, Columbia University in Higher and Postsecondary Education Policy, and a certificate in Management Development from Harvard University.

Brian McCartan, Vice President for Finance. Mr. McCartan is Vice President for Finance, overseeing the central finance functions of the University, including the Controller, Treasury, and Enterprise Business Services divisions. Prior to joining the University, he served as Chief Financial Officer at Sound Transit, the regional transit authority for the central Puget Sound region, for 11 years. At Sound Transit, he managed the finance, risk management, information technology, and enterprise asset management functions. Prior to Sound Transit, Mr. McCartan served as debt manager at the City of Seattle, financing the capital programs for the City and its utilities, and as an international economist at the U.S. Treasury in Washington, D.C., helping administer U.S. international monetary operations. Mr. McCartan graduated from the University with a bachelor's degree in philosophy and political science. He has a master's degree in international relations from Yale University. Mr. McCartan will retire in April 2024. Commencing January 16, 2024, finance functions will report to Sarah Norris Hall, Senior Vice President for Finance, Planning & Budgeting.

Dr. Timothy Dellit, CEO, UW Medicine, Executive Vice President for Medical Affairs and Dean of the School of Medicine. Dr. Dellit earned his undergraduate degree in cell biology at Northwestern University and graduated from medical school at Cornell University Medical College in New York. He completed his internal medicine residency training at New York Hospital – Cornell Medical Center, serving as chief resident at Memorial Sloan Kettering Cancer Center. He then moved to Seattle to complete his fellowship in infectious diseases at the University before joining the UW Medicine faculty in 2003. From 2003-2009, he served as medical director of the General Infectious Diseases Clinic and Antimicrobial Stewardship Program, as medical director of infection control at Harborview Medical Center from 2006-2014, as associate medical director at Harborview Medical Center from 2006-2018, and as associate dean for clinical affairs from 2014-2018. Following his interests in antimicrobial stewardship, reducing healthcare-associated infections and system-level approaches to improving patient safety and the quality of care, he was the lead author on the Infectious Disease Society and Society of Healthcare Epidemiology of America's guidelines for developing an institutional program to enhance antimicrobial stewardship while serving on University Health System Consortium Advisory Panels for the prevention of healthcare-associated infections. In recognition of his efforts as president of UW Physicians, he was named the Seattle Business Magazine's Medical Group Executive of the Year in 2018.

Accreditation

The University has been continuously accredited by the Northwest Commission on Colleges and Universities ("NWCCU") since 1918 and is a member of the Association of American Universities. The NWCCU's seven-year accreditation cycle culminates in the University submitting a comprehensive self-evaluation report as well as a site visit. The University's accreditation was most recently reaffirmed in July 2021 and is scheduled to submit its mid-cycle self-evaluation report and undergo a site visit in the spring of 2024.

Sustainability

The State has set mandatory requirements for state agencies to reduce greenhouse gas ("GHG") emissions by 45% by 2030, 75% by 2040 and 95% by 2050 (based on a 2005 baseline). To meet these requirements, the University will need to make substantive changes to how it manages its operations and assets across all three campuses and hospitals. The University is working on completing a Zero Carbon Roadmap to serve as a planning tool to reach these goals. This utilizes data collected in 2023 for the University's first comprehensive tri-campus GHG Emissions Inventory, including both direct and indirect emissions. One of the major efforts toward reaching these goals will be moving away from fossil fuels in the University's building heating systems. Planning work has started to determine the scope of an effort to convert the natural gas-powered steam heating system on the Seattle campus to an electrified system using hot water loops to heat buildings. In August 2023, the University hired an engineering consultant to create an implementation plan for the Seattle campus to transition from fossil fuel and to electrify fully the central plant. This plan is scheduled to be complete in August 2024.

Building on the 2009 UW Climate Action Plan, the University adopted its Sustainability Action Plan on July 1, 2020, which set out ten measurable targets to be achieved over a five-year span. The targets under the Sustainability Action Plan include areas relating to energy, transportation, food, waste, academic research, purchasing and more. The University is planning to update to the Sustainability Action Plan and will hire a consultant to help with the strategic planning process, to include long range measurable strategies, targets, and actions for reaching net zero carbon. The Sustainability Action Plan update will kick-off in fall 2024 and is expected to take approximately 12 months before a new plan is finalized.

The University also is a participating institution in the Sustainability Tracking, Assessment & Rating System, a self-reporting framework for colleges and universities to measure sustainability performance. The University's Seattle and Bothell campuses currently hold gold ratings. The University's Sustainability Action Plan document currently is available on the plan website green.uw.edu/plan, which website is not incorporated by this reference. Data and metrics on the University's sustainability efforts and status updates currently are posted to the Plan Dashboard on the site.

ADMISSIONS, STUDENT ENROLLMENT AND FACULTY

Tables 7 through 11 show the number of applicants to the University's undergraduate, graduate and professional schools, certain qualifications of these applicants, the number of applicants accepted into each school, the tuition and student fees for each school, and the number of students enrolled in autumn quarter of the calendar years 2019–2023.

Each autumn quarter's enrollment figures correspond with the fiscal year that concludes in the subsequent calendar year (e.g., autumn 2018 is enrollment for Fiscal Year 2019, autumn 2019 is enrollment for Fiscal Year 2020 and so on).

In autumn quarter 2023, 79 percent of undergraduate students were located at the Seattle campus, 12 percent at the Bothell campus and nine percent at the Tacoma campus, based on headcount. The Bothell and Tacoma campuses consist primarily of undergraduate students. For the 2022-2023 and 2023-2024 academic years, State residents constituted approximately 62 percent of undergraduate, graduate and professional full-time equivalent students ("FTEs"), defined as an undergraduate carrying 12 credit hours or a graduate student carrying 10 credit hours. Approximately 15 percent were international students during these two academic years.

The Seattle campus enrolled 8,559 new undergraduates, including 5,665 State residents—a new high—and a record number of historically underserved students of color. Of the 8,559 new undergraduates on the Seattle campus, 7,006 are freshman and 1,553 are transfers. 1,509 incoming undergraduates are from historically underserved groups. Overall, the undergraduate application pool for the Seattle campus increased this year by 18.1 percent, resulting in 67,483 total applications, with an admissions rate of 42.8 percent. This increase in the undergraduate application pool is primarily due to the University's shift to the Common App, which allows candidates to apply for admission to multiple institutions using a single application. Transfer applications and enrollments increased for the first time in five years. At the Bothell campus, freshman enrollments increased for the first time since 2020. Tacoma campus saw an increase in applicants and a slight decline in admissions rates. Additionally, Tacoma campus's enrollments increased modestly since last year, though they remain below the high exhibited in 2018.

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Table 7: Applications, Students and Enrollments[1]

Undergraduate	Autumn Quarter				
Freshmen	**2019**	**2020**	**2021**	**2022**	**2023**
Applied	51,847	49,921	55,496	58,999	70,365[2]
Accepted	28,506	29,851	31,664	30,682	33,557
Percent Accepted to Applied	55%	60%	57%	52%	48%
Enrolled	8,465	8,606	8,776	9,011	8,848
Percent Enrolled to Accepted	30%	29%	28%	29%	26%
Transfers	**2019**	**2020**	**2021**	**2022**	**2023**
Applied	8,728	8,349	7,805	7,217	7,655
Accepted	4,779	4,925	4,566	4,026	4,248
Percent Accepted to Applied	55%	59%	59%	56%	55%
Enrolled	3,034	3,169	2,894	2,499	2,761
Percent Enrolled to Accepted	63%	64%	63%	62%	65%
Undergraduate FTE[3]	**2019**	**2020**	**2021**	**2022**	**2023**
Bothell	5,046	5,346	5,094	4,866	4,917
Seattle	30,901	31,202	30,912	31,438	31,691
Tacoma	4,363	4,336	4,124	3,879	3,846
Total All Campuses	40,310	40,885	40,130	40,183	40,454
Undergraduate Headcount	**2019**	**2020**	**2021**	**2022**	**2023**
Bothell	5,364	5,664	5,471	5,213	5,255
Seattle	32,570	32,827	32,779	33,300	33,973
Tacoma	4,610	4,578	4,339	4,103	4,027
Total All Campuses	42,544	43,069	42,589	42,616	43,255
Additional Enrollment Statistics	**2019**	**2020**	**2021**	**2022**	**2023**
Percent of Undergraduates Outside State—Domestic[4]	14%	14%	16%	17%	19%
Percent of Undergraduates Outside State—International[4]	13%	12%	12%	12%	10%
Percent Retention (Freshmen to Sophomore)	92%	91%	91%	91%	93%
Mean GPA	3.74	3.72	3.76	3.77	3.78
Median GPA	3.83	3.81	3.84	3.86	3.87
Percent of Class Reporting GPA Data	100%	100%	100%	100%	100%
Mean Combined SAT Score	1289	1282	1307	1361	1340
Median Combined SAT Scores	1320	1310	1340	1400	1390
Percent of Class Reporting SAT Data	81%	80%	18%[5]	16%[5]	15%[5]

(1) Unless otherwise noted, all figures include Seattle, Bothell and Tacoma campuses.
(2) Common App was added as an application option.
(3) Full-time equivalent ("FTE") is defined as an undergraduate carrying 12 credit hours or a graduate student carrying 10 credit hours. FTE exceeds headcount enrollment when students take more credit hours than the credit hour threshold equating to one FTE.
(4) Based on headcount.
(5) SAT test requirement was removed for the fall 2021 incoming class due to the lack of available testing sites during the COVID-19 pandemic; in June 2020 the University removed the requirement for incoming students beyond fall 2021.

Source: The University.

Table 7: Applications, Students and Enrollments[1] (Continued)

Graduate	2019	2020	2021	2022	2023
	Autumn Quarter				
Applied	32,328	33,413	36,578	34,437	35,441
Accepted	10,731	11,316	11,573	11,121	11,761
Percent Accepted to Applied	33%	34%	32%	32%	33%
Enrolled	4,772	4,990	5,258	4,874	5,252
Percent Enrolled to Accepted	44%	44%	45%	44%	45%
Graduate FTE	15,244	15,830	16,106	16,215	16,117
Graduate Headcount	14,628	15,148	15,348	15,265	15,216
Professional[2]	**2019**	**2020**	**2021**	**2022**	**2023**
Applied	11,537	10,594	13,595	11,316	10,470
Accepted	1,305	1,376	1,432	1,441	1,492
Percent Accepted to Applied	11%	13%	11%	13%	14%
Enrolled	601	614	615	594	616
Percent Enrolled to Accepted	46%	45%	43%	41%	41%
Total Professional FTE	4,105	4,114	4,123	4,023	3,923
Total Professional Headcount	2,209	2,201	2,170	2,200	2,221

(1) Unless otherwise noted, all figures include Seattle, Bothell and Tacoma campuses.
(2) Includes the Medical, Pharmacy, Dentistry and Law schools.
Source: The University.

Table 8: Extension Course and Conference Registrations

2019	2020	2021[1]	2022	2023
81,361	90,714	68,653	65,455	72,416

(1) The decline in 2021 extension course and conference registrations reflects the impacts of COVID-19.
Source: The University.

Table 9: Tuition and Fees[1]

	2019	2020	2021	2022	2023
	Annual (As of Autumn Quarter)				
Undergraduate Resident	$ 11,465	$ 11,659	$ 12,352	$ 12,518	$ 12,901
Undergraduate Non-Resident	38,166	39,028	40,182	41,016	42,255
Graduate Resident	16,977	17,308	18,030	18,333	18,891
Graduate Non-Resident	29,562	30,208	31,188	31,806	32,769
Professional School Resident[2]	32,712-48,285	33,565-48,220	34,611-48,615	35,511-48,519	36,243-49,512
Professional School Non-Resident[2]	48,588-73,857	50,185-73,792	51,810-74,187	53,730-74,091	55,875-74,139

(1) Seattle campus rate. Bothell and Tacoma campuses differ in certain required fees charged to students.
(2) Figures shown represent the range from lowest to highest among these professional schools.
Source: The University.

Table 10: University FTEs[(1)]

	Autumn Quarter				
	2019	**2020**	**2021**	**2022**	**2023**
Undergraduate	40,310	40,885	40,130	40,183	40,454
Graduate	15,244	15,830	16,106	16,215	16,117
Professional[(2)]	4,105	4,114	4,123	4,023	3,923
Total University FTE	59,659	60,829	60,359	60,421	60,494

(1) Includes Seattle, Bothell and Tacoma campuses. FTE is defined as an undergraduate carrying 12 credit hours or a graduate student carrying 10 credit hours. FTE exceeds headcount enrollment when students take more credit hours than the credit hour threshold equating to one FTE.
(2) Includes the Medical, Pharmacy, Dentistry and Law schools.
Source: The University.

Table 11: University Headcount[(1)]

	Autumn Quarter				
	2019	**2020**	**2021**	**2022**	**2023**
Undergraduate	42,544	43,069	42,588	42,616	43,255
Graduate	14,628	15,148	15,348	15,265	15,216
Professional[(2)]	2,209	2,201	2,170	2,200	2,221
Total University Headcount	59,381	60,418	60,106	60,081	60,692

(1) Includes Seattle, Bothell and Tacoma campuses. FTE exceeds headcount enrollment when students take more credit hours than the credit hour threshold equating to one FTE.
(2) Includes the Medical, Pharmacy, Dentistry and Law schools.
Source: The University.

Tables 12 and 13 show available selected faculty and student housing and dining data for autumn quarter since 2019.

Table 12: Faculty Data[(1)]

	Autumn Quarter				
	2019	**2020**	**2021**	**2022**	**2023[(2)]**
Full-time Faculty	4,864	5,204	5,602	5,731	--
Tenure Rate	43%	48%	48%	47%	--

(1) Faculty data based on Integrated Postsecondary Education Data System ("IPEDS") definitions, available at https://nces.ed.gov/ipeds/report-your-data/archived-changes (website not incorporated herein). Year-over-year faculty number changes are primarily attributable to IPEDS definition adjustments and changes to the University's faculty categorization and data updates related to transition to a new human resources planning system, Workday. In all years, headcount associated with temporary faculty categories is excluded.
(2) Final autumn 2023 faculty data is not yet available.
Source: The University.

Table 13: Student Housing and Dining Data (Seattle campus only)[1]

	Autumn Quarter				
	2019	**2020**	**2021**	**2022**	**2023**
Room and Board[2]	$12,554	$13,361	$13,621	$14,417	$15,149
Autumn Opening Occupancy[3]	8,491	3,459[5]	9,247[6]	8,654[7]	8,515[7]
Occupancy[4]	111%	45%[5]	108%[6]	110%[7]	112%[7]

(1) Figures include residence hall units and exclude single student and family housing apartments.

(2) Room and board pricing is for the full academic year. The room portion of annual room and board pricing is the weighted average of all residence hall double rooms in inventory, and the dining portion is for a representative meal plan.

(3) Autumn opening occupancy is used to calculate capacity.

(4) Numbers reflect as-built capacity and 10th day occupancy. Occupancy that exceeds 100 percent is the result of housing three students in a room designed for two.

(5) Significant reductions in 2020 occupancy reflect impacts of COVID-19.

(6) Increase in 2021 occupancy reflects the University's return to in-person classes and pre-pandemic level demand for student housing.

(7) In 2022, the University began a project to demolish and replace Haggett Hall, a 730-bed dormitory built in 1963. As the table reflects, the reduction in student housing units caused by Haggett Hall's closure caused student housing occupancy rates to increase for Autumn Quarter 2022 and 2023, notwithstanding decreases in the total autumn opening occupancy figures for these quarters. The University anticipates that a new Haggett Hall will open in 2027.

Source: The University.

UNIVERSITY REVENUE AND EXPENSES

The following section provides additional general information regarding University revenues and expenses. University Total Revenues may be restricted in whole or in part and, to the extent restricted, are excluded from General Revenues. Appropriated revenue is also excluded from General Revenues. Restricted, appropriated and other revenues that are excluded from General Revenues are, however, important components of the University's overall financial position. *See* "GENERAL REVENUES."

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University Revenues

University Total Revenue by Source. The University's Total Revenues increased by 18.6 percent in Fiscal Year 2023, totaling $8.972 billion. Table 14 shows total University revenues by type of revenue source. For notes regarding increases in patient service revenues and decreases in revenues from sales and services of educational departments auxiliary enterprise revenues from Fiscal Year 2022 to Fiscal Year 2023, see "GENERAL REVENUES—General Revenue Components." For notes regarding the increase in investment income in Fiscal Year 2023, see "INVESTMENTS."

Table 14: University Total Revenue
(Fiscal Years, dollars in millions)

	2019	2020	2021	2022	2023
Net patient services	$2,136	$2,093[1]	$2,208[1]	$2,443	$2,564
Grants and contracts	1,492	1,555	1,628	1,723	1,925
Tuition and fees	1,052	1,058	1,033	1,125	1,158
Investment income	340	209	1,318[2]	(469)[2]	438
Auxiliary enterprises	483	420	309	555	523
Gifts	331	452	332	344	355
State funding for operations	379	415[3]	481[3]	485[3]	532[4]
Sales and services of educational departments	260[5]	283[5]	463[5][6]	792[5][6]	662
Other medical-related revenues	120	149	197	159	251
State funding for capital projects	25	23	70	128	201
Other	16	128[7]	346[7]	278[7]	363[7]
Total revenue – all sources	**$6,634**	**$6,785**	**$8,385**	**$7,563**	**$8,972**

(1) Net patient service revenues decreased by $43 million in Fiscal Year 2020 due to temporary restrictions on elective and non-emergent procedures imposed by Governor Inslee in response to the COVID-19 pandemic. In Fiscal Year 2021, net patient service revenue increased by $115 million as the Governor's temporary restrictions were no longer in place.

(2) Investment income increased $1,109 million in Fiscal Year 2021 due to a rebound in investment returns on the University's endowment and operating funds. Fiscal Year 2022 results reflect reduced investment returns.

(3) Includes COVID-19 related allocations from the State of $8 million in Fiscal Year 2020, $48 million in Fiscal Year 2021 and $40 million in Fiscal Year 2022.

(4) Includes $50 million State appropriation in Fiscal Year 2023 for UW Medical Center to support operations and teaching activities.

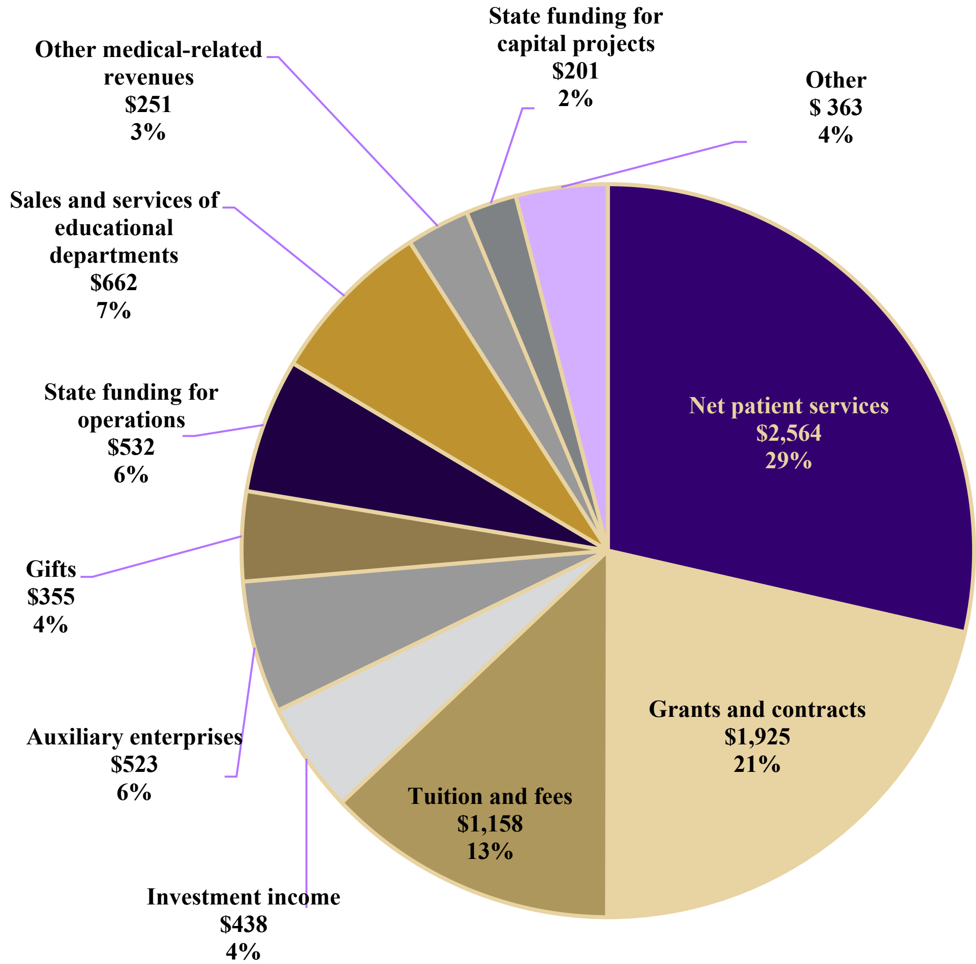
(5) Prior period adjustment. In Fiscal Year 2023, an accounting error was discovered that had resulted in a misstatement of operating revenues and operating expenses for prior fiscal years. This included understatements of both operating revenues and operating expenses—each in the amount of $295 million—in Fiscal Year 2022. These understatements of revenues and expenses were offsetting, and therefore did not impact net position. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows for Fiscal Year 2022 were restated to reflect the correction. Fiscal years prior to 2022 have not been restated.

(6) Sales and services of educational departments increased in Fiscal Years 2021 and 2022 due to School of Medicine programs, primarily Laboratory Medicine, which saw a significant increase in COVID-19 testing activities.

(7) Includes $87 million of CARES ACT - Provider Relief and HEERF funds in Fiscal Year 2020, $127 million in Fiscal Year 2021, $93 million in Fiscal Year 2022 and $12 million in Fiscal Year 2023.

Source: Management's Discussion and Analysis, Audited Financial Statements of the University.

Figure 2: University Total Revenue by Source, Fiscal Year 2023
(dollars in millions, total $8,972)



Source: Figure 2 is derived from data in the Management's Discussion and Analysis, Audited Financial Statements of the University for Fiscal Year 2023.

University Expenses

Operating Expenses. The University's operating expenses increased 14 percent in Fiscal Year 2023, due primarily to higher salary costs and employer-paid healthcare benefits and higher costs for goods and services due to inflation and a return to pre-COVID expenditure levels. In Fiscal Year 2022, the pension expense related to the University's share of the retirement plan administered by the State Department of Retirement Services was reduced, due to substantial investment gains on plan assets during the 2021 measurement period. This was not experienced at the same level in Fiscal Year 2023. Table 15 and Figure 3 show University operating expenses by functional classification (purpose for which the costs are incurred). For Operating Expenses by type of expenditure, see "Statement of Revenues, Expenses and Changes in Net Position included in the University's Audited Financial Statements" attached as Appendix B.

Table 15: University Operating Expenses
(Fiscal Years, dollars in millions)

	2019	2020	2021	2022[(2)]	2023
Medical-related	$1,776	$1,845[(1)]	$1,645[(1)]	$2,002	$2,320[(3)]
Educational and general instruction	1,320	1,361	1,403	1,533	1,627
Research	749	796	820	920	1,004
Academic support	540	542	551	641	743
Auxiliary enterprises (other than medical)	554	576	516	622	706
Depreciation/amortization	372	388	450	463	523
Institutional support	226	272	259	125	316
Operation and maintenance of plant	252	281	326	304	314
Scholarships and fellowships	155	154	192	213	211
Student services	54	55	51	51	58
Public service	66	77	87	107	146
Total operating expenses	**$6,064**	**$6,347**	**$6,300**	**$6,981**	**$7,969**

(1) Fiscal Year 2020 and Fiscal Year 2021 medical-related expenses reflect accounting entries in Fiscal Year 2020 and 2021, largely those related to the integration of UW Medical Center Northwest campus (formerly known as Northwest Hospital) into UW Medical Center. Excluding this merger accounting entries, medical-related expenses increased in Fiscal Year 2021 over Fiscal Year 2020, primarily as a result of higher medical supplies and pharmaceutical expenses, and an increase in salaries and contract labor, which were driven by higher volumes in Fiscal Year 2021 as compared to Fiscal Year 2020. *See* "UW MEDICINE—UW Medicine Entities with Revenues Included in General Revenues—*UW Medical Center*."

(2) Prior period adjustment. In Fiscal Year 2023, an accounting error was discovered that had resulted in a misstatement of operating revenues and operating expenses for prior fiscal years. This included understatements of both operating revenues and operating expenses—each in the amount of $295 million—in Fiscal Year 2022. These understatements of revenues and expenses were offsetting, and therefore did not impact net position. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows for Fiscal Year 2022 were restated to reflect the correction. Fiscal years prior to 2022 have not been restated.

(3) Year over year medical-related operating expenses increased primarily due to increases in salary, benefits, supplies and services expenses.

Source: Management's Discussion and Analysis, Audited Financial Statements of the University.

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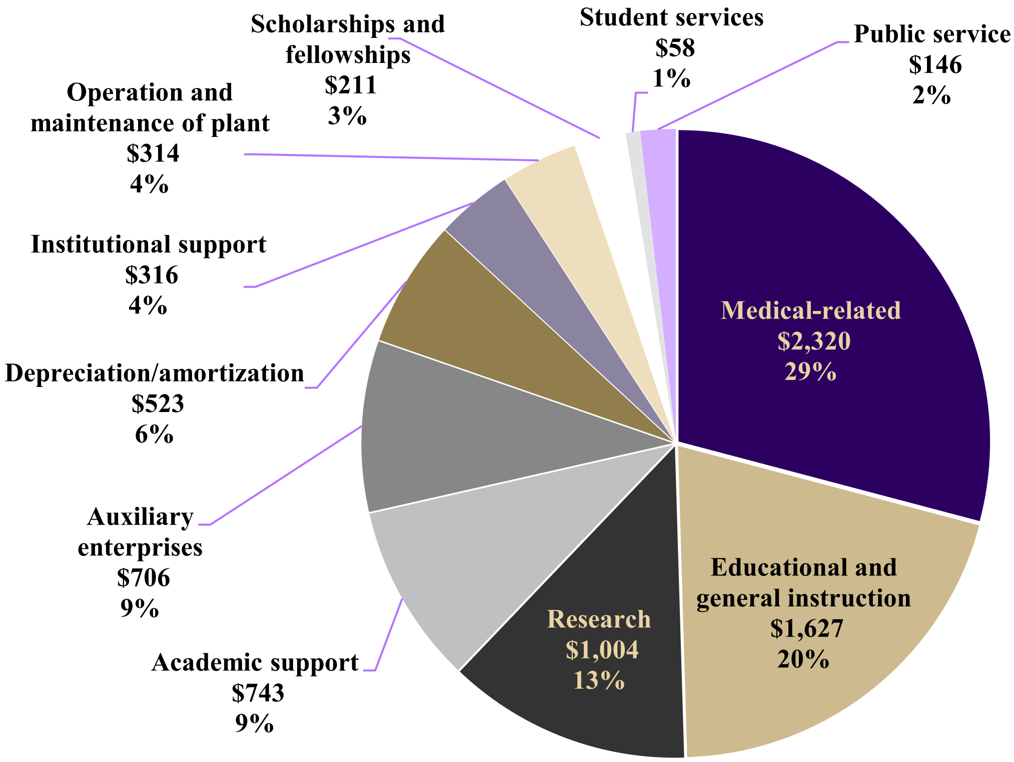
Figure 3: University Operating Expenses by Use, Fiscal Year 2023
(dollars in millions, total $7,969)



Source: Figure 3 is derived from data in the Management's Discussion and Analysis, Audited Financial Statements of the University for Fiscal Year 2023. Totals do not foot due to rounding.

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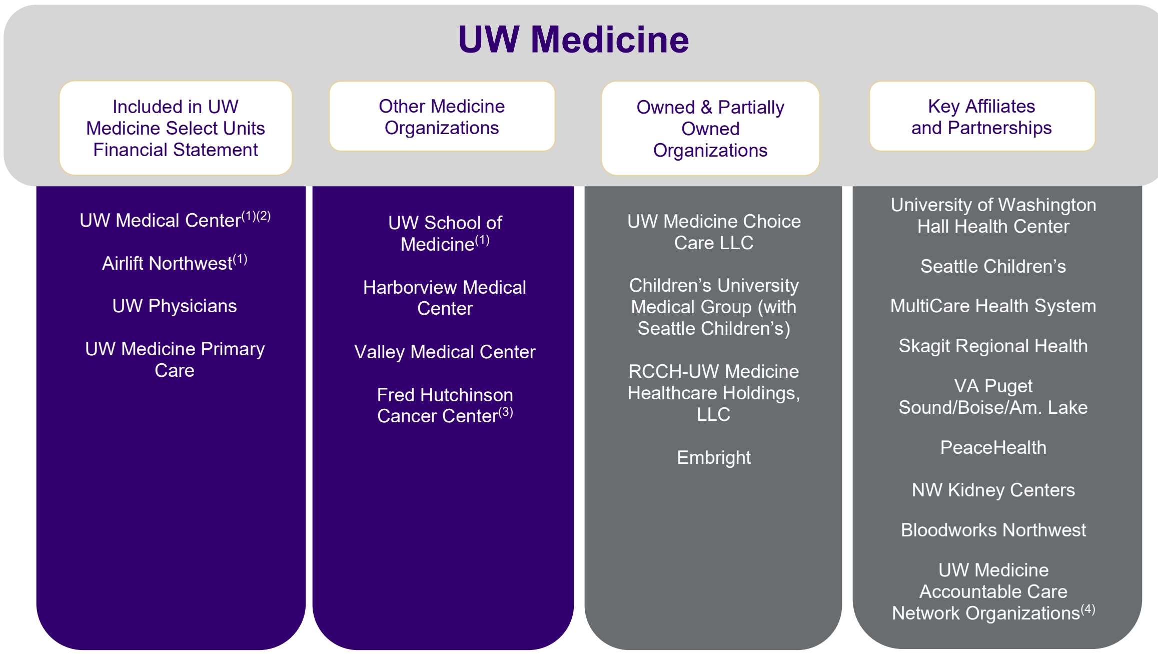
UW MEDICINE

The University operates an integrated health system under the name "UW Medicine," consisting of University divisions, departments, component units, Harborview Medical Center, partially-owned organizations, and key affiliates and partners as shown in Figure 4.

Figure 4: UW Medicine Entities
(as of January 26, 2024)



(1) Revenues included in General Revenues.
(2) Includes UW Medical Center's Montlake and Northwest campuses (Northwest campus was included in UW Medical Center commencing January 1, 2020).
(3) FHCC is an independent entity and its revenues are not included in General Revenues. The revenues UW Medicine receives through the agreement with FHCC are included in General Revenues. *See* "UW MEDICINE—Strategic Collaboration—Fred Hutchinson Cancer Center (FHCC)."
(4) Includes Island Hospital & Clinics, Lifepoint Health, MultiCare Connected Care, PeaceHealth, Seattle Children's Hospital and Skagit Regional Health.

Source: The University.

The following provides an overview of the entities operated as the integrated health system known as UW Medicine (other than shared services), including the entities with revenues included in General Revenues (together with shared services) and the Select Units. The Select Units include University divisions, departments and blended component units that generate patient services revenues. *See* "Table 7: UW Medicine Entities" under the heading "GENERAL REVENUES—Patient Services."

UW Medicine Entities with Revenues Included in General Revenues

UW Medical Center (including both the Montlake and Northwest campuses), Airlift Northwest, and the UW School of Medicine are, together with shared services, the UW Medicine entities with revenues included in General Revenues, and therefore pledged to the payment of Bonds.

UW Medical Center. UW Medical Center is a two-campus hospital with a combined 810 licensed-bed count, with campuses at Montlake and Northwest. The revenues, expenses, assets and liabilities of UW Medical Center are included in the University's financial statements.

UW Medical Center Montlake campus provides highly specialized inpatient and outpatient healthcare to patients throughout the Pacific Northwest and also serves as a major clinical, teaching and research site for students and faculty of the University. Specialized inpatient care needs are met by the Oncology Program, the Regional Heart Center, the Neonatal Intensive Care Unit and the Organ Transplantation program, among others.

UW Medical Center Northwest campus offers comprehensive medical, surgical and therapeutic services. UW Medicine integrated UW Medical Center and Northwest into one hospital with two campuses (under one license) on January 1, 2020. UW Medicine and the State legislature have established a Center for Behavioral Health and Learning on UW Medical Center's Northwest Campus. The Center for Behavioral Health and Learning will serve the dual purposes of treating patients with behavioral health needs and training an integrated behavioral health workforce in the new 191,000-square-foot facility. The State awarded $234 million for the planning, design, work, construction and equipment necessary to build this new, first-of-its-kind building. After delays due to a concrete strike in Seattle in 2022, the project was awarded an additional $10 million from the State to offset the impact of the concrete strike and cost escalation. The revised budget is now $244 million. Construction is underway, and the University anticipates that the facility will open for operations in 2024.

Airlift Northwest. Airlift Northwest is a medical transport service that works with first responders throughout Washington, Alaska, Montana and Idaho to transport critically ill and injured patients to local hospitals, regional trauma centers or specialty care facilities. The revenues, expenses, assets and liabilities of Airlift Northwest are included in the University's financial statements.

UW School of Medicine. The UW School of Medicine was founded in 1946 and is recognized for training primary care physicians and advancing medical knowledge through scientific research. UW School of Medicine was second in the nation in research funding received from the National Institutes of Health based on federal Fiscal Year 2022 awards. Physician faculty members of the UW School of Medicine staff UW Medical Center, Harborview and UW Medicine Primary Care, as well as the Puget Sound Veterans Affairs Health Care System, FHCC and Seattle Children's Hospital. The revenues, expenses, assets and liabilities of the UW School of Medicine are included in the University's financial statements.

UW Medicine Entities within the Select Units Financial Statement

Together with UW Medical Center, Airlift Northwest, and shared services, the following University departments, divisions and blended component units constitute the components of UW Medicine included as part of the Select Units Financial Statement. The blended components' revenues are not included in General Revenues, but the components are operationally integrated with UW Medicine to provide patient care.

UW Physicians. UW Physicians is the physician practice group for approximately 2,800 physicians and other healthcare professionals associated with UW Medicine. UW Physicians provides primary and specialty care totaling more than two million patient visits each year. UW Physicians is a not-for-profit corporation whose members consist of clinically active faculty of the UW School of Medicine. Pursuant to an agreement between the University and UW Physicians, UW Physicians is responsible for providing medical services to patients at hospitals owned or managed by the University and other sites of practice approved by the Dean of the UW School of Medicine. UW Physicians is presented as a blended component unit of the University in the University's financial statements.

UW Medicine Primary Care. UW Medicine Primary Care is a network of clinics with 13 locations throughout the greater Puget Sound area. The clinics offer a spectrum of primary care services, select specialty care and urgent care services as well as ancillary services, including on-site laboratory, X-ray facilities and nutrition services. UW Medicine Primary Care is a not-for-profit corporation organized for the benefit of the UW School of Medicine, its faculty practice plan, UW Physicians, and all of its affiliated medical centers. UW Medicine Primary Care is presented as a blended component unit of the University in the University's financial statements. Prior to 2023, UW Medicine Primary Care was known as "UW Medicine Neighborhood Clinics."

Other UW Medicine Entities

Harborview Medical Center ("Harborview") and Valley Medical Center ("Valley") also are part of the UW Medicine umbrella organization that coordinates the provision of patient services. The revenues of these entities are excluded from General Revenues.

Harborview Medical Center. Harborview is a Level 1 adult and pediatric trauma and burn center with 500 licensed beds that offers specialty care in nearly every area of medicine. Harborview's primary mission is to provide and teach exemplary patient care and to provide healthcare for those patients King County is obligated to serve. Harborview is owned by King County. The University has operated and managed Harborview since 1967. The University and King County entered into a 10-year hospital services agreement (with two renewable 10-year agreement terms) in February 2016, under which the University is reimbursed by Harborview for services provided and expenses incurred, all subject to the terms of the agreement. Harborview's financial results are not included in the University's financial statements. In November 2020, King County voters approved the issuance by King County of $1.7 billion in bonds over the next decade to finance construction, expansion and renovation projects at Harborview. The bonds will be paid from an excess property tax approved by King County voters and are not an obligation of the University.

Valley Medical Center. Valley is a 341-licensed-bed hospital in Southeast King County, and is a full-service acute care public hospital. Valley is owned and operated by Public Hospital District No. 1 of King County (the "District"). The District is a public agency as defined by RCW 39.34.020(1) and a municipal corporation. In addition to the hospital, the District operates a network of primary care, urgent care and specialty clinics throughout Southeast King County. The District entered into a strategic alliance with UW Medicine in 2011 for a term that continues through December 31, 2026. With the approval of the parties, the term may be extended for two 15-year periods, subject to the terms of the strategic alliance agreement. Valley continues to be included as a discretely presented component unit.

Patient Activity Statistics

Table 16 shows patient activity statistics for UW Medical Center as well as for UW Medicine, the umbrella organization coordinating patient services between UW Medical Center Montlake and Northwest campus, the other UW Medicine hospitals (Harborview and Valley) and other entities.

As shown in "Table 6: UW Medicine Entities" under the heading "GENERAL REVENUES—Patient Services," the revenues of UW Medical Center, Airlift Northwest and shared services are included in General Revenues, and the revenues of Northwest are included commencing January 1, 2020. *See* "Figure 4: UW Medicine Entities."

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Table 16: Patient Activity Statistics for UW Medicine, Select Units, and UW Medical Center
(Fiscal Years)

	2019	2020[1]	2021[1]	2022	2023
UW Medical Center (included in General Revenues and included in the UW Medicine Select Units – UW Division Financial Statement) [2]					
Admissions	18,948	22,177	27,320	27,583	29,001
Outpatient Visits	364,006	327,103	400,575	435,946	467,511
Emergency Visits	28,765	40,497	55,781	61,146	69,933
	2019	**2020[1]**	**2021[1]**	**2022**	**2023**
UW Medicine Select Units – UW Division (includes UW Medical Center and other entities included in UW Medicine Select Units – UW Division Financial Statement)					
Admissions	28,715	26,998	27,320	27,583	29,001
Outpatient Visits	904,017	776,743	748,051	802,558	856,246
Emergency Visits	61,352	56,895	55,781	61,146	69,933
	2019	**2020[1]**	**2021[1]**	**2022**	**2023**
UW Medicine (excluding UW School of Medicine)					
Admissions	63,059	59,251	58,530	58,390	61,323
Outpatient Visits	1,832,555	1,633,592	1,668,043	1,765,533	1,867,724
Emergency Visits	202,202	187,789	175,325	191,784	208,672

(1) Patient volumes for Fiscal Years 2020 and 2021 reflect the effects of COVID-19 and the related public health measures, most significantly the temporary suspension of elective and non-urgent procedures.

(2) Commencing January 1, 2020, patient activity statistics reported under UW Medical Center includes UW Medical Center Montlake and Northwest campuses. Patient statistics attributable to the Northwest campus for Fiscal Year 2019, 2020, 2021, 2022 and 2023, respectively, were as follows: Admissions, 9,767, 8,763, 8,257, 8,384, and 9,529; Outpatient Visits, 166,707, 189,533, 194,783, 189,950 and 203,585; Emergency Visits, 32,587, 29,690, 28,827, 32,073 and 37,604.

Source: The University.

UW Medicine Joint Ventures

As shown in Figure 4, UW Medicine includes organizations owned, in part, by the University. Revenues of these entities are excluded from General Revenues, although UW Medicine receives contractual payments, including contractual payments from FHCC, that are included in General Revenues. See Figure 4.

Children's University Medical Group. Children's University Medical Group ("CUMG") is a joint venture of UW Medicine and Seattle Children's established to assist the organizations in carrying out their pediatric patient care, charitable, educational and scientific missions. CUMG jointly employs UW School of Medicine faculty physicians (along with the University), and it bills and collects for their services as an agent of UW School of Medicine. The University records revenue from CUMG based on an income distribution plan.

RCCH-UW Medicine Healthcare Holdings, LLC. RCCH-UW Medicine Holdings, LLC is a joint venture of UW Medicine and Lifepoint Health, which created a public-private partnership to own and operate community hospitals in Washington, Alaska, and Idaho. The partnership takes the form of a limited liability company that owns and operates community hospitals or other healthcare entities. Lifepoint Health operates and manages these facilities and UW Medicine provides clinical and quality expertise.

PNWCIN, LLC dba as Embright. Embright is jointly owned by UW Medicine, MultiCare Health System, and Life Point Health. Embright is a clinically integrated network that enables the partners to develop care delivery models that will improve patient care and experience at a more affordable cost. UW Medicine currently has an ownership interest of 48.1 percent in Embright.

Strategic Collaboration—Fred Hutchinson Cancer Center (FHCC)

On March 31, 2022, the members of SCCA—UW Medical Center, Fred Hutch, and SCHS—agreed to merge Fred Hutch and SCCA, for SCCA to become a non-member non-profit Washington corporation, and for SCCA to be renamed "Fred Hutchinson Cancer Center" (FHCC). As part of the transaction, the University, for itself and on behalf of UW Medicine, and Fred Hutch purchased SCHS's membership interest in SCCA for $286 million. *See* "UNIVERSITY DEBT AND ESTIMATED DEBT SERVICE—General Revenue Obligations—*Promissory Note Agreement.*" SCHS no longer participates in the Adult Oncology Program, but continues to offer pediatric cancer care services and to coordinate through separate affiliation agreements with FHCC and UW Medicine.

In addition to this restructuring of the former SCCA corporate entity, FHCC and UW Medical Center entered into a Restructuring Agreement, which clinically and financially integrates the adult cancer program between both entities. Under this new arrangement, UW Medical Center no longer holds a membership interest in SCCA. UW Medical Center agreed to a restructuring of the SCCA joint venture by transitioning to a non-member entity, rebranding and realigning the future economic sharing arrangements, and realigning practice area management responsibilities. UW Medical Center's former economic rights as a joint venture member were transformed into contractual rights including, among other provisions, a payment right extending in perpetuity. The University recorded $87.4 million and $6.7 million, respectively, in income from such payments for Fiscal Year 2023 and the last quarter of Fiscal Year 2022. For further information, see Note 1 to APPENDIX B—"AUDITED FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTAL INFORMATION OF THE UNIVERSITY (FISCAL YEAR ENDED JUNE 30, 2023)."

OTHER UNIVERSITY INFORMATION

Patient Services Operating Results

Net patient services revenues accounted for 28.6 percent of University Total Revenue in Fiscal Year 2023. In Fiscal Year 2023, patient services revenues were $2.564 billion, which represented a 5.0 percent increase from Fiscal Year 2022. This patient services revenue increase is due primarily to higher patient admissions and occupancy.

As shown in Table 17 below, the Select Units total margin for Fiscal Year 2023 was 4.4 percent. This represented a decrease from 6.5 percent in Fiscal Year 2022, but exceeded the Select Units' budgeted total margin target of negative 0.1 percent. For Fiscal Year 2024, the Select Units have budgeted a margin of negative 3.4 percent. UW Medical Center's Fiscal Year 2023 margin was primarily driven by the recognition of $43.4 million of funding from the Federal Emergency Management Agency ("FEMA") for reimbursement of COVID-19 expenses incurred in fiscal years 2021 and 2022, a favorable State of Washington actuarial pension and post-retirement adjustment of $68.3 million, and a $50.0 million non-recurring State appropriation, despite high labor expenses and inflationary pressures. *See* "Table 17: UW Medical Center, Select Units, and UW Medicine Financial Information."

UW Medicine has continued its multiyear effort to address long-term financial stability, by increasing revenues through the growth and access of clinical services, reducing costs through a number of initiatives related to productivity, supply pricing and utilization as well as prioritizing investment in infrastructure. Overall, UW Medicine on a combined basis (excluding the UW School of Medicine) met its targets for Fiscal Year 2023. Achieving its margin target was driven primarily by the recognition of $113.9 million in FEMA funding related to the reimbursement of COVID-19 expenditures incurred in previous years, a one-time State appropriation of $50.0 million and positive year-end actuarial adjustments of $85 million for pension and post-retirement obligations that offset higher expenses, particularly labor expenses. Patient services revenues included in General Revenues were $2.125 billion in Fiscal Year 2023. *See* "Table 4: General Revenues" and "Table 6: UW Medicine Entities."

Table 17: UW Medical Center, Select Units,
and UW Medicine Financial Information
(Fiscal Years, dollars in thousands)

	2019[1]	2020[1][2]	2021[1][2]	2022[1][2]	2023[1][2]
UW Medical Center (included in General Revenues and included in the Select Units Financial Statement)					
Total Margin	5.3%	2.2%	7.3%	4.2%	4.7%
Operating Margin[3]	4.6%	(3.4%)	1.1%	0.7%	(3.5%)
Total Operating Revenue[4]	$1,412,923	$1,554,822	$1,906,583	$1,974,678	$2,256,126
Net Income[5]	$75,304	$35,796	$147,835	$85,048	$115,339

	2019[1]	2020[1][2]	2021[1][2]	2022[1][2]	2023[1][2]
UW Medicine Select Units – UW Division (includes UW Medical Center and other entities included in the Select Units Financial Statement)[6]					
Total Margin	1.5%	(0.3%)	6.7%	6.5%	4.4%
Operating Margin[3]	0.4%	(4.8%)	1.0%	1.2%	(2.6%)
Total Operating Revenue[4]	$2,281,751	$2,239,499	$2,466,110	$2,561,369	$2,903,849
Net Income[5]	$33,687	$(6,915)	$173,292	$172,846	$135,514

	2019[1]	2020[1][2]	2021[1][2]	2022[1][2]	2023[1][2]
UW Medicine Combined[6][7] *(excludes UW School of Medicine)*					
Total Margin	1.6%	0.6%	3.7%	2.1%	2.8%
Operating Margin[3]	0.7%	(3.6%)	(0.6%)	(1.7%)	(2.8%)
Total Operating Revenue[4]	$4,287,263	$4,278,081	$4,688,957	$4,849,444	$5,460,294
Net Income[5]	$71,063	$25,846	$181,056	$104,564	$162,938

(1) Includes net pension and post retirement obligations income/(expense) of $34,136,000 in 2019, $36,209,000 in 2020, $52,687,000 in 2021, $145,470,000 in 2022 and $84,846,000 in 2023 for the entities included in the Select Units Financial Statements. These figures include $30,724,000 in 2019, $34,429,000 in 2020, $41,576,000 in 2021, $118,553,000 in 2022, and $68,281,000 in 2023 attributable to UW Medical Center.
(2) Reflects revenue and expenditure impacts of COVID-19, including recognition of federal and State funding.
(3) Operating Margin is calculated as the difference between operating revenue and total expenses divided by operating revenue.
(4) Total Operating Revenue includes net patient service revenues (net of provision for uncollectible accounts), UW Physician billing revenues (net), and other operating revenue.
(5) Income before capital contributions and other transfers.
(6) *See* "Table 6: UW Medicine Entities."
(7) UW Medicine combined financial statements are unaudited.
Source: The University; UW Medicine combined financial statements and Select Units Financial Statements.

Grant and Contract Revenues; Grant Awards

Grant and contract revenues accounted for 21.5 percent of University Total Revenue in Fiscal Year 2023. In Fiscal Year 2023, federal and non-federal grant and contract awards were $1.87 billion, which represented a 12 percent increase from Fiscal Year 2022.

Federal grants and contracts increased by 20 percent in Fiscal Year 2023. Award totals increased from some of the largest federal sponsors including the U.S. Department of Health and Human Services (15.8 percent increase) and the U.S. Department of Defense (18.3 percent increase). Additionally, $112 million of COVID-19 relief funding was received by the University through funds awarded through the U.S. Department of Homeland Security. This money is not dedicated towards research activities. Non-federal grant and contract funding decreased by 13.4 percent in Fiscal Year 2023. This decrease was driven mostly by a decrease in funding from foundation and non-profit sponsors.

The University's expectations with regard to future grant and contract revenues (and therefore future grant and contract indirect cost revenues) are informed by its awards.

Table 18 shows the University's grant and contract awards for Fiscal Years 2019 through 2023.

Table 18: Grant and Contract Awards
(Fiscal Years, dollars in millions)

By Source	2019	2020	2021	2022	2023
Federal Grants and Contracts	$1,224	$1,200	$1,313	$1,263	$1,406
Federal Grants and Contracts (COVID-related), Not Dedicated to Research	-	32(2)	123(3)	-	112(4)
Non-Federal Grants and Contracts	355	400	454	408	354
Total(1)	$1,579	$1,632	$1,890	$1,671	$1,872

School/College(5)	2019	2020	2021	2022	2023
Medicine(6)	$784	$792	$957	$847	$897
Environment	111	124	130	132	123
Engineering	136	147	121	149	130
Arts and Sciences	124	107	105	119	134
Public Health	181	143	193	191	166
Other	242	318(2)	384(3)	233	422(4)
Total(1)	$1,579	$1,631	$1,890	$1,671	$1,872

(1) Totals subject to change pursuant to negotiations with sponsors after Fiscal Year end. Total does not include external financial aid grants to undergraduates.
(2) Includes $32 million of FEMA funding for COVID relief. Funding not dedicated to research.
(3) Includes $123 million of HEERF from the U.S. Department of Education for COVID relief. Funding not dedicated to research.
(4) Includes $112 million of FEMA funding for COVID-19 relief. Funding not dedicated to research.
(5) Purpose is determined by the unit that provides award administration and is subject to change due to reorganization.
(6) Refers to the UW School of Medicine.
Source: The University.

State Appropriations

The State appropriates funds for certain University operating expenses and for a portion of the University's capital budget. These appropriations are subject to the Legislature's biennial budget process. State appropriations accounted for 8.2 percent of University Total Revenue in Fiscal Year 2023.

Following a period during which tuition revenue grew as State appropriations to the University declined, the State has begun to reverse that trend through increased appropriations since Fiscal Year 2016. The Legislature's investments in the University over recent biennia include the Workforce Education Investment Act ("WEIA"), which took effect in Fiscal Year 2020. WEIA is a dedicated source of funding for higher education through an increase to business and occupation taxes on professional services. Table 19 shows University expenditures of State operating and capital appropriations to the University in Fiscal Years 2019 through 2023.

Table 19: Expenditures of State Appropriations to the University by Type
(Fiscal Years, dollars in millions)

	2019	2020	2021	2022	2023
Operating Appropriations	$379	$415	$481	$485	$532
Capital Appropriations(1)	25	23	70	128	201
Total Appropriations(2)	$404	$438	$551	$613	$733

(1) Reflects expenditures made on capital projects; varies depending on project schedules.
(2) Totals may not foot due to rounding.
Source: The University.

The State economy continues to face uncertainty when considering the high rate of inflation, rising interest rates, and ongoing and emerging global conflicts. In the face of these challenges, State revenue projections over the past year have slowed, but consistently projected positive variances. The September 2023 revenue forecast from the Economic Revenue Forecast Council ("ERFC") showed continued, albeit slow, economic growth. The September 2023 revenue projections increased for the current biennium (2023-2025) by nearly $663 million ahead of the 2024 State legislative session. The ERFC released its November revenue forecast on November 20, 2023. Revenue projections were again revised upward for the current 2023-25 biennium as well as for the 2025-27 biennium. Governor Inslee's 2024 supplemental budget proposals were released in December and were based on the November forecast. These budget proposals were responsive to most University requests on both the capital and operating side.

Absent additional legislative action, State general operating appropriations for Fiscal Year 2024 are just over $583 million (which includes $80 million for one-time UW Medicine clinical safety net support), and $520 million in Fiscal year 2025. The University's Fiscal Year 2024 general operating appropriations from the State represented a significant increase over the Fiscal Year 2023's appropriation. The University received new appropriations for compensation, UW Medicine safety-net support, tri-campus STEM enrollments, student support services, and targeted research investments. The University's top priority for the upcoming 2024 legislative session is to secure additional safety-net funding for UW Medicine in Fiscal Year 2025 as it continues to serve the State's most underserved and underinsured patients.

State funding for capital appropriations continues to be constrained, but the State's 2023-2025 biennial capital budget provided $138.9 million in new State funding to the University, $93.8 million from the UW Building Account, and $2 million from the State's Model Toxics Control Account to fund multiple University capital requests. In Seattle, these included building renovations at the Magnuson Health Sciences Center, the UW Medical Center Northwest Campus, and Anderson Hall. Design Funding was also provided to wəɫəbʔaltxʷ (Intellectual House) and the Chemical Sciences Building. In Tacoma, the University was provided funding to purchase additional land for future campus expansion.

The 2023 legislative session marked the first year in which the State appropriated funds generated by the proceeds of auctions conducted under the State's Climate Commitment Act (the "CCA"). The CCA's cap and invest program established a comprehensive, market-based program to reduce greenhouse gas emissions by putting a price on carbon for large emitters set in State law. Given the carbon footprint of the University, due to the power plant on the Seattle campus, the University is considered a covered entity and must purchase allowances through the program to cover its anticipated annual carbon emissions. In Fiscal Year 2024, the University projects the need to purchase allowances for approximately 83,000 metric tons of CO2 emissions. Auction prices are highly variable, but at the 2024 Tier 1 price of $56.16 per metric ton, the University's purchasing obligation would be approximately $4.7 million for Fiscal Year 2024. The University was also a beneficiary of funds the State received through the program including $3 million in the operating budget to develop a clean energy strategy, and $15 million for energy modernization and $7.5 million for clean energy testbeds, both from the capital budget. The University is requesting approximately $49 million in CCA funds in the upcoming supplemental budget year, and plans future requests in upcoming biennia. For additional information regarding the University's sustainability efforts and initiatives, see "UNIVERSITY OVERVIEW—Sustainability."

Gifts

Gifts accounted for 4.0 percent of University Total Revenue in Fiscal Year 2023. Philanthropic support increased in Fiscal Year 2023 due to payment on two large pledges, as well as the fulfillment of a pledge to name the deanship for the School of Medicine (the "Paul G. Ramsey Endowed Dean"). In Fiscal Year 2023, the University received $625 million in total private support from 160,000 donors, down from the trailing five-year average of $702 million. Approximately 93 percent of donors were non-alumni. Of the $625 million received in Fiscal Year 2023, approximately $402 million was private gifts and approximately $223 million was private grants. The University's last campaign, Be Boundless, ended on June 30, 2020 with total commitments of $6.3 billion. The University is currently preparing for its next campaign.

Effective July 1, 2021, the Council for Advancement and Support of Education ("CASE") changed its philanthropic counting guidelines. CASE sets the national reporting standards for gift counting and other important philanthropy metrics, and the University adheres to the CASE guidelines. The CASE counting changes decrease the amount of funding that the University counts as overall philanthropic support, as the policy impacts the reporting of private grants that "pass-through" another agency, e.g., federal grants awarded to another institution in which funds are provided to the University as a participant/partner in the grant. While these policy changes impact the way the University reports, they do not reflect a change in actual private grant support flowing to the University.

Capital Planning

In early 2020, the Board of Regents approved the University's long-term strategic approach to capital planning and budgeting, with four primary strategies: seek to make capital investments in existing buildings approximately equal to the facilities' deterioration rate; increase UW Medicine's access to debt; seek to reduce the total square footage growth rate to approximately 0.5% per year (assuming relatively flat growth in the University's student body population) in order to lower the annual square footage growth rate the University has experienced over the prior decade; and leverage partnerships when appropriate. The Long-Term Capital Plan strategy spans 15 years and helps inform the University's capital allocations implemented through the University's annual Five-Year Capital Budget.

The current Fiscal Year 2024 Five-Year Capital Budget is a comprehensive look at the capital program for the University and represents a total project investment of $4.2 billion with an annual cash flow of approximately $530 million (totaling $2.6 billion) over the next five fiscal years. More than $420 million of this total requires annual debt service payments, and just over $800 million of this total is expected to come from external partnerships, requiring the University to commit to leasing of space, as the University leverages land values, existing cash flows and partnerships with other agencies and private developers.

The anticipated investments identified in the Five-Year Capital Budget include costs for ongoing active capital projects as well as costs for future proposed projects that will be submitted to the Board for approval once they are fully formed. Individual projects are prioritized based on a multi-criteria scoring system developed by the Capital Planning Advisory team and a separate but similar prioritization system for clinical projects.

The proposed Fiscal Year 2025 Five-Year Capital Budget will be presented to the Board of Regents in May 2024 for approval in June 2024.

INVESTMENTS

Governance

The Board of Regents is vested by statute with the responsibility of managing the University's assets, including its investments. Depending on whether investments are restricted or unrestricted, investments may be available for payment of General Revenue obligations. Unrestricted fund balances, to the extent that they were accumulated from money that was received as General Revenues, are included in and available to pay obligations secured by General Revenues.

The Board of Regents establishes investment policy and has delegated authority to carry out the day-to-day activities of the investment portfolios to the University of Washington Investment Management Company ("UWINCO"), an internal investment management company, which is led by the Chief Investment Officer of the University. Investment performance is reviewed quarterly by the University of Washington Investment Management Company Board, which is the advisory board to the Board of Regents and UWINCO. Balances and returns on these funds have varied, sometimes significantly, from period to period. *See* Note 7 in APPENDIX B—"AUDITED FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTAL INFORMATION OF THE UNIVERSITY (FISCAL YEAR ENDED JUNE 30, 2023)."

Invested Funds and Consolidated Endowment Fund

The University invests both operating funds ("Invested Funds" or "IF") and endowment funds (the "Consolidated Endowment Fund" or "CEF"). The IF reflects the total value of the University's operating fund investments. The CEF is the investment pool consisting of the University's endowments (a permanent fund established through private gifts to support the program(s) specified by the donor). As of June 30, 2023, the CEF was valued at $4.940 billion and the IF at $2.915 billion, for total investment-related assets of $7.9 billion. This adjusted IF balance excludes $1.082 billion in CEF units owned in the IF Long-term Pool and $128 million in the Capital Assets Pool ("CAP"), discussed below.

IF Pools

The IF currently consists of four pools: Short-term Pool, Intermediate-term Pool, Long-term Pool and CAP. The Short- and Intermediate-term Pools are invested primarily in high quality, fixed-income securities to meet the day-to-day obligations of the University. The Long-term Pool holds both CEF units and other assets that are intended to enhance the overall portfolio return. In May 2014, the Board of Regents approved the CAP, which allows funds to be used to make internal loans to pay for approved University capital projects. The size of the CAP is targeted at 10 percent of the IF, and the maximum size is limited by policy to 15 percent of the IF.

As of June 30, 2021, University policy stipulates that the IF may be invested in these pools subject to the minimum and maximum percentages in the table below. The table also presents the percentages that were invested in these pools for the periods ended June 30, 2022 and June 30, 2023.

Table 20: Invested Funds

	Policy Percent	Percent as of June 30, 2022	Percent as of June 30, 2023
Short-term Pool	10-50%	52%	53%
Intermediate-term Pool	15-60%	13%	14%
Long-term Pool	15-45%	31%	30%
Capital Assets Pool	0-15%	3%	3%

Source: University of Washington Investment Management Company.

As reflected in Table 20, the IF Short-term Pool allocation has exceeded the maximum percentage set by University Policy for the past two fiscal years primarily due to short-duration positioning during the low interest rate environment. UWINCO's Chief Investment Officer meets on a quarterly basis with the Chair and Vice Chair of the Finance and Asset Management Committee ("FAM"), a sub-committee of the Board of Regents, to review policy compliance and plans to bring the Short-term Pool into policy range. UWINCO has incrementally shifted assets to the Intermediate- and Long-term Pools and lengthened portfolio duration over the past 12 months as interest rates rose.

CEF Distributions

The Board of Regents-approved spending policy for the CEF consists of distributions to endowed programs and an additional administrative fee to support fundraising and stewardship activities and investment management. Both program distributions and the administrative fee are based on a percentage of the CEF's 20-quarter rolling average market value. In February 2019, the Board of Regents approved a total spending reduction from 5.0 percent to 4.5 percent. The spending reduction was fully phased in by Fiscal Year 2022.

All endowments utilize the same rate. As fully implemented in Fiscal Year 2022, the 4.5 percent spending rate consists of a 3.6 percent endowed program distribution rate and a 0.9 percent administrative fee distribution rate. The revised distribution rate is intended to put the endowment funds on a more sustainable trajectory balancing the needs of both current and future generations of endowment recipients.

Investment Income

Investment income was $438 million in Fiscal Year 2023, up from a $469 million loss in Fiscal Year 2022. The primary contributors of the University's investment income are returns on the CEF and IF. IF year-end total market values and annualized one-year returns for the last five Fiscal Years are shown below. The Fiscal Year 2023 IF year-end total market value increased by 12% compared to Fiscal Year 2022 due to the fiscal year addition of UW's Supplemental Retirement Fund ("UWSRP") that totaled $345.9 million as of June 30, 2023. Excluding the UWSRP addition, IF declined slightly, primarily due to funds transferred to the IF Long-term Pool during Fiscal Year 2023. *See* APPENDIX B—"AUDITED FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTAL INFORMATION OF THE UNIVERSITY (FISCAL YEAR ENDED JUNE 30, 2023)," which includes notes to the financial statements detailing the investment of the IF.

Table 21: Operating Invested Funds (IF)
Market Values[(1)]
(Fiscal Years, dollars in millions)

	2019	2020	2021	2022	2023
Total Market Value	$1,634	$2,091	$2,600	$2,603	$2,915
Annualized One-Year Return	3.8%	3.7%	0.6%	(2.7%)	2.5%

(1) Represents the Short- and Intermediate-term Pools, Invested Funds (excludes the Long-term Pool and the CEF units, CAP and balances held at the University's primary demand deposit account). Also excludes UWSRP from December 31, 2018 through July 1, 2022. UWSRP market value was $345.9 million as of June 30, 2023.
Source: University of Washington Investment Management Company.

CEF year-end total market values and annualized one-year returns for the last five Fiscal Years are shown below. The Fiscal Year 2023 CEF year-end total market value increased by 5.6% compared to Fiscal Year 2022. *See* APPENDIX B—"AUDITED FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTAL INFORMATION OF THE UNIVERSITY (FISCAL YEAR ENDED JUNE 30, 2023)," which includes notes to the financial statements detailing the investment of the CEF.

Table 22: Consolidated Endowment Fund (CEF)
Market Values & Returns[(1)]
(Fiscal Years, dollars in millions)

	2019	2020	2021	2022	2023
Total Market Value	$3,588	$3,560	$4,712	$4,678	$4,940
Annualized One-Year Return	5.8%	1.1%	35.1%	(5.5%)	6.0%

(1) Includes the Invested Funds Long-term Pool invested in CEF units.
Source: University of Washington Investment Management Company.

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Table 23 shows daily and other liquid assets in the IF and the University demand deposit account. Liquidity can vary up to approximately $175 million per quarter due to the timing of tuition, gifts, capital expenditures, and other University activities.

Table 23: University Liquidity
(Unaudited, dollars in thousands, as of September 30, 2023)

Daily Liquidity[1]	**Amount**
Checking & Deposit Accounts	$80,300
Money Market Funds	67,048
U.S. Treasuries & Agencies	1,755,257
Total Daily Liquidity	**$1,902,605**
Other Liquid Assets[2]	$1,022,056
Total Daily Liquidity and Other Liquid Assets	**$2,924,661**
External Liquidity[3]	**$100,000**

(1) Investments that can be liquidated on a same-day basis, if the sale is executed prior to 10:00 a.m., Pacific Time.

(2) Other Liquid Assets includes, but is not limited to, other types of fixed income that can be liquidated within one week up to approximately 90 days, depending on market conditions. This balance ties the remaining balance to the Invested Funds, excluding the longer-term liquidity holdings of the Long-term Pool and Capital Assets Pool. Other Liquid Assets includes $347 million in Supplemental Retirement Plan funds.

(3) The University has a Revolving Line of Credit to provide additional liquidity as described under "UNIVERSITY DEBT AND ESTIMATED DEBT SERVICE—General Revenue Obligations—Lines of Credit" and "SECURITY FOR THE BONDS—Future Debt."

Source: University of Washington Investment Management Company and Treasury Office.

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LABOR, RISK MANAGEMENT AND RETIREMENT INFORMATION

Labor Relations

The University employs approximately 52,000 full-time and part-time employees, of whom approximately 26,000 are unionized. The University has negotiated collective bargaining agreements ("CBAs") with the following unions.

Table 24: Collective Bargaining Agreements

Bargaining Unit	Number of Employees[1]	Contract Expiration Date
Pursuant to chapter 41.80 RCW		
Inlandboatmen's Union of Pacific (mariners)	55	June 2025
Service Employees International Union ("SEIU") Local 925 (clerical and healthcare employees)	7,457	June 2025
SEIU Local 1199 NW (registered nurse, healthcare specialist, imaging tech, social worker, anesthesia and respiratory tech employees primarily at Harborview and at Airlift Northwest)	2,700	June 2025
SEIU Local 1199 Research/Hall Health (registered nurses at Research/Hall Health)	35	June 2025
SEIU 1199 NW (Northwest medical technicians and assistants and service and maintenance employees)	1,700	June 2025
Teamsters Local Union No. 117 (police officers)	15	June 2025[2]
Washington Federation of State Employees ("WFSE") (service, library, public safety, skilled trade and healthcare employees)	3,700	June 2025[2]
WFSE Police Management (sergeants and lieutenants)	6	June 2025[2]
Washington State Nurses Association ("WSNA") (registered nurses at the UW Medical Center)	2,750	June 2025
Pursuant to chapter 41.56 RCW		
American Federation of Teachers ("AFT") Local 6486 (English language extension lecturers within UW Continuum College)	10	January 2026
Resident and Fellow Physician Union ("RFPU") – Northwest (formerly UW Housestaff Association)	1,500	June 2025
Screen Actors Guild – American Federation of Television and Radio Artists (KUOW radio station)	47	January 2026
SEIU 925 IHME (research and administrative staff at IHME)	308	December 2026
SEIU 925 Libraries (librarians and professional libraries and press employees)	175	January 2026
Teamsters Local Union No. 117 (graphics)	5	June 2025
United Auto Workers ("UAW") Local 4121– Academic Student Employees ("ASEs") (academic student employees)	5,346	April 2024[2]
UAW Local 4121 – Postdoctoral Employees (postdoctoral employees)	838	January 2025
UAW Local 4121 – Research Scientist/Engineers (research scientist/engineers)	1,463	June 2026

(1) Estimates.
(2) During 2024, the University will be bargaining successor agreements for the following CBAs: UAW Local 4121–ASEs, UAW Local 4121-Postdocs, SEIU 925, Teamsters Police Officers, WFSE, and WFSE Police Management.

Source: University of Washington

In 2019, the State adopted rules to raise the salary threshold for the employee overtime exemption. These thresholds increase each January 1 until January 1, 2028, when the State threshold reaches 2.5 times the State minimum wage.

From that point on, the State threshold will increase annually each January 1, based on inflation, by the same percentage that the State minimum wage does.

Effective January 1, 2024, the minimum actual gross salary a position can be paid and still remain overtime exempt will increase from $1,259.20 per week to $1,302.40 per week ($67,728 per year or $5,644 per month). This exemption threshold applies regardless of whether a position is part-time or full-time. Positions that do not meet the new, higher weekly salary threshold must be changed to overtime eligible or the salary must be increased to maintain the exemption. Increased costs occur when previously overtime exempt employees who regularly exceeded 40 hours per workweek work more than 40 hours per workweek. Departments can reduce costs by curbing overtime hours worked, however this may result in a loss of productivity.

Risk Management

The University's Compliance and Risk Services ("CRS") unit, in consultation with a network of partners across the enterprise (the University's three campuses, UW Medicine, and others), manages CRS programs including:

- Claim Services: responds to claims and litigation that allege harm due to the negligence of University personnel.

- Compliance Services: manages compliance-related risks relevant to laws, regulations, and University policies (e.g., Title IX, the Americans with Disabilities Act, the Washington State Law against Discrimination, UW Policy 10.13: Requirements for University and Third Party Led Youth Programs, etc.).

- Enterprise Risk Management Program: revamped, and relaunched in February 2021, produces an institutional Risk Register to document top risks across six dimensions (safety, compliance, finance, operations, strategy, reputation). The program supports development of projects aimed at risk mitigation and reduction, and assists in setting the University's risk management priorities.

- Risk Financing and Consulting: the University is exposed to risk of loss related to tort liability, injuries to employees and loss of property. The program purchases insurance protection for workers' compensation as well as marine, foreign liability and certain other casualty risks. The program also purchases insurance protection for loss of property at self-sustaining units and bond-financed buildings and where otherwise required by contract; otherwise, the risk of property loss is retained, unfunded. For medical professional, general, educators' legal liability and automobile liability, the University maintains a program of self-insurance reserves and excess insurance coverage through Portage Bay Insurance, a non-profit, single parent captive insurance company. The self-insurance reserves represent the estimated ultimate cost of settling claims resulting from events that have occurred on or before the statements of net position date. The reserves include the undiscounted amounts that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not yet been reported.

The self-insurance reserves are estimated through an actuarial calculation (using individual case-basis valuations and statistical analyses) and included in long-term liabilities. Considerable variability is inherent in such estimates. *See* APPENDIX B—"AUDITED FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTAL INFORMATION OF THE UNIVERSITY (FISCAL YEAR ENDED JUNE 30, 2023)." Changes in the self-insurance reserves for Fiscal Years 2019 through 2023 are shown in Table 25.

Table 25: University Self-Insurance Reserves
(Fiscal Years, dollars in thousands)

	2019	2020	2021	2022	2023
Reserve at Beginning of Fiscal Year	$112,210	$100,163	$125,081	$180,514	$241,999
Incurred Claims and Changes in Estimates	22,178	41,339	71,805	112,713	82,066
Claim Payments	(34,225)	(16,421)	(16,372)	(51,228)	(93,961)
Reserve at End of Fiscal Year	$100,163	$125,081	$180,514	$241,999	$230,104

Source: The University.

Pension Plans

The University offers four contributory pension plans: the Washington State Public Employees Retirement System ("PERS") plan, the Washington State Teachers' Retirement System ("TRS") plan, the Washington State Law Enforcement Officers' and Fire Fighters' Retirement System ("LEOFF") plan and the University of Washington Retirement Plan ("UWRP"). PERS, TRS, and LEOFF are cost-sharing multiple-employer defined benefit pension plans administered by the Washington State Department of Retirement Systems ("DRS"). The UWRP, a single-employer defined-contribution plan, is administered by the University. The University's noncontributory pension plan, the University of Washington Supplemental Retirement Plan, is a single-employer defined-benefit plan, but is closed to employees who were not active participants on February 28, 2011. Note 12in APPENDIX B—"AUDITED FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTAL INFORMATION OF THE UNIVERSITY (FISCAL YEAR ENDED JUNE 30, 2023), includes plan descriptions and additional information.

Significant reporting and actuarial assumptions related to the DRS plans in which the University participates are as follows:

- *Fiduciary Net Position* – The pension plans' fiduciary net positions have been determined on the same basis as they are reported by the pension plans. The retirement plans are accounted for in pension trust funds using the flow of economic resources measurement focus and the accrual basis of accounting. Member contributions are recognized as revenues in the period in which the contributions are earned. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due, and payable in accordance with the terms of each plan.

  DRS publishes an annual report for retirement plans, which is available at:

  http://www.drs.wa.gov/news/ (which is not incorporated into this Official Statement by this reference).

- *Actuarial Assumptions* – The total pension liability for each DRS plan was determined by an actuarial valuation, conducted by the Washington State Office of the State Actuary (the "OSA") as of June 30, 2021, with the results rolled forward to June 30, 2022 (the measurement date for the University's Fiscal Year 2023 total pension liability). The following actuarial assumptions have been applied to all prior periods included in the measurement:

  - 2.75 percent total economic inflation, 3.25 percent salary inflation
  - Salary increase – expected to grow due to promotions and longevity in addition to salary inflation assumption
  - 7.00 percent investment rate of return
  - Mortality rates as of June 30, 2010 were based on the Society of Actuaries' Pub.H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. The OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table.

Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

- *Discount Rate* – The discount rate used to measure the total pension liabilities was 7.00 percent.

Employer Contribution Rates. The University's proportionate share of the net pension liability/asset of each DRS plan in which the University participates is shown in Table 26.

Table 26: University's Proportionate Share
(as of June 30)

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2
2023 Share	8.87%	11.47%	0.37%	0.36%	0.15%
2022 Share	8.80%	11.18%	0.35%	0.34%	0.18%

Source: The University.

The University's proportionate share of pension expense is shown in Table 27.

Table 27: University's Proportionate Share of Pension Expense
(as of June 30, dollars in thousands)

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
2023 Amount	$115,449	$(138,626)	$4,239	$(68)	$680	$(18,326)
2022 Amount	$2,082	$(250,731)	$903	$(1,000)	$(1,484)	$(250,230)

Source: The University.

Table 28: Contribution Rates and Funded Status By Plan
(as of June 30, dollars in thousands)

2023	**PERS 1**	**PERS 2/3**	**TRS 1**	**TRS 2/3**	**LEOFF 2**
Required University Contributions	$392	$162,654	$30	$5,210	$262
Covered Employee Payroll	1,573,579	1,569,796	35,776	35,569	3,004
University Contributions as a Percent of Payroll (Contribution Rates)	0.02%	10.4%	0.1%	14.7%	8.7%
Plan Fiduciary Net Position Percent of Total Pension Liability/Asset (funded status)	76.6%	106.7%	78.2%	100.9%	116.1%

2022	**PERS 1**	**PERS 2/3**	**TRS 1**	**TRS 2/3**	**LEOFF 2**
Required University Contributions	$443	$148,636	$42	$4,202	$328
Covered Employee Payroll	1,437,993	1,433,725	28,990	28,704	3,760
University Contributions as a Percent of Payroll (Contribution Rates)	0.03%	10.4%	0.2%	14.6%	8.7%
Plan Fiduciary Net Position Percent of Total Pension Liability/Asset (funded status)	88.7%	120.3%	91.4%	113.7%	142.0%

Source: The University.

University Aggregated Balances. The University's aggregated balances of net pension liabilities and net pension assets as of June 30, 2023 and 2022 are presented in Table 29.

Table 29: University's Share of Net Pension (Liabilities)/Assets[1]
(as of June 30, dollars in thousands)

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	Total
2023						
Net Pension Liability	($246,895)	-	($6,956)	-	-	($253,851)
Net Position Asset	-	$425,399	-	$712	$4,211	$430,322
2022						
Net Pension Liability	($107,461)	-	($2,337)	-	-	($109,798)
Net Position Asset	-	$1,114,120	-	$9,301	$10,480	$1,133,901

(1) Positive amounts reflect overfunding.
Source: The University

Retirement Plan (403(b)) and Supplemental Retirement Plan (401(a)). Faculty, librarians and professional staff are eligible to participate in the UWRP, a 403(b) defined-contribution plan, and the UW Supplemental Retirement Plan (UWSRP), a 401(a) defined-benefit retirement plan that is closed to new participants and operates in tandem with the 403(b) plan. Both plans are administered by the University. Note 16 in APPENDIX B—"AUDITED FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTAL INFORMATION OF THE UNIVERSITY (FISCAL YEAR ENDED JUNE 30, 2023), includes plan descriptions and additional information.

- *UWRP Funding Policy.* Employee contribution rates are 5 percent, 7.5 percent or 10 percent of salary, based on age. The University matches the contributions of employees. Within parameters established by the Legislature, contribution requirements may be established or amended by the Board of Regents. Employer contributions for the years ended June 30, 2023 and 2022 were $155.7 million and $145.2 million, respectively.

- *UW Supplemental Retirement Plan Funding*. The University received an actuarial valuation of the supplemental payment component of the UWRP with a valuation date of January 1, 2023. Update procedures performed by the OSA were used to roll forward the total pension liability to the measurement date of June 30, 2023.

  The University has set aside assets of $342.0 million as of June 30, 2023 for this liability. These funds do not meet the GASB technical definition of "Plan Assets" because they have not been segregated and restricted in a trust or equivalent arrangement. The net pension liability, therefore, does not reflect a credit for these amounts.

Effective July 1, 2020, a new State law created a trust arrangement for assets dedicated to paying UWSRP benefits to plan members. Contributions previously paid to and accumulated by DRS beginning January 1, 2012 were transferred into the trust when this law became effective. As a result, the University is now applying accounting guidance for single employer plans that have trusted assets and reports the pension liability net of plan assets as of June 30, 2021.

Table 30: Changes in UWSRP Pension Liability
(Fiscal Year, dollars in thousands)

	2023		
	Total Pension Liability ("TPL")	**Plan Fiduciary Net Position**	**Net Pension Liability ("NPL")**
Beginning Total Pension Liability	$316,127	$96,989	$219,138
Service Cost	5,068	-	5,068
Interest	22,106	-	22,106
Differences Between Expected and Actual Experience	(31,360)	-	(31,360)
Changes in Assumptions	(26,643)	-	(26,643)
Employer Contributions	-	8,358	(8,358)
Investment Income	-	7,189	(7,189)
Benefits Payments	(10,989)	-	(10,989)
Ending Pension Liability	**$274,309**	**$112,536**	**$161,773**
UWSRP Covered Employee Payroll			2,199,526
Net Pension Liability as a Percentage of Covered Employee Payroll			7.35%

Source: The University.

Table 31: Significant Assumptions Used to Measure the Total Pension Liability
(dollars in thousands)

Inflation:	2.75%
Salary changes:	4.00%
Source of mortality assumptions:	PUB. H-2010 Tables, with the MP-2017 Mortality Improvement Scale
Date of experience study:	August 2021
Discount rate:	7.00%
Source of discount rate:	2021 Report on Financial Condition and Economic Experience Study
NPL measurement at discount rate:	$161,773
NPL discount rate increased 1 percent:	$135,272
NPL discount rate decreased 1 percent:	$192,736

Source: The University.

Changes that impacted the TPL and NPL include changing the valuation date from June 30, 2022 to January 1, 2023 for the June 30, 2023 measurement. The new data file decreased the TPL. Some of the larger experience items that impacted the TPL were salaries generally lower than assumed and SRP benefits for new retirees were lower than estimated. In addition, OSA's model estimates the SRP benefit of future retirees by relying on assumptions for the benefit calculation performed by Teachers Insurance and Annuity Association of America ("TIAA"). Based on information provided by TIAA and OSA's professional judgment, some of the long-term assumptions were updated which decreased the TPL. The source for the discount rate changed from the bond rate required of plans with no assets, to the investment return for plans with assets, due to the change in the plan on July 1, 2020, which led to a change in the appropriate accounting guidance.

Other Post-Employment Benefits ("OPEB")

OPEB are benefits provided to retired employees (and their spouses) beyond those provided by their pension plans. These programs for employees of the State are administered by the Washington State Health Care Authority ("HCA"). Note 13 in APPENDIX B—"AUDITED FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTAL

INFORMATION OF THE UNIVERSITY (FISCAL YEAR ENDED JUNE 30, 2023), includes plan descriptions and additional information.

Table 32: Significant Assumptions Used to Measure the Total State OPEB Liability
(dollars in thousands)

Inflation:	2.35%
Healthcare Cost Trend Rate:	Trend rate assumptions vary slightly by medical plan. Initial rates change from 2.00% to 11.00%, reaching an ultimate rate of 3.8% in 2080
Salary Increase:	3.25%, plus service-based salary increases
Source of Mortality Assumptions:	Society of Actuaries PUB.H-2010 Mortality Rates, With application of the long term MP-2017 generational improvement scale and updated based on results of the 2013-2018 demographic experience study report and the 2019 report on financial condition and economic experience study
Date of Experience Study:	2013–2018 experience study report
Discount Rate:	3.54%
Source of Discount Rate:	Bond Buyer general obligation 20-bond municipal bond index as of 6/30/22 (measurement date)
Post-Retirement Participation Percentage:	60.00%
Fiscal Year 2023 Total OPEB Liability Measurement at Discount Rate:	$1,246,057

Source: The University.

The total OPEB liability ("TOL") for the State as of June 30, 2023 was determined by an actuarial valuation using data as of June 30, 2022. The University's proportionate share percentage was 29.3 percent and 28.8 percent as of June 30, 2023 and 2022, respectively.

The OPEB plan is funded on a pay-as-you-go basis. Accordingly, contributions from employers to the HCA occur only when benefits become due (after retirement). No qualified trust fund has been established dedicated to these benefits and there are no associated assets. As a result, the University reports a proportionate share of the State's TOL. The OPEB liability and expense are updated annually by the OSA and reflected in the University's financial statements.

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Table 33: Changes in Total State OPEB Liability
(Fiscal Year, dollars in thousands)

	2023
Beginning Total OPEB Liability	$1,861,478
Service Cost	91,921
Interest	42,650
Differences Between Expected and Actual Experience	(42,238)
Changes in Assumptions	(713,147)
Benefits Payments	(31,335)
Changes in Proportionate Share	36,728
Other	-
Ending Total OPEB Liability	**$1,246,057**
OPEB Covered Employee Payroll	$3,231,736
Total OPEB Liability as a Percentage of Covered Employee Payroll	38.56%

Source: The University.

Material assumption changes during the measurement period relate to an increase in the Bond Buyer General Obligation 20-Bond Municipal Bond Index, from 2.16% for the June 30, 2021 measurement date, to 3.54% for the June 30, 2022 measurement date. This change resulted in a decrease in the TOL. According to a report of the OSA, the University's proportionate share of OPEB expense was $18.3 million.

CERTAIN INVESTMENT CONSIDERATIONS

The purchase of the Bonds involves investment risk. Prospective purchasers of the Bonds should carefully consider all of the information set forth in this Official Statement, including its appendices, evaluate the investment considerations and merits of an investment in the Bonds and confer with their own tax and financial advisors when considering a purchase of the Bonds.

The Bonds are payable from General Revenues, which include auxiliary systems and patient services, student tuition and certain fees, grant and contract indirect costs, sales and services of educational departments of the University, other operating revenue, and IF distribution and net IF unrealized gains and losses. The University's ability to derive General Revenues from these sources sufficient to pay debt service on the Bonds depends on many factors, some of which are not subject to the control of the University. The following section discusses some of the factors affecting General Revenues; it cannot, however, describe all of the factors that could affect General Revenues.

Uncertainties in the Higher Education Sector

The U.S. higher education sector has faced uncertainties in an environment of low revenue growth from tuition (generally the main university and college revenue stream for most institutions), fluctuations in enrollment, high student debt burdens, reduced state appropriations, federal funding constraints, a changing student athletics landscape, and competition for sponsored research. For the largest universities, growth in patient care revenue, investment income, and grants and contracts are important factors in terms of revenue outlook. The higher education sector has experienced increased operating expenses (outpacing constrained revenue growth) as well as significant pension and retirement benefit expenses and demand for capital investment in housing, dining, and student amenities, and the need to address deferred maintenance, including on aging facilities. The higher education sector will require spending on programmatic and capital investments including technology as the sector has experienced changing technology and delivery models, including a growth in online educational options, including in response to the pandemic. Technology and programmatic change bring risks associated with transitioning to new systems and platforms. Proposals to reduce or eliminate tuition and student debt levels may have implications for the higher education sector. The University also is transitioning to a new athletic conference and may experience additional revenue volatility in connection with the transition.

Patient Services Revenues; Uncertainties of the Healthcare Sector

The federal COVID-19 Public Health Emergency declaration under the Public Health Service Act expired on May 11, 2023. The broad economic factors resulting from COVID-19 pandemic continue to impact UW Medicine's patient volumes, case mix acuity, service mix, and revenue mix. Ongoing economic conditions, such as significant labor market wage and benefit pressure, supply chain and other inflationary pressures have also increased, and will continue to increase UW Medicine's expenses and pressure hospital liquidity. Because of these factors and other uncertainties coming out of the COVID-19 pandemic, management cannot estimate the severity of the aforementioned general economic and marketplace conditions on UW Medicine's business.

Federal and State Healthcare Laws and Regulations. Healthcare providers have been and continue to be affected significantly by changes to federal and state health care laws and regulations. Much of this statutory and regulatory activity has been focused on reducing the rate of increase in health care costs, including under the Medicare and Medicaid programs. Health care programs are subject to further statutory and regulatory change, administrative rulings, interpretations and determinations concerning patient eligibility requirements, funding levels and methods of calculating payments, and/or reimbursement rates. The University cannot determine the impact any major decision or modification might have on patient services revenues that contribute to General Revenues, though such impacts could be material. Changes may increase health insurance premiums, levels of indigent care and have other potential consequences that the University cannot predict. State law codified at RCW 70.170.060 prohibits hospitals from denying access to emergency care based on inability to pay or maintaining admissions policies that result in significant reductions in charity care.

Other related challenges include payer reimbursement pressure as federal and state governments and managed care plans push providers to transition from fee for service methods of payment to "value-based care." Increasingly, alternative payment models, such as value-based purchasing programs that condition reimbursement on patient outcome measures, are becoming more common and involve a higher percentage of reimbursement amounts. UW Medicine hospitals have agreements with federal and State agencies and commercial insurers that provide for payments at amounts less than the costs of providing the care. The payer mix is a key factor in the overall financial operating performance of the various UW Medicine components providing patient services. Consistent with the regional and national healthcare environment, UW Medicine continues to experience a challenging reimbursement environment with increases in reimbursement at less than inflation levels. UW Medicine participates in the 340B Drug Pricing Program, which is a federal program that requires drug manufacturers provide outpatient drugs to eligible healthcare organizations and covered entities at significantly reduced prices.

Additional Economic Factors and Trends. The healthcare industry (including within the Pacific Northwest market) has been in a period of consolidation and destabilization with a number of mergers, acquisitions, consolidations, bankruptcies and closures. Many hospitals and health systems continue to pursue clinical integration strategies or other joint ventures with physician groups to offer an integrated package of health care services to patients and health care insurers. These integration strategies take many forms, including accountable care organizations that include hospital and other health care providers that coordinate patient care and tie payment for that care to the achievement of quality metrics. New market entrants and the introduction of disruptive technologies such as telehealth have also had industrywide impacts. Self-insured employers continue to seek alternative contractual relationships with health systems and payers to improve the health of employees and their family members, increase satisfaction with provided care, and reduce overall cost.

Consistent with these emerging industry trends, the University has entered into a number of recent affiliations, strategic alliances, accountable care networks, and collaborative relationships, and expects to enter into future arrangements. The University has experienced and expects a continued period of transition as it works to align affiliated and third-party entities' services and performance with broader UW Medicine objectives. UW Medicine may continue to experience challenges in this effort. *See* "OTHER UNIVERSITY INFORMATION."

In addition to the foregoing, the healthcare industry is experiencing an increased demand for labor, with volatility and uncertainty in the labor market impacting the UW Medicine's ability to attract and retain labor and manage operating cost increases associated with higher labor costs. Also consistent with national and regional trends, UW Medicine has experienced slower growth of inpatient admission volumes over the past few years, and an increase in patient acuity and strong growth in the inpatient observation and outpatient clinic areas.

In order to continue to increase profitability in the face of the challenges described above, UW Medicine has implemented strategies intended to increase revenues through the growth and access of clinical services, reducing costs through a number of initiatives related to labor, productivity, supply pricing and utilization as well as by prioritizing investment in infrastructure. With a continued focus on patient volumes shifting from inpatient to outpatient settings due to technological advancements, and demand for care that is more convenient, affordable, and accessible as well as industry-wide migration to value-based payment models as governmental and commercial payers shift risk to providers, the UW Medicine's focus is on managing costs and care efficiently. UW Medicine will also prioritize the continued development of philanthropic revenue streams to support UW Medicine's work. Notwithstanding these efforts, the University cannot predict the full impact of the factors described above upon UW Medicine's ability to generate patient services revenues, or upon UW Medicine's operations or finances more broadly.

Tuition and Student Fee Revenues

Certain significant components of General Revenues, most significantly student tuition, are considered fees subject to Initiative 960, an initiative that requires legislative approval for any fee increase or new fees. *See* "—State Legislation and Rulemaking, Initiatives and Referenda—Initiative 960." In addition to tuition, the University charges its students a variety of other fees that may be subject to Initiative 960 but that are not included in General Revenues.

A portion of student tuition revenue is used to support student financial aid. In the future, federal, state, institutional and private funders may not appropriate or approve funding for grant, scholarship, loan and other financial aid programs at the same levels and under the same terms as they have in the past, which may affect the amount of financial aid available to students.

In addition, changes in U.S. immigration policies could affect enrollment among international students. State legislation may continue to affect the eligibility of students for resident tuition.

Uncertainties of State Legislation

Every year, the Legislature considers budget decisions and legislation that affect the University. These include appropriations to public higher education institutions and State financial aid programs; appropriations of student Building Fee Revenue or State bonds for the benefit of the University; and legislation regarding public employees, benefits, tuition, academic standards, public procurement and contracting and many other matters.

State revenue collections have improved significantly since the height of the COVID-19 pandemic, but uncertainty still exists. Any significant downturn in State revenue collections would likely affect appropriations to State agencies, especially those in discretionary groups, such as higher education. *See* "OTHER UNIVERSITY INFORMATION—State Appropriations and Tuition."

Uncertainties of Federal Funding Legislation

Research funding from federal sources continues to be a large part of the University's total research revenues. Medicaid and Medicare payments contribute to patient services revenues. For the years ended June 30, 2022 and 2023, Medicare revenue represented 39 percent and 38 percent, respectively; Medicaid revenue represented 16 percent for both years (in terms of gross patient service revenue). Medicare and Medicaid payments represented approximately 37.7 and 36.6 percent of total net patient services revenues in Fiscal Year 2022 and Fiscal Year 2023, respectively (for the Select Units). The University may be adversely impacted by federal legislative and executive or regulatory actions, including cuts to federal spending, changes to financial aid programs, and actions affecting international student enrollment. Federal funding, including federal research funding and healthcare reimbursement funding, is subject to federal legislative action, including through the federal budget process and sequestration. Budgetary acts, including sequestration, could continue to affect the availability of federal funds. State and local reductions in funding could also affect University revenues. A shift from federal to non-federal research funding could reduce the relative amount of funding for indirect costs. Federal funds may be adversely impacted by federal legislative and executive actions, including cuts to federal spending. Federal funding also is subject to grant conditions, federal regulations, and audit and review for compliance with these requirements.

Laws and Regulation

The University is subject to federal, State, and local laws and regulations, and grant requirements. Failure by the University to comply with, or violations of, statutory, regulatory or grant requirements could result in the loss of federal or State grant funds and other consequences. These statutory and regulatory requirements are subject to change and could become more stringent and costly for the University.

As further described under the heading "—Patient Services Revenues; Uncertainties of the Healthcare Sector," the healthcare industry is subject to numerous laws and regulations of federal, State, and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, governmental healthcare program participation requirements, reimbursement for patient services, privacy of health records and Medicare and Medicaid fraud and abuse. Government agencies are actively conducting investigations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs, the imposition of significant fines and penalties and significant repayments for patient services previously billed.

Public Health Emergencies

The impact of the COVID-19 pandemic on commerce, financial markets, the University, the State and the region was significant. Given trends in globalization, additional pandemics and other public health emergencies may occur with greater frequency and intensity in the future. National, state and local governments have taken, and could in the future take, various actions, including the passage of laws and regulations, on a wide array of topics, as part of a public health response. Many of these actions taken in response to COVID-19 caused substantial changes in the way health care was being provided. Such factors included, but were not limited to, the scope and duration of stay-at-home practices, government-imposed or recommended suspensions of non-urgent and elective procedures, changes in patient volumes, increases in the number of uninsured and underinsured patients as a result of higher sustained rates of unemployment, and incremental expenses required for supplies and personal protective equipment. The University cannot predict the duration and severity of any such pandemics or of any material adverse impacts on the University's revenues, expenses and financial condition resulting therefrom. These outcomes will depend upon such unknown factors as (i) the severity of the disease; (ii) the duration of the outbreak; (iii) actions taken by governmental authorities to contain or mitigate the outbreak; (iv) the development, efficacy and distribution of medical therapeutics and vaccinations; (v) travel restrictions; and (vi) the impact of the outbreak on the local or global economy, or on the higher education and health care sectors generally.

Accounting Standards

The University is subject to accounting standards promulgated by the Governmental Accounting Standards Board ("GASB"). These rules have changed and may continue to change, requiring the University at such time to value and state its accounts differently.

GASB Statement No. 96 (SBITAs) was effective for Fiscal Year 2023, and changed the accounting and financial reporting for Subscription-Based Information Technology Arrangements ("SBITA"). This statement applies to contracts that convey the right to use another party's information technology software as specified in the contract in an exchange or exchange-like transaction for a term exceeding 12 months. Governments should recognize a right-to-use ("ROU") subscription asset and a corresponding subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. As a result of the implementation, the University has applied the standard retroactively as of July 1, 2021, which resulted in the recognition of a ROU subscription asset of $56.4 million and a corresponding liability of $53.7 million with the beginning net position restated by $2.7 million. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows for Fiscal Year 2022 have been restated to conform with the requirements of this Statement and the current year presentation. *See* APPENDIX B—"AUDITED FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTAL INFORMATION OF THE UNIVERSITY (FISCAL YEAR ENDED JUNE 30, 2023)."

GASB Statement No. 87 (Leases) was effective for Fiscal Year 2022, and changed the accounting and financial reporting for leases by establishing a single model for lease accounting based on the foundational principle that leases represent a financing transaction associated with the right to use an underlying asset. This statement applies to contracts that convey the right to use a non-financial asset in an exchange or exchange-like transaction for a term exceeding 12 months. Lessees are now required to recognize a lease liability and an intangible right-of-use ("ROU") lease asset, and lessors are required to recognize a lease receivable and a deferred inflow of resources. As a result of the implementation, the University has applied the standard retroactively to the period ending June 30, 2021, which resulted in the addition of over $1 billion to the University's assets ($700 million ROU assets added to "capital assets, net," $334 million added to "lease receivables, net of current portion" and $43 million added to "accounts receivable" for the current portion of lease receivables). GASB 87 also added over $1 billion to the University's 2021 liabilities and deferred inflows ($720 million of lease liabilities added to "long-term liabilities, and $367 million added to "deferred inflows of resources").

Limitations on Remedies

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

In addition to the limitations on remedies contained in the Resolution, the rights and obligations under the Bonds and the Resolution may be limited by and are subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases. The opinion to be delivered by Pacifica Law Group LLP, as Bond Counsel, concurrently with the issuance the Bonds, will be subject to limitation by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX C—"FORM OF BOND COUNSEL OPINION FOR THE BONDS".

Under State law, "taxing districts" are authorized to voluntarily file a petition for bankruptcy under the federal bankruptcy code. The State is not authorized to file a petition for bankruptcy. Although the University is a political subdivision in some contexts, it is not considered a taxing district under State property, excise or other tax statutes and does not have taxing power. Accordingly, it is not clear that the University has authority under State law to voluntarily file a petition for bankruptcy. State law does not provide for involuntary bankruptcy petitions against the State or its political subdivisions.

The Board of Regents is authorized under State law to obligate all or a component of the fees and revenues of the University for the payment of bonds, notes or evidences of indebtedness, and the University has pledged General Revenues to the payment of principal of and interest on the Bonds. State law does not provide for an express statutory lien on or security interest in General Revenues or for the perfection of security interests in governmental transfers under the Uniform Commercial Code of the State. No mortgage or deed of trust has been granted to secure the payment of the Bonds.

Under the terms of the Resolution, payments of debt service on Bonds are required to be made only as they become due and the occurrence of a default does not grant a right to accelerate payment of the Bonds. In the event of multiple defaults in payment of principal of or interest on the Bonds, the Bond owners could be required to bring a separate action for each such payment not made. Remedies for defaults are limited to such actions which may be taken at law or in equity.

Seismic, Climate Change and Other Considerations

The University's Seattle, Bothell and Tacoma campuses are located above or near a number of geological faults capable of generating significant earthquakes. The Puget Sound region, including portions of the University campus, is characterized by geotechnical conditions that could result in areas of liquefaction and landslide in an earthquake. In anticipation of such potential disasters, the University designs and constructs its facilities to the seismic codes in effect at the time the projects are designed.

The University is exposed to two categories of climate related risks (1) risks related to the transition to a lower carbon economy, which will entail operational and financial changes, and (2) risks related to the physical impacts of climate change driven by extreme weather events, such as floods and forest fires. As a political subdivision of the State, the

University is subject to the State Agency Climate Leadership Act that requires state agencies to reduce their green house gas emissions ("GHG") to 95% below 2005 levels by 2050. In 2022, an inventory was conducted that indicated the University had 106,170 metric tons of Scope 1 and Scope 2 CO_2 emissions, primarily from the central power plant at the Seattle campus. The University's GHG reduction efforts are managed by the Environmental Stewardship Committee comprised of senior University leadership. The University also maintains an Enterprise Risk Management Program to monitor significant risks to University operations and implement action plans when appropriate.

Although the University has implemented risk management governance and disaster preparedness plans and has included GHG reduction projects within its five-year capital plan, there can be no assurance that these or any additional measures will be adequate in the event a natural or other disaster occurs, nor that costs of preparedness measures will be as currently anticipated. Rising sea levels and changing regional rainfall patterns, such as an increase in winter rainstorm frequency or intensity, are potential impacts of climate change for the University.

The University can give no assurance regarding the effect of an earthquake, a tsunami from seismic activity in the State or in other areas, a volcanic eruption, mudslide or other natural disaster, climate change, epidemics including without limitation the COVID-19 outbreak, or acts of terrorism, or that the University's self-funding or proceeds of insurance carried by the University, if any, would be sufficient, if available, to rebuild and reopen University facilities or that University facilities or surrounding facilities and infrastructure could or would be rebuilt and reopened in a timely manner following a major earthquake or other disaster. *See* "LABOR, RISK MANAGEMENT AND RETIREMENT INFORMATION—Risk Management" for a description of the University's insurance, including self-insurance.

Continuing Compliance with Tax Covenants; Changes of Law

The University's tax certificate will contain various covenants and agreements on the part of the University that are intended to establish and maintain the tax-exempt status of interest on the Bonds. A failure by the University to comply with such covenants and agreements, including any remediation obligations, could, directly or indirectly, adversely affect the tax-exempt status of interest on the Bonds. Any loss of tax exemption could cause all of the interest received by the Owners of the Bonds to be taxable. All or a portion of interest on the Bonds also could become subject to federal income tax as a result of changes of law. Current and future legislative proposals, if enacted into law, clarification of the Internal Revenue Code of 1986, as amended (the "Code") or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest.

State Legislation and Rulemaking, Initiatives and Referenda

Under the Washington State Constitution, the voters of the State have the ability to initiate legislation and to modify existing laws through the powers of initiative and referendum. An initiative measure is submitted to the voters (if an initiative to the people) or to the Legislature (if an initiative to the Legislature) if certified by the Secretary of State. An initiative or referendum approved by a majority of voters may not be amended or repealed by the Legislature within a period of two years following enactment, except by a vote of two-thirds of all the members elected to each chamber of the Legislature. After two years, the law is subject to amendment or repeal by the Legislature in the same manner as other laws.

Initiative 960. In November 2007, State voters approved Initiative 960, which amended an existing initiative (Initiative 601) to require legislative approval of all new State fees and/or State fee increases. As neither initiative defines "fee," the University has relied upon informal guidance from the State Attorney General and Office of Financial Management ("OFM") to interpret the law's scope. Applying the reasoning from this guidance, the University considers certain components of General Revenues—most significantly, student tuition—as fees subject to Initiative 960. Consequently, the University cannot increase student tuition without legislative approval.

Fees collected through proprietary transactions are also included in General Revenues, but, applying the OFM's reasoning, the University does not consider such fees subject to Initiative 960. In the event that Initiative 960 were determined to limit further the University's ability to increase fees that contribute to General Revenues, the University would, if necessary, seek the requisite legislative approval for fee increases, or would pursue alternative revenue sources, program cuts or reallocations.

Cybersecurity

The University, like many other large public and private entities, relies on a complex technology environment to conduct its operations and support the community it serves. The University has invested in cybersecurity protections in recent years and has expanded that investment with a $6.3 million increase in operational budget to address enhancements in Endpoint Detection/Response, expanding the use of multi-factor authentication, implementing an asset management program, data loss prevention program, expanding training and awareness capabilities, and updating University policies related to information security, which mandate employee participation in awareness training based on role and data access. There are multiple projects which align and support the University's Enterprise Risk Management initiatives with the strategic goal of entering the cybersecurity insurance market in Fiscal Year 2024. The institution is also currently developing guidelines and policies on the appropriate use of Artificial Intelligence ("AI") and its access and utilization of University data.

In furtherance of the University's cybersecurity programs and initiatives, the University recently implemented a strategic reorganization of several cybersecurity, risk, identity, and privacy functions and a realignment of the Office of the Chief Information Security Officer to become the Office of Information Security ("OIS"), in which Identify Access Management, Technical Business Continuity, and the Privacy Office operations now report to the Chief Information Security Officer. OIS is shifting to provide a portfolio of services to the campus, supported by updates to the Administrative Policy Statement 2.6, which require compliance with a set of security standards, based on the National Institute of Standards and Technology Cybersecurity Framework, and employee cybersecurity awareness training.

UW Medicine's security strategy and information security program are overseen by the UW Medicine Chief Information Security Officer and approved by the UW Medicine Security Program Executive Committee. UW Medicine also has implemented cybersecurity measures including border and data center firewalls; intrusion prevention systems; network segmentation throughout the hospital systems; continuous monitoring for and remediation of suspicious network traffic (in partnership with the University); sensitive data discovery and reduction within file shares; risk management to identify and classify data and assets, assess their security posture, and efficiently prioritize controls to address risk; threat management to proactively analyze and mitigating threats to operations; monitoring, analyzing, and mitigation of vulnerabilities across systems, applications, and datacenters; and security posture governance through committees, policies, and standards. UW Medicine also partners with UW Medicine Compliance to develop and deliver education and awareness programs to the UW Medicine workforce.

On November 19, 2023, Fred Hutch became aware of unauthorized activity in part of its clinical data system. Fred Hutch immediately notified federal law enforcement and engaged a leading forensic security firm to investigate and contain the incident. Fred Hutch currently estimates that approximately 1,000,000 individuals were impacted by the incident. Fred Hutch notified these individuals of the incident and provided information to help them protect against unauthorized use of their personal information. Fred Hutch continues to work with experts to assess and address the intrusion fully. As of December 22, 2023, there is no evidence that any University-based system was compromised as a result of the incident on Fred Hutch systems. Fred Hutch has notified the federal Department of Health and Human Services—Office of Civil Rights, the federal agency responsible for enforcing the federal HIPAA laws governing patient information.

Fred Hutch and the University have long partnered to provide cancer care services, perform research, and implement related operations. Given this relationship, Fred Hutch and the University have exchanged certain information under affiliation, clinical care, and research agreements and protocols. This information exchange serves many important purposes, including coordinating clinical care, performing clinical and scientific research, and facilitating operational collaboration. Fred Hutch serves as UW Medicine's cancer program, and its medical staff are required to be UW School of Medicine faculty.

Of the estimated 1,000,000 individuals impacted by the cybersecurity incident, approximately one-third were patients of Fred Hutch. The remaining two-thirds were patients who received clinical care in other clinically-integrated parts of UW Medicine. These individuals include patients who received oncology or oncology-related care at UW Medical Center, Harborview or UW Medicine Primary Care clinics, and also appears to include non-oncology patients who did not receive oncology-related clinical care. The University is continuing to attempt to identify the individuals impacted, and to reach out to patients to offer support.

Following this incident, several putative class action lawsuits were filed in state and federal court against Fred Hutch. The University and/or University entities have been named as co-defendants in certain of these lawsuits, which are in early stages of litigation, prior to discovery and dispositive motions.

Notwithstanding the above-described and other cybersecurity measures, a future cybersecurity breach could damage University systems and cause material disruption to operations and services. The cost to remedy such damage or protect against future attacks could be substantial. Security breaches could expose the University to litigation and other legal risks, which could cause the University to incur costs related to claims. The University currently self-insures for cybersecurity claims. *See* "LABOR, RISK MANAGEMENT AND RETIREMENT INFORMATION—Risk Management."

LEGAL INFORMATION

No Litigation Concerning the Bonds

There is no litigation pending or, to the actual knowledge of the University, threatened questioning the validity of the Bonds or the power and authority of the University to issue the Bonds or seeking to enjoin the issuance of the Bonds.

Other Litigation

The University is a party to lawsuits arising out of its normal course of business, but the University does not believe any of such litigation will have a material adverse impact upon the financial position of the University. Some of these claims are covered by insurance.

In addition to the foregoing, in *Alexander Barry v. University of Washington, et al.*, King County Superior Court No. 20-2-13924-6, the plaintiff filed a class action lawsuit alleging students did not receive "full value" for their tuition and fees while taking classes online during the Covid-19 pandemic. The lawsuit claims students were not only deprived of personal interaction with their professors but also deprived of activities and relationships that the University promotes as an integral part of the college experience. Hundreds of substantially similar lawsuits have been filed against many other institutions of higher education. The University successfully argued for dismissal of three of the lawsuit's counts, but still faces plaintiff's allegations of breach of contract, breach of implied contract, and unjust enrichment. Subsequently, the court certified the class. The complaint seeks a refund of tuition and fees, appropriate injunctive relief, attorneys' fees, and other relief as determined by the court. The trial is currently set for September 30, 2024. Beyond this, the University is unable to provide any meaningful assessment of the legal or financial risks associated with the case.

Marshall Horwitz, et al. v. University of Washington, King County Superior Court No. 22-2-15374-1 SEA. Three University employees who are participants in the University's retirement plans (the University Retirement Plan, or "UWRP," and the University Voluntary Investment Plan, or "UWVIP") filed a putative class action against the University regarding its administration of the plans on September 22, 2022. The complaint alleges the University failed to provide matching contributions in violation of the terms of the plan document and federal tax law, that its actions are a willful breach of contract, and requests class certification, injunctive relief, incidental and exemplary damages, lost investment opportunities, attorney fees and interest on the judgement. The plaintiffs' initial motion for class certification was denied, but with leave to refile a revised motion for class certification. The trial has been continued to March 25, 2024. Beyond this, the University is unable to provide any meaningful assessment of the legal or financial risk associated with this case at this time.

Approval of Counsel

Legal matters incident to the authorization, issuance and sale of each series of Bonds by the University are subject to the applicable approving legal opinions of Pacifica Law Group LLP, Seattle, Washington ("Bond Counsel"). The forms of opinions of Bond Counsel are attached hereto as Appendix D. Pacifica Law Group LLP is also serving as Disclosure Counsel to the University in connection with the issuance of the Bonds.

Certain legal matters will be passed on for the Underwriters by Orrick, Herrington & Sutcliffe LLP, Seattle, Washington, Counsel to the Underwriters. Any opinion of such firm will be addressed solely to the Underwriters, will be limited in scope, and cannot be relied upon by investors.

TAX MATTERS

General

In the opinion of Bond Counsel, under existing law and subject to certain qualifications described below, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. The proposed form of opinion of Bond Counsel with respect to the Bonds to be delivered on the date of issuance of the Bonds is set forth in Appendix D.

The University will designate a portion of the Bonds to be issued as qualified 501(c)(3) bonds. The Code contains a number of requirements that apply to the Bonds, and the University has made certain representations and has covenanted to comply with each such requirement. Bond Counsel's opinion assumes the accuracy of the representations made by the University and are subject to the condition that the University comply with the above-referenced covenants. If the University fails to comply with such covenants or if the University's representations are inaccurate or incomplete, interest on the Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Except as expressly stated herein, Bond Counsel expresses no opinion regarding any tax consequences related to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, respectively.

Original Issue Premium and Discount

If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes.

Under the Code, original issue discount is treated as interest excluded from federal gross income to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bonds on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bonds. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under the federal alternative minimum tax.

Under the Code, original issue premium is amortized on an annual basis over the term of the Bonds (said term being the shorter of the Bonds maturity date or their call date, as applicable). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bonds for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to federal income tax consequences of owning such Bonds.

Post Issuance Matters

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the University, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the University or the Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the University and its appointed counsel, including the Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the University legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, as applicable, and may cause the University or the Owners to incur significant expense.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

CONTINUING DISCLOSURE UNDERTAKING

Undertaking of the University. The University is covenanting for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data (the "Annual Disclosure Report") by not later than seven months following the end of the University's Fiscal Year (which currently would be January 31, 2025, for the report for Fiscal Year 2024), and to provide notices of the occurrence of certain enumerated events. The Annual Disclosure Report and notices of events are to be filed with the Municipal Securities Rulemaking Board. The nature of the information to be contained in the Annual Disclosure Report and in notices of events is set forth in APPENDIX F—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." Since the integration of UW Medical Northwest campus (formerly known as Northwest Hospital and referred to as "Northwest") into UW Medical Center, the University provides, and expects to continue to provide, total operating revenue, operating margin and net income for UW Medical Center as a whole rather than by campus. Other financial information may be provided by campus where available. These covenants are made by the University to assist the Underwriters of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Prior Continuing Disclosure Undertakings of the University. The University has previously entered into continuing disclosure undertakings under Rule 15c2-12 in connection with the issuance of other outstanding obligations (the "Prior Undertakings") and is not aware of any instances of noncompliance with the Prior Undertakings within the past five years.

OTHER BOND INFORMATION

Ratings

As noted on the cover page of this Official Statement, Moody's Investors Service and S&P Global Ratings have assigned their ratings of "Aaa" (negative) and "AA+," (stable) respectively, to the Bonds. An explanation of the significance of such ratings may be obtained from the rating agencies. The University has furnished certain information and materials with respect to the Bonds to each rating agency. Generally, rating agencies base their ratings on such information and materials, and on investigations, studies and assumptions made by the rating agencies. There is no assurance that the ratings assigned to the Bonds will continue for any given period of time or that the ratings will not be revised or withdrawn entirely by such rating agencies if, in the judgment of the rating agencies, circumstances so warrant. A downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

Municipal Advisor

The University has retained Piper Sandler & Co., as municipal advisor (the "Municipal Advisor") in connection with the preparation of the University's plan of financing and with respect to the authorization and issuance of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken, to make any independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. While under contract to the University, the Municipal Advisor may not participate in the underwriting of any University debt.

Potential Conflicts

Some or all of the fees of the Municipal Advisor, Bond Counsel, Disclosure Counsel and Underwriters' Counsel are contingent upon the sale of the Bonds. Pacifica Law Group LLP is serving as Bond Counsel and Disclosure Counsel to the University with respect to the Bonds. From time to time, Bond Counsel and Disclosure Counsel and Underwriters' Counsel serve as counsel to other parties involved with the Bonds with respect to transactions other than the issuance of the Bonds.

Underwriting

The 2024A Bonds are to be purchased from the University at an aggregate purchase price of $_____________ (the principal amount of the 2024A Bonds, plus [net] original issue premium/discount of $__________, less Underwriters' discount of $___________), subject to the terms of a bond purchase contract (the "Purchase Contract") between the University and BofA Securities, Inc., acting on behalf of itself and as representative of Morgan Stanley & Co. LLC and Academy Securities, Inc. (collectively, the "Underwriters"). The 2024B Bonds are to be purchased from the University at an aggregate purchase price of $_____________ (the principal amount of the 2024B Bonds, plus [net] original issue premium/discount of $__________, less Underwriters' discount of $___________), subject to the terms of the Purchase Contract. The Purchase Contract provides that the Underwriters will purchase all of the Bonds if any are purchased and that the obligation of the Underwriters to accept and pay for the Bonds is subject to certain terms and conditions set forth therein, including the approval by counsel of certain legal matters.

BofA Securities, Inc., as Dealer Manager, has entered into an exclusive Dealer Manager Agreement with the University under which BofA Securities, Inc. will be compensated in an amount equal to a percentage of the aggregate principal amount of Target Bonds tendered and accepted for exchange and a percentage of the aggregate principal amount of Target Bonds tendered and accepted for purchase.

The initial public offering prices or yields set forth on the inside front cover page and page ii may be changed from time to time by the Underwriters without prior notice. The Underwriters may offer and sell the Bonds to certain dealers, unit investment trusts or money market funds at prices lower than the public offering prices stated on the inside front cover page.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for University, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the University.

BofA Securities, Inc., an underwriter of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

Morgan Stanley & Co. LLC, an Underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

Independent Auditor

The selected financial statements of the University for the Fiscal Year ended June 30, 2023 and included as Appendix B to this Official Statement have been audited by KPMG LLP ("KPMG"), the University's independent auditor. KPMG has not been engaged to perform and has not performed, since the date of its report included therein, any procedures on the financial statements addressed in that report. KPMG also has not performed any procedures relating to this Official Statement.

Official Statement

All forecasts, estimates and other statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not intended to be construed as a contract or agreement between the University and the purchasers or holders of any of the Bonds.

At the time of the delivery of each series of the Bonds, one or more officials of the University will furnish a certificate stating that, to the best of their knowledge and belief at the time of the sale or delivery of such series of the Bonds, this Official Statement and information furnished by the University supplemental thereto did not and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

The University has authorized the execution and delivery of this Official Statement.

UNIVERSITY OF WASHINGTON

By:____________________________
Senior Vice President for Finance, Planning & Budgeting, and Chief Financial Officer

APPENDIX A

COPY OF THE RESOLUTION

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A-1

BOARD OF REGENTS

UNIVERSITY OF WASHINGTON

RESOLUTION

DATED September 14, 2023

Authorizing the issuance and sale of

UNIVERSITY OF WASHINGTON
GENERAL REVENUE OBLIGATIONS, 2023/2024

UNIVERSITY OF WASHINGTON

Table of Contents*

Page

* This Table of Contents and the cover page are not a part of this resolution; they are included for convenience of the reader only.

BOARD OF REGENTS

UNIVERSITY OF WASHINGTON

RESOLUTION

A RESOLUTION of the Board of Regents of the University of Washington providing for the authorization, sale, issuance and delivery of University of Washington General Revenue obligations in the aggregate principal amount not to exceed $312,000,000 for University purposes; providing in addition for the authorization, sale, issuance and delivery of University of Washington General Revenue refunding obligations for the purpose of refunding certain outstanding obligations; providing for the date, form, terms, maturities and redemption of the obligations; providing for the payment of and establishing the security for such obligations; providing for the redemption of the outstanding obligations to be refunded; delegating authority to an authorized representative of the University to make certain determinations and appointments with respect to the obligations of this issue from time to time; and authorizing the execution of documents in connection with the issuance and sale of such obligations and application of the proceeds thereof.

WHEREAS, the Legislature, pursuant to the Bond Act (as hereinafter defined) has authorized the Board of Regents to sell and issue revenue bonds for any University purpose; and

WHEREAS, the University has determined to issue one or more series of general revenue obligations in the aggregate principal amount not to exceed $312,000,000 (the "2023/2024 New Money Bonds") for the purpose of financing, or refinancing interim financing issued to pay, certain University expenditures as described herein; and

WHEREAS, it is in the University's best interests to proceed with the issuance of one or more series of general revenue bonds for University purposes, including financing or refinancing of facilities serving the University, and other University expenditures; and

WHEREAS, obligations described on Exhibit A attached hereto have previously been authorized to be issued by or on behalf of the University for University purposes, and also are subject to optional redemption or prepayment prior to their respective maturities (the "Refunding Candidates"); and

WHEREAS, the University also has reserved the right to acquire the Refunding Candidates by (a) purchase of Refunding Candidates offered to the University at any time and from time to time at such purchase price as the University deems appropriate; or (b) gift at any time and from time to time on terms as the University deems appropriate; and

WHEREAS, it is in the University's best interests to proceed with the issuance of one or more series of general revenue refunding obligations (the "2023/2024 Refunding Bonds") to redeem, defease or acquire, or effect an exchange for, some or all of the Refunding Candidates, to achieve debt service savings or to remarket bonds from time to time;

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

Section 1. Definitions.

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

Acquired Obligations means the Government Obligations acquired by the University under the terms of this resolution and an Escrow Agreement to effect the defeasance and refunding or acquisition of one or more of the Refunding Candidates.

Additional Bonds means one or more series or subseries of additional obligations of the University outstanding or to be issued payable from General Revenues, including without limitation bonds, commercial paper notes, lines of credit and lease revenue bonds payable from General Revenues.

Authorized Denominations means:

(a) with respect to 2023/2024 Bonds in the Fixed Mode or Term Mode, $5,000 and any integral multiple thereof within a series or subseries and maturity, and

(b) with respect to 2023/2024 Bonds in the Daily Mode, the Weekly Mode, the Index Floating Mode, or the Commercial Paper Mode, $100,000 and any integral multiple of $5,000 in excess thereof within a series or subseries and maturity or as otherwise set forth in the applicable Bond Terms Agreement.

Authorized Representative of the University means the President of the University or the designee(s) of the President or the designee's designee for the purposes of one or more duties of the Authorized Representative under this resolution.

Bank Bonds has the meaning set forth in the applicable Reimbursement Agreement or Loan Agreement.

Beneficial Owner means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2023/2024 Bonds (including persons holding 2023/2024 Bonds through nominees, depositories or other intermediary).

Board means the Board of Regents of the University, which exists and functions pursuant to chapter 28B.20 RCW, as amended from time to time.

Bond Act means, together, 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 tax-exempt capital markets as to the issuance and validity of municipal securities and as to the interest paid thereon being exempt from federal income taxation, which attorney or firm of attorneys has been approved by, selected by or retained by the University from time to time.

Bond Fund means the special fund designated as the General Revenue Bond Redemption Fund, 2023/2024.

Bond Purchase Contract means the Bond Purchase Contract(s) between the University and the underwriter(s) for Underwritten 2023/2024 Bonds or a certificate of award executed by the University pertaining to the initial sale and purchase of Underwritten 2023/2024 Bonds.

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

Bonds mean the University of Washington General Revenue Bonds, 2009 Taxable (Build America Bonds – Direct Payment), General Revenue Bonds, 2009B Taxable (Build America Bonds – Direct Payment), General Revenue Bonds, 2010B Taxable (Build America Bonds – Direct Payment), General Revenue Bonds, 2012C, General Revenue and Refunding Bonds, 2015A (Taxable), General Revenue Refunding Bonds, 2015B, General Revenue and Refunding Bonds, 2015C, General Revenue and Refunding Bonds, 2015D (Taxable), General Revenue and Refunding Bonds, 2016A, General Revenue Refunding Bonds, 2016B (Taxable), General Revenue Bonds, 2018, General Revenue Bonds, 2020A, General Revenue Bonds, 2020B (Taxable), General Revenue Refunding Bonds, 2020C (Delayed Delivery Bonds), General Revenue and Refunding Bonds, 2021A, General Revenue and Refunding Bonds, 2021B (Taxable), General Revenue Bonds, 2022A, General Revenue Refunding Bonds, 2022B (Taxable), and General Revenue Refunding Bonds, 2022C (Term Rate Bonds), the 2023/2024 Bonds, and any Additional Bonds.

Bond Terms Agreement means a Bond Purchase Contract, Dealer Agreement, Dealer Manager Agreement, Remarketing Agreement, Loan Agreement, Offer, Paying Agent Agreement and/or Trust Agreement, as applicable, for one or more series of 2023/2024 Bonds.

Building Fee Revenue Bond Act means RCW 28B.20.700–740, as amended from time to time.

Building Fee Revenue Bonds means Bonds payable out of the University of Washington Bond Retirement Fund from revenues derived from Building Fees payments, gifts, bequests or grants, and such additional funds as the Legislature may provide, as set forth in the Building Fee Revenue Bond Act.

Building Fees means building fees defined in RCW 28B.15.025, as amended from time to time, and imposed for the purposes set forth in RCW 28B.15.210, as amended from time to time.

Business Day means a day (a) on which banks in New York, New York are authorized to remain open or not required to remain closed; and (b) on which the New York Stock Exchange is not closed.

Call Date means the date(s) on which the Refunding Candidates may be called for redemption under the terms of the proceedings pursuant to which they were issued.

CAP means the Capital Assets Pool as defined in the Debt Policy**.**

Closing Date means each date on which a series of 2023/2024 Bonds are issued and delivered in return for payment of the full purchase price or other consideration therefor.

Code means the Internal Revenue Code of 1986 as in effect on the date of issuance of the 2023/2024 Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the 2023/2024 Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

Commercial Paper Mode means the Mode during which the 2023/2024 Bonds bear interest at a Commercial Paper Rate or Rates.

Commercial Paper Rate means the interest rate (per annum) on any 2023/2024 Bond in the Commercial Paper Mode determined pursuant to the applicable Bond Terms Agreement for such 2023/2024 Bonds.

Commission means the Securities and Exchange Commission.

Controller means the Controller of the University (or the successor to the functions of the Controller).

Continuing Disclosure Certificate means the certificate of the University, if required under the Rule, undertaking to provide ongoing disclosure to assist the underwriter(s) for 2023/2024 Bonds in complying with the Rule.

Credit Facility means a policy of municipal bond insurance, a letter of credit, line of credit, guarantee, other financial instrument or agreement, or any combination of the foregoing, which obligates a third party to make payment or provide funds for the payment of financial obligations, if any, of the University with respect to any 2023/2024 Bonds, including but not limited to payment of the scheduled principal of and interest on 2023/2024 Bonds. There may be more than one Credit Facility for a series or subseries of 2023/2024 Bonds.

Credit Facility Issuer means the issuer of any Credit Facility.

Current Mode means, with respect to any series or subseries of the 2023/2024 Bonds, the Mode then in effect.

Daily Mode means the Mode during which a series or subseries of the 2023/2024 Bonds bears interest at the Daily Rate.

Daily Rate means the per annum interest rate for a series or subseries of the 2023/2024 Bonds in the Daily Mode determined pursuant to the Bond Terms Agreement for such 2023/2024 Bonds.

Dealer means one or more dealers selected from time to time by the Authorized Representative of the University to serve as dealer for 2023/2024 Bonds pursuant to a Dealer Agreement or Dealer Manager Agreement.

Dealer Agreement means a Dealer Agreement relating to 2023/2024 Bonds in the Commercial Paper Mode between the University and any Dealer, or any similar agreement, as it may be amended or supplemented from time to time in accordance with its terms.

Dealer Manager Agreement means a Dealer Manager Agreement related to 2023/2024 Bonds in connection with an Offer to tender or exchange Refunding Candidates between the University and any Dealer, or any similar agreement, as it may be amended or supplemented from time to time in accordance with its terms.

Debt Policy means the University of Washington Debt Management Policy Statement of Objectives and Policies, approved by the Board, and as amended from time to time.

Derivative Payment Date means any date specified in a Payment Agreement on which a University Payment is due and payable under the Payment Agreement.

Direct Purchaser means any bank, other financial institution, governmental entity or other purchaser selected to purchase (or to accept delivery of) one or more Direct Purchase 2023/2024 Bonds, including to evidence the University's obligations under a Loan Agreement, pursuant to Section 23 of this resolution.

Direct Purchase 2023/2024 Bonds means any 2023/2024 Bonds or 2023/2024 Bond sold to a Direct Purchaser pursuant to Section 23 of this resolution.

DTC means The Depository Trust Company, New York, New York as depository for the 2023/2024 Bonds, or any successor or substitute depository for the 2023/2024 Bonds.

Escrow Agent means any escrow agent selected by the Authorized Representative of the University in accordance with this resolution.

Escrow Agreement means one or more Escrow Deposit Agreements to be dated as of the applicable Closing Date.

Fair Market Value means the price at which a willing buyer would purchase an investment from a willing seller in a bona fide, arm's-length transaction, except for specified investments as described in Treasury Regulation §1.148-5(d)(6), including United States Treasury obligations, certificates of deposit, guaranteed investment contracts, and investments for yield restricted defeasance escrows. Fair Market Value is generally determined on the date on which a contract to purchase or sell an investment becomes binding, and, to the extent required by the applicable regulations under the Code, the term "investment" will include a hedge.

Federal Tax Certificate means the certificate of that name executed by the Authorized Representative of the University at the time of issuance and delivery of 2023/2024 Tax-Exempt Bonds.

Fiscal Agent means, for Underwritten 2023/2024 Bonds, the fiscal agent of the State of Washington and, for Direct Purchase 2023/2024 Bonds, the fiscal agent of the State of Washington or the Authorized Representative of the University, as set forth in the Bond Terms Agreement.

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

Fitch means Fitch Ratings, Inc., organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Fitch shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Moody's) designated by the Authorized Representative of the University.

Fixed Mode means the Mode in which a series or subseries of the 2023/2024 Bonds bear interest at a Fixed Rate or Fixed Rates.

Fixed Rate means a per annum interest rate or rates borne by a series or subseries of the 2023/2024 Bonds to the maturity thereof or other date determined pursuant to Section 23 and the Bond Terms Agreement for such 2023/2024 Bonds.

General Revenues means 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. For example, the following items are restricted and, therefore, <u>excluded</u>:

(a) Appropriations to the University by the State from the State's General Fund;

(b) Each fund the purpose of which has been restricted in writing by the terms of the gift or grant under which such fund has been donated, or by the donor thereof;

(c) Fees imposed upon students as a condition of enrollment at the University, including but not limited to services and activities fees, building fees, and technology fees; and

(d) Revenues and receipts attributable to the Metro Tract Revenue.

Unrestricted fund balances, to the extent that they were accumulated from money that was received as General Revenues, also would be includable and available to pay obligations secured by General Revenues. Upon the removal of any income, revenues, or receipts from General Revenues pursuant to Section 15(d), this definition of General Revenues shall be deemed to be amended accordingly without further action by the University.

Government Obligations means government obligations as are authorized to be used for refunding purposes by chapter 39.53 RCW, as amended or restated from time to time; or as otherwise set forth in the Bond Terms Agreement, as applicable.

Index Floating Mode means the Mode during which a series or subseries of the 2023/2024 Bonds bear interest at the Index Floating Rate.

Index Floating Rate means the index-based floating rate for a series or subseries of the 2023/2024 Bonds in the Index Floating Mode determined pursuant to the Bond Terms Agreement for such 2023/2024 Bonds.

Interest Payment Date means the dates selected by the Authorized Representative of the University and set forth in the Bond Terms Agreement, as applicable.

Interest Rate means a Fixed Rate, Daily Rate, Weekly Rate, Commercial Paper Rate, Index Floating Rate or Term Rate, as the context requires.

Irrevocable Deposit means the irrevocable deposit of money or Government Obligations in order to provide for the payment of all or a portion of the principal of, premium, if any, and interest on any 2023/2024 Bonds in accordance with, and meeting all the requirements of, Section 21.

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

(a) costs reasonably incurred incident to preparing, offering, selling, issuing and delivering the 2023/2024 Bonds, including, without limitation, the fees and expenses of Bond Counsel, special counsel (if any) and municipal advisor to the University, bond printing, CUSIP bureau fees, rating agency fees, Dealer, underwriter or Direct Purchaser fees or discount, escrow or tender agent fees and recording and filing fees;

(b) the fees and expenses payable to the Registrar incident to the Registrar's acceptance of its duties under this resolution; and

(c) fees or premiums due to any Credit Facility Issuer.

Legislature means the Legislature of the State.

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

Liquidity Facility means a line of credit, standby purchase agreement or other financial instrument or any combination of the foregoing, if any, which obligates an entity to make payment or to provide funds for the payment of the Purchase Price of 2023/2024 Bonds (or portion thereof). There may be more than one Liquidity Facility for a series or subseries of 2023/2024 Bonds, and the University may provide self-liquidity for a series or subseries of 2023/2024 Bonds, all as set forth in the applicable Bond Terms Agreement.

Liquidity Facility Issuer means the issuer of any Liquidity Facility.

Loan Agreement means one or more loan or purchase agreements, if any, between the University and a Direct Purchaser under which the Direct Purchaser will make a loan to the University evidenced by a Direct Purchase 2023/2024 Bond, or under which the Direct Purchaser will purchase the Direct Purchase 2023/2024 Bond.

Maturity Date means the maturity date or dates for 2023/2024 Bonds set forth in the Bond Terms Agreement, as applicable.

Maximum Rate means the maximum rate for 2023/2024 Bonds set forth in the applicable Bond Terms Agreement.

Mode means the Daily Mode, Weekly Mode, Commercial Paper Mode, Index Floating Mode, Term Mode, or the Fixed Mode, as the context may require.

Metro Tract means the "University tract" as defined in RCW 28B.20.381 to include the tract of land in the city of Seattle, consisting of approximately ten acres, originally known as the "old university grounds," as amended to the date of this resolution, and more recently referred to as the "metropolitan tract," together with all buildings, improvements, facilities, and appurtenances thereon.

Metro Tract Revenue means all revenues of the University derived from operating, managing, and leasing the Metro Tract.

Moody's means Moody's Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term Moody's shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch or S&P) selected by the Authorized Representative of the University.

MSRB means the Municipal Securities Rulemaking Board or any successor to its functions. Until otherwise designated by the MSRB or the Commission, any information or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at www.emma.msrb.org.

Net Revenue means, with respect to any item or auxiliary revenues proposed to be added to General Revenues, revenues of such item or auxiliary less operating expenses. If the item or auxiliary revenues have previously been pledged to pay debt service on outstanding obligations of the University, the terms "revenues" and "operating expenses" shall be determined in accordance with the resolution(s) authorizing the outstanding indebtedness.

Notice Parties means, with respect to each series of the 2023/2024 Bonds, the University, the University's municipal advisor, the Registrar, any Remarketing Agent, and any Liquidity Facility Issuer or Credit Facility Issuer, and with respect to each series of the Direct Purchase 2023/2024 Bonds, the Direct Purchaser.

Offer means any offer to tender and/or exchange any Refunding Candidates.

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

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

(a) Bonds theretofore canceled by the Registrar after purchase by the University;

(b) Bonds for which an Irrevocable Deposit has been made, but only to the extent that the principal of and interest on such Bonds are payable from such Irrevocable Deposit; provided, that the Bonds to be paid or redeemed with such Irrevocable Deposit shall be deemed to be Outstanding for the purpose of transfers and exchanges or replacement of mutilated, lost, stolen or destroyed Bonds under the proceedings authorizing their issuance;

(c) temporary, mutilated, lost, stolen or destroyed Bonds for which new Bonds have been issued pursuant to the resolution authorizing their issuance; and

(d) Bonds exchanged for new Bonds pursuant to the resolution authorizing their issuance.

Notwithstanding the foregoing, 2023/2024 Bonds that are Bank Bonds shall remain Outstanding until the applicable Credit Facility Issuer or Liquidity Facility Issuer or Direct Purchaser is paid all amounts due on such 2023/2024 Bonds.

Participant means (a) any person for which, from time to time, DTC effects book-entry transfers and pledges of securities pursuant to the book-entry system or (b) any securities broker or dealer, bank, trust company or other person that clears through or maintains a custodial relationship with a person referred to in (a).

Payment Agreement means a written contract or agreement which provides for an exchange of payments based on interest rates, or for ceilings or floors on these payments, or an option on these payments, or any combination, entered into on either a current or forward basis, between or on behalf of the University and a Reciprocal Payor, which provides that the University's obligations thereunder will be conditioned on the absence of: (a) a failure by the Reciprocal Payor to make any payment required thereunder when due and payable, and (b) a default thereunder with respect to the financial status of the Reciprocal Payor; and

(a) under which the University is obligated to pay, on one or more scheduled and specified Derivative Payment Dates, the University Payments in exchange for the Reciprocal Payor's obligation to pay or to cause to be paid to the University, on the same scheduled and specified Derivative Payment Dates, the Reciprocal Payments; *i.e.*, the contract must provide for net payments;

(b) for which the University's obligations to make all or any portion of University Payments are payable from General Revenues;

(c) under which Reciprocal Payments are to be made directly into the Bond Fund;

(d) for which the University Payments are either specified to be one or more fixed amounts or are determined according to a formula set forth in the Payment Agreement; and

(e) for which the Reciprocal Payments are either specified to be one or more fixed amounts or are determined according to a formula set forth in the Payment Agreement.

Paying Agent Agreement means a Paying Agent Agreement entered into between the University and the Registrar with respect to 2023/2024 Bonds, setting forth certain terms of such 2023/2024 Bonds.

Permitted Investment means any legally permissible investment for University funds, but only to the extent that the same are acquired at Fair Market Value.

Person means an individual, a corporation, a partnership, limited liability company, an association, a joint stock company, a trust, an unincorporated organization, a governmental body or a political subdivision, a municipal corporation, a public corporation or any other group or organization of individuals.

Projects means projects or other expenditures approved by the Board or pursuant to the Debt Policy from time to time.

Purchase Date means the dates selected by the Authorized Representative of the University and set forth in the Bond Terms Agreement, as applicable.

Purchase Price has the meaning set forth in the Bond Terms Agreement, as applicable.

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

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

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

Reciprocal Payment means any payment to be made to, or for the benefit of, the University under a Payment Agreement by the Reciprocal Payor.

Reciprocal Payor means any bank or corporation, partnership or other entity that is a party to the Payment Agreement and that is obligated to make one or more Reciprocal Payments thereunder.

Record Date means (except as otherwise set forth in the applicable Bond Terms Agreement):

(a) with respect to 2023/2024 Bonds in the Fixed Mode or Term Mode, the 15th day (whether or not a Business Day) of the month next preceding each Interest Payment Date; and

(b) with respect to all other Modes, the Business Day immediately prior to the applicable Interest Payment Date.

Redemption Date means the date fixed for redemption of 2023/2024 Bonds subject to redemption in any notice of redemption given in accordance with the terms hereof or the terms of an applicable Bond Terms Agreement.

Redemption Price means the principal and accrued interest or other amounts to be paid to redeem the 2023/2024 Bonds on the Redemption Date as set forth in the applicable Bond Terms Agreement, or Section 12(a) as applicable.

Refunded Bonds means the Refunding Candidates designated by the Authorized Representative of the University pursuant to Section 23 of this resolution.

Refunding Candidates means the bonds, line of credit notes and other obligations shown on Exhibit A.

Registered Owner means the person named as the registered owner of a 2023/2024 Bond on the Bond Register. For so long as the 2023/2024 Bonds are held by a Securities Depository or its nominee, such Securities Depository shall be deemed to be the Registered Owner.

Registrar means the Fiscal Agent, whose duties include registering and authenticating the 2023/2024 Bonds, maintaining the Bond Register, registering the transfer of the 2023/2024 Bonds, paying interest on and principal of the 2023/2024 Bonds, and drawing on any Credit Facility securing 2023/2024 Bonds for such purpose, and drawing any amounts under any Credit Facility or Liquidity Facility for the purpose of paying the Purchase Price of any 2023/2024 Bonds payable pursuant to such Credit Facility or Liquidity Facility.

Reimbursement Agreement means a reimbursement agreement, standby bond purchase agreement, or other agreement relating to the 2023/2024 Bonds between the University and any Credit Facility Issuer or Liquidity Facility Issuer, and any and all modifications, alterations, and amendments and supplements thereto.

Remarketing Agent means one or more remarketing agents selected from time to time by the Authorized Representative of the University to serve as remarketing agent for 2023/2024 Bonds pursuant to a Remarketing Agreement.

Remarketing Agreement means a Remarketing Agreement relating to 2023/2024 Bonds between the University and any Remarketing Agent, or any similar agreement, as it may be amended or supplemented from time to time in accordance with its terms.

Rule means the Commission's Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended from time to time.

Securities Depository means any clearing agency registered under Section 17A of the Securities Exchange Act of 1934, as amended.

Serial Bonds means those 2023/2024 Bonds designated as serial bonds in the Bond Terms Agreement.

State means the state of Washington.

S&P means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term S&P shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody's or Fitch) selected by the Authorized Representative of the University.

Springing Effective Date means the date on which the Outstanding University of Washington General Revenue Bonds, 2009 Taxable (Build America Bonds – Direct Payment), General Revenue Bonds, 2009B Taxable (Build America Bonds – Direct Payment), General Revenue Bonds, 2010B Taxable (Build America Bonds – Direct Payment), General Revenue Bonds, 2012C, General Revenue and Refunding Bonds, 2015A (Taxable), General Revenue Refunding Bonds, 2015B, General Revenue and Refunding Bonds, 2015C, General Revenue and Refunding Bonds, 2015D (Taxable), General Revenue and Refunding Bonds, 2016A, General Revenue Refunding Bonds, 2016B (Taxable), General Revenue Bonds, 2018, General Revenue Bonds, 2020A, General Revenue Bonds, 2020B (Taxable), General Revenue Refunding Bonds, 2020C (Delayed Delivery Bonds), General Revenue and Refunding Bonds, 2021A, and General Revenue and Refunding Bonds, 2021B (Taxable) are no longer Outstanding.

Term Bonds means 2023/2024 Bonds, if any, designated as term bonds in the applicable Bond Terms Agreement.

Term Rate means the per annum interest rate for a series or subseries of 2023/2024 Bonds in the Term Mode determined pursuant to the Bond Terms Agreement for such 2023/2024 Bonds.

Term Mode means the Mode during which a series or subseries of 2023/2024 Bonds bears interest at the Term Rate.

Trust Agreement means a trust agreement entered into between the University and a Trustee with respect to 2023/2024 Bonds, setting forth the terms of such 2023/2024 Bonds.

Trustee means a bond trustee selected by the Authorized Representative of the University to act on behalf of owners of 2023/2024 Bonds pursuant to a Trust Agreement.

2023/2024 Bonds means the 2023/2024 New Money Bonds and the 2023/2024 Refunding Bonds.

2023/2024 New Money Bonds means the University of Washington General Revenue Bonds, Series [2023/2024][__] [Taxable] issued in one or more series or subseries in the aggregate principal amount not to exceed $312,000,000 to finance (or refinance interim financing issued to finance) costs of the Projects pursuant to this resolution.

2023/2024 Refunding Bonds means the University of Washington General Revenue Refunding Bonds, Series [2023/2024][__] [Taxable] issued in one or more series or subseries to redeem and/or defease, acquire, or otherwise implement the refinancing or exchange of one or more of the Refunding Candidates.

2023/2024 Taxable Bonds means any 2023/2024 Bonds determined to be issued on a taxable basis pursuant to Section 23.

2023/2024 Tax-Exempt Bonds means any 2023/2024 Bonds determined to be issued on a tax-exempt basis pursuant to Section 23.

Underwritten 2023/2024 Bonds means 2023/2024 Bonds, if any, sold pursuant to a Bond Purchase Contract pursuant to Section 23 of this resolution.

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

University of Washington Building Account means the fund of that name into which certain Building Fees are to be deposited pursuant to RCW 28B.15.210, as amended from time to time.

University of Washington Bond Retirement Fund means the special fund of that name created by chapter 254, Laws of 1957.

University Payment means any payment required to be made by or on behalf of the University under a Payment Agreement and which is determined according to a formula set forth in the Payment Agreement.

Weekly Mode means the Mode during which a series or subseries of the 2023/2024 Bonds bears interest at the Weekly Rate.

Weekly Rate means the per annum interest rate for a series or subseries of the 2023/2024 Bonds in the Weekly Mode determined pursuant to the Bond Terms Agreement for such 2023/2024 Bonds.

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

(a) The terms "hereby," "hereof," "hereto," "herein, "hereunder" and any similar terms 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 importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons;

(c) 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;

(d) All references herein to "articles," "sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and

(e) Whenever any consent or direction is required to be given by the University, such consent or direction shall be deemed given when given by the Authorized Representative of the

University or the Authorized Representative of the University's designee, respectively, and all references herein to the Authorized Representative of the University shall be deemed to include references to the designee, as the case may be.

Section 2. Findings.

The Board hereby finds as follows:

(a) It is in the best interests of the University to finance (or refinance commercial paper, line of credit draws or other interim financing issued to finance) all or a portion of the costs of the Projects, through the issuance of 2023/2024 New Money Bonds in one or more series or subseries, upon the terms and conditions set forth for the 2023/2024 New Money Bonds in this resolution.

(b) It is in the best interests of the University to consider the redemption, defeasance, acquisition and/or exchange of one or more of the Refunding Candidates, or any portion thereof, through the issuance of 2023/2024 Refunding Bonds in one or more series or subseries, to achieve debt service savings, to remarket certain bonds from time to time, or to amend terms of the Refunding Candidates, upon the terms and conditions set forth in this resolution.

(c) It is necessary and in the best interest of the University to issue the 2023/2024 Bonds payable from General Revenues.

Section 3. Authorization and Purpose of 2023/2024 Bonds.

(a) *2023/2024 New Money Bonds.* The 2023/2024 New Money Bonds shall be in an aggregate principal amount not to exceed $312,000,000, and shall be issued in one or more series or subseries to pay (or pay commercial paper, line of credit draws or other interim financing issued to finance or refinance) costs of the Projects and to pay Issuance Costs for the 2023/2024 New Money Bonds. The 2023/2024 New Money Bonds shall be issued under terms determined pursuant to Section 23, as further set forth in the Bond Terms Agreement for such 2023/2024 New Money Bonds; shall be numbered in the manner determined by the Registrar; and shall be issued in fully registered form in Authorized Denominations.

(b) *2023/2024 Refunding Bonds.* The 2023/2024 Refunding Bonds, if any, shall be issued in one or more series or subseries to redeem, defease, acquire, exchange or otherwise implement the refinancing of one or more of the Refunding Candidates designated pursuant to Section 23 and to pay Issuance Costs for the 2023/2024 Refunding Bonds. The 2023/2024 Refunding Bonds shall be issued under terms determined pursuant to Section 23, as further set forth in the Bond Terms Agreement for such 2023/2024 Refunding Bonds; shall be numbered in the manner determined by the Registrar; and shall be issued in fully registered form in Authorized Denominations.

Section 4. Description of 2023/2024 Bonds.

(a) *General Terms.* The 2023/2024 Bonds shall be dated as of their date of original issuance and shall mature on the Maturity Dates, as determined pursuant to Section 23, as further set forth in the applicable Bond Terms Agreement for such series of 2023/2024 Bonds. The 2023/2024 Bonds shall bear interest determined within Modes selected by the Authorized

Representative of the University from time to time. All 2023/2024 Bonds shall be issued in the form of fully registered 2023/2024 Bonds in Authorized Denominations.

The University may designate one or more series or subseries of the 2023/2024 Bonds from time to time. 2023/2024 New Money Bonds shall be named University of Washington General Revenue Bonds, Series [2023/2024], with an additional designation of "Taxable" for any series of 2023/2024 Taxable Bonds, and any other additional designation as necessary to identify the series or subseries. 2023/2024 Refunding Bonds shall be named University of Washington General Revenue Refunding Bonds, Series [2023/2024], with an additional designation of "Taxable" for any series of 2023/2024 Taxable Bonds, and any other additional designation as necessary to identify the series or subseries. 2023/2024 Bonds issued in one series composed of both New Money Bonds and Refunding Bonds shall be named University of Washington General Revenue and Refunding Bonds, Series [2023/2024], with an additional designation of "Taxable" for any series of 2023/2024 Taxable Bonds, and any other additional designation as necessary to identify the series or subseries. At the written direction of the Authorized Representative of the University, the Registrar shall designate a particular principal amount of 2023/2024 Bonds (in Authorized Denominations) as a series or subseries. A series of 2023/2024 Bonds shall be identified by the year of issue (either 2023 or 2024) and sequential letters (e.g., Series 2023A, Series 2023B, Series 2024A, Series 2024B). A subseries of 2023/2024 Bonds shall be further identified by sequential numbers (e.g., Series 2023A-1, Series 2023A-2, Series 2024B-1, Series 2024B-2). Upon such designation, such 2023/2024 Bonds shall be a series or subseries, as applicable, for the purposes of this resolution, unless and until consolidated or changed to another series or subseries designation by written direction of the Authorized Representative of the University. All 2023/2024 Bonds of a series shall be in the same Mode, but any two series need not be in the same Mode.

(b) *Terms.* Principal of and interest and any premium on the 2023/2024 Bonds shall be payable in lawful money of the United States of America.

(c) *Modes*. The terms applicable to 2023/2024 Bonds in the Daily Mode, the Weekly Mode, the Term Mode, the Commercial Paper Mode, the Index Floating Mode or the Fixed Mode, and provisions for conversions between and within such Modes, shall be as provided in the applicable Bond Terms Agreement, as applicable.

(d) *Determinations Conclusive*. If the 2023/2024 Bonds of a series or subseries are in the Daily Mode, the Weekly Mode, the Term Mode, the Commercial Paper Mode, the Index Floating Mode or the Fixed Mode, the Interest Rates determined as provided in the Bond Terms Agreement, as applicable, shall be conclusive.

(e) *Maximum Rate*. No 2023/2024 Bond, other than a Bank Bond, shall bear interest at an Interest Rate higher than the Maximum Rate.

Section 5. Execution.

The 2023/2024 Bonds shall be executed on behalf of the University by the manual or facsimile signatures of the Chair and the Secretary of the Board (including electronic signature as permitted by law), and the official seal of the University shall be reproduced thereon. The validity

of any 2023/2024 Bond so executed shall not be affected by the fact that one or more of the officers whose signatures appear on such 2023/2024 Bond have ceased to hold office at the time of issuance or authentication or at any time thereafter.

Section 6. Authentication.

No 2023/2024 Bonds shall be valid for any purpose hereunder until the certificate of authentication printed thereon is duly executed by the manual signature of an authorized signatory of the Registrar. Such authentication shall be proof that the Registered Owner is entitled to the benefit of the trusts hereby created.

Section 7. Registration, Transfer and Exchange.

(a) *Registrar*. The 2023/2024 Bonds shall be issued only in registered form as to both principal and interest. The University hereby appoints the Fiscal Agent as the Registrar for the 2023/2024 Bonds. So long as any 2023/2024 Bonds remain Outstanding, the Registrar shall make all necessary provisions to permit the exchange or registration of transfer of 2023/2024 Bonds. The Registrar may be removed at any time at the option of the Authorized Representative of the University and a successor Registrar appointed by the Authorized Representative of the University. Any successor Registrar must be the Authorized Representative of the University or a commercial bank with trust powers or a trust company. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder. The Registrar is authorized, on behalf of the University, to authenticate and deliver 2023/2024 Bonds transferred or exchanged in accordance with the provisions of such 2023/2024 Bonds and this resolution and to carry out all of the Registrar's powers and duties under this resolution. The Registrar shall be responsible for its representations contained in the certificate of authentication on the 2023/2024 Bonds.

The Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the 2023/2024 Bonds which shall at all times be open to inspection by the University (the "Bond Register").

(b) *Letter of Representations/Book-Entry System*. To induce DTC to accept the 2023/2024 Bonds as eligible for deposit at DTC, the University has executed and delivered the Letter of Representations. Except as otherwise set forth in the Bond Terms Agreement, the 2023/2024 Bonds initially issued shall be held in fully immobilized form by DTC acting as depository pursuant to the terms and conditions set forth in the Letter of Representations.

(c) *University and Registrar Not Responsible for DTC*. Neither the University nor the Registrar will have any responsibility or obligation to DTC Participants or the persons for whom they act as nominees with respect to the 2023/2024 Bonds in respect of the accuracy of any records maintained by DTC or any DTC Participant, the payment by DTC or any DTC Participant of any amount in respect of the principal or Redemption Price of or interest on the 2023/2024 Bonds, any notice which is permitted or required to be given to Registered Owners under this resolution (except such notices as shall be required to be given by the University to the Registrar or to DTC), the selection by DTC or any DTC Participant of any person to receive payment in the event of a partial redemption of the 2023/2024 Bonds or any consent given or other action taken by DTC as the Registered Owner.

(d) *DTC as Registered Owner*. Except as otherwise set forth in the Bond Terms Agreement, payment of any such 2023/2024 Bond shall be made only as described in this section, but the transfer of such ownership may be registered as herein provided. All such payments made as described in this section shall be valid and shall satisfy and discharge the liability of the University upon such 2023/2024 Bond to the extent of the amount or amounts so paid. Except as provided in Section 27, the University and the Registrar shall be entitled to treat the Securities Depository (as Registered Owner) as the absolute owner of all 2023/2024 Bonds for all purposes of this resolution and any applicable laws, notwithstanding any notice to the contrary received by the Registrar or the University. Neither the University nor the Registrar will have any responsibility or obligation under this resolution or the 2023/2024 Bonds, legal or otherwise, to any other party including DTC or its successor (or substitute Securities Depository or its successor), except to the Registered Owners.

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

(1) *2023/2024 Bonds Registered in the Name Designated by DTC.* Except as otherwise set forth in the Bond Terms Agreement, the 2023/2024 Bonds shall be registered initially in the name of "CEDE & Co.," as nominee of DTC, (or such other name as may be requested by an authorized representative of DTC) with one 2023/2024 Bond maturing on each maturity date of a series or subseries bearing interest at a particular rate in a denomination corresponding to the total principal therein designated to mature on such date and bearing interest as such rate. Registered ownership of such immobilized 2023/2024 Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, *provided that* any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute Securities Depository appointed by the Authorized Representative of the University pursuant to subsection (2) below or such substitute Securities Depository's successor; or (C) to any person as provided in paragraph (4) below.

(2) *Substitute Depository.* Upon the resignation of DTC or its successor (or any substitute Securities Depository or its successor) from its functions as Securities Depository or a determination by the Authorized Representative of the University that it is no longer in the best interest of Beneficial Owners to continue the system of book-entry transfers through DTC or its successor (or any substitute Securities Depository or its successor), the Authorized Representative of the University may hereafter appoint a substitute Securities Depository. Any such substitute Securities Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) *Issuance of New 2023/2024 Bonds to Successor/Substitute Depository*. In the case of any transfer pursuant to clause (A) or (B) of paragraph (e)(1) above, the Registrar shall, upon receipt of all outstanding 2023/2024 Bonds of a series or subseries, together with a written request on behalf of the Authorized Representative of the University, issue a single new 2023/2024 Bond for each maturity of such series or subseries of 2023/2024 Bonds then Outstanding and bearing interest at a particular rate, registered in the name of such successor or such substitute

Securities Depository, or their nominees, as the case may be, all as specified in such written request of the Authorized Representative of the University.

(4) *Termination of Book-Entry System*. In the event that (A) DTC or its successor (or substitute Securities Depository or its successor) resigns from its functions as Securities Depository, and no substitute Securities Depository can be obtained, or (B) the Authorized Representative of the University determines that it is in the best interest of the Beneficial Owners of the 2023/2024 Bonds that they be able to obtain 2023/2024 Bond certificates, the ownership of 2023/2024 Bonds may then be transferred to any person or entity as herein provided, and the 2023/2024 Bonds shall no longer be held in fully immobilized form. The Authorized Representative of the University shall deliver a written request to the Registrar, together with a supply of definitive 2023/2024 Bonds, to issue 2023/2024 Bonds as herein provided in any Authorized Denomination. Upon receipt of all then Outstanding 2023/2024 Bonds by the Registrar together with a written request on behalf of the Authorized Representative of the University to the Registrar, new 2023/2024 Bonds shall be issued in such Authorized Denominations and registered in the names of such persons as are requested in such written request.

(f) *Transfer or Exchange of Registered Ownership; Change in Denominations*. If the 2023/2024 Bonds are no longer held in immobilized, book-entry form, or if so provided in the Bond Terms Agreement, the transfer of ownership of any 2023/2024 Bond may be registered and such 2023/2024 Bonds may be exchanged, but no transfer of any 2023/2024 Bond shall be valid unless it is surrendered to the Registrar with the assignment form appearing on such 2023/2024 Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered 2023/2024 Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new 2023/2024 Bond (or 2023/2024 Bonds at the option of the new Registered Owner) of the same series, date, designation, if any, maturity date and interest rate and for the same aggregate principal amount in any Authorized Denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered 2023/2024 Bond, in exchange for such surrendered and canceled 2023/2024 Bond. Any 2023/2024 Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of 2023/2024 Bonds of the same series or subseries, date, maturity date and interest rate, in any Authorized Denomination. The Registrar shall not be obligated to transfer or exchange any 2023/2024 Bond during the five-day period prior to the selection of 2023/2024 Bonds for redemption or the maturity date or following any mailing of notice of redemption. No charge shall be imposed upon Registered Owners in connection with any transfer or exchange, except for taxes or governmental charges related thereto.

<u>Section 8</u>. <u>Mutilated, Destroyed, Lost or Stolen 2023/2024 Bonds</u>.

If any 2023/2024 Bond is lost, stolen or destroyed, the University may execute and the Registrar may authenticate and deliver a new 2023/2024 Bond or 2023/2024 Bonds of like series or subseries, date and tenor to the Registered Owner thereof, all in accordance with law. However, no substitution or payment shall be made unless and until the applicant shall furnish (a) evidence satisfactory to said Registrar and Authorized Representative of the University of the destruction or loss of the original 2023/2024 Bond and of the ownership thereof, and (b) such additional security, indemnity or evidence as may be required by the Authorized Representative of the University. No substitute 2023/2024 Bond shall be furnished unless the applicant shall reimburse the University and the Registrar for their respective expenses in the furnishing thereof. Any such substitute 2023/2024 Bond so furnished shall be equally and proportionately entitled to the security of this resolution with all other 2023/2024 Bonds issued hereunder.

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

(a) *Payments of Principal, Interest, Purchase and Redemption Prices*. The principal or Redemption Price of each 2023/2024 Bond shall be payable upon surrender or delivery of such 2023/2024 Bond to the Registrar or as otherwise provided in the Bond Terms Agreement. For so long as DTC is the Registered Owner, interest and principal shall be paid and delivery shall be made as described in the operational arrangements referred to in the Letter of Representations and pursuant to DTC's standard procedures.

(b) *Accrual of Interest*. Subject to the further provisions of this section, each 2023/2024 Bond shall accrue interest and be payable as to interest as follows:

(1) On each Interest Payment Date, the Registered Owner of each 2023/2024 Bond as of the Record Date shall be paid the amount of unpaid interest that accrues to the Interest Payment Date.

(2) The interest due on any 2023/2024 Bond on any Interest Payment Date shall be paid to the Registered Owner of such 2023/2024 Bond as shown on the Bond Register as of the Record Date. Except as otherwise provided in the applicable Bond Terms Agreement, the amount of interest so payable on any Interest Payment Date shall be computed (A) on the basis of a 365- or 366-day year for the number of days actually elapsed based on the calendar year for 2023/2024 Bonds in the Daily Mode, Commercial Paper Mode, Index Floating Mode or Weekly Mode, and (B) on the basis of a 360-day year of twelve 30-day months during a Term Mode or a Fixed Mode.

(3) If 2023/2024 Bonds of a series or subseries are no longer held by a Securities Depository, and except as otherwise set forth in the Bond Terms Agreement, during the Term Mode or Fixed Mode, the interest, principal or Redemption Price of the 2023/2024 Bonds shall be payable by check, provided that any Registered Owner of $1,000,000 or more in aggregate principal amount of the 2023/2024 Bonds, upon written request given to the Registrar at least five Business Days prior to the Interest Payment Date, Maturity Date or Redemption Date designating an account in a domestic bank, may be paid by wire transfer of immediately available funds. If the 2023/2024 Bonds of a series or subseries are no longer held by a Securities Depository, and except as otherwise set forth in the Bond Terms Agreement, all payments of interest, principal or the Redemption Price on the 2023/2024 Bonds during the Commercial Paper Mode, Daily Mode, Index Floating Mode or Weekly Mode shall be paid to the Registered Owners entitled thereto on the Interest Payment Date in immediately available funds by wire transfer to a bank within the United States or deposited to a designated account if such account is maintained with the Registrar as directed by the Registered Owner in writing or as otherwise directed in writing by the Registered Owner on or prior to the applicable Record Date.

Any account specified pursuant to paragraph (3) hereof shall remain in effect until revoked or revised by the Registered Owner, the Credit Facility Issuer or Liquidity Facility Issuer by an instrument in writing delivered to the Registrar.

Section 10. Acts of Registered Owners; Evidence of Ownership.

Any action to be taken by Registered Owners may be evidenced by one or more concurrent written instruments of similar tenor signed or executed by such Registered Owners in person or by an agent appointed in writing. Any action by the Registered Owner of any 2023/2024 Bond shall bind all future Registered Owners of the same 2023/2024 Bond or of any 2023/2024 Bond issued upon the exchange or registration of transfer thereof in respect of anything done or suffered by the University or the Registrar in pursuance thereof.

Except as provided in any Reimbursement Agreement or Credit Facility, the Registrar and the University may treat the Registered Owner of a 2023/2024 Bond as the absolute owner thereof for all purposes, whether or not such 2023/2024 Bond shall be overdue, and the Registrar and the University shall not be affected by any knowledge or notice to the contrary; and payment of the principal of and premium, if any, and interest on such 2023/2024 Bond shall be made only to such Registered Owner, which payments shall satisfy and discharge the liability of the University with respect to such 2023/2024 Bond to the extent of the sum or sums so paid.

Section 11. Form of 2023/2024 Bonds.

The 2023/2024 Bonds shall each be in substantially the following form, with appropriate or necessary insertions, depending upon the omissions and variations as permitted or required hereby. If the 2023/2024 Bonds are not held in fully immobilized form, the form of 2023/2024 Bonds will be changed to reflect the changes required in connection with the preparation of certificated 2023/2024 Bonds. The form of the 2023/2024 Bonds shall further be changed as necessary to reflect whether the 2023/2024 Bonds are 2023/2024 New Money Bonds or 2023/2024 Refunding Bonds, whether the 2023/2024 Bonds are 2023/2024 Tax-Exempt Bonds or 2023/2024 Taxable Bonds, whether the 2023/2024 Bonds are Underwritten 2023/2024 Bonds or Direct Purchase 2023/2024 Bonds, any series or subseries designation for the 2023/2024 Bonds, the Current Mode of the 2023/2024 Bonds and any other designation.

A-12

No. R-_____ $___________

UNITED STATES OF AMERICA

[DTC LANGUAGE]

[STATEMENT OF INSURANCE, IF ANY]

UNIVERSITY OF WASHINGTON

GENERAL REVENUE [AND REFUNDING] BOND, 2023/2024[____] [Taxable]

[INTEREST RATE:] MATURITY DATE: ISSUE DATE: CUSIP:

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The University of Washington (the "University") hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from __________ ____, _____, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate [set forth above][described below], payable on the first days of each _________ and __________, commencing on ________ 1, 20__. 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 [Authorized Representative of the University][fiscal agent of the state of Washington] is acting as the registrar, authenticating agent and paying agent for the bonds of this issue (the "Bond Registrar").

This bond is issued pursuant to a resolution of the Board of Regents of the University (the "Bond Resolution") to [finance or refinance costs of the Projects][acquire, refund, or effect the exchange of certain outstanding obligations], and to pay costs of issuance.

This bond is payable solely from General Revenues of the University, and the University does hereby pledge and bind itself to set aside from such General Revenues, and to pay into the General Revenue Bond Redemption Fund, 2023/2024 (the "Bond Fund") the various amounts required by the Bond Resolution to be paid into and maintained in such Fund, all within the times provided by the Bond Resolution. Interest on this bond shall accrue at [the Fixed Rate set forth above] [Daily Rates, Weekly Rates, Commercial Paper Rates, Index Floating Rates, Term Rates or Fixed Rates], payable on Interest Payment Dates, all as provided in or authorized under the Bond Resolution.

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

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

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

It is hereby certified, recited and represented that the issuance of this bond and the 2023/2024 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 2023/2024 Bonds of this issue to render the same lawful, valid and binding have been properly done and performed and have happened in regular and due time, form and manner as required by law; that all acts, conditions and things necessary to be done or performed by the University or to have happened precedent to and in the execution and delivery of the Bond Resolution have been done and performed and have happened in regular and due form as required by law; that due provision has been made for the payment of the principal of and premium, if any, and interest on this bond and the 2023/2024 Bonds of this issue and that the issuance of this bond and the 2023/2024 Bonds of this issue does not contravene or violate any constitutional or statutory limitation.

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

UNIVERSITY OF WASHINGTON

(SEAL) By ________________________________
Chair, Board of Regents

By ______________________________
Secretary, Board of Regents

The Certificate of Authentication for the 2023/2024 Bonds shall be in substantially the following form and shall appear on each 2023/2024 Bond:

AUTHENTICATION CERTIFICATE

Date of Authentication: ______________________

This bond is one of the University of Washington General Revenue [and Refunding] Bonds, Series [2023/2024][__] described in the within-mentioned Bond Resolution.

REGISTRAR

By ________________________________
Authorized Signatory

Section 12. Redemption.

(a) *Optional Redemption.* 2023/2024 Bonds in a Term Mode, Index Floating Mode or Fixed Mode shall be subject to redemption at the option of the University, in whole or in part, in Authorized Denominations on such dates and at such prices as determined by the University for such 2023/2024 Bonds as set forth in the respective Bond Terms Agreement, as applicable. 2023/2024 Bonds in the Commercial Paper Mode are not subject to optional redemption prior to their respective Purchase Dates except as otherwise set forth in the respective Bond Terms Agreement. 2023/2024 Bonds in the Daily Mode or the Weekly Mode shall be subject to redemption at the option of the University, in whole or in part, in principal amounts which permit all remaining Outstanding Bonds of the same series or subseries to continue in Authorized Denominations, on the dates set forth in the Bond Terms Agreement at a Redemption Price equal to the principal amount thereof except as otherwise set forth in the respective Bond Terms Agreement. Bank Bonds shall be subject to redemption as set forth in the applicable Reimbursement Agreement or Loan Agreement.

(b) *Mandatory Redemption.* If the 2023/2024 Bonds of a series or subseries are issued in the Fixed Mode, any Term Bonds of such series or subseries shall be subject to mandatory redemption prior to their maturity by the Registrar in part, in the years and in the amounts set forth in the applicable Bond Purchase Contract (subject to reductions arising from the University's acquisition and surrender or the optional redemption of 2023/2024 Bonds, all as described in the next paragraph) or Bond Terms Agreement. If the 2023/2024 Bonds of a series or subseries are issued in a Daily Mode, Weekly Mode, Index Floating Mode or Commercial Paper Mode and converted to the Fixed Mode or Term Mode, the 2023/2024 Bonds of that series or subseries (other than Bank Bonds) may be converted in whole or in part to Serial Bonds and/or Term Bonds upon delivery of a favorable Opinion of Bond Counsel prior to the commencement of the Term Mode or Fixed Mode for such 2023/2024 Bonds and if so converted to Term Bonds shall be subject to mandatory sinking fund redemption as determined by the University pursuant to the Bond Terms Agreement, as applicable.

(c) *Selection of 2023/2024 Bonds for Redemption.* Whenever the University elects to redeem fewer than all of the 2023/2024 Bonds of a series or subseries, the University shall select

the maturity or maturities within such series or subseries to be redeemed. Except as may be otherwise set forth in the Bond Terms Agreement, whenever fewer than all the Outstanding 2023/2024 Bonds of a series or subseries and maturity are to be redeemed, the 2023/2024 Bonds to be redeemed shall be selected in accordance with the operational arrangements of DTC referred to in the Letter of Representations (or, in the event the 2023/2024 Bonds of a series or subseries are not in book-entry only form, randomly by the Registrar). In no event shall any Bond be Outstanding in a principal amount that is not an Authorized Denomination.

(d) *Notice of Redemption.* For so long as the book-entry system is in effect with respect to a series or subseries of 2023/2024 Bonds, notice of redemption shall be provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations, and no additional published or other notice shall be provided by the University; *provided, however*, that the Credit Facility Issuer, if any, or Liquidity Facility Issuer, if any, shall be given prior written notice by the University of any proposed redemption of 2023/2024 Bonds. In any event, except as otherwise set forth in the Bond Terms Agreement, notice of redemption shall be given by the University to the Registrar who shall give notice to DTC at least 20 days prior to the proposed date of redemption during the Term Mode or Fixed Mode and at least 15 days prior to the proposed date of redemption during any other Mode, all as set forth in the University's written direction to the Registrar. If the book-entry system is not in effect with respect to a series or subseries of 2023/2024 Bonds, and except as otherwise set forth in the Bond Terms Agreement, notice of redemption shall be given in the manner hereinafter provided. Unless waived by any owner of 2023/2024 Bonds to be redeemed, official notice of any such redemption shall be given by the Registrar on behalf of the University in accordance with the University's written direction to do so 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 during the Term Mode or Fixed Mode, and at least 15 days and not more than 60 days prior to the date fixed for redemption during any other Mode, to the Registered Owner of the 2023/2024 Bond(s) to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar.

(e) *Effect of Redemption.* Any notice for redemption may be conditional, in which case the conditions shall be set forth therein. If an unconditional notice of redemption has been given or if a conditional notice of redemption has been given and the conditions set forth in a conditional notice of redemption have been satisfied, then on the Redemption Date the 2023/2024 Bonds or portions thereof so called for redemption shall become payable at the Redemption Price specified in such notice; and from and after the Redemption Date, interest thereon or on portions thereof so called for redemption shall cease to accrue, such 2023/2024 Bonds or portions thereof shall cease to be Outstanding and to be entitled to any benefit, protection or security hereunder or under an applicable Trust Agreement, and the Owners of such 2023/2024 Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the Redemption Price upon delivery of such 2023/2024 Bonds to the Registrar. Notwithstanding the foregoing, any Bank Bonds shall remain Outstanding until the Credit Facility Issuer or Liquidity Facility Issuer or Direct Purchaser, as the case may be, is paid all amounts due in connection with such 2023/2024 Bonds or portions thereof to be redeemed on the Redemption Date. After payment to the Credit Facility Issuer or Liquidity Facility Issuer or Direct Purchaser, as the case may be, of all amounts due on Bank Bonds such Credit Facility Issuer or Liquidity Facility Issuer or Direct Purchaser shall surrender such 2023/2024 Bonds to the Registrar for cancellation. The University may make such redemption conditioned upon the occurrence of any specified event or events, including the deposit of funds, and if such event or events shall not occur, then the University may cancel such redemption by delivering a written notice of rescission to the Registrar rescinding such notice of redemption not later than 5:00 p.m. Pacific Time on the second business day prior to the redemption date and such notice of redemption and redemption shall be rescinded, cancelled and of no force or effect. Upon such receipt of the rescission notice from the University, the Registrar shall send a copy of the notice to the Owners of the 2023/2024 Bonds subject to the notice in the same manner as the notice of redemption was given.

<u>Section 13</u>. <u>Bond Fund</u>.

The Controller of the University is hereby authorized and directed to establish the Bond Fund as a special fund of the University to be designated as the General Revenue Bond Redemption Fund, 2023/2024 (the "Bond Fund"). The University covenants to deposit into the Bond Fund from General Revenues on or prior to each Interest Payment Date, Redemption Date and Maturity Date an amount sufficient to pay the interest on the 2023/2024 Bonds then coming due and the principal of the 2023/2024 Bonds maturing or subject to redemption and redemption premium, if any. The University will transfer to the Registrar from the Bond Fund sufficient funds to enable the Registrar to pay interest on and/or principal of and Redemption Price of the 2023/2024 Bonds to the Registered Owners, when any such payments are due to be paid to the Registered Owners. Net income earned on investments in the Bond Fund, if any, shall be retained in the Bond Fund.

<u>Section 14</u>. <u>Application of 2023/2024 Bond Proceeds</u>.

(a) *2023/2024 New Money Bonds.* The Authorized Representative of the University is hereby authorized and directed to create a special fund or account of the University (the "Project Fund"). The proceeds of the 2023/2024 New Money Bonds shall be paid into the Project Fund. The money on deposit in the Project Fund shall be utilized to pay or reimburse the University for costs of the Projects and costs incidental thereto, and Issuance Costs, to the extent designated by the Authorized Representative of the University. Net income earned on investments in the Project Fund, if any, shall be deposited in the Project Fund.

All or part of the proceeds of the 2023/2024 New Money Bonds may be temporarily invested in Permitted Investments that will mature prior to the date on which such money shall be needed. Except as otherwise provided in the Federal Tax Certificate, the University covenants that all investments of amounts deposited in the Project Fund, or otherwise containing gross proceeds of the 2023/2024 Tax-Exempt Bonds (within the meaning of Section 148 of the Code) will be acquired, disposed of, and valued (as of the date that valuation is required by the Code) at Fair Market Value.

In the event that it shall not be possible or practicable to accomplish all of the Projects, the University may apply the proceeds of the 2023/2024 New Money Bonds to pay the costs of such portion thereof or such other projects as the Authorized Representative of the University shall determine to be in the best interests of the University.

Any amount remaining in the Project Fund after all costs referred to in this section have been paid may be used to acquire, construct, equip and make other improvements to University

projects subject to the limitations of this resolution or may be transferred to the Bond Fund for the uses and purposes therein provided, and any applicable limitations set forth in the Federal Tax Certificate.

(b) *2023/2024 Refunding Bonds.* The proceeds of each series of 2023/2024 Refunding Bonds shall be disbursed as provided in the related Escrow Agreement and/or Trust Agreement to redeem the Refunded Bonds on their Call Dates, defease the Refunded Bonds to their Call Dates, acquire the Refunded Bonds and/or exchange the Refunded Bonds, including through the application of proceeds of the 2023/2024 Refunding Bonds to acquire Acquired Obligations for deposit, together with cash, as provided in such Escrow Agreement and/or Trust Agreement.

<u>Section 15</u>. <u>Source of Repayment and Security for 2023/2024 Bonds</u>.

(a) *Special Fund Obligations.* The 2023/2024 Bonds shall be special fund obligations of the University, payable solely from General Revenues and the money and investments deposited into the Bond Fund. In addition, any Building Fee Revenue Bonds are payable first from money and investments in the University of Washington Bond Retirement Fund. The 2023/2024 Bonds shall not constitute an obligation, either general, special or moral, of the State, nor a general or moral obligation of the University. The Registered Owners of the 2023/2024 Bonds shall have no right to require the State, nor has the State any obligation or legal authorization, to levy any taxes or appropriate or expend any of its funds for the payment of the principal thereof or the interest or any premium thereon. The University has no taxing power.

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

(c) *Additions to General Revenues.*

(1) The University reserves the right to include in General Revenues, at its sole option, in the future, other sources of revenue or income, specifically including, but not limited to, all or any portion of the items or any auxiliary systems added pursuant to subsection (2) of this Section 15(c), currently excluded as part of General Revenues.

(2) Such additions shall occur on the date and as provided in a certificate executed by the Controller. The Controller shall, in the case of additions of items or auxiliaries to General Revenues prior to the Springing Effective Date, certify that for the preceding two Fiscal Years for which audited financial statements are available, the item or auxiliary maintained a "coverage ratio" of at least 125%, where the "coverage ratio" equals: (A) Net Revenue (for those items or auxiliaries whose debt has a lien on Net Revenues) or gross revenues (for those items or auxiliaries whose debt has a lien on gross revenues), divided by (B) debt service with respect to the then-outstanding revenue debt of the auxiliary or item and state-reimbursed bonds allocable to such auxiliary or item. On and after the Springing Effective Date, no such coverage ratio certification of the Controller shall be required to add items or auxiliaries to General Revenues. In the event an auxiliary or item is added to General Revenues, the obligations of that auxiliary or item may remain outstanding and have a prior claim on auxiliary Net Revenue. For the purposes of clarification, by its terms this subsection applies only to auxiliary systems or items that have issued and have

outstanding obligations that are secured by a lien on Net Revenues or gross revenues of such auxiliary system or item. The certification has no applicability in the case of the addition of revenues that are not encumbered by a lien, which may be added under subsection (1) above.

(d) *Deletions from General Revenues.* The University reserves the right to remove, at its sole option, in the future, any revenues from General Revenues. The removal of General Revenues shall be evidenced by a certificate executed by the Controller of the University (or the successor to the functions of the Controller) identifying the items to be deleted.

(e) *Building Fee Revenue Bonds.* If any of the 2023/2024 Bonds are designated as Building Fee Revenue Bonds pursuant to Section 18, such Building Fee Revenue Bonds shall be payable from and secured by a pledge of any or all of the revenues and receipts of the University of Washington Bond Retirement Fund. In addition, Building Fee Revenue Bonds shall be payable from General Revenue and money and investments in the Bond Fund.

The Board hereby covenants to establish, maintain and collect Building Fees in such amounts that will provide money sufficient to pay the principal of and interest on all bonds, including any Building Fee Revenue Bonds, payable out of the University of Washington Bond Retirement Fund, to set aside and maintain reserves, if any, required to secure the payment of such principal and interest, and to maintain coverage, if any, which may be required over such principal and interest. Notwithstanding the foregoing, the Board hereby orders that in the event there is ever an insufficient amount of money in the University of Washington Bond Retirement Fund to pay principal of or interest on any Building Fee Revenue Bond when due, moneys shall be transferred from the University of Washington Building Account to the University of Washington Bond Retirement Fund.

Amounts on deposit in the University of Washington Bond Retirement Fund shall be invested in Permitted Investments. Any money on deposit in the University of Washington Bond Retirement Fund may be transferred to the University of Washington Building Account to the extent and as permitted by the Building Fee Revenue Bond Act.

Building Fee Revenue Bonds shall not be general or special obligations of the state of Washington, but shall be limited obligation bonds of the University payable only from Building Fees, money and investments in the University of Washington Bond Retirement Fund, General Revenues and money and investments in the Bond Fund.

Section 16. Investment of Funds.

The University covenants to invest and reinvest money deposited in the Bond Fund only in Permitted Investments. Except as otherwise provided in the Federal Tax Certificate, the University covenants that all investments of amounts deposited in the Bond Fund, or otherwise containing gross proceeds of the 2023/2024 Tax-Exempt Bonds (within the meaning of Section 148 of the Code) will be acquired, disposed of, and valued (as of the date that valuation is required by the Code) at Fair Market Value.

Section 17. 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 18. Additional Bonds.

The University shall have the right to issue one or more series of Additional Bonds for University purposes as permitted under the Bond Act, the Building Fee Revenue Bond Act or otherwise under State law, and to pay the costs of issuing Additional Bonds, or to refund or advance refund any Bonds or other obligations. The University shall have the right to designate one or more series of Additional Bonds as Building Fee Revenue Bonds payable from and secured by the Building Fee and money and investments in the University of Washington Bond Retirement Fund on a parity with the lien thereon of outstanding Building Fee Revenue Bonds to the extent permitted by the Building Fee Revenue Bond Act. The University shall have the further right to pledge Building Fees and moneys and investments in the University of Washington Bond Retirement Fund to pay Additional Bonds payable from and secured solely by such Building Fees and moneys and investments on a parity with the lien thereon of outstanding Building Fee Revenue Bonds.

Section 19. Covenants Regarding Tax Exemption. The University will take all actions necessary to assure the exclusion of interest on the 2023/2024 Tax-Exempt Bonds from the gross income of the owners of the 2023/2024 Tax-Exempt Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the 2023/2024 Tax-Exempt Bonds, including but not limited to the following:

(a) The University will assure that the proceeds of the 2023/2024 Tax-Exempt Bonds are not used so as to cause the 2023/2024 Tax-Exempt Bonds to satisfy the private business tests or the private loan financing test, as applicable and as set forth in the Federal Tax Certificate.

(b) The University will not sell or otherwise transfer or dispose of (i) any personal property components of the Projects financed with the 2023/2024 Tax-Exempt Bonds other than in the ordinary course of an established government program or (ii) any real property components of the Projects financed with the 2023/2024 Tax-Exempt Bonds, unless it has received an opinion of nationally recognized bond counsel to the effect that such disposition will not adversely affect the treatment of interest on the 2023/2024 Tax-Exempt Bonds as excludable from gross income for federal income tax purposes as set forth in the Federal Tax Certificate.

(c) The University will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the 2023/2024 Tax-Exempt Bonds to be "federally guaranteed" as set forth in the Federal Tax Certificate.

(d) The University will take any and all actions necessary to assure compliance with the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2023/2024 Tax-Exempt Bonds as set forth in the Federal Tax Certificate.

(e) The University will not take, or permit or suffer to be taken, any action with respect to the proceeds of the 2023/2024 Tax-Exempt Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2023/2024 Tax-Exempt Bonds would have caused the 2023/2024 Tax-Exempt Bonds to be "arbitrage bonds" as set forth in the Federal Tax Certificate.

(f) The University will maintain a system for recording the ownership of each 2023/2024 Tax-Exempt Bond that complies with the Code until all 2023/2024 Tax-Exempt Bonds have been surrendered and canceled.

(g) The University will retain its records of all accounting and monitoring it carries out with respect to the 2023/2024 Tax-Exempt Bonds for at least three years after the 2023/2024 Tax-Exempt Bonds mature or are redeemed (whichever is earlier); however, if the 2023/2024 Tax-Exempt Bonds are redeemed and refunded, the University will retain its records of accounting and monitoring at least three years after the earlier of the maturity or redemption of the obligations that refunded the 2023/2024 Tax-Exempt Bonds.

(h) The University will comply with the provisions of the Federal Tax Certificate with respect to the 2023/2024 Tax-Exempt Bonds, which are incorporated herein as if fully set forth herein. In the event of any conflict between this Section and the Federal Tax Certificate, the provisions of the Federal Tax Certificate will prevail.

(i) In the event the University issues one or more series of bonds eligible for federal tax credits, a federal interest subsidy, or other subsidy, the University will comply with the provisions of the Federal Tax Certificate setting forth or incorporating applicable requirements.

The covenants of this Section will survive payment in full or defeasance of the 2023/2024 Tax-Exempt Bonds.

Section 20. No Recourse Against Individuals.

No owner of a 2023/2024 Bond (registered or beneficial) shall have any recourse for the payment of any part of the principal, interest, or Redemption Price, if any on the 2023/2024 Bonds, or for the satisfaction of any liability arising from, founded upon, or existing by reason of, the issuance or ownership of such 2023/2024 Bonds against the officers of the University or officers or members of the Board in their individual capacities.

Section 21. Defeasance.

Except as otherwise set forth in the Bond Terms Agreement, any 2023/2024 Bonds shall be deemed to have been paid and not Outstanding under this resolution and shall cease to be entitled to any lien, benefit or security of this resolution and any money and investments held hereunder, except the right to receive the money and the proceeds and income from Government Obligations set aside and pledged in the manner hereafter described, if:

(a) in the event that any or all of 2023/2024 Bonds are to be optionally redeemed, the University shall have given to the Registrar irrevocable instructions to give such notice of redemption of such 2023/2024 Bonds as may be required by the provisions of this resolution; and

(b) there shall have been made an Irrevocable Deposit, with the Registrar or another corporate fiduciary of money in an amount which shall be sufficient and/or noncallable Government Obligations that are direct or indirect obligations of the United States or obligations unconditionally guaranteed by the United States maturing at such time or times and bearing such interest to be earned thereon, without considering any earnings on the reinvestment thereof, as will provide a series of payments which shall be sufficient, together with any money initially deposited, to provide for the payment of the principal of and the interest on the defeased 2023/2024 Bonds, when due in accordance with their terms, or upon the earlier prepayment thereof in accordance with a refunding plan; and such money and the principal of and interest on such Government Obligations are set aside irrevocably and pledged in trust for the purpose of effecting such payment, redemption or prepayment.

Nothing contained in this Section 21 shall be construed to prohibit the partial defeasance of the lien of this resolution providing for the payment of one or more, but not all of the Outstanding 2023/2024 Bonds. In the event of such partial defeasance, this resolution shall be discharged only as to the 2023/2024 Bonds so defeased.

Section 22. Approval of Official Statement.

The University hereby authorizes and directs the Authorized Representative of the University to approve one or more solicitations for the tender of outstanding Refunding Candidates, to approve the preparation and distribution of one or more Offers, to approve the information contained in each Preliminary Official Statement, if any, pertaining to 2023/2024 Bonds or 2023/2024 bonds issued on behalf of the University, to "deem final" each Preliminary Official Statement, if any, as of its date, except for the omission of information on offering prices, interest rates, selling compensation, delivery dates and any other terms or provisions of the 2023/2024 Bonds dependent on such matters, for the sole purpose of the applicable underwriter's compliance with the Rule and to authorize the distribution thereof to prospective purchasers of the series of 2023/2024 Bonds and others. The University further authorizes and directs any of such officers to approve the preparation, distribution and use of a final Official Statement or any other offering document, and to approve the information contained therein, in connection with the offering and sale of the applicable 2023/2024 Bonds or 2023/2024 bonds issued on behalf of the University, to the actual purchasers of the 2023/2024 Bonds and others. The University hereby authorizes any of such officers to execute each final Official Statement or other offering document described above to indicate such approval.

Section 23. Determination of Certain Matters Affecting 2023/2024 Bonds.

The Authorized Representative of the University is hereby authorized and directed to make the following determinations and/or take the following actions, subject to the limitations described below:

(a) determine whether the 2023/2024 Bonds shall be issued and sold in one or more series or subseries;

(b) determine the Mode in which 2023/2024 Bonds of a series or subseries shall be issued initially;

(c) determine the times and manner of conversion, if any, between and within Modes, and negotiate and execute documents to effect the conversion, including without limitation any Bond Terms Agreement, or amendments thereto;

(d) negotiate and execute at the Authorized Representative of the University's discretion, one or more Escrow Agreements, Bond Terms Agreements, amendments to leases and other agreements with respect to Refunding Candidates, options to extend such leases, and other documents in connection with the refunding, defeasance, acquisition or exchange of a Refunding Candidate, and amendments thereto from time to time;

(e) negotiate and execute a Payment Agreement, if any, in connection with the issuance of any series or subseries of 2023/2024 Bonds;

(f) select one or more Escrow Agents, verification agents, tender agents, underwriters, Dealers, Direct Purchasers and/or Remarketing Agents;

(g) select some or all of the Refunding Candidates and designate those Refunding Candidates as the "Refunded Bonds" in the applicable Bond Terms Agreement or closing certificate;

(h) determine if it is in the best interest of the University for any or all of the 2023/2024 Bonds to be secured by a Liquidity Facility or Credit Facility and, if so, select the Liquidity Facility Issuer or Credit Facility Issuer, as applicable, pay the premium or fees therefor, issue one or more reimbursement or Bank Bonds, and enter into Reimbursement Agreements, each as applicable;

(i) subject to the limitations set forth herein, approve the initial Interest Rates if the 2023/2024 Bonds bear interest in Fixed Mode or Term Mode, Maturity Dates, aggregate principal amounts, principal amounts of each maturity, delayed remarketing terms, redemption rights, tender or put option rights, and other terms and conditions of the 2023/2024 Bonds;

(j) select a Trustee for the owners of any or all of the 2023/2024 Bonds and fix its or their rights, duties, powers, and obligations under the applicable Trust Agreement;

(k) determine whether any or all of the 2023/2024 Bonds shall be issued as 2023/2024 Tax-Exempt Bonds or as 2023/2024 Taxable Bonds, determine whether any or all of the 2023/2024 Tax-Exempt Bonds are to be designated as qualified 501(c)(3) obligations, and determine whether any or all of the 2023/2024 Bonds shall be issued as tax credit bonds, interest subsidy bonds or other bonds eligible for federal or other subsidy;

(l) determine whether any or all of the 2023/2024 Bonds shall be issued and sold as Direct Purchase 2023/2024 Bonds or as Underwritten 2023/2024 Bonds;

(m) determine whether any or all of the 2023/2024 Bonds shall be issued and sold on a current or forward delivery basis;

(n) determine whether any or all of the 2023/2024 Bonds shall be issued and sold to acquire tendered Refunding Candidates or to effect the exchange of Refunding Candidates for 2023/2024 Bonds;

(o) negotiate and approve terms for the purchase and/or exchange of Refunding Candidates tendered pursuant to any Offer; and

(p) allocate 2023/2024 Bond proceeds to Projects and determine whether all or a portion of the Projects shall be financed with other sources.

The Authorized Representative of the University is hereby authorized to approve the foregoing subject to following conditions:

(a) the aggregate principal amount of the 2023/2024 New Money Bonds shall not exceed $312,000,000;

(b) the aggregate principal amount of the 2023/2024 Refunding Bonds shall not exceed the aggregate principal amount of the Refunding Candidates to be refunded (including by acquisition or exchange) plus an amount deemed by the Authorized Representative of the University to be reasonably required to effect such refunding (including to reflect bonds sold at a discount, and to pay costs of issuance and costs of the tender and/or exchange);

(c) the final maturity date of any 2023/2024 Refunding Bonds shall not be later than 40 years after the date of issuance of the Refunding Candidate to be refunded (including by acquisition or exchange) with the proceeds of such bonds, and the term of any 2023/2024 Bond shall not be longer than 40 years;

(d) the true interest cost to the University, taking into account any interest or other subsidy, for the 2023/2024 Bonds issued initially in the Fixed Mode does not exceed 10%;

(e) the aggregate principal amount of 2023/2024 Bonds issued in the Daily Mode, Weekly Mode, Index Floating Mode and Commercial Paper Mode does not exceed 20% of the aggregate principal amount of all then Outstanding Bonds (determined on the initial date of issuance of such 2023/2024 Bonds in the Daily Mode, Weekly Mode, Index Floating Mode or Commercial Paper Mode); and

(f) the applicable Bond Terms Agreement is executed not later than July 31, 2024; provided that the Bond Terms Agreement may provide for forward delivery of the applicable 2023/2024 Bonds after this date as specified therein and provided that any amendment to a Bond Terms Agreement may be executed at any time.

Upon determination by the Authorized Representative of the University that all conditions to Closing set forth in the applicable Bond Terms Agreement have been satisfied, or upon waiver of such conditions by the appropriate parties, the Authorized Representative of the University is hereby authorized and directed (a) to cause such 2023/2024 Bonds, executed as provided in this resolution, to be authenticated and delivered; and (b) to execute, for and on behalf of the University, and to deliver to the persons entitled to executed copies of the same, the Official Statement or other offering document and all other documents required to be delivered, at or before the Closing Date pursuant to the applicable Bond Terms Agreement. The proper University officials are hereby authorized and directed to do everything necessary and proper for the prompt printing, execution, authentication, issuance and delivery of the 2023/2024 Bonds in exchange for the purchase price thereof, including any other consideration therefor.

This authorization is in addition to any previously delegated authority, including under the Debt Policy.

Section 24. Undertaking to Provide Continuing Disclosure.

An Authorized Representative of the University is authorized to, in the Authorized Representative of the University's discretion, execute and deliver a certificate regarding continuing disclosure in order to assist the underwriters for 2023/2024 Bonds in complying with Section (b)(5) of the Rule.

Section 25. Payment Agreements (Interest Rate Swap Agreements).

The University may enter into a Payment Agreement providing for an exchange of Reciprocal Payments for University Payments in connection with one or more series or subseries of 2023/2024 Bonds. The following shall be conditions precedent to the use of any Payment Agreement.

(a) *Opinion of Bond Counsel*. The University shall obtain an opinion of its Bond Counsel on the due authorization and execution of such Payment Agreement opining that the action proposed to be taken by the University is authorized or permitted by this resolution and by Washington law and will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the applicable series or subseries of 2023/2024 Tax-Exempt Bonds.

(b) *Certification of Municipal Advisor.* The University shall obtain, on or prior to the date of execution of the Payment Agreement, a written certification from a municipal advisor satisfying the requirements under RCW 39.96.030.

(c) *Approval of the State Finance Committee.* The Payment Agreement shall have been approved by the State Finance Committee under terms set forth in a resolution thereof, subject to final approval and authorization of the Payment Agreement by the Chair of the State Finance Committee pursuant to such terms. The approval of the State Finance Committee shall not constitute the pledge of the full faith and credit of the State. The University shall have the option to terminate the Payment Agreement in whole or in part, in the discretion of the Authorized Representative of the University.

(d) *Selection of Reciprocal Payor.* Prior to selecting the Reciprocal Payor, the University shall solicit and give due consideration to proposals from at least two entities that meet the criteria set forth in RCW 39.96.040(2). Such solicitation and consideration shall be conducted in such manner as the University (or the State Treasurer if so directed by resolution of the State Finance Committee) shall determine is reasonable.

(e) *Payments*. The Payment Agreement shall set forth the manner in which the University Payments and Reciprocal Payments are to be calculated and a schedule of Derivative Payment Dates. The University shall provide an annual report or certificate to the State Treasurer setting forth the information regarding the Payment Agreement, in form satisfactory to the State Treasurer.

(f) *Findings.*

(1) The obligations of the University under the Payment Agreement shall be paid solely from General Revenues.

(2) If the University enters into a Payment Agreement, University Payments shall be made from the Bond Fund. Reciprocal Payments shall be paid directly into the Bond Fund or a separate account therein.

(3) If the foregoing conditions are complied with, the Payment Agreement will lower the net cost of borrowing for the related 2023/2024 Bonds or reduce the University's exposure to fluctuations in interest rates on the related 2023/2024 Bonds. This finding shall be confirmed in a report of the Authorized Representative of the University.

Section 26. 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 2023/2024 Bonds affected by the supplemental resolution, or to surrender any right or power herein reserved to or conferred upon the University;

(2) to make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this resolution or any resolution authorizing Additional Bonds in regard to matters or questions arising under such resolutions as the Board may deem necessary or desirable and not inconsistent with such resolution and which shall not materially adversely affect the interest of the Registered Owners of Outstanding 2023/2024 Bonds.

Any such supplemental resolution of the Board may be adopted without the consent of the owners of any 2023/2024 Bonds at any time outstanding, notwithstanding any of the provisions of subsection (b) of this section.

(b) *With Consent of Owners.* With the consent of the Registered Owners of not less than 51% in aggregate principal amount of all Outstanding 2023/2024 Bonds 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 2023/2024 Bonds, or reduce the rate of interest thereon, or extend the time of payment of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the owner of each 2023/2024 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 2023/2024 Bonds affected by the reduction.

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. The Reimbursement Agreement may provide rights to the Credit Facility Issuer or Liquidity Facility Issuer to consent to supplemental resolutions on behalf of Registered Owners of Bonds for which it provides credit and liquidity support or in addition to such Registered Owners.

Section 27. Concerning the Registered Owners.

(a) *Form of Consent of Registered Owners.* Any request, direction, consent or other written instrument required by this resolution to be signed or executed by the Registered Owners may be in any number of concurrent written instruments of similar tenor and may be signed or executed by such Registered Owners in person or by an agent or agents duly appointed by a written instrument. Proof of the execution of any such written instrument and of the ownership of the 2023/2024 Bonds shall be sufficient for any purpose of this resolution and shall be conclusive in favor of the University, and/or the Registered Owners with regard to any action taken under such instrument, if made in the following manner:

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

(2) the ownership of 2023/2024 Bonds shall be proved by the Bond Register maintained by the Registrar.

Nothing contained in this Section 27(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 2023/2024 Bonds of a series or subseries 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 2023/2024 Bonds of a series or subseries 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 2023/2024 Bond. Except as aforesaid, any such consent given by the Registered Owner of any 2023/2024 Bond shall be conclusive and binding upon such Registered Owner and upon all future Registered Owners of such 2023/2024 Bond and of any 2023/2024 Bond issued in exchange therefor or in lieu thereof, irrespective of whether or not any notation in regard thereto is made upon such 2023/2024 Bond. Any action taken by the Registered Owners of the percentage in aggregate principal amount of a series or subseries of Outstanding 2023/2024 Bonds specified in this resolution in connection with such action shall be conclusively binding upon the University and the Registered Owners of all Outstanding 2023/2024 Bonds.

Section 28. Determination of Registered Owners' Concurrence.

In determining whether the Registered Owners of the requisite aggregate principal amount of a series or subseries of Outstanding 2023/2024 Bonds have concurred in any demand, request, direction, consent or waiver under this resolution, 2023/2024 Bonds which are owned by or held in the name of the University shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. 2023/2024 Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 28 if the pledgee shall establish to the satisfaction of the University the pledgee's right to vote such 2023/2024 Bonds and that the pledgee is not the University.

Section 29. University Acquisition of 2023/2024 Bonds.

The University may acquire 2023/2024 Bonds by (a) purchase of 2023/2024 Bonds offered to the University at any time and from time to time at such purchase price as the University deems appropriate; or (b) gift at any time and from time to time on terms as the University deems appropriate.

Section 30. Contract-Savings Clause.

The covenants contained in this resolution, the 2023/2024 Bonds and the provisions of the Bond Act shall constitute a contract between the University and the Registered Owners of the 2023/2024 Bonds and shall be construed in accordance with and controlled by the laws of the State. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the University shall be declared by any court of competent jurisdiction and final appeal, if any appeal be taken, to be contrary to law, then such covenant or covenants, agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements in this resolution and shall in no way affect the validity of the other provisions of this resolution or of the 2023/2024 Bonds.

Section 31. No Benefits to Outside Parties.

Nothing in this resolution, express or implied, is intended or shall be construed to confer upon or to give to any person, other than the University, the Registrar, any Credit Facility Issuer, any Liquidity Facility Issuer, or the Registered Owners of Bonds, any right, remedy or claim under or by reason of this resolution; and the covenants, stipulations and agreements in this resolution are and shall be for sole and exclusive benefit of the University, the Registrar, any Credit Facility Issuer, the Liquidity Facility Issuer, and the Registered Owners of Bonds, their successors and assigns.

Section 32. Immediate Effect.

This resolution shall take effect immediately upon its adoption.

Exhibit A

Description of Refunding Candidates

Issuer	Bond Name	Original Principal Amount
NW Hospital	4.65% Mortgage Note Payable (OMC Refunding)	$9,217,542
State of WA	1998C General Obligation HE-UW (Harborview R&T)	9,420,000
State of WA	1998C General Obligation HE-UW (Ocean Science Building)	8,935,000
State of WA	2013 Certificate of Participation 93 (R-2003 COP 41)	1,990,000
State of WA	2014 Equipment Certificate of Participation 97	434,695
State of WA	2016A General Obligation (R-2006A)	30,145,000
State of WA	2017A General Obligation HE-UW (R-2010A (R-1999B))	9,130,000
State of WA	2020A General Obligation UW ((R-2010B)(R-2001C))	1,585,000
State of WA	2020C General Obligation UW (R-2011B (R-2002A))	5,065,000
State of WA	2020C General Obligation UW (R-2011B (R-2002B))	2,640,000
State of WA	2021B General Obligation UW (R-2011A (R-2002A))	8,910,000
State of WA	2021C General Obligation UW (R-2012A (R-2003D))	1,060,000
State of WA	2021C General Obligation UW (R-2012A (R-2004A))	2,665,000
State of WA	2022C General Obligation UW (2012C)(R-2004D)	2,390,000
State of WA	2022C General Obligation UW (R-2012C)(2003D)	1,795,000
State of WA	2022C General Obligation UW (R-2012C)(2004A)	4,215,000
University	2006 UWT Bank of America Term Loan	3,100,000
University	2014 EQL Primate Center	1,172,654
University	2009 General Revenue Bonds (Taxable Build America Bonds)	75,835,000
University	2009B General Revenue Bonds (Taxable Build America Bonds)	77,710,000
University	2010B General Revenue Bonds (Taxable Build America Bonds)	144,740,000
University	2012C General Revenue Bonds	299,425,000
University	2013 General Revenue Bonds	146,410,000
University	2015A General Revenue and Refunding Bonds (Taxable)	47,715,000
University	2015B General Revenue Refunding Bonds	170,555,000
University	2015C General Revenue and Refunding Bonds	159,160,000
University	2015D General Revenue and Refunding Bonds (Taxable)	36,350,000
University	2016A General Revenue and Refunding Bonds	195,145,000
University	2016B General Revenue Refunding Bonds (Taxable)	10,015,000
University	2018 General Revenue Bonds	133,785,000
University	2020A General Revenue Bonds	51,000,000
University	2020B General Revenue Bonds (Taxable)	51,000,000
University	2020C General Revenue Refunding Bonds (Delayed Delivery Bonds)	117,815,000
University	2021A General Revenue and Refunding Bonds	77,435,000
University	2021B General Revenue and Refunding Bonds (Taxable)	249,335,000
University	2022A General Revenue and Refunding Bonds	75,000,000
University	2022B General Revenue and Refunding Bonds (Taxable)	209,090,000
University	2022C General Revenue Refunding Bonds (Term Rate Bonds)	90,700,000

Issuer	Bond Name	Original Principal Amount
University	2014 FAST Loan - Suzzallo Library Renovation	1,000,000
University	2014 FAST Loan - UWT- Pagni & Lenti Building	500,000
University	2018 FAST Loan - The College of the Environment (Research Vessel)	500,000
University	2020 FAST Loan -Fleet Services	484,209
University	2020 FAST Loan - Oak Hall HFS (Taxable)	12,000,000
University	2020 FAST Loan - Oak Hall HFS (Tax-Exempt)	7,000,000
University	2020 FAST Loan - School of Medicine MRI Machine	2,470,000
University	2021 FAST Loan - UW Information Technology	5,192,325
University	2022 FAST Loan - School of Medicine Cyclotron Machine	1,124,000
University	2022 FAST Loan - Fleet Services	1,699,621
University	2023 FAST Loan – Fleet Services	3,715,876
University	CP2023 5/23/23 – FT $43.5M TE	43,500,000
WBRF 3	2010B Lease Revenue Bonds WBRF 3 - Build America Bonds	151,745,000
WEDFA	2013 Lease Revenue Refunding Bonds WBRP I	28,995,000
WEDFA	2014A Lease Revenue Refunding Bonds WBRPII (R-2005E & 2006J)	109,205,000
WEDFA	2015A Lease Revenue Bonds WBRP III	107,615,000
University	Fred Hutchinson Cancer Research Center Promissory Note (FHCC)	142,942,000
University	Line of Credit - US Bank	100,000,000

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APPENDIX B

AUDITED FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTAL INFORMATION OF THE UNIVERSITY (FISCAL YEAR ENDED JUNE 30, 2023)

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KPMG

UNIVERSITY OF WASHINGTON

Supplementary Information

June 30, 2023 and 2022

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 2800
401 Union Street
Seattle, WA 98101

Independent Auditors' Report on Supplementary Information

The Board of Regents
University of Washington:

We have audited the financial statements of the business-type activities, the fiduciary activities, and the aggregate discretely presented component units of the University of Washington (the University) as of and for the years ended June 30, 2023 and 2022, and have issued our report thereon dated October 31, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The reconciliation of total university to general revenue and the reconciliation of total University of Washington unrestricted net position are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of the Board of Regents and management of the University of Washington and rating agencies and bondholders who have previously received the financial statements of the University of Washington as of and for the years ended June 30, 2023 and 2022, and our unmodified opinions thereon, for use in evaluating those financial statements, and is not intended to be, and should not be used for any other purpose.

KPMG LLP

Seattle, Washington
October 31, 2023

UNIVERSITY OF WASHINGTON

Supplementary Information

Reconciliation of Total University Revenue to General Revenue

Years ended June 30, 2023 and 2022

(Dollars in thousands)

		2023	2022
General revenue:			
Total revenue	$	8,973,458	7,563,825
Less:			
State appropriations		531,999	484,915
Grant and contract direct costs		1,568,373	1,402,203
Gifts		182,137	218,012
Revenues of component units		399,863	412,365
Student activities fees and U-Pass fees		50,667	50,866
Student technology fees, student building fees, and student loan funds		81,528	85,255
Metropolitan Tract		74,904	62,872
Trust and endowment income (loss), net unrealized gains on noninvested funds investments, component unit investment income, and other restricted investment income		338,716	(419,153)
Capital appropriations		201,379	127,892
Capital grants, gifts and other		79,223	46,877
Other nonoperating revenues		198,426	158,825
Gifts to permanent endowments		105,766	91,610
Total general revenue	$	5,160,477	4,841,286
General revenue components:			
Student tuition and fees (less student activities fees, U-Pass fees, technology fees, building fees, and loan funds)	$	1,039,825	1,002,960
Grant and contract indirect costs		345,084	308,720
Invested funds distribution and net invested funds unrealized gains and (losses) (note 2)		98,873	(50,282)
Sales and services of educational departments		661,826	792,488
Patient services		2,124,833	2,007,809
Auxiliary systems		507,916	524,185
Fred Hutchinson Cancer Center		87,431	6,669
Other operating revenues		294,689	248,737
Total general revenue	$	5,160,477	4,841,286

See accompanying notes to supplementary information and the independent auditor's report on supplementary information.

UNIVERSITY OF WASHINGTON

Supplementary Information

Reconciliation of Total University of Washington Unrestricted Net Position
to General Net Position

June 30, 2023 and 2022

(Dollars in thousands)

		2023	2022
Total University unrestricted net position per financial statements	$	1,042,495	718,734
Less:			
Student and activities fees		32,053	28,009
Net position (deficit) of component units:			
UW Medicine Primary Care (formerly UW Neighborhood Clinics)		6,767	7,546
Northwest Hospital		(131,628)	(131,628)
Real estate entities		9,152	9,057
Total to be excluded, net		(83,656)	(87,016)
General net position, including pensions and other post-employment benefits (OPEB)		1,126,151	805,750
Impact of GASB 68 – Pensions		(268,880)	(84,909)
Impact of GASB 75 – OPEB		1,904,030	1,917,208
General net position, excluding GASB 68 pensions and OPEB *	$	2,761,301	2,638,049

* There are other non-cash adjustments to Unrestricted Net Position not shown here.

See accompanying notes to supplementary information and the independent auditor's report on supplementary information.

(1) Basis of Presentation

The Reconciliation of Total University Revenue to General Revenue presents the general income of the University of Washington (University) that is not restricted in its use by law, regulation, or contract. General Revenues, as defined in the bond agreements, are revenues pledged to bondholders under the University's General Revenue Bond platform. The supplementary information included herein reconciles total University revenue to General Revenue pledged to bondholders. For example, the following items are restricted and, therefore, excluded from General Revenues:

a. Appropriations to the University by the state of Washington (state) from the state's General Fund;

b. Revenues from gifts or grants restricted by the terms of the gift or grant either in writing or otherwise by the donor;

c. Fees imposed upon students as a condition of enrollment at the University, including but not limited to services and activities fees, building fees, and technology fees; and

d. Revenues and receipts attributable to the Metropolitan Tract Revenue, which are appropriated to the University by the state.

Unrestricted fund balances, to the extent that they were accumulated from money that was received as General Revenues, also are included and available to pay obligations secured by General Revenues. Any interest subsidy received from the federal government with respect to General Revenue Bonds is included and available to pay obligations secured by General Revenues.

On March 31, 2022, the members of the Seattle Cancer Care Alliance (SCCA): the University, Fred Hutchinson Cancer Research Center (Fred Hutch), and Seattle Children's Healthcare System (SCHS) agreed to merge Fred Hutch and SCCA; for SCCA to become a non-member non-profit Washington corporation, and for SCCA to be renamed Fred Hutchinson Cancer Center (FHCC). In addition to the restructure of the former SCCA corporate entity, the University and FHCC agreed to the Restructuring and Enhanced Collaboration Agreement (Restructuring Agreement), which clinically and financially integrates the adult cancer program between both entities. The University recorded financial alignment income in other nonoperating revenues in the Statements of Revenues, Expenses, and Changes in Net Position. These income amounts are reflected in the Reconciliation of Total University Revenue to General Revenue for the years ended June 30, 2023 and 2022, as part of the General Revenue components.

Unrestricted Net Position as of June 30, 2023 and 2022, is below historical levels due to the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, during fiscal year 2015 and the implementation of GASB Statements No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), during fiscal year 2018 (the Statements). These Statements require the University to record its proportionate share of the state of Washington's actuarially determined liabilities for pensions and OPEB. The University's Unrestricted Net Position, excluding the impacts of GASB Statements No. 68 and 75, is reflected on the Reconciliations of Total University of Washington Unrestricted Net Position to General Net Position.

(Continued)

(2) Prior Period Adjustment

In fiscal year 2023, an accounting error was discovered which resulted in an understatement of operating revenues and operating expenses of $295 million, respectively, in fiscal year 2022. There was no impact to net position. The error originated in the treatment of revenues and expenses related to physician compensation paid to faculty and the subsequent reimbursements from other parties. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows for fiscal year 2022 have been adjusted to reflect the correction. These adjustments are similarly reflected in the Reconciliation of Total University Revenue to General Revenue for the year ended June 30, 2022, and the Reconciliation of Total University of Washington Unrestricted Net Position to General Net Position as of June 30, 2022.

(3) Reclassifications

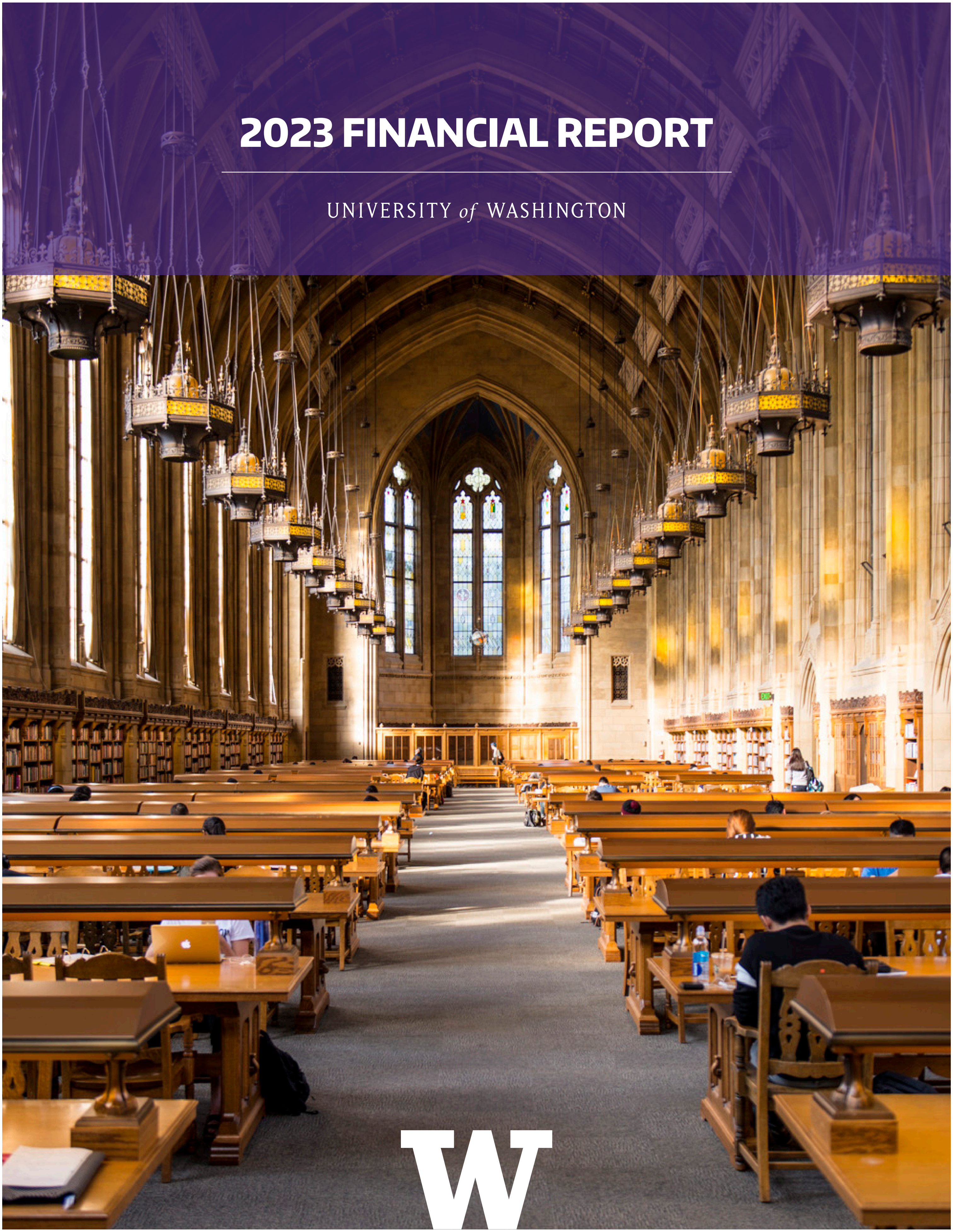
Certain amounts in the 2022 financial statements have been reclassified for comparative purposes to conform to the presentation of the 2023 financial statements.

(4) Invested Funds Distributions and Net Invested Funds Unrealized Gains and Losses

These amounts represent the net interest, dividends, and realized gains or losses earned on the Invested Funds that are distributed to departments for operations, in addition to or offset by any unrealized gains and losses on the portfolio.

2023 FINANCIAL REPORT

UNIVERSITY *of* WASHINGTON



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University Facts

	FISCAL YEAR 2023 Academic Year 2022-2023	FISCAL YEAR 2018 Academic Year 2017-2018	FISCAL YEAR 2013 Academic Year 2012-2013
STUDENTS			
Autumn Enrollment (headcount)			
Undergraduate	42,616	41,670	36,785
Graduate	15,265	14,059	12,782
Professional	2,200	2,126	1,999
TOTAL	**60,081**	**57,855**	**51,566**
Professional and Continuing Education - Course and Conference Registrations	72,416	79,503	74,922
Number of Degrees Awarded			
Bachelor's	11,532	11,179	9,782
Master's	5,297	4,514	3,906
Doctoral	886	820	763
Professional	595	551	566
TOTAL	**18,310**	**17,064**	**15,017**
FACULTY[1]	5,731	4,380	4,356
FACULTY AND STAFF[2]	35,331	30,932	26,315
RESEARCH FUNDING - ALL SOURCES *(in thousands of dollars)*	$ 1,872,371	$ 1,350,767	$ 1,122,933
SELECTED REVENUES *(in thousands of dollars)*			
Medical Centers and Related Revenues[3]	$ 5,990,964	$ 2,710,758	$ 1,971,451
Gifts, Grants and Contracts	2,095,595	1,627,139	1,412,541
Auxiliary Enterprises and Other Revenues	1,263,027	660,442	814,408
Tuition and Fees[4]	1,158,213	989,912	808,053
State Operating Appropriations	531,999	362,267	218,165
Investment Income	437,589	404,412	341,241
SELECTED EXPENSES *(in thousands of dollars)*			
Medical-Related[3]	$ 5,211,127	$ 2,335,063	$ 1,785,696
Instruction, Academic Support, and Student Services	2,638,945	1,981,058	1,285,489
Institutional Support and Physical Plant	1,153,596	836,674	407,381
Research and Public Service	1,150,654	834,139	803,981
Auxiliary Enterprises	705,916	494,956	203,615
CONSOLIDATED ENDOWMENT FUND[5] *(in thousands of dollars)*	$ 4,940,000	$ 3,407,000	$ 2,347,000
SQUARE FOOTAGE[6] *(in thousands of square feet)*	29,500	25,700	21,773

1. Prior to 2018, this number represents headcount for core faculty (Professorial, Instructional and Research). Starting in 2018, this number represents full time faculty from all campuses including the Medical Centers.
2. Full time equivalents – restated (historically) using centralized data source and enterprise definitions
3. Includes discrete component units (Fred Hutchinson Cancer Center in 2023 only)
4. Net of scholarship allowances of $181.0 million in 2023, $154.9 million in 2018 and $135.4 million in 2013
5. Stated at fair value
6. Gross square footage, all campuses

KPMG LLP
Suite 2800
401 Union Street
Seattle, WA 98101

Independent Auditors' Report

The Board of Regents
University of Washington:

Opinions

We have audited the financial statements of the business-type activities, the fiduciary activities, and the aggregate discretely presented component units of the University of Washington (the University), which comprise the statements of net position and statements of fiduciary net position as of and for the years ended June 30, 2023 and 2022, and the related statements of revenues, expenses and changes in net position, statements of changes in fiduciary net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the University's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University of Washington, as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in note 1 to the financial statements, the financial statements of the University of Washington, an agency of the state of Washington, are intended to present the financial position, the changes in financial position, and where applicable, cash flows of only the respective portion of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the state of Washington that are attributable to the transactions of the University of Washington and its discretely presented component units. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2023 and 2022, the changes in its financial position, or where applicable, its cash flows for the years then ended in accordance with U.S generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 6 through 18, and the schedule of required supplementary information on pages 75 through 82, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the basic financial statements. The University Facts included under the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The information has not been subject to the auditing procedures applied in the audit of the basic financial statements. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

KPMG LLP

Seattle, Washington
October 31, 2023

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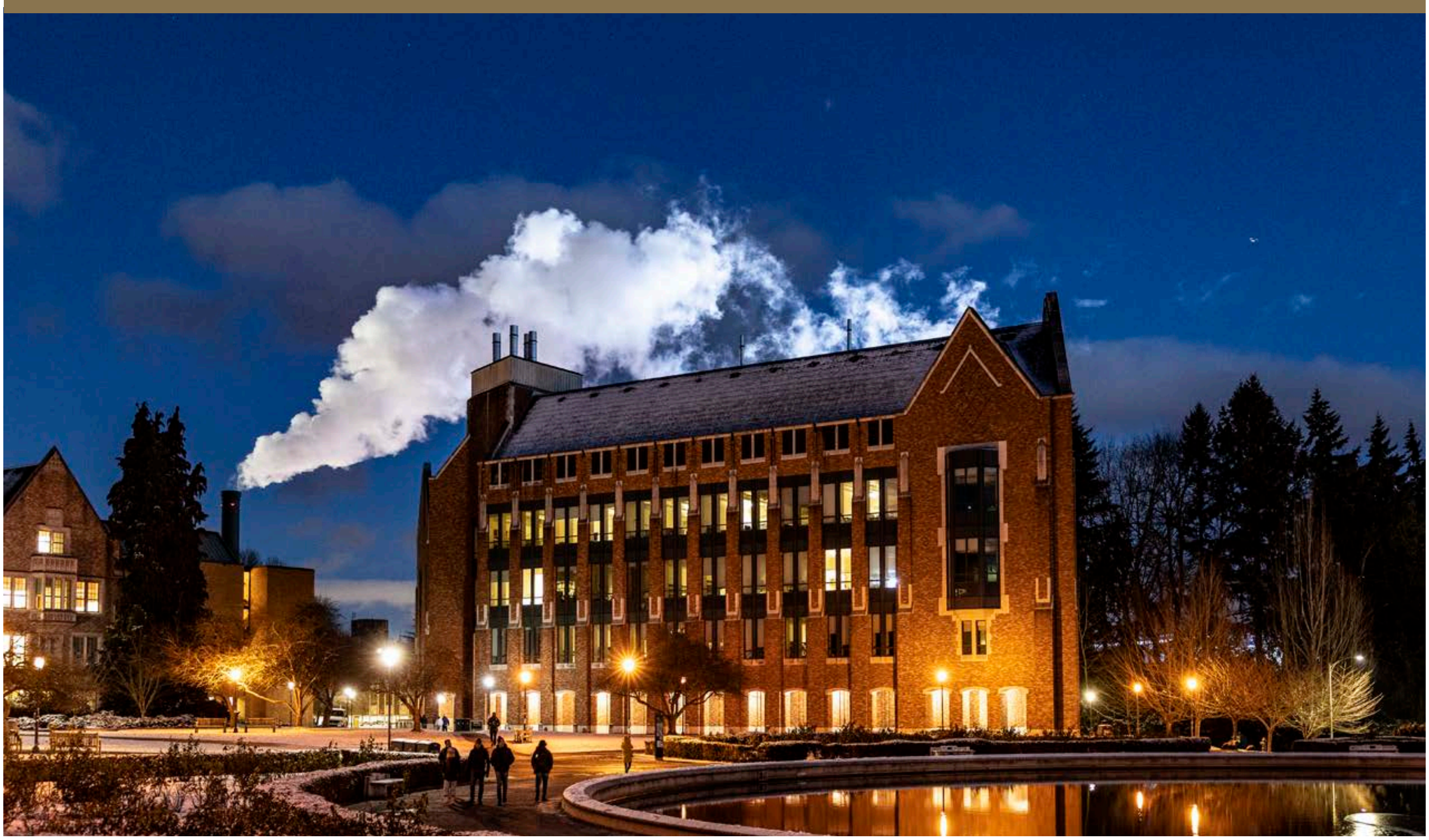
Management's Discussion & Analysis



MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis below provides an overview of the financial position and activities of the University of Washington ("University") for the fiscal years ended June 30, 2023 and 2022, with comparative financial information for 2021. This discussion has been prepared by management, and since it includes highly summarized data, should be read in conjunction with the financial statements and accompanying notes to financial statements that follow this section.

Financial Highlights for Fiscal Year 2023

The University recorded a $894 million increase in net position in 2023 compared to an increase of $473 million in 2022. The 2023 operating loss increased $736 million from the prior year, as operating expenses increased 14% and outpaced operating revenues that grew by 4%. The increase in salary and benefit expenses in fiscal year 2023 made more than half of the increase in operating expenses. This was offset by an increase in nonoperating revenues from the prior year, driven by a significant turnaround in investment performance.

Key Financial Results

(in millions)	2023	2022	2021
Total operating revenues	$ 7,101	$ 6,849	$ 5,900
Total operating expenses	7,969	6,981	6,300
Operating loss	(868)	(132)	(400)
State appropriations	532	485	481
Gifts	182	218	215
Investment income (loss)	438	(469)	1,318
Other nonoperating revenues, net	610	371	360
Increase in net position	894	473	1,974
Net position, beginning of year	8,354	7,881	5,907
Net position, end of year	**$ 9,248**	**$ 8,354**	**$ 7,881**

Operating Revenues

Operating revenues increased $252 million, or 4%, in 2023. Revenue from patient services increased $121 million million, or over 5%, primarily due to higher admissions and occupancy. Grant and contract revenue increased $203 million, or 12%, over 2022, while student tuition and fees increased $33 million, or 3%. Sales and services of educational departments decreased $131 million due to School of Medicine programs, due in part to Lab Medicine - Pathology, which saw lower demand for COVID-19 testing activities compared to prior year. The University's auxiliary operations, which includes student housing and food services and intercollegiate athletics among others, showed revenue decreases totaling $32 million over the prior year. These were offset by an increase in other operating revenues of $57 million mainly due to an increase in contract pharmacy revenues.

Operating Expenses

Operating expenses increased $988 million, or 14%, in 2023. Staff salaries and benefits increased $527 million during the year, due to the impact of higher costs associated with salaries and employer-paid healthcare benefits. Fiscal year 2022 saw a decrease in benefits due to reduced expenses associated with pensions of $191 million, which was not experienced at the same levels in fiscal year 2023. Purchased services expense increased $162 million, or 15%, primarily driven by increased activities associated with medical operations and research programs at $128 million along with growth in travel costs of $32 million, which has returned to pre-pandemic level volume and increase in per diem rates resulting from inflation.

Nonoperating Revenues

Revenues from nonoperating and other sources, net of interest on capital-related debt, increased $1,037 million, or 306%, in 2023. Investment results were the primary driver, increasing $907 million, or 193%, in 2023 driven by change in fair value of investments resulting in non-cash unrealized gains. Other nonoperating revenues increased $120 million, driven by an increase of $81 million in financial alignment income from Fred Hutchinson Cancer Center and federal COVID-19 funding received by the University (see below).

COVID-19

The COVID-19 pandemic has had widespread impacts on societal and economic conditions at a local, national and global level, and has had a significant impact on the University's operations. Financial and liquidity support has been received from federal and state sources and has helped the University to address the negative impacts from COVID-19. This support was provided by the following programs:

- Medicare Advance Payment Program (MAPP)
- Coronavirus Aid, Relief and Economic Security Act (CARES Act) Provider Relief Fund
- CARES Act Higher Education Emergency Relief Fund (HEERF)
- CARES Act Federal Insurance Contributions Act (FICA) Deferral
- CARES Act Paycheck Protection Program
- Federal Emergency Management Agency (FEMA) Public Assistance Program
- Emergency funding appropriated to the University by the state of Washington

In total, the University has recorded revenues of $55 million, $162 million, and $175 million in fiscal years 2023, 2022 and 2021, respectively, in relation to this COVID-19 support. These amounts exclude amounts received by Harborview Medical Center, and the University's discrete component units, Valley Medical Center and Fred Hutchinson Cancer Center.

Changes in Accounting Standards

The following changes in GASB accounting standards have been implemented by the University and had a material impact on the financial statements:

Statement No. 96, "SBITAs"- This Statement was effective for fiscal year 2023, and changed the accounting and financial reporting for Subscription-Based Information Technology Arrangements (SBITA). This Statement applies to contracts that convey the right to use another party's information technology software as specified in the contract in an exchange or exchange-like transaction for a term exceeding 12 months. Governments should recognize a right-to-use (ROU) subscription asset and a corresponding subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. As a result of the implementation, the University has applied the standard retroactively to the period ending June 30, 2022. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows for fiscal year 2022 have been restated to conform with the requirements of this Statement and the current year presentation.

Statement No. 87, "Leases" - This Statement was effective for fiscal year 2022, and changed the accounting and financial reporting for leases by establishing a single model for lease accounting based on the foundational principle that leases represent a financing transaction associated with the right to use an underlying asset. This Statement applies to contracts that convey the right to use a non-financial asset in an exchange or exchange-like transaction for a term exceeding 12 months. Lessees are now required to recognize a lease liability and an intangible ROU lease asset, and lessors are required to recognize a lease receivable and a deferred inflow of resources. As a result of the implementation, the University has applied the standard retroactively to the period ending June 30, 2021, which resulted in the addition of over $1 billion to the University's assets ($700 million ROU assets added to "capital assets, net," $334 million added to "lease receivables, net of current portion" and $43 million added to "accounts receivable" for the current portion of lease receivables). GASB 87 also added over $1 billion to the University's 2021 liabilities and deferred inflows ($720 million of lease liabilities added to "long-term liabilities, and $367 million added to "deferred inflows of resources").

Prior Period Adjustment

In fiscal year 2023, an accounting error was discovered which resulted in an understatement of operating revenues and operating expenses of $295 million, respectively, in fiscal year 2022. In addition, accounts receivable and accounts payable were understated by $2 million. There was no impact to net position. The error originated in the treatment of revenues and expenses related to physician compensation paid to faculty and the subsequent reimbursements from other parties. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows for fiscal year 2022 have been restated to reflect the correction.

Changes in Reporting

Formation of Fred Hutchinson Cancer Center
On March 31, 2022, the members of the Seattle Cancer Care Alliance (SCCA): the University, Fred Hutchinson Cancer Research Center (Fred Hutch), and Seattle Children's Healthcare System (SCHS) agreed to merge Fred Hutch and SCCA; for SCCA to become a non-member non-profit Washington corporation, and for SCCA to be renamed Fred Hutchinson Cancer Center (FHCC). As part of the transaction, SCHS's interest of $286 million was purchased by the University and Fred Hutch with funding provided by Fred Hutch. SCHS no longer participates in the Adult Oncology Program but continues to offer pediatric cancer care services and to coordinate through separate affiliation agreements with FHCC and UW Medicine. The University entered into a promissory note to pay FHCC over a ten-year period for its 50% portion of the SCHS membership in SCCA.

In addition to the restructure of the former SCCA corporate entity in fiscal year 2022, the University and FHCC agreed to the Restructuring and Enhanced Collaboration Agreement (Restructuring Agreement), which clinically and financially integrates the adult cancer program between both entities. With this new arrangement, the University no longer holds a membership interest in SCCA. The University agreed to a restructuring of the SCCA joint venture by transitioning to a non-member entity and rebranding. The University's former economic rights as a joint venture member were transformed into contractual rights including, among other provisions, a payment right extending perpetually. The University's investment in FHCC is recorded within its Statements of Net Position and reflects the integrated adult oncology program. The Restructuring Agreement includes a Financial Alignment Plan, under which both parties share in the objectives of the integrated adult oncology program and drive site neutrality for cancer services for the betterment of patient outcomes. FHCC is presented as a discrete component unit due to the significant level of integration with the University;therefore, its financial position and results of operations are reported in a separate column for financial statement presentation purposes (see note 1 to the financial statements).

Using the Financial Statements

The University's financial statements are prepared in accordance with GASB principles, which establish standards for external financial reporting for public colleges and universities. GASB standards require that financial statements be presented for the University as a whole. These financial statements include the following components:

- Independent Auditors' Report presents an unmodified opinion prepared by the University's auditors, KPMG LLP.
- Statements of Net Position present the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the University at a point in time (June 30, 2023 and 2022). Their purpose is to present a financial snapshot of the University. This statement aids the reader in determining the assets available to continue the University's operations, how much the University owes to employees and vendors, whether the University has any deferred outflows or inflows other than assets or liabilities, and provides a picture of net position and its availability for expenditure by the University.
- Statements of Revenues, Expenses and Changes in Net Position present the total revenues earned and expenses incurred by the University for operating, nonoperating and other related activities, during a period of time (the fiscal years ended June 30, 2023 and 2022). Their purpose is to assess the University's operating and nonoperating activities.
- Statements of Cash Flows present cash receipts and payments of the University during a period of time (the fiscal years ended June 30, 2023 and 2022). Their purpose is to assess the University's ability to generate net cash flows and meet its obligations as they come due.
- Statements of Fiduciary Net Position present the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and fiduciary net position of the University's custodial funds at a point in time (June 30, 2023 and 2022).
- Statements of Changes in Fiduciary Net Position present the additions and deductions from the University's custodial funds during a period of time (the fiscal years ended June 30, 2023 and 2022).
- Notes to the Financial Statements present additional information to support the financial statements. Their purpose is to clarify and expand on the information in the financial statements. Notes are referenced in this discussion to indicate where details of the financial highlights may be found.

The University has had a strategic alliance with Valley Medical Center, a Washington public hospital district, since 2011. In fiscal year 2022, Fred Hutchinson Cancer Center, a nonprofit organization focused on adult oncology research and care, was formed and clinically integrated with the University. GASB standards require that these entities be presented as discrete component units of the University; therefore, the financial position at June 30, 2023 and 2022, and results of operations for the fiscal years ended June 30, 2023 and 2022, are reported in a separate column for financial statement presentation purposes (see note 1 to the financial statements).

The analysis that follows includes the consolidated balances of the University of Washington and its blended component units, but excludes the financial position and results of operations of Valley Medical Center and FHCC.

Financial Health

STATEMENTS OF NET POSITION

A summarized comparison of the University's assets, liabilities, deferrals and net position as of June 30, 2023, 2022 and 2021 is shown below:

Summarized Statements of Net Position

(in millions)	2023	2022	2021
Current assets	$ 3,092	$ 2,756	$ 2,754
Noncurrent assets:			
Capital assets, net	6,186	5,942	5,810
Investments, net of current portion	6,653	6,746	6,833
Other	1,386	2,131	815
Total assets	17,317	17,575	16,212
Deferred outflows	1,030	788	742
Total assets and deferred outflows	18,347	18,363	16,954
Current liabilities	1,647	1,703	1,686
Noncurrent liabilities:			
Bonds payable	2,289	2,387	2,407
Pensions and OPEB	1,662	2,190	2,256
Other	1,270	1,262	1,138
Total liabilities	6,868	7,542	7,487
Deferred inflows	2,232	2,467	1,586
Total liabilities and deferred inflows	9,100	10,009	9,073
Net position	**$ 9,248**	**$ 8,354**	**$ 7,881**

Current assets include those that may be used to support current operations, and consist primarily of cash and cash equivalents, short-term investments and accounts receivable. Current liabilities generally are due and payable over the course of the following fiscal year, and include accounts payable and other accrued liabilities, unearned revenues, and the current portion of long-term liabilities such as debt. The excess of current assets over current liabilities of $1,445 million in 2023, and $1,053 million in 2022, reflects the continuing ability of the University to meet its short-term obligations.

Current assets increased $336 million, or 12%, in 2023, driven by $222 million increase in short-term investments. The federal funds rate increased substantially in fiscal year 2023 resulting in short-term securities becoming more attractive to hold with a higher yield and not be subject to interest rate risk. Accounts receivable, net of allowances, increased $124 million mainly due to receivables for state appropriation which were received in July and an increase in receivables related to pending sales of investments.

Current assets were mostly unchanged in 2022, as a $124 million increase in short-term investments and a $21 million increase cash and cash equivalents offset by a $150 million decrease in accounts receivable, which resulted primarily from a decrease in amounts due from pending sales of investments.

Current liabilities decreased $56 million, or 3%, in 2023, mainly due to lower accounts payable of $79 million resulting from an increase in payment processing during the final months of fiscal year 2023 in preparation for the implementation of the new Workday system. Current liabilities increased $17 million, or 1%, in 2022. The increase was driven by $51 million increase in current portion of lessee lease liabilities resulting from the implementation of GASB 87, $14 million increase from first time recognition of the current portion of subscription liabilities from the implementation of GASB 96, and an increase in accounts payable at $73 million. This increase was offset by a $48 million decrease in unearned revenue at $44 million.

Noncurrent assets decreased $594 million, or 4%, in 2023. Net pension assets decreased $704 million during the year primarily due to the change in value of plan assets. The significant increase in investment value from the prior year measurement period did not repeat itself in the current year measurement period. Noncurrent assets increased $1,361 million, or 10%, in 2022. Net pension assets increased $1,129 during the year, reflecting unusually strong investment returns during the 2021 measurement period of the retirement plans administered by the Department of Retirement Systems (DRS). $170 million of the increase in noncurrent assets primarily reflects the difference between recording the new investment in FHCC during fiscal year 2022 for $429 million, and removal of the $259 million equity share of the SCCA joint venture which merged with FHCC and was recorded in "other noncurrent assets". The difference between these values primarily reflects the University's $143 million note payable to FHCC for the 50% portion of the Seattle Children's Healthcare System (SCHS) membership in SCCA.

Noncurrent liabilities decreased $618 million, or 11% in 2023 mainly driven by a decrease of $615 million in other post-employment benefits liability. This decrease primarily reflects changes in actuarial assumptions, which reduced the post-employment benefits liability but in turn increased the deferred inflows related to other post-employment benefits.

Noncurrent liabilities increased $38 million, or 1%, in 2022. The University's liability for other post-employment benefits increased $165 million during the year, primarily reflecting an increase in the University's proportionate share of the statewide plan. Long-term liabilities, net of current portion increased $72 million, driven by recording the $143 million payable to FHCC for the University's 50% portion of SCHS membership in SCCA. The long-term portion of the reserve for self-insurance also increased $44 million, and was offset by a decrease in items related to COVID-19 funding. Pension liabilities decreased $231 million, driven by the pension plans administered by the DRS which turned to net pension assets during the year as a result of investment gains on plan assets during the 2021 measurement period.

Deferred outflows of resources and deferred inflows of resources primarily represent pension and OPEB-related deferrals, lease-related deferrals, subscription-related deferrals, and the University's remainder interest in split-interest agreements. The increase in deferred outflows of $242 million, or 31%, in 2023 is mainly seen in the deferred outflows related to pensions driven by a decrease in the investment rate of return in actuarial assumptions for the retirement plans administered by the Department of Retirement Systems (DRS). The increase in deferred outflows of $46 million, or 6%, in 2022 primarily pertains to OPEB, which experienced a $35 million increase due to the University's larger proportionate share of the state's overall plan results.

Deferred inflows decreased by $235 million, or 10%, in 2023, driven by a $729 million decrease to the pension plans administered by the DRS, which report results on a one-year lag. The difference between projected and actual investment earnings on pension plan investments contributed to the decrease in deferred inflows due to lower investment earnings during the fiscal year 2022 measurement period. This decrease was offset by a $599 million increase in the other post-employment benefit plan deferred inflows due to changes in actuarial assumptions. Deferred inflows increased $881 million, or 56%, in 2022, primarily due to an over $1 billion increase attributable to the pension plans administered by the DRS, which report results on a one-year lag. Better than expected returns on DRS plan assets during the fiscal year 2021 measurement period decreased the net pension liability, turning it into a net pension asset for fiscal year 2022. The associated increase to the deferred inflow for these plans is recognized as a reduction of pension expense in the current and future year

Endowment and Other Investments

Investment returns provide an important source of revenue for the University's programs. Among the funds invested by the University are endowments, operating reserves, life income trusts, annuities and gifts.

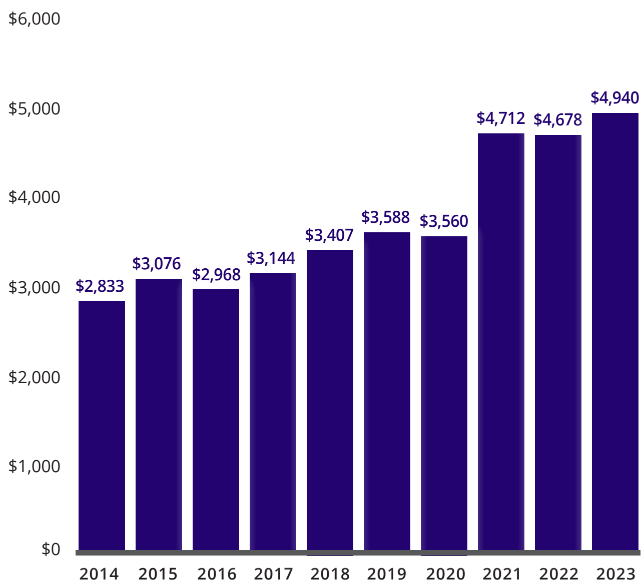
The University of Washington Board of Regents is vested by statute with responsibility for the University's properties and investments, and for establishing investment policy. The University of Washington Investment Management Company (UWINCO), led by the Chief Investment Officer, carries out the day-to-day activities of the investment portfolios. The University of Washington Investment Management Company Board ("UWINCO Board") consists of both Board of Regents' members and external investment professionals who advise UWINCO, the President and the Board of Regents.

Endowed gifts supply permanent capital and an ongoing stream of current earnings to the University. Most endowments are commingled in the Consolidated Endowment Fund (CEF), a diversified investment fund. Similar to a mutual fund, each individual endowment maintains a separate identity and owns units in the fund.

The CEF has experienced considerable growth over the past decade due to endowment gifts and investment returns. The number of individual endowments in the CEF has grown significantly, from 4,211 at June 30, 2014 to 5,712 at June 30, 2023. The market value of the CEF has similarly increased, from $2.8 billion at June 30, 2014 to $4.9 billion at June 30, 2023.

Consolidated Endowment Fund Market Value

(in millions)



The CEF Investment Policy's spending rate distributes quarterly to programs based on an annual percentage rate of 3.6%, applied to the five-year rolling average of the CEF's market value. Additionally, the CEF Investment Policy allows for an administrative fee of 0.90% supporting campus-wide fundraising and stewardship activities and offsetting the internal cost of managing endowment assets.

For the fiscal year ended June 30, 2023, the CEF returned +6.0% versus +11.3% for the passive benchmark. While overall relative performance lagged, the CEF had positive absolute performance in fiscal year 2023 across most portfolio strategies. The CEF's Developed Markets strategy led absolute returns this year as the US market rallied, driven by a handful of large cap technology stocks. The CEF's Emerging Markets, especially China, underperformed significantly and Private Equity lagged public markets. Capital Preservation strategies outperformed despite government bonds posting a slightly negative return due to rising interest rates strategies.

A portion of the University's operating funds are invested in the CEF. As of June 30, 2023, these funds comprise $1,082 million of the CEF market value.

Capital Improvements

The University continues to expand its campuses, invest in information technology and renovate existing facilities to meet the needs of its students, patients, faculty and staff. Significant capital asset expenditures (greater than $20 million) during fiscal year 2023 included $124 million for the Behavioral Health Teaching Facility, $50 million for UW Finance Transformation, $39 million for the Academic STEM building located on the Bothell campus, and $21 million toward the interdisciplinary Engineering Building.

See note 8 for additional information regarding capital asset activity.

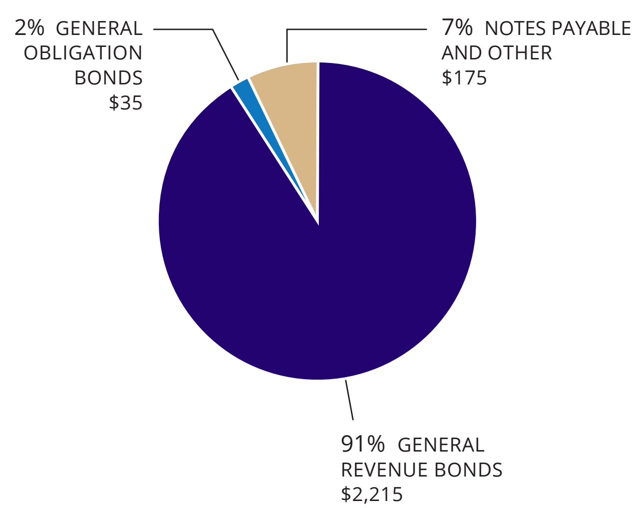
Debt

The Board of Regents approves the University's Debt Management Policy which governs the type and amount of debt the University may incur. The policy is designed to maintain access to capital markets and to minimize the cost of capital.

The University's debt portfolio consists primarily of fixed-rate debt in the form of General Revenue Bonds, Lease Revenue Bonds and state-issued General Obligation Bonds. As of June 30, 2023, the University had $2.4 billion of bonds and notes payable outstanding, an increase of 4.0% from June 30, 2022.

Bonds and Notes Payable

(in millions)



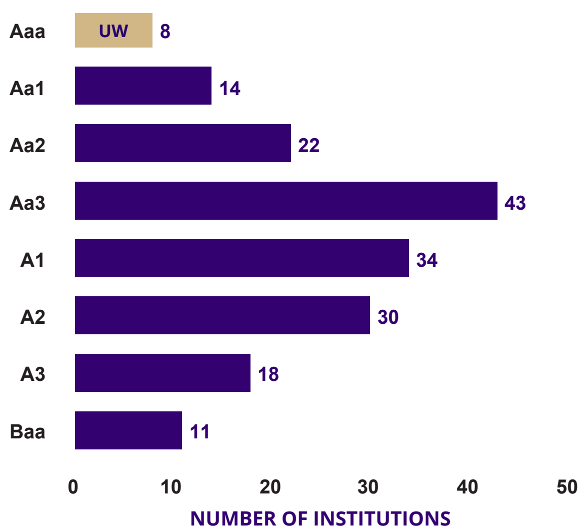
The University did not issue General Revenue Bonds in fiscal year 2023.

The University has a $250 million commercial paper program, which is typically used to fund project expenditures until long-term funding is secured. As of June 30, 2023, there was $44 million in commercial paper outstanding.

In March 2023, the University had two separate $100 million lines of credit to provide general institutional liquidity. $100 million was outstanding on one line of credit at the fiscal year end. Subsequently, on July 27, 2023, the outstanding balance was repaid prior to the expiration date of August 1, 2023. The second $100 million line of credit remains in place and is undrawn.

During fiscal year 2023, Moody's (Aaa, Stable) and Standard & Poor's (AA+, Stable) reaffirmed the University's credit ratings. The University's short-term credit ratings were also affirmed at P-1 (Moody's) and A-1+ (Standard & Poor's).

Moody's Fiscal Year 2022
Public College and University Rating Distribution
(As of the June 2023 Moody's Median Report)



The Board of Regents typically authorizes the long-term debt (excluding commercial paper) issuance on a fiscal year basis, and for fiscal year 2024 has authorized up to $312 million, which includes up to $180 million for the payoff of commercial paper used to fund the Finance Transformation Project on an interim basis. Any increase, other than debt issued to achieve debt service savings and/or to remarket a put or term bond, would require additional approval by the Board.

See note 9 for additional information regarding debt and other long-term liabilities.

Net Position

The difference between total assets and deferred outflows, and total liabilities and deferred inflows, is referred to as net position or "equity". Over time, the change in net position is one indicator of the improvement or decline in the University's overall financial health when considered with nonfinancial factors such as enrollment, research awards, patient levels, and the condition of facilities.

The University reports its "equity" in four categories:

- Net Investment in Capital Assets – This is the University's total investment in capital assets, net of accumulated depreciation and amortization and outstanding debt obligations related to those capital assets.
- Restricted Net Position:
  - Nonexpendable net position, primarily endowments, represents gifts to the University's permanent endowment funds. These are funds on which the donor or other external party has imposed the restriction that the corpus is not available for expenditure, but rather for investment purposes only, in order to produce income that is to be expended for the purposes specified.
  - Expendable net position consists of resources that the University is legally or contractually obligated to spend in accordance with time or purpose restrictions placed by donors and/or other external parties, and includes the net appreciation of permanent endowments.
- Unrestricted Net Position – This is all other funds available to the University for any purpose associated with its mission. Unrestricted net position is not subject to externally imposed stipulations, but often is internally designated for specific purposes.

The University's net position at June 30, 2023, 2022 and 2021 is summarized as follows:

Categories of Net Position

(in millions)	2023	2022	2021
Net investment in capital assets	$ 2,908	$ 2,707	$ 2,616
Restricted:			
Nonexpendable	2,206	2,054	1,996
Expendable	3,091	2,874	3,086
Unrestricted	1,042	719	183
Total net position	**$ 9,248**	**$ 8,354**	**$ 7,881**

Net investment in capital assets increased $201 million, or 7%, in 2023 and $91 million in 2022. This balance typically increases as debt is repaid, or when the University funds fixed asset purchases without the use of external financing, for example by using internal reserves. This balance decreases as assets are depreciated.

Restricted nonexpendable net position increased $152 million, or 7%, in 2023 primarily from the receipt of $106 million of new endowment gifts. This category of net position increased $58 million, or 3%, in 2022 primarily as a result of receiving $83 million in new endowment gifts during the year, offset by a $36 million decrease in the value of endowments that have a market value less than their cost basis.

Restricted expendable net position increased $217 million, or 8%, in 2023. New operating and capital gifts increased by $239 million, Pell Grants grew by $49 million along with increasing other non-operating revenues of $101 million. These were offset by operating losses of $57 million and an increase of $106 million in unrealized losses (net of realized gains) on restricted investments, including endowments. This category of net position decreased $212 million, or 7%, in 2022. Unrealized losses (net of realized gains) on restricted investments, including endowments, increased $294 million during the year and operating losses were $205 million. These were offset by $248 million in new operating and capital gifts and $49 million of Pell Grants.

Unrestricted net position increased $323 million, or 45%, in 2023. State operating and capital appropriations contributed $733 million as well as $583 million of investment income on unrestricted investments. These amounts were offset by $865 million of operating losses and $111 million of interest on capital asset-related debt. This category of net position increased $536 million, or 293%, in 2022. State operating and capital appropriations contributed $612 million, and amounts received to support the University's response to the COVID-19 pandemic totaled $99 million. These were offset by $122 million of investment losses on unrestricted investments, and $108 million of interest on capital asset-related debt.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statements of Revenues, Expenses and Changes in Net Position present the University's results of operations and nonoperating items that result in the changes in net position for the year. In accordance with GASB reporting principles, revenues and expenses are classified as either operating or nonoperating. Certain significant revenues budgeted for fundamental operational support of the core missions of the University must be recorded as nonoperating revenue, including state educational appropriations, private gifts, and investment income. As a result, it is anticipated that the Statements of Revenues, Expenses and Changes in Net Position will consistently report an operating loss for GASB financial reporting purposes.

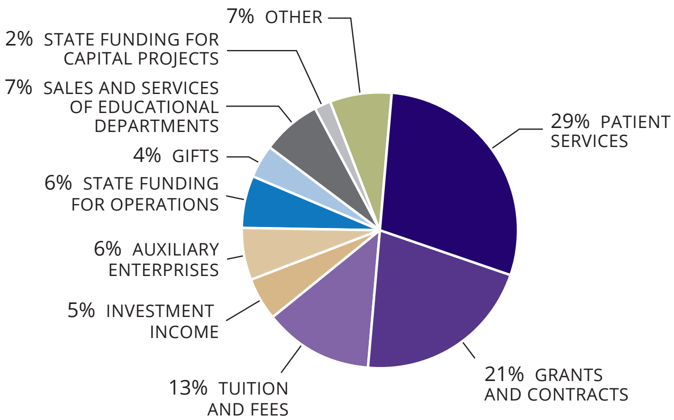
A condensed comparison of the University's revenues, expenses and changes in net position for the years ended June 30, 2023, 2022 and 2021 follows:

Operating Results

(in millions)	**2023**	**2022**	**2021**
Net patient services	$ 2,564	$ 2,443	$ 2,208
Tuition and fees, net	1,158	1,125	1,033
Grants and contracts	1,865	1,662	1,567
Other operating revenues	1,514	1,619	1,092
Total operating revenues	7,101	6,849	5,900
Salaries and benefits	4,663	4,136	3,748
Other Operating Expenses	3,306	2,845	2,552
Operating loss	**(868)**	**(132)**	**(400)**
State appropriations	532	485	481
Gifts	182	218	215
Investment income (loss)	438	(469)	1,318
Other nonoperating revenues	721	480	471
Interest on capital asset-related debt	(111)	(109)	(111)
Increase in net position	**$ 894**	**$ 473**	**$ 1,974**

The University's operating loss increased to $868 million in 2023, from $132 million in 2022. State appropriations are shown as nonoperating revenue, but are primarily used to fund core University operations. If state appropriations were classified as operating revenue, the University would have reported net operating loss of $336 million in 2023, and an operating income of $353 million in 2022. The University has a diversified revenue base. No single source generated more than 29% of the total fiscal year 2023 revenues of $9.0 billion.

Sources of Funds



The following table summarizes operating and nonoperating revenues from all sources for the years ended June 30, 2023, 2022 and 2021:

Revenues from All Sources

(in millions)	2023		2022		2021	
Net patient services	$ 2,564	29%	$ 2,443	34%	$ 2,208	26%
Grants and contracts	1,925	21%	1,723	24%	1,628	20%
Tuition and fees, net	1,158	13%	1,125	15%	1,033	12%
Sales and services of educational departments	662	7%	792	7%	463	6%
State funding for operations	532	6%	485	7%	481	6%
Auxiliary enterprises	523	6%	555	7%	309	4%
Investment income (loss)	438	5%	(469)	(6)%	1,318	16%
Gifts	355	4%	344	5%	332	4%
State funding for capital projects	201	2%	128	2%	70	1%
Other	614	7%	437	5%	543	5%
Total revenue - all sources	**$ 8,972**	**100%**	**$ 7,563**	**100%**	**$ 8,385**	**100%**

Patient Services–UW Medicine

The financial statements of the University include the operations of the School of Medicine (SOM), two medical centers, an associated physician practice group, 13 free standing clinics, an emergency air transport service and the University's share of two joint ventures. These entities, together with Harborview Medical Center (not included in the University's financial statements – see note 17) and shared services providing IT, accounting, financial services and human resources comprise UW Medicine. UW Medicine is governed and administered as an enterprise of the University whose mission is to improve the health of the public. UW Medicine advances this mission through work in patient care, medical education of physicians and other healthcare providers, and research.

Patient care activities included in the University's financial statements include:

UW Medical Center (UWMC) is an 810-bed hospital located on two campuses that provides comprehensive healthcare services to the Puget Sound community and patients from throughout the Pacific Northwest and beyond. UWMC also serves as the major clinical, teaching and research site for students and faculty in Health Sciences at the University. More than 29,000 patients receive inpatient care at UWMC each year. Specialized inpatient care needs are met by the Cancer Center, the Regional Heart Center, the Neonatal Intensive Care Unit and the Organ Transplantation program, among others.

Valley Medical Center (VMC) is a 341-bed acute care hospital and network of clinics that treats more than 16,000 inpatients per year, and is the oldest and largest public hospital district in the state of Washington. VMC's Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position are presented as part of the discrete component units column on the financial statements of the University.

Fred Hutchinson Cancer Center (FHCC) is a nonprofit organization focused on adult oncology research and care that is a clinically integrated part of UWMC. FHCC was formed in 2022 from the merger of Seattle Cancer Care Alliance and Fred Hutchinson Cancer Research Center, together with execution of the Restructuring and Enhanced Collaboration Agreement between the University and FHCC. FHCC's Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position are presented as part of the discrete component units column on the financial statements of the University.

UW Medicine Primary Care is a network of clinics with 13 neighborhood locations throughout the greater Puget Sound area, providing primary, urgent and selected specialty care with a staff of 158 healthcare providers.

UW Physicians (UWP) is the physician practice group for more than 2,800 faculty physicians and healthcare providers associated with UW Medicine.

Unaudited – see accompanying notes to financial statements

Airlift Northwest provides rapid emergency air transport services to critically ill or injured patients throughout Washington, Alaska, Montana and Idaho.

Joint Ventures - The University is currently a participant in two joint ventures: Seattle Cancer Care Alliance (until March 31, 2022), Children's University Medical Group and Embright, LLC. The University's share of these activities is reflected in the University's financial statements.

UW Medicine Shared Services is comprised of a number of functions within the University, established for the purpose of providing scalable administrative and information technology (IT) support services for UW Medicine. These functions include UW Medicine IT Services (ITS), UW Medicine Revenue Cycle, UW Medicine Finance and Accounting, UW Medicine Supply Chain, and UW Medicine Contracting.

In combination, these organizations (not including VMC or FHCC) contributed $2.6 billion in net patient services revenue in fiscal year 2023, compared with $2.4 billion in fiscal year 2022, an increase of $121 million, or 5%, primarily due to strong volumes and the outpatient directed payment program which is a new program managed by the Washington State Health Care Authority effective January 1, 2023. UWMC generated 79% of this revenue in 2023 and 75% in 2022. UWMC admissions were 29,001 in 2023 compared with 27,583 in 2022, an increase in admissions of 5%. Surgeries increased 9% for UWMC in fiscal year 2023 compared to fiscal year 2022.

Grant and Contract Revenue

One of the largest sources of revenue (21%) continues to be grants and contracts. Grant and contract revenue is received from federal sponsors, by far the largest component, and also from state, local and nongovernmental sources. Total grant and contract revenue increased $202 million in 2023, compared to an increase of $95 million in 2022.

Federal grant and contract revenue increased $107 million, or 9%, in 2023. The National Institutes of Health (NIH) funding increased from both direct grants and pass through awards. These grants continue to provide funding and support for a variety of biomedical research initiatives. Other increases came from the new US Navy awards to conduct oceanic acoustic systems research and a CDC subcontract for a large COVID vaccine trial. Federal grant and contract revenue increased $81 million, or 7%, in 2022 due primarily to the continued increase in NIH funding from both direct grants and subawards. These grants provided approximately $50 million in funding and support for a variety of biomedical research initiatives. Also, the FEMA (Federal Emergency Management Agency) subcontract from the Washington State Military provided an additional $42 million in funding to assist with the University's response to COVID-19 in fiscal year 2022.

State and local grant and contract revenue increased $22 million, or 15%, in 2023 as the Washington State College and Bridge grants saw an increase of funding along with an increase in capital projects and Washington State Department of Health initiatives. State and local grant and contract revenue decreased $7 million, or 5%, in 2022 as several state grants ended or had a reduction in funding.

Nongovernmental grant and contract revenue increased $73 million, or 24%, in 2023. The Bill and Melinda Gates Foundation continued to support many research initiatives including a large project for HIV prevention. There was also a broad increase in new awards across a variety of private sector entities enabling the continued success of the University's global research portfolio. Nongovernmental grant and contract revenue increased $21 million, or 7%, in 2022. The Bill & Melinda Gates Foundation continued to increase funding with a large project for HIV prevention along with sustained support for the Institute for Health Metrics and Evaluation's (IHME) Global Burden of Disease (GBD) enterprise. The GBD provides a tool to quantify health loss from hundreds of diseases, injuries, and risk factors and aims to improve health systems and eliminate disparities.

Grant and contract revenue is earned when direct expenditures (such as researchers' compensation or purchases of goods and services) are made; therefore, there is little effect on the University's operating margin as a result of this direct expense reimbursement process.

Facility and administrative expenses necessary to support grants and contracts are reimbursed by sponsors, along with direct costs, by an indirect cost recovery. The 2023 and 2022 indirect cost recovery rate for research grants was approximately 31 cents on every direct expenditure dollar.

Primary Nongrant Funding Sources

The University relies primarily on student tuition and fees and state appropriations as revenue sources to support its nongrant-funded educational operating expenses.

Operating Support for Instruction

(in millions)	2023		2022		2021	
Operating tuition and fees	$ 784	47%	$ 765	48%	$ 694	46%
Fees for self-sustaining educational programs	374	22%	360	22%	339	22%
Subtotal - tuition and fees, net	1,158	69%	1,125	70%	1,033	68%
State operating appropriations	532	31%	485	30%	481	32%
Total educational support	**$1,690**	**100%**	**$1,610**	**100%**	**$1,514**	**100%**

Noncapital state appropriations are considered nonoperating revenue under GASB principles, and are reflected in the nonoperating section of the Statements of

Unaudited – see accompanying notes to financial statements

Revenues, Expenses and Changes in Net Position; however, they are used solely to fund operating activities.

Revenue from tuition and fees, net of scholarship allowances, increased $33 million in 2023, compared to an increase of $92 million in 2022. This increase was partially due to the state allowing a 2.4% operating fee increase in resident undergraduate tuition during the year. Nonresident undergraduate operating fees also increased 2.4%, while tuition-based graduate and professional program rates increased 0-5%. Most fee-based program rates increased 0-5% in 2023. These other fee increases were consistent with those implemented during 2022.

Revenue growth was also partly due to modest increases in student enrollment. Although full-time equivalent (FTE) enrollment in 2023 in undergraduate tuition-and fee-based programs decreased by 1.3% in the resident student category, it increased by 3.9% in the nonresident student category.

Self-sustaining educational programs (fee-supported programs) include the following amounts for each of the fiscal years 2023, 2022 and 2021: Continuum College (the continuing education branch of the University) $142 million, $141 million and $133 million, respectively, summer quarter tuition $68 million, $68 million and $62 million, respectively, and for Business School and School of Medicine programs $77 million, $74 million and $69 million, respectively.

Gifts, Endowments and Investment Revenues

Net investment income (loss) for the years ended June 30, 2023, 2022 and 2021 consisted of the following:

Net Investment Income

(in millions)	2023	2022	2021
Interest and dividends, net	$ 86	$ (4)	$ 73
Seattle Cancer Care Alliance change in equity	—	23	51
Realized gains	113	238	90
Unrealized gains (losses)	238	(726)	1,104
Net investment income (loss)	**$ 437**	**$ (469)**	**$ 1,318**

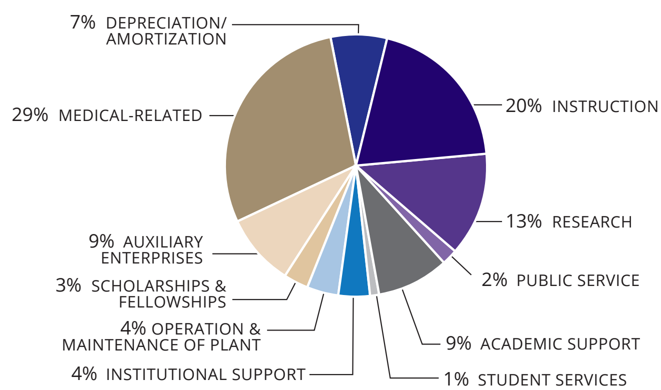
Net investment income increased $907 million, or 193%, in 2023 compared to a decrease of $1,787 million, or 136%, in 2022. The swing to unrealized gains in fiscal year 2023 drove this result, and was in contrast to the rise in unrealized losses which drove results in 2022. Returns on the CEF were +6.0% in 2023, -5.5% in fiscal year 2022, and +35.1% in fiscal year 2021.

Gifts are a key and necessary source of support for a variety of purposes, including current operating activities. Gifts support scholarships and research, capital improvements, and are used to fund permanent endowments for various academic and research purposes. Current use gifts decreased $36 million in 2023, but increased $3 million in 2022. Capital gifts increased $32 million in 2023 and decreased $15 million in 2022. Gifts to permanent endowments increased $14 million in 2023, compared to an increase of $25 million in 2022.

Expenses

Two primary functions of the University, instruction and research, comprised 33% of total operating expenses in 2023. These dollars provided instruction to over 60,000 students and funded over 5,500 research awards. Medical-related expenses, such as those related to patient care, continue to be the largest individual component, accounting for 28% of the University's total operating expenses in 2023.

Uses of Funds



A comparative summary of the University's expenses by functional classification (purpose for which the costs are incurred) for the years ended June 30, 2023, 2022 and 2021 is shown in the table at the top of the next column.

Overall, the University's operating expenses increased $988 million, or 14%, in 2023 and increased $681 million, or 11%, in 2022. Approximately 59% of amounts incurred for operating expenses in 2023 and 2022, were related to faculty and staff compensation and benefits.

In 2023, expense associated with faculty and staff salaries increased $266 million, or 8%, which was attributed to a growth in FTE's as well as wage increases and overall increasing costs due to the competitive labor market. UW Medicine reached historic agreements with its four largest labor union partners that included incremental pay increases that are the largest UW Medicine has ever negotiated.

Unaudited – see accompanying notes to financial statements

Operating Expenses by Function

(in millions)	2023		2022		2021	
INSTRUCTION	$1,627	20%	$1,533	22%	$1,403	23%
RESEARCH	1,004	13%	920	13%	820	13%
PUBLIC SERVICE	146	2%	107	2%	87	1%
ACADEMIC SUPPORT	743	9%	641	9%	551	9%
STUDENT SERVICE	58	1%	51	1%	51	1%
INSTITUTIONAL SUPPORT	316	4%	125	2%	259	4%
OPERATION & MAINTENANCE OF PLANT	314	4%	304	4%	326	5%
SCHOLARSHIPS & FELLOWSHIPS	211	3%	213	3%	192	3%
AUXILIARY ENTERPRISES	706	9%	622	9%	516	8%
MEDICAL-RELATED	2,417	28%	2,002	28%	1,645	27%
DEPRECIATION/ AMORTIZATION	523	7%	463	7%	450	6%
Total operating expenses	**$7,969**	**100%**	**$6,981**	**100%**	**$6,300**	**100%**

Benefits expense increased $261 million, or 40% in 2023. Pension expense related to the University's share of the retirement plans administered by the Department of Retirement Systems increased by $232 million during 2023. Fiscal year 2022 experienced a significant decrease driven by unusually strong investment gains on plan assets during the 2021 measurement period. This did not occur in 2023. Also contributing to the increase in total benefits expense during 2023 was a 21% increase in the premium rate paid by the University for employee healthcare, the largest component of overall employee benefit costs.

Purchased services increased $162 million, or 15%, in 2023, primarily driven by increased activities and costs associated with medical operations and research programs , and higher travel costs.

In 2022, expense associated with faculty and staff salaries increased $586 million, or 20% partly reflecting a return to more normal business operations compared with impacts from the COVID-19 pandemic the prior year. An over 3% increase in University FTE's, together with a return to annual merit increases for professional staff which had been paused during the COVID-19 pandemic, and overall increasing costs due to the competitive labor market, contributed to the increase.

Benefits expense decreased $198 million, or 23% in 2022. Pension expense related to the University's share of the retirement plans administered by the Department of Retirement Systems decreased $286 million during 2022, driven by unusually strong investment gains on plan assets during the 2021 measurement period. Also contributing to the decrease in total benefits expense during 2022 was a greater than 4% reduction in the premium rate paid by the University for employee healthcare, the largest component of overall employee benefit costs.

Purchased services increased $201 million, or 22%, in 2022, driven primarily by increased activities associated with medical operations and research programs ($191 million), and higher travel cots due to lifting of COVID-19 mandated travel restrictions ($22 million).

Economic Factors That May Affect the Future

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information provided by the University, including written or oral statements made by its representatives, may contain forward looking statements. All statements, other than statements of historical facts, which address activities, events or developments that the University expects or anticipates will or may occur in the future contain forward-looking information. In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The University does not undertake to update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.

STATE OPERATING AND CAPITAL APPROPRIATIONS

The state of Washington, which provided approximately 8% of the University's total revenues in fiscal year 2023, continued to see increasing state tax collections; however growth has slowed. In recent biennia, growth in state tax collections and new revenue have largely been utilized to combat the strains that the COVID-19 pandemic and rising inflation have placed on our health care and education systems. With this focus, the legislature continued to make significant investments in the University's safety net hospitals, as well as science, technology, engineering and math (STEM) enrollments across all three University campuses.

During the 2023 legislative session, the state passed a biennial operating budget, which included significant appropriations in the 2023-25 biennium (effective for fiscal years 2024 and 2025). State revenue forecasts leading up to the start of the 2023 session showed positive collections, but indicated that economic growth was slowing. The state's Economic and Revenue Forecast Council (ERFC) reported a surplus of $681 million ahead of the 2023 legislative session. As the session progressed, revenue projections for the 2023-25 biennium were revised downward by $483 million. Despite this trend, state lawmakers authorized compensation increases for UW non-represented faculty and staff in fiscal years 2024 and 2025. The operating budget included more than 40 new provisos (direct funding allocations with specific conditions such as program expansions or research projects) to the University, in addition to base funding provided across the biennium.

The June 2023 revenue forecast revised state revenue projections slightly upward for the 2023-25 biennium, which increased by $327 million and represented an 2.4% increase over the 2021-23 biennium. The ERFC continued to caution that revenue collections have slowed and noted that their projections assumed that the Federal Reserve would raise interest rates to a range of 5.25-5.5%. The University will continue to monitor state revenue collections as new revenue forecasts are released in September and November of 2023.

The University's fiscal year 2024 general operating appropriation from the state (excluding $80 million appropriated on a one-time basis to support safety net hospitals) currently totals approximately $503 million. This amount is an increase from approximately $470 million in 2023 and $437 million in 2022. Recent increases are largely attributable to compensation increases for non-represented faculty and staff, hospital safety net funding for UWMC, and targeted investments in student enrollment efforts in computer science and engineering.

During the 2015-17 biennium, the state approved a new tuition policy that reduced resident undergraduate tuition rates to 5% below the 2015 rates in 2016, and to 15% below the 2015 rates in 2017. The state provided funds to offset the lost tuition revenue in both years. The same tuition policy allowed for future increases tied to a rolling average of median hourly wage in the state according to the Bureau of Labor Statistics (BLS). Under this current policy, the state has allowed resident undergraduate tuition to increase by 2-3% in each year. While the legislature can always modify its policy, it has so far chosen to maintain it through the 2023-25 biennium. Therefore, the University's current expectation is that resident undergraduate tuition increases will continue to be limited to 2-3% each year in the near future. The University's Board of Regents continues to have broad tuition and fee setting authority for categories other than resident undergraduate tuition.

State funding for capital appropriations continues to be constrained, but the state's 2023-25 biennial capital budget provided funding for renovating the Magnuson Health Sciences T-Wing, Anderson Hall, and the UWMC NW Campus. The legislature also provided funding for design and construction of the wəɬəbʔaltxʷ (Intellectual House), and for UW Tacoma to purchase additional land around the existing campus.

UW MEDICINE

The federal COVID-19 Public Health Emergency declaration under the Public Health Service Act expired on May 11, 2023. UW Medicine continues to experience declining COVID-19 volumes, but the broad economic factors resulting from the pandemic continue to impact UW Medicine's patient volumes, case mix acuity, service mix, and revenue mix. Ongoing economic conditions, such as labor market wage and benefit pressure, supply chain and other inflationary pressures have also increased, and will continue to increase the UW Medicine's expenses and pressure hospital liquidity. Because of these factors and other uncertainties, management cannot estimate the severity of the aforementioned general economic and marketplace conditions, including the COVID-19 pandemic, on the UW Medicine's business.

The healthcare industry, in general, is experiencing higher demand for labor, volatility and uncertainty in the labor market, which has impacted UW Medicine's ability to attract and retain labor and manage operating cost increases associated with the higher labor costs. It is difficult to predict the full impact of labor shortages on UW Medicine's future expenses and operations.

Reimbursement for patient services from federal, state, and private insurance payors continues to be a concern as healthcare costs continue to rise. There is continued downward pressure on average realized payment rates from commercial payor plans and a reduction in the number or percentage of UW Medicine's patients under such plans. UW Medicine's participates in the 340b Drug Pricing Program, which is a federal program that requires drug manufacturers to provide outpatient drugs to eligible healthcare organizations and covered entities at significantly reduced prices. In the past couple of years, a number of manufacturers have reduced the benefits to enrolled entities through the elimination of certain drugs in contract pharmacy settings. This had led to legal action at the federal level in an attempt to reinstate previous savings. This federal action appears to be favorable but is not yet resolved and has resulted in uncertainty related to the financial impact of the 340b program in the future. Due to these uncertainties, management cannot predict the impact on UW Medicine's future revenues and operations.

However, UW Medicine believes that its ultimate success in increasing profitability depends in part on its success in executing on its strategies. In general, these strategies are intended to improve financial performance through the reduction of costs and streamlining how clinical care is provided, as well as mitigating the negative reimbursement trends experienced within the market. With a continued focus on patient volumes shifting from inpatient to outpatient settings due to technological advancements, and demand for care that is more convenient, affordable, and accessible as well as industry-wide migration to value-based payment models as governmental and commercial payers shift risk to providers, UW Medicine's focus is on managing costs and care efficiently.

Center for Behavioral Health and Learning at UWMC

UW Medicine and the Washington State legislature established the Center for Behavioral Health and Learning at UW Medical Center, which will be located on the Northwest campus. This center will serve the dual purposes of treating patients with behavioral health needs and training an integrated behavioral health workforce in the new 191,000-square-foot facility. The State awarded $234 million for the planning, design work, construction, and equipment necessary to build a new, first of its kind building. After delays due to a concrete strike in Seattle in 2022, the project was awarded an additional $10 million from the state to offset the impact of the concrete strike and escalation. The revised project budget is now $244 million. Construction has begun and the building is anticipated to be completed with patients being seen in the facility in calendar year 2024.

UW Finance Transformation

In December 2019, the UW Finance Transformation (UWFT) program received approval from the University's Board of Regents to proceed with a broad redesign of finance-related policies and processes, enabled by the implementation of new enterprise resource planning (ERP) technology. Workday Financials was chosen to support the business objectives for this transformation by providing a seamless, integrated solution for Human Resources/Payroll (previously implemented), Finance and Procurement. This transformation will move the institution toward a single financial system of record, and is a top administrative priority. Total program costs are estimated at $340 million, which includes all operating and capital costs for implementation and six months of stabilization. The University went live with the Finance and Procurement solution July 2023 as planned and is now in the stabilization phase.

Financial Statements & Notes

STATEMENTS OF NET POSITION

	UNIVERSITY OF WASHINGTON		DISCRETE COMPONENT UNITS	
	June 30,		June 30,	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**2023**	**2022**	**2023**	**2022**
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS (NOTE 3)	$ 149,493	$ 162,736	$ 306,266	$ 441,708
INVESTMENTS, CURRENT PORTION (NOTE 7)	1,709,865	1,488,030	27,212	785,095
ACCOUNTS RECEIVABLE (NET OF ALLOWANCE OF $69,454 and $60,970) (NOTE 6)	1,153,426	1,028,572	304,282	306,027
OTHER CURRENT ASSETS	79,314	77,107	45,590	299,546
TOTAL CURRENT ASSETS	3,092,098	2,756,445	683,350	1,832,376
NONCURRENT ASSETS:				
DEPOSIT WITH STATE OF WASHINGTON (NOTE 4)	67,318	71,554	—	—
INVESTMENTS, NET OF CURRENT PORTION (NOTE 7)	6,652,515	6,746,299	1,156,077	149,908
STUDENT LOANS RECEIVABLE (NET OF ALLOWANCE OF $3,303 and $3,402) (NOTE 5)	39,520	42,368	—	—
OTHER NONCURRENT ASSETS (NOTE 1)	45,963	53,180	757,082	312,300
LEASE RECEIVABLES, NET OF CURRENT PORTION (NOTE 6, 11)	374,078	400,703	24,262	27,937
NET PENSION ASSETS (NOTE 12)	430,322	1,133,901	—	—
CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION OF $6,511,538 and $6,099,989) (NOTE 8)	6,186,205	5,941,654	1,589,547	1,537,261
INVESTMENT IN FRED HUTCHINSON CANCER CENTER (NOTE 1)	428,827	428,827	—	—
TOTAL NONCURRENT ASSETS	14,224,748	14,818,486	3,526,968	2,027,406
TOTAL ASSETS	17,316,846	17,574,931	4,210,318	3,859,782
DEFERRED OUTFLOWS OF RESOURCES (NOTE 14)	1,030,436	788,441	11,804	12,926
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 18,347,282**	**$ 18,363,372**	**$ 4,222,122**	**$ 3,872,708**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$ 978,170	$ 1,056,845	$ 306,159	$ 311,862
UNEARNED REVENUES	216,168	264,822	—	—
OTHER CURRENT LIABILITIES	165,166	69,500	107,098	144,713
LONG-TERM LIABILITIES, CURRENT PORTION (NOTES 9,10)	287,470	311,623	58,386	42,949
TOTAL CURRENT LIABILITIES	1,646,974	1,702,790	471,643	499,524
NONCURRENT LIABILITIES:				
U.S. GOVERNMENT GRANTS REFUNDABLE	26,317	30,097	—	—
LONG-TERM LIABILITIES, NET OF CURRENT PORTION (NOTES 9, 10)	3,533,507	3,618,271	2,091,853	2,150,430
NET PENSION LIABILITIES (NOTE 12)	415,624	328,935	—	—
OTHER POST-EMPLOYMENT BENEFITS (NOTE 13)	1,246,057	1,861,478	—	—
TOTAL NONCURRENT LIABILITIES	5,221,505	5,838,781	2,091,853	2,150,430
TOTAL LIABILITIES	6,868,479	7,541,571	2,563,496	2,649,954
DEFERRED INFLOWS OF RESOURCES (NOTE 14)	2,231,102	2,467,357	48,992	54,332
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**9,099,581**	**10,008,928**	**2,612,488**	**2,704,286**
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	2,908,340	2,707,261	188,754	102,860
RESTRICTED:				
NONEXPENDABLE	2,205,790	2,053,755	136,368	117,649
EXPENDABLE	3,091,076	2,874,694	502,581	88,283
UNRESTRICTED	1,042,495	718,734	781,931	859,630
TOTAL NET POSITION	9,247,701	8,354,444	1,609,634	1,168,422
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 18,347,282**	**$ 18,363,372**	**$ 4,222,122**	**$ 3,872,708**

See accompanying notes to financial statements

Dollars in thousands

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	UNIVERSITY OF WASHINGTON		DISCRETE COMPONENT UNITS	
	Year ended June 30,		Year ended June 30,	
REVENUES	**2023**	**2022**	**2023**	**2022**
OPERATING REVENUES:				
NET PATIENT SERVICE REVENUES (NET OF PROVISION FOR UNCOLLECTIBLE ACCOUNTS OF $33,417 and $25,348)	$ 2,564,243	$ 2,442,588	$ 1,974,067	$ 1,000,504
STUDENT TUITION AND FEES (NET OF SCHOLARSHIP ALLOWANCE OF $181,013 and $189,116)	1,158,213	1,125,269	—	—
FEDERAL GRANTS AND CONTRACTS	1,311,910	1,204,462	587,481	660,241
STATE AND LOCAL GRANTS AND CONTRACTS	171,848	149,504	—	—
NONGOVERNMENTAL GRANTS AND CONTRACTS	380,773	307,747	—	—
SALES AND SERVICES OF EDUCATIONAL DEPARTMENTS	661,826	792,488	—	—
AUXILIARY ENTERPRISES:				
HOUSING AND FOOD SERVICES	159,182	155,893	—	—
SPORTS PROGRAMS (NET OF SCHOLARSHIP ALLOWANCE OF $9,771 and $8,581)	92,170	96,270	—	—
OTHER AUXILIARY ENTERPRISES	271,278	303,008	—	—
OTHER OPERATING REVENUE	329,139	272,021	614,603	192,081
TOTAL OPERATING REVENUES	**7,100,582**	**6,849,250**	**3,176,151**	**1,852,826**
EXPENSES				
OPERATING EXPENSES (NOTE 16):				
SALARIES	3,750,049	3,484,124	985,062	882,003
BENEFITS	912,662	651,813	282,704	108,459
SCHOLARSHIPS AND FELLOWSHIPS	210,930	212,822	—	—
UTILITIES	78,144	71,315	—	—
SUPPLIES AND MATERIALS	900,097	773,433	685,961	310,712
PURCHASED SERVICES	1,268,655	1,107,138	392,009	238,654
DEPRECIATION/AMORTIZATION	523,294	462,835	143,893	99,528
OTHER	325,275	217,693	401,503	304,833
TOTAL OPERATING EXPENSES	**7,969,106**	**6,981,173**	**2,891,132**	**1,944,189**
OPERATING (LOSS) INCOME	**(868,524)**	**(131,923)**	**285,019**	**(91,363)**
NONOPERATING REVENUES (EXPENSES)				
STATE APPROPRIATIONS	531,999	484,915	—	—
GIFTS	182,137	218,012	—	—
INVESTMENT (LOSS) INCOME (NET OF INVESTMENT EXPENSE OF $8,194 and $14,813)	437,589	(469,435)	101,080	(99,120)
INTEREST ON CAPITAL ASSET-RELATED DEBT	(111,099)	(109,300)	(16,325)	(16,683)
PELL GRANT REVENUE	48,926	49,210	—	—
PROPERTY TAX REVENUE	—	—	25,595	24,965
OTHER NONOPERATING REVENUES	285,861	165,494	28,544	10,173
NET NONOPERATING REVENUES	**1,375,413**	**338,896**	**138,894**	**(80,665)**
INCOME (LOSS) BEFORE OTHER REVENUES	**506,889**	**206,973**	**423,913**	**(172,028)**
CAPITAL APPROPRIATIONS	201,379	127,892	—	—
CAPITAL GRANTS, GIFTS AND OTHER	79,223	46,877	(726)	(11,138)
GIFTS TO PERMANENT ENDOWMENTS	105,766	91,610	18,025	—
TOTAL OTHER REVENUES	**386,368**	**266,379**	**17,299**	**(11,138)**
INCREASE (DECREASE) IN NET POSITION	**893,257**	**473,352**	**441,212**	**(183,166)**
NET POSITION				
NET POSITION – BEGINNING OF YEAR (NOTE 1)	8,354,444	7,881,092	1,168,422	1,351,588
NET POSITION – END OF YEAR	**$ 9,247,701**	**$ 8,354,444**	**$ 1,609,634**	**$ 1,168,422**

See accompanying notes to financial statements

Dollars in thousands

STATEMENTS OF CASH FLOWS

	UNIVERSITY OF WASHINGTON	
	Year Ended June 30,	
CASH FLOWS FROM OPERATING ACTIVITIES	**2023**	**2022**
PATIENT SERVICES	$ 2,611,009	$ 2,458,879
STUDENT TUITION AND FEES	1,115,910	1,088,157
GRANTS AND CONTRACTS	1,803,817	1,676,769
PAYMENTS TO SUPPLIERS	(933,209)	(745,345)
PAYMENTS FOR UTILITIES	(80,139)	(68,333)
PURCHASED SERVICES	(1,292,180)	(1,083,201)
OTHER OPERATING DISBURSEMENTS	(322,510)	(227,579)
PAYMENTS TO EMPLOYEES	(3,729,963)	(3,473,338)
PAYMENTS FOR BENEFITS	(1,155,440)	(1,186,684)
PAYMENTS FOR SCHOLARSHIPS AND FELLOWSHIPS	(210,930)	(212,822)
LOANS ISSUED TO STUDENTS	(7,855)	(6,537)
COLLECTION OF LOANS TO STUDENTS	10,703	9,641
AUXILIARY ENTERPRISE RECEIPTS	531,074	576,249
SALES AND SERVICES OF EDUCATIONAL DEPARTMENTS	636,787	752,171
RECEIPTS FROM OUTSIDE AFFILIATED AGENCIES	963,791	947,505
DISBURSEMENTS TO OUTSIDE AFFILIATED AGENCIES	(958,992)	(933,239)
OTHER RECEIPTS	265,413	304,277
NET CASH USED BY OPERATING ACTIVITIES	**(752,714)**	**(123,430)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
STATE APPROPRIATIONS	480,192	476,429
GIFTS AND GRANTS FOR OTHER THAN CAPITAL PURPOSES	48,926	49,210
PRIVATE GIFTS	138,488	156,070
PERMANENT ENDOWMENT RECEIPTS	105,766	91,610
DIRECT LENDING RECEIPTS	222,941	219,613
DIRECT LENDING DISBURSEMENTS	(222,941)	(219,613)
FEDERAL STIMULUS FUNDING	3,084	29,771
OTHER	274,416	68,629
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	**1,050,872**	**871,719**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
PROCEEDS FROM CAPITAL DEBT	192,507	502,365
STATE CAPITAL APPROPRIATIONS	201,644	119,820
CAPITAL GRANTS AND GIFTS RECEIVED	79,223	45,921
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(613,612)	(436,903)
PRINCIPAL PAYMENTS ON CAPITAL-RELATED DEBT AND LEASES	(314,516)	(541,086)
INTEREST PAYMENTS ON CAPITAL-RELATED DEBT AND LEASES	(97,185)	(117,069)
OTHER	8,009	2,434
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	**(543,930)**	**(424,518)**

CASH FLOWS FROM INVESTING ACTIVITIES	UNIVERSITY OF WASHINGTON Year Ended June 30, 2023	2022
PROCEEDS FROM SALES OF INVESTMENTS	17,324,986	12,758,450
DISBURSEMENTS FOR PURCHASES OF INVESTMENTS	(17,179,069)	(13,056,871)
INVESTMENT INCOME	86,612	(4,538)
NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES	**232,529**	**(302,959)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(13,243)	20,812
CASH AND CASH EQUIVALENTS-BEGINNING OF THE YEAR	162,736	141,924
CASH AND CASH EQUIVALENTS-END OF THE YEAR	**$ 149,493**	**$ 162,736**
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
OPERATING LOSS	$ (868,524)	$ (131,923)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
DEPRECIATION/AMORTIZATION EXPENSE	523,294	462,835
CHANGES IN ASSETS, LIABILITIES AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES:		
RECEIVABLES	(50,064)	10,710
OTHER ASSETS	5,010	(14,533)
OTHER RECEIVABLES	26,625	(23,948)
DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES	(467,345)	833,502
PENSION ASSETS	703,578	(1,129,366)
PENSION LIABILITIES	86,689	(230,885)
OPEB LIABILITY	(615,421)	165,451
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	9,708	52,175
UNEARNED REVENUE	(40,296)	11,417
OTHER LONG-TERM LIABILITIES	(65,038)	(129,543)
U.S. GOVERNMENTAL GRANTS REFUNDABLE	(3,778)	(2,426)
LOANS TO STUDENTS	2,848	3,104
NET CASH USED BY OPERATING ACTIVITIES	**$ (752,714)**	**$ (123,430)**
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
STOCK GIFTS	$ 31,810	$ 49,135
NET UNREALIZED (LOSSES) GAINS	244,116	(754,813)
EXTERNALLY MANAGED TRUSTS	(6,310)	28,718
INCREASE IN LEASES AND SUBSCRIPTION ASSETS	(147,126)	(125,189)
EQUITY EARNINGS FROM INVESTMENT IN SEATTLE CANCER CARE ALLIANCE	—	22,910
INCREASE IN INVESTMENT IN SEATTLE CANCER CARE ALLIANCE	—	(142,942)
CEDING OF INVESTMENT INTEREST IN SEATTLE CANCER CARE ALLIANCE	—	425,131
INVESTMENT IN FRED HUTCHINSON CANCER CENTER	—	(428,827)
INCREASE IN NOTE PAYABLE TO FRED HUTCHINSON CANCER CENTER	—	142,942
TOTAL NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	**$ 122,490**	**$ (782,935)**

See accompanying notes to financial statements

Dollars in thousands

STATEMENTS OF FIDUCIARY NET POSITION

UNIVERSITY OF WASHINGTON

JUNE 30,

	2023			**2022**		
	CUSTODIAL FUNDS			CUSTODIAL FUNDS		
	EXTERNAL INVESTMENT POOL	OTHER	TOTAL	EXTERNAL INVESTMENT POOL	OTHER	TOTAL
ASSETS:						
POOLED INVESTMENTS AT FAIR VALUE	$ 69,675	$ —	$ 69,675	$ 68,518	$ —	$ 68,518
OTHER ASSETS	—	1,284	1,284	—	1,515	1,515
TOTAL ASSETS	**$ 69,675**	**$ 1,284**	**$ 70,959**	**$ 68,518**	**$ 1,515**	**$ 70,033**
FIDUCIARY NET POSITION:						
POOL PARTICIPANTS	$ 69,675	$ —	$ 69,675	$ 68,518	$ —	$ 68,518
ORGANIZATIONS AND OTHER GOVERNMENTS	—	1,284	1,284	—	1,515	1,515
TOTAL FIDUCIARY NET POSITION	**$ 69,675**	**$ 1,284**	**$ 70,959**	**$ 68,518**	**$ 1,515**	**$ 70,033**

See accompanying notes to financial statements

Dollars in thousands

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

UNIVERSITY OF WASHINGTON

YEAR ENDED JUNE 30,

	2023			**2022**		
	CUSTODIAL FUNDS			CUSTODIAL FUNDS		
	EXTERNAL INVESTMENT POOL	OTHER	TOTAL	EXTERNAL INVESTMENT POOL	OTHER	TOTAL
ADDITIONS:						
GIFTS	$ 741	$ 21,084	$ 21,825	$ 820	$ 22,481	$ 23,301
COLLATERAL RECEIVED AND RELATED ADDITIONS	—	17,848	17,848	—	13,977	13,977
INVESTMENT (LOSSES) EARNINGS:						
CHANGE IN FAIR VALUE	1,261	—	1,261	(8,083)	—	(8,083)
INTEREST, DIVIDENDS, AND OTHER	1,942	—	1,942	3,579	—	3,579
TOTAL INVESTMENT (LOSSES) EARNINGS	3,203	—	3,203	(4,504)	—	(4,504)
LESS INVESTMENT ACTIVITY COSTS	(52)	—	(52)	(142)	—	(142)
NET INVESTMENT (LOSSES) EARNINGS	3,151	—	3,151	(4,646)	—	(4,646)
TOTAL (LOSSES) ADDITIONS	**3,892**	**38,932**	**42,824**	**(3,826)**	**36,458**	**32,632**
DEDUCTIONS:						
BENEFITS PAID TO PARTICIPANTS OR BENEFICIARIES	—	21,110	21,110	—	22,455	22,455
DISTRIBUTION TO POOL PARTICIPANTS	2,735	—	2,735	2,201	—	2,201
COLLATERAL DISBURSED AND RELATED DEDUCTIONS	—	18,053	18,053	—	15,757	15,757
TOTAL DEDUCTIONS	**2,735**	**39,163**	**41,898**	**2,201**	**38,212**	**40,413**
NET (DECREASE) INCREASE IN FIDUCIARY NET POSITION	**1,157**	**(231)**	**926**	**(6,027)**	**(1,754)**	**(7,781)**
FIDUCIARY NET POSITION:						
FIDUCIARY NET POSITION - BEGINNING OF YEAR	68,518	1,515	70,033	74,545	3,269	77,814
FIDUCIARY NET POSITION - END OF YEAR	**$ 69,675**	**$ 1,284**	**$ 70,959**	**$ 68,518**	**$ 1,515**	**$ 70,033**

See accompanying notes to financial statements

Dollars in thousands

NOTES TO FINANCIAL STATEMENTS

NOTE 1:

Summary of Significant Accounting Policies

FINANCIAL REPORTING ENTITY

The University of Washington (University), an agency of the state of Washington, is governed by a 11-member Board of Regents appointed by the governor and confirmed by the state senate.

The financial statements include the individual schools, colleges and departments of the University, the University of Washington Medical Center (UWMC), Portage Bay Insurance (a wholly-owned subsidiary of the University) and certain affiliated operations determined to be a part of the University's financial reporting entity. Affiliated organizations are evaluated for inclusion in the reporting entity as component units based on the significance of their relationship with the University.

Harborview Medical Center (HMC), a component unit of King County, Washington, is a related party to the University, but is not reflected as part of the financial reporting entity (see note 17).

Component units are legally separate organizations for which the University is financially accountable. Financial accountability is demonstrated when one of several conditions exist, such as when the University appoints a voting majority of the organization's board, is able to impose its will on the organization, receives specific financial benefit or incurs specific financial burdens from the organization, or the organization is fiscally dependent on the University. Financial disclosures for these entities are reported in the financial statements of the University in one of two ways: the component units' reported amounts may be blended with amounts reported by the University, or they may be disclosed in a separate column. All component units of the University meet the criteria for blending in accordance with Governmental Accounting Standards Board (GASB) code section 2600, "Reporting Entity and Component Unit Presentation and Disclosure", except Valley Medical Center and Fred Hutchinson Cancer Center. Valley Medical Center is reported discretely since it has a separate board of trustees, it does not provide services exclusively to the University, and it is not a nonprofit corporation of which the University is the sole corporate member. Fred Hutchinson Cancer Center is reported discretely due to the same factors listed for Valley Medical Center, and because the University has determined that it would be misleading to exclude due to the level of integration between the organizations.

CHANGE IN REPORTING ENTITY

Formation of Fred Hutchinson Cancer Center

On March 31, 2022, the members of the Seattle Cancer Care Alliance (SCCA): the University, Fred Hutchinson Cancer Research Center (Fred Hutch), and Seattle Children's Healthcare System (SCHS) agreed to merge Fred Hutch and SCCA; for SCCA to become a non-member non-profit Washington corporation, and for SCCA to be renamed Fred Hutchinson Cancer Center (FHCC). As part of the transaction, SCHS's interest of $285.9 million was purchased by the University and Fred Hutch with funding provided by Fred Hutch. SCHS no longer participates in the Adult Oncology Program but continues to offer pediatric cancer care services and to coordinate through separate affiliation agreements with FHCC and UW Medicine. The University entered into a promissory note to pay FHCC over a ten-year period for its 50% portion of the SCHS membership in SCCA. The non-participating investment in FHCC of $428.8 million reflects a non-monetary exchange accounted for based on the fair value of the assets involved. Specifically, the University used the fair value of the existing equity method investment in SCCA, based on the corresponding equity interest after the buyout of SCHS and prior to the exchange, to determine the value at which the investment in FHCC is recorded. The fair value method used inputs that are "unobservable data points" related to valuation, also known as level 3 inputs (see Note 7 for fair value hierarchy). This fair value will not be remeasured, and will be assessed for impairment on an annual basis. No gain or loss was recorded on the transaction. At June 30, 2023, there was no impairment of the investment in FHCC.

In addition to the restructure of the former SCCA corporate entity, the University and FHCC agreed to the Restructuring and Enhanced Collaboration Agreement (Restructuring Agreement), which clinically and financially integrates the adult cancer program between both entities. With this new arrangement, the University no longer holds a membership interest in SCCA. The University agreed to a restructuring of the SCCA joint venture; transitioning to a non-member entity, rebranding, realigning the future economic sharing arrangements, and realigning practice area management responsibilities. The University's investment in FHCC is recorded within its Statements of Net Position and reflects the integrated adult oncology program. The Restructuring Agreement includes a Financial Alignment Plan, under which both parties share in the objectives of the adult oncology program and drive site neutrality for cancer services for the betterment of patient outcomes. The University's former economic rights as a joint venture member were transformed into contractual rights including, among other provisions, a payment right extending perpetually. The University recorded $87.4 million and $6.7 million, respectively, in financial alignment income for fiscal year 2023 and the last quarter of fiscal year 2022, which is included in other nonoperating revenues in the Statements of Revenues, Expenses, and Changes in Net Position.

BLENDED COMPONENT UNITS

The following entities are presented as blended component units of the University.

Medical Entities

The Association of University Physicians dba UW Physicians (UWP)

UWP is a Washington nonprofit corporation formed in 1983 for the exclusive benefit of the University of Washington School of Medicine (SOM). UWP employs SOM faculty and bills and collects for their clinical services as an agent for SOM. UWP had operating revenues of $410.8 million and $424.6 million for the years ended June 30, 2023 and 2022, respectively.

UW Physicians Network dba UW Medicine Primary Care (Primary Care)

Primary Care is a Washington nonprofit corporation formed in 1996 exclusively for charitable, scientific and educational purposes for the benefit of SOM, UWP and its affiliated medical centers, HMC and UWMC. It was organized to coordinate and develop patient care in a community clinical setting and enhances the academic environment of SOM by providing additional sites of primary care practice and training for faculty, residents and students. In 2023, the doing-business-as (dba) name changed from UW Medicine Neighborhood Clinics to UW Medicine Primary Care. Primary Care had operating revenues of $45.8 million and $37.2 million for the years ended June 30, 2023 and 2022, respectively.

Real Estate Entities

The entities listed below are nonprofit corporations that were formed for the purposes of acquiring and constructing certain real properties for the benefit of the University to help fulfill its educational, medical and scientific research missions. The entities issue tax-exempt and taxable bonds to finance these activities.

- Washington Biomedical Research Properties I
- Washington Biomedical Research Properties II
- Washington Biomedical Research Facilities 3
- Washington Biomedical Research Properties 3.2
- Washington Biomedical Research Properties 3.3

As of June 30, 2023 and 2022, these entities had net capital assets of $276.5 million and $295.3 million, respectively, and long-term debt of $285.4 million and $303.6 million, respectively. These amounts are reflected in the University's financial statements.

Portage Bay Insurance

For medical professional liability, general liability, educator's legal liability including employment practices liability, and automobile liability, the University maintains a program of self-insurance reserves and excess insurance coverage through Portage Bay Insurance (PBI), a wholly-owned subsidiary formed to provide the University with alternative risk financing options. PBI is incorporated as a nonprofit corporation in the state of Hawaii, and retains a Certificate of Authority as a pure captive insurance company. As of June 30, 2023 and 2022, PBI had self insurance liabilities of $230.1 million and $241.9 million, respectively.

DISCRETELY PRESENTED COMPONENT UNITS

Valley Medical Center

The University and Public Hospital District No. 1 of King County, a Washington public hospital district dba Valley Medical Center (VMC), participate in a Strategic Alliance Agreement. VMC owns and operates a 341-bed full-service acute care hospital and 45 clinics located throughout southeast King County. The audited financial statements of VMC are available by contacting VMC at 400 S. 43rd Street, Renton, Washington 98055 or online at the following address: valleymed.org/about-us/financial-information.

Fred Hutchinson Cancer Center

Fred Hutchinson Cancer Center (FHCC) is a nonprofit organization focused on adult oncology research and care that is a clinically integrated part of UWMC. FHCC was formed in April 2022 from the merger of SCCA and Fred Hutchinson Cancer

Research Center, together with execution of the Restructuring and Enhanced Collaboration Agreement between the University and FHCC. The audited financial statements of FHCC are available by contacting FHCC at 1100 Fairview Ave N, Seattle, Washington 98109 or online at the following address: https://www.fredhutch.org/en/about/about-the-hutch/accountability-impact/financial-summaries-and-impact-reporting.html.

JOINT VENTURES

The University, together with Seattle Children's Healthcare System and Fred Hutch, were members of the Seattle Cancer Care Alliance (SCCA) until March 31, 2022, when SCCA merged with Fred Hutch to form FHCC. Each member of the SCCA held a one-third interest in the joint venture. The University accounted for its interest in the SCCA under the equity method of accounting. As of March 31, 2022, the University's investment in the SCCA totaled $282.2 million. The University reported investment income of $22.9 million for its share of the joint venture through March 31, 2022. The University's investment in SCCA was terminated on March 31, 2022 as a result of the merger into FHCC and the balance of SCCA is not included in the Statements of Net Position as of June 30, 2022.

The University and Seattle Children's Healthcare System established Children's University Medical Group (CUMG) to assist the organizations in carrying out their pediatric patient care and charitable, educational and scientific missions. CUMG employs SOM faculty physicians, and bills and collects for their services as an agent for SOM. The University's patient services receivable (see note 6) as of June 30, 2023 and 2022 includes amounts due from CUMG of $18.3 million and $19.9 million, respectively.

In October 2018, the Board of Regents authorized the University, through UW Medicine, to become an equity member in a limited liability company. PNWCIN, LLC dba Embright (Embright) was created in 2018 and is jointly owned by the University, MultiCare Health System and LifePoint Health. As a clinically integrated network in the Pacific Northwest owned by healthcare provider organizations, Embright enables the members to partner together to further the Quadruple Aim of improving the patient care experience, achieving better health outcomes, controlling costs and addressing clinician satisfaction. Together, the members represent 21 hospitals, more than 8,500 providers and over 1,500 clinics. Embright's broad geographical reach assures that patients will have access to the full continuum of care, including preventive, primary, secondary, tertiary, quaternary and post-acute care. Throughout the network, teams are also implementing evidence-based clinical protocols, care pathways, standardized processes and care management services for complex patients. As of June 30, 2023 and 2022, the University's ownership interest in Embright totaled $2.2 million and $2.4 million, respectively. The University's ownership interest in Embright is recorded in other noncurrent assets in the University's Statements of Net Position.

METROPOLITAN TRACT

The University of Washington Metropolitan Tract (Metropolitan Tract), located in downtown Seattle, comprises approximately 11 acres of developed property including office space, retail space, residential apartments, parking, and a luxury hotel. This land was the original site of the University from 1861 until 1895 when the University moved to its present location on Lake Washington. Since the early 1900s, the University has managed the Metropolitan Tract by leasing to third party tenants, and ground leasing to entities responsible for developing and operating new buildings.

Deed restrictions and subsequent Washington State legislation govern the University's authority over the Metropolitan Tract. The original land deeds require that proceeds from a sale of Metropolitan Tract property be used to purchase land and improve or erect buildings. Any remaining funds are to be invested and the income derived is to be used for maintenance of University property. The state legislature enacted further restrictions over the past 160 years requiring legislative approval for the sale of real property on the Metropolitan Tract, and for leases of land or buildings with terms exceeding eighty years. Proceeds from an authorized sale must be deposited in the University's accounts established by the state treasury and used exclusively for construction, maintenance, or alterations to University buildings or debt service related to these activities.

The Metropolitan Tract's assets, liabilities, deferred inflows and net position are shown together with the University on the Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position. The presentation has changed from prior years, when the Metropolitan Tract was shown condensed to one line of each financial statement.

PRIOR PERIOD ADJUSTMENT

In 2023, an accounting error was discovered which resulted in an understatement of operating revenues and operating expenses of $295.1 million, respectively, in fiscal year 2022. In addition, accounts receivable and accounts payable were understated by $2.2 million. There was no impact to net position. The error originated in the treatment of revenues and expenses related to physician compensation paid to faculty and the subsequent reimbursements from other parties. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows for fiscal year 2022 have been restated to reflect the correction.

BASIS OF ACCOUNTING

The financial statements of the University have been prepared in accordance with GASB, code section Co5, "*Colleges and Universities*", under which the University is considered to be a special-purpose government engaged in business-type activities (BTA). The University presents Management's Discussion and Analysis, Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows, Statements of Fiduciary Net Position, Statements of Changes in Fiduciary Net Position, and Notes to the Financial Statements. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

Under the accrual basis of accounting, revenue is recognized when earned, and expenses are recorded when an obligation has been incurred. Significant intra-entity transactions are eliminated. The University reports capital assets net of accumulated depreciation and amortization (as applicable), and reports depreciation and amortization expense in the Statements of Revenues, Expenses and Changes in Net Position.

On July 1, 2022, the University implemented GASB Statement No. 94, "*Public-Private and Public-Public Partnerships (P3s) and Availability Payment Arrangements (APAs)*". The Statement establishes standards of accounting and financial reporting for arrangements between governments and private entities or other governments. Those arrangements generally result in the government transferring the obligation to provide certain public services to an external entity. APAs are agreements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The University has determined that there is no accounting impact from implementation of GASB No. 94 for the year ended June 30, 2023.

On July 1, 2022, the University implemented GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements (SBITAs)".* The Statement establishes standards of accounting and financial reporting for SBITAs by a government end user who enters into SBITAs contracts to use vendor-provided information technology. It applies to SBITA contracts that convey control of the right to use another party's IT software, alone or in combination with tangible underlying IT assets in an exchange or exchange-like transaction for a period exceeding 12 months. Under this Statement, the government is required to recognize a subscription liability and an intangible right-to-use (ROU) subscription asset. Cash outlays necessary to place the subscription asset in service can be capitalized during the initial project implementation stage. As a result of the implementation, the University has applied the standard retroactively as of July 1, 2021, which resulted in the recognition of a ROU subscription asset of $56.4 million and a corresponding liability of $53.7 million with the beginning net position restated by $2.7 million. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows for fiscal year 2022 have been restated to conform with the requirements of this Statement and the current year presentation.

On July 1, 2022, the University implemented GASB Statement No. 99, "Omnibus 2022," for provisions related to leases, P3s, and SBITAs. The Statement clarifies guidance on leases, P3s, and SBITAs primarily related to the determination of the contract term, and recognition and measurement of the associated liability and asset. The implementation did not have have a material impact on the University's financial statements.

ACCOUNTING STANDARDS IMPACTING THE FUTURE

In April 2022, the GASB issued Statement No. 99, *"Omnibus 2022,"* provisions of which will be effective for the fiscal years ending June 30, 2023 and 2024. Requirements related to leases, P3s, and SBITAs are effective for the fiscal year ending June 30, 2023. Requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for the fiscal year ending June 30, 2024. The University is currently assessing the impact of implementation of this Statement on its financial statements, but does not expect it to have any material impact.

In June 2022, the GASB issued Statement No. 101, *"Compensated Absences,"* which will be effective for the fiscal year ending June 30, 2025. This statement will update the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The statement amends the existing disclosure requirements to allow governments to disclose only the net change in the liability as long as they identify it as a net change.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles involves management estimates that affect the reported amounts of assets, liabilities, deferrals, revenues and expenses during the reporting period. Actual results could differ from those estimates; however, the University believes that allowances, reserves and estimates of expected liabilities are adequate.

The University estimates the pollution remediation liability (see remediation liabilities, note 9) by reviewing the current status of known polluted sites and developing estimates of cleanup costs. These estimates are subject to change due to improvements in technology, inflation, changes in the scope of work, and the pursuit of reimbursement from other responsible parties.

Allowances (see notes 5 and 6) are estimates based on the historical experience of the University and current economic circumstances with respect to the collectability of accounts and loans receivable.

The University's share of pension and other post-employment benefit plan assets, liabilities, deferrals and expenses, are based on actuarial valuations prepared by an external actuary. The results of an actuarial valuation are estimates based on historical data, actuarial assumptions, and the demographics of the employee and retiree populations.

The self-insurance reserve (see note 15) is estimated through an externally prepared actuarial calculation using individual case-basis valuations and statistical analyses. Considerable variability is inherent in such estimates.

The University's interests in certain non-readily marketable alternative investments, such as hedge funds and private equity limited partnerships, are stated at fair value based on net asset value estimates used as a practical expedient reported to the University by investment fund managers.

Derivative instruments are recorded on the contract date and are carried at fair value using listed price quotations or amounts that approximate fair value.

OTHER ACCOUNTING POLICIES

Investments. Investments are generally carried at fair value. The fair value of all debt and equity securities with a readily determinable fair value is based on quotations from major securities exchanges. Alternative investments, which are not readily marketable, are carried at the estimated fair values provided by the investment managers. The University reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

Investments under long-term strategies are considered noncurrent. Short-term investments consist primarily of cash equivalents and fixed income vehicles which management has identified as available to meet the day-to-day obligations of the University. Cash equivalents included in short-term investments are excluded from the beginning and ending cash amounts on the Statements of Cash Flows.

Inventories. Inventories are carried at the lower of cost or market value and are reflected in other current assets on the University's Statements of Net Position. Consumable inventories, consisting of expendable materials and supplies, are generally valued using the weighted-average method. Merchandise inventories are generally valued using the first-in, first-out method.

Capital Assets. Land, buildings, equipment, library materials and intangibles are stated at cost or, if acquired by gift, at fair market value at the date of the gift, less accumulated depreciation and amortization. Right of use leased and subscription assets are stated at the present value of payments expected to be made during the lease term, less accumulated amortization. Additions, replacements, major repairs and renovations are capitalized. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for building components, 20 to 50 years for infrastructure and land improvements, 5 to 7 years for equipment, 15 years for library materials, and 3 to 15 years for intangibles.

Interest incurred on capital asset-related debt was $111.1 million and $109.3 million for the years ended June 30, 2023 and 2022, respectively.

Leases. The University determines if an arrangement is a lease at inception of the lease contract. Lessee arrangements are included in capital assets and long-term liabilities in the Statements of Net Position. Lease assets represent the University's right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized on a straight-line basis over the lease term. Lease liabilities represent the University's obligation to make lease payments arising from the lessee arrangement. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the University will exercise that option. The University recognizes payments for short-term leases with a lease term of 12 months or less as expense as the payments are made.

Lessor arrangements are included in accounts receivables (current portion), lease receivable, net of current portion and deferred inflows of resources in the Statements of Net Position. Lease receivables represent the University's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term on a straight-line basis. Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue on a straight-line basis over the lease term. The University recognizes payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received.

Subscription-Based Information Technology Arrangements (SBITA). A SBITA is a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract in an exchange or exchange-like transaction for a term exceeding 12 months. The University recognizes a right-to-use subscription asset and a corresponding subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. SBITA assets are amortized on a straight-line basis over the contract term. SBITA liabilities represent the University's obligation to make contract payments arising from the SBITA. Interest expense is recognized ratably over the contract term. The SBITA term may include options to extend or terminate the contract when it is reasonably certain that the University will exercise that option. The University recognizes payments for short-term SBITAs with a term of 12 months or less as expense as the payments are made.

Unearned Revenues. Unearned revenues occur when funds have been collected in advance of when the associated goods or services have been provided, such as advance ticket sales, summer quarter tuition, and unspent cash advances on certain grants.

Asset Retirement Obligations (ARO). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. AROs are measured at the current value of the estimated costs required to dispose of the asset. AROs are included in long-term liabilities on the University's Statements of Net Position (see remediation liabilities, note 9), and represent costs related to two cyclotrons used for research, clinical applications, and education. Disposal of these assets must be accomplished in accordance with Washington Administrative Code Chapter 246, "Department of Health". The University used the decommissioning guidance provided by the U.S. Nuclear Regulatory Commission to estimate the disposal costs. The assets identified have estimated remaining useful lives of 5 and 10 years. The University has issued a statement of intent to the Washington Department of Health to request funding from the state legislature to fund the decommissioning of these assets. The University has no assets restricted for payment of these obligations. The University has not recognized an obligation for costs that would be incurred in the event that the University relinquished its license from the Department of Health and ceased use of radioactive materials in its operations as the likelihood of this occurring is remote.

Cost-Sharing Pension Plans. The net pension asset or liability is measured as the University's proportionate share of the collective total pension liability, less the fiduciary net position, of the cost-sharing pension plans in which the University participates. The total pension liability is determined by discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year-end. Projected benefit payments are required to be discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits. The University's proportionate share is determined based on the relationship of University contributions to total contributions to the plan by all participating employers. Pension expense is recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. Differences between expected and actual experience, and changes in assumptions about future economic or demographic factors, are reported as deferred inflows of resources or deferred outflows of resources, and are recognized over the average expected remaining service period for employees eligible for pension benefits. Differences between expected and actual investment returns are reported as deferred inflows of resources or deferred outflows of resources, and are recognized over five years. Contributions made to the plan subsequent to the measurement date and prior to the University's fiscal year-end are reported as a deferred outflow of resources, and recognized in the subsequent fiscal year. The measurement date for the net pension asset or liability is June 30 of the prior fiscal year.

Single Employer Pension Plan (UW Supplemental Retirement Plan - UWSRP). Legislation signed into law on July 1, 2020, amended the RCW applicable to the UWSRP to define plan provisions including limits on member eligibility, benefit payments, vesting terms and contribution rates. As a result of these amendments, the University is unable to modify the terms of the plan. Administration of the benefit calculations and payments remain the responsibility of the University until the state's Pension Funding Council determines the trust has sufficient assets, at which time the Department of Retirement Systems will assume those duties in accordance with RCW 41.50.280. Other agencies of the state of Washington perform the duties of a board and hold the substantive powers in relation to the UWSRP. The University does not perform the duties of a board or hold any of the substantive powers that would make the plan a fiduciary component unit of the University.

The total pension liability is determined by discounting projected benefit payments for current participants and retirees, based on the benefit terms and legal agreements existing at the pension plan's fiscal year-end. The discount rate used for the total pension liability as of June 30, 2023 and 2022, reflects the expected rate of return on investments, to the extent that plan assets are available to pay retiree benefits. Pension expense is recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. Differences between expected and actual experience, and changes in assumptions about future economic or demographic factors, are reported as deferred inflows of resources or deferred outflows of resources, and are recognized over the average expected remaining service period for employees eligible for pension benefits. Differences between expected and actual investment returns are reported as deferred inflows of resources or deferred outflows of resources, and are recognized over five years. The measurement date for the UWSRP net pension liability is the same as the Statements of Net Position date.

Other Post Employment Benefits (OPEB). The total OPEB liability is measured as the University's proportionate share of the state of Washington total OPEB liability, with the proportionate share determined based on the relationship of the University's healthcare-eligible headcount to the total healthcare-eligible headcount for the state. The total OPEB liability is determined by discounting projected benefit subsidies for current employees and retirees based on the discount rate required by GASB Statement No. 75 for OPEB plans that do not have assets residing in a qualified trust. OPEB expense is recognized for subsidies earned during the period, interest on the total OPEB liability and changes in benefit terms. Differences between expected and actual experience, and changes in assumptions about future economic or demographic factors, are reported as deferred inflows of resources or deferred outflows of resources, and are recognized over the average expected remaining service period for healthcare-eligible employees. Contributions made to the plan subsequent to the measurement date and prior to the University's fiscal year-end are reported as a deferred outflow of resources, and recognized in the subsequent fiscal year. The measurement date for the total OPEB liability is June 30 of the prior fiscal year.

Split-Interest Agreements. Under such agreements, donors make gifts to the University but the University is not the sole beneficiary and receives either a lead interest (distributions during the term of the agreement) or a remainder interest (distribution of assets remaining at the end of the agreement). Charitable trusts, charitable gift annuities, pooled income funds and beneficial interests in charitable trusts are examples of split-interest gifts. Where the University holds a remainder interest in a trust that is also administered by the University, an asset related to these agreements is recorded at fair market value, a deferred inflow is recorded for the remainder value, and a liability is recorded equal to the present value of expected future distributions to the income beneficiaries. The liability is calculated using discount rates of 8.0% for gifts before FY 2008 and 7.5% for gifts in FY 2008 and after. Additionally, donors have established and funded trusts which are administered by organizations other than the University. Under the terms of these trusts, the University has the irrevocable right to receive all or a portion of the income earned on the trust assets in perpetuity. The University does not control the assets held by the outside trusts but recognizes an interest in the trusts, based on the fair value of the assets contributed to the trusts, mostly as permanently restricted contributions. Fluctuation in the fair value of these assets are recorded annually as revenue and impact restricted nonexpendable net position.

Compensated Absences. University employees accrue annual leave at rates based on length of service, and for sick leave at the rate of one day per month. Sick leave balances, which are unlimited, can be converted to monetary compensation annually at 25% of the employees' normal compensation rate for any balance that exceeds 480 hours, or for any balance upon retirement or death. Annual leave accrued at June 30, 2023 and 2022 was $213.0 million and $200.4 million, respectively, and is included in accounts payable and accrued liabilities in the University's Statements of Net Position. Sick leave accrued at June 30, 2023 and 2022 was $65.1 million and $58.8 million, respectively, and is included in long-term liabilities (see note 9) in the University's Statements of Net Position.

Scholarship Allowances. Tuition and fees are reported net of scholarship allowances which represent the difference between the stated charge for tuition and fees and the amount that is paid by the student or third parties on behalf of the student. Student aid paid directly to students is reported as scholarships and fellowships expense.

Net Patient Service Revenue. Patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as updated information becomes available and when final settlements are determined. Revenue related to financial assistance provided to patients is excluded from net patient service revenue.

Third-party payer agreements with Medicare and Medicaid provide for payments at amounts different from established rates and are part of contractual adjustments to net patient service revenue. Medicare reimbursements are based on a tentative rate, with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary.

For more information about net patient service revenue, see the audited financial statements of the UW Medicine Select Units - UW Division, which are contained in the latest Bondholders Report at finance.uw.edu/treasury/bondholders/other-investor-material.

Financial Assistance. Financial assistance provides patient care without charge to patients who meet certain criteria under the financial assistance policy. Records are maintained to identify and monitor the level of financial assistance provided. These records include charges foregone for services and supplies furnished under the financial assistance policy to the uninsured and the underinsured. Collection of these amounts is not pursued and, as such, they are not reported as net patient service revenue. The cost of financial assistance provided is calculated based on the aggregate relationship of costs to charges. The estimated cost of financial assistance provided during the years ended June 30, 2023 and 2022 was $25.6 million and $25.3 million, respectively.

State Appropriations. The state of Washington appropriates funds to the University on both an annual and biennial basis. This revenue is reported as nonoperating revenue in the Statements of Revenues, Expenses and Changes in Net Position when underlying expenditures are made.

Operating Activities. The University's policy for reporting operating activities in the Statements of Revenues, Expenses and Changes in Net Position is to include activities that generally result from exchange transactions. Examples of exchange transactions are payments received for tuition, patient services or grants under which services are performed, as well as payments made for the delivery of goods or services. Certain other significant revenue streams used for operations, such as state appropriations, Pell grants, gifts, FHCC financial alignment income, and investment income are recorded as nonoperating revenues, as prescribed by GASB Statement No. 35.

Net position. The University's net position is classified as follows:

Net investment in capital assets: The University's investments in capital assets, less accumulated depreciation and amortization, net of outstanding debt obligations related to capital assets;

Restricted net position – nonexpendable: Net position subject to externally-imposed requirements that it be maintained permanently by the University, including permanent endowment funds and annuity and life income trusts;

Restricted net position – expendable: Net position that the University is obligated to spend in accordance with restrictions imposed by external parties, generally for scholarships, research and departmental uses;

***Unrestricted net position*:** Net position not subject to externally-imposed restrictions, but which may be designated for specific purposes by management or the Board of Regents.

Tax Exemption. The University, as an agency of the state of Washington, is not subject to federal income tax pursuant to Section 115 of the Internal Revenue Code, except for tax on unrelated business income and certain federal excise taxes.

Reclassification. Certain amounts in the 2022 financial statement footnotes have been reclassified for comparative purposes to conform to the presentation in the 2023 financial statement.

NOTE 2:

COVID-19 Pandemic

The COVID-19 pandemic had widespread, rapidly evolving, and unpredictable impacts on societal and economic conditions at a local, national, and global level and has had a significant impact on the University's operations. In response to financial pressures brought on by the pandemic, the Federal Government and the state of Washington have provided additional sources of liquidity to institutions of higher education and healthcare providers. During the years ended June 30, 2023 and 2022, revenue recorded by the University related to COVID-19 support was $55.0 million and $162.3 million, respectively. This excludes amounts recorded by HMC and the University's discrete component units.

NOTE 3:

Cash and Cash Equivalents

Cash includes cash on hand, petty cash and bank deposits. Cash equivalents includes treasury securities with original maturities of less than 90 days and money market funds with remaining underlying maturities of one year or less at the time of purchase. Most cash, except for cash held at the University and cash held in foreign banks, is covered by the Federal Deposit Insurance Corporation (FDIC), or if greater than FDIC limits, by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

NOTE 4:

Deposit with State of Washington

State law requires the University to deposit certain funds with the state treasurer, who holds and invests the funds. These deposits include amounts held for the University's permanent land grant funds, and the University building fee collected from students. The fair value of these funds approximates the carrying value.

NOTE 5:

Student Loans Receivable

As of June 30, 2023 and 2022, net student loans of $39.5 million and $42.4 million, respectively, consist of $26.3 million and $30.1 million, respectively, from federal programs, and $13.2 million and $12.3 million, respectively, from University programs. For the years ended June 30, 2023 and 2022, interest income from student loans was $1.3 million and $1.1 million, respectively. These unsecured loans are made primarily to students who reside in the state of Washington.

NOTE 6:

Accounts Receivable

The major components of accounts receivable as of June 30, 2023 and 2022 are as follows:

(Dollars in thousands)	**2023**	**2022**
NET PATIENT SERVICES	$ 429,610	$ 425,825
GRANTS AND CONTRACTS	246,238	231,259
SALES AND SERVICES	190,727	165,688
STATE APPROPRIATIONS	80,351	28,808
INVESTMENTS	69,581	46,334
DUE FROM OTHER AGENCIES	59,648	43,734
LEASE RECEIVABLES (CURRENT PORTION)	42,756	44,453
SELF INSURANCE CEDED RESERVES	35,011	63,727
TUITION	18,742	15,509
OTHER	50,216	24,205
SUBTOTAL	1,222,880	1,089,542
LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS	(69,454)	(60,970)
TOTAL	**$ 1,153,426**	**$ 1,028,572**

NOTE 7:

Investments

INVESTMENTS – GENERAL

The University of Washington Board of Regents is vested by statute with responsibility for the University's properties and investments, and for establishing investment policy. The University of Washington Investment Management Company (UWINCO), led by the Chief Investment Officer, carries out the day-to-day activities of the investment portfolios.

The University of Washington Investment Management Company Board ("UWINCO Board") consists of both Board of Regents' members and external investment professionals who advise UWINCO, the President and the Board of Regents.

The University holds significant amounts of investments that are measured at fair value on a recurring basis. The University is required to provide the following information according to the three-tier fair value hierarchy which is based on the observability of the inputs used in the valuation techniques to measure the fair value of certain financial assets and liabilities. The three-tier hierarchy ranks the quality and reliability of the information used to determine fair values and is summarized as follows:

- Level 1 Inputs – Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2 Inputs – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities.
- Level 3 Inputs – Inputs that are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

TABLE 1 – INVESTMENTS *(Dollars in thousands)*

		Fair Value Measurements Inputs		
INVESTMENTS BY FAIR VALUE LEVEL	**2023**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FIXED INCOME SECURITIES				
U.S. TREASURY SECURITIES	$ 1,633,297	$ 6,974	$ 1,626,323	$ —
U.S. GOVERNMENT AGENCY	344,292	9,713	334,579	—
MORTGAGE BACKED	209,132	—	209,132	—
ASSET BACKED	604,460	—	604,460	—
CORPORATE AND OTHER	316,793	17,009	299,784	—
TOTAL FIXED INCOME SECURITIES	**3,107,974**	**33,696**	**3,074,278**	**—**
EQUITY SECURITIES				
GLOBAL EQUITY INVESTMENTS	725,563	398,844	326,719	—
REAL ESTATE	18,519	14,810	—	3,709
OTHER	157,622	151,751	—	5,871
TOTAL EQUITY SECURITIES	**901,704**	**565,405**	**326,719**	**9,580**
EXTERNALLY MANAGED TRUSTS	**131,385**	**—**	**—**	**131,385**
TOTAL INVESTMENTS BY FAIR VALUE LEVEL	**4,141,063**	**$ 599,101**	**$ 3,400,997**	**$ 140,965**

INVESTMENTS MEASURED USING NET ASSET VALUE (NAV)	
GLOBAL EQUITY INVESTMENTS	2,022,467
ABSOLUTE RETURN STRATEGY FUNDS	875,128
PRIVATE EQUITY AND VENTURE CAPITAL FUNDS	902,345
REAL ASSET FUNDS	225,282
OTHER	50,452
TOTAL INVESTMENTS MEASURED USING NAV	**4,075,674**
TOTAL INVESTMENTS MEASURED AT FAIR VALUE AND NAV	8,216,737
CASH EQUIVALENTS AT AMORTIZED COST	145,643
TOTAL INVESTMENTS	**$ 8,362,380**

NOTES TO FINANCIAL STATEMENTS (continued)

INVESTMENTS BY FAIR VALUE LEVEL	2022	Fair Value Measurements Inputs: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FIXED INCOME SECURITIES				
U.S. TREASURY SECURITIES	$ 1,572,728	$ 19,570	$ 1,553,158	$ —
U.S. GOVERNMENT AGENCY	348,035	10,699	337,336	—
MORTGAGE BACKED	197,531	—	197,531	—
ASSET BACKED	574,591	—	574,591	—
CORPORATE AND OTHER	147,280	18,737	128,543	—
TOTAL FIXED INCOME SECURITIES	**2,840,165**	**49,006**	**2,791,159**	**—**
EQUITY SECURITIES				
GLOBAL EQUITY INVESTMENTS	740,432	505,770	234,662	—
REAL ESTATE	19,407	16,599	—	2,808
OTHER	6,205	—	—	6,205
TOTAL EQUITY SECURITIES	**766,044**	**522,369**	**234,662**	**9,013**
EXTERNALLY MANAGED TRUSTS	**125,075**	**—**	**—**	**125,075**
TOTAL INVESTMENTS BY FAIR VALUE LEVEL	**3,731,284**	**$ 571,375**	**$ 3,025,821**	**$ 134,088**

INVESTMENTS MEASURED USING NET ASSET VALUE (NAV)	
GLOBAL EQUITY INVESTMENTS	1,718,652
ABSOLUTE RETURN STRATEGY FUNDS	999,716
PRIVATE EQUITY AND VENTURE CAPITAL FUNDS	990,630
REAL ASSET FUNDS	189,364
OTHER	32,583
TOTAL INVESTMENTS MEASURED USING NAV	**3,930,945**
TOTAL INVESTMENTS MEASURED AT FAIR VALUE AND NAV	7,662,229
CASH EQUIVALENTS AT AMORTIZED COST	572,100
TOTAL INVESTMENTS	**$ 8,234,329**

Fixed income and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fixed income and equity securities classified in Level 2 are valued using other observable inputs including quoted prices for similar securities and interest rates. Private equity, real assets and other investments classified in Level 3 are valued using either discounted cash flow or market comparable techniques.

The University's interests in certain non-readily marketable alternative investments, such as hedge funds and private equity limited partnerships, are stated at fair value based on NAV estimates used as a practical expedient reported to the University by investment fund managers. The valuation method for investments measured using NAV per share (or its equivalent) is presented in the following table:

TABLE 2 – INVESTMENTS MEASURED USING NAV *(Dollars in thousands)*

2023	Fair Value	Total Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
GLOBAL EQUITY INVESTMENTS	$ 2,022,467	$ 31,707	MONTHLY TO ANNUALLY	15-180 days
ABSOLUTE RETURN STRATEGY FUNDS	875,128	—	QUARTERLY TO ANNUALLY	30-90 days
PRIVATE EQUITY AND VENTURE CAPITAL FUNDS	902,345	561,441	N/A	—
REAL ASSETS FUNDS	225,282	70,335	N/A	—
OTHER	50,452	32,250	QUARTERLY TO ANNUALLY	30-95 days
TOTAL INVESTMENTS MEASURED USING NAV	**$ 4,075,674**			
2022	**Fair Value**	**Total Unfunded Commitments**	**Redemption Frequency (if Currently Eligible)**	**Redemption Notice Period**
GLOBAL EQUITY INVESTMENTS	$ 1,718,652	$ —	MONTHLY TO ANNUALLY	15-180 days
ABSOLUTE RETURN STRATEGY FUNDS	999,716	—	QUARTERLY TO ANNUALLY	30-90 days
PRIVATE EQUITY AND VENTURE CAPITAL FUNDS	990,630	691,457	N/A	—
REAL ASSETS FUNDS	189,364	104,447	N/A	—
OTHER	32,583	—	QUARTERLY TO ANNUALLY	30-95 days
TOTAL INVESTMENTS MEASURED USING NAV	**$ 3,930,945**			

1. **Global Equity:** This investment category includes public equity investments in separately managed accounts, long-only comingled funds, unconstrained limited partnerships, and passive index funds. As of June 30, 2023 and 2022, approximately 74% and 78%, respectively, of the value of the investments in this category can be redeemed within 90 days. As of June 30, 2023 and 2022, approximately 89% and 93%, respectively, can be redeemed within one year.
2. **Absolute Return:** This category includes investments in stable income and low-to-medium beta funds. Management of these funds seeks low correlation to broad equity markets by investing in assets that exhibit low volatility, deep discounts, and/or hedges against market downturns. As of June 30, 2023 and 2022, approximately 93% and 92%, respectively, of the value of the investments in this category can be redeemed within one year.
3. **Private equity and venture capital:** This category includes buyout, venture, and special situations funds. These investments cannot be redeemed at the request of the University. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that underlying assets of the funds will be liquidated over the next 1 to 10 years.
4. **Real assets:** This category includes real estate, natural resources, and other hard assets. These investments cannot be redeemed at the request of the University. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that underlying assets of the funds will be liquidated over the next 1 to 10 years.
5. **Other:** This category consists of opportunistic investments and includes various types of non-investment grade and non-rated credit plus nominal equity exposure. As of June 30, 2023 and 2022, approximately 34% and 39%, respectively, of the value of the investments in this category can be redeemed or anticipate distribution within one year. The remaining balance of these investments contain restrictions on redemption within one year or will be distributed as underlying investments are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 10 years.

INVESTMENT POOLS

The University combines most short-term investment balances into the Invested Funds Pool. At June 30, 2023 and 2022, the Short-term and Intermediate-term Invested Funds Pools totaled $2,770.0 million and $2,500.0 million, respectively. The Invested Funds - Long-term Pool also owns units in the Consolidated Endowment Fund (CEF) valued at $1,082.0 million and $1,016.0 million at June 30, 2023 and 2022, respectively. In addition, the Long-term Pool also owns a passive global equity index valued at $145.0 million and $143.0 million as of June 30, 2023 and 2022, respectively. Per University policy, departments with qualifying funds in the Invested Funds Pool receive distributions based on their average balances and on the type of balance. Campus depositors received 0.75% in fiscal years 2023 and 2022. University Advancement received 3.0% of the average balances in endowment operating and gift accounts in fiscal years 2023 and 2022. The difference between the actual earnings of the Invested Funds Pool and the calculated distributions is used to support activities benefiting all University departments.

The majority of the endowed funds are invested in the CEF, a pooled fund. Individual endowments purchase units in the pool on the basis of a per-unit valuation of the CEF at fair value on the last business day of the calendar quarter. Income is distributed based on the number of units held. RCW 24.55 of the Washington State Code and the Uniform Prudent Management of Institutional Funds Act allow for total return expenditure under comprehensive prudent standards.

In February 2019, the Board of Regents approved an amendment to the CEF Investment Policy to reduce the total spending rate from 5.0% to 4.5%. A three-year phased reduction was implemented to cushion the impact on University units starting with a 4.9% spending rate in fiscal year 2020, 4.7% spending rate in fiscal 2021 and then reaching 4.5% in fiscal year 2022. Quarterly distributions during fiscal year 2023 to programs are based on an annual percentage rate of 3.60%, applied to the five-year rolling average of the CEF's market value. Additionally, the policy allows for an administrative fee of 0.9% to support campus-wide fundraising and stewardship activities and to offset the internal cost of managing endowment assets.

The University records its permanent endowments at the lower of original gift value or current market value in the Restricted Nonexpendable Net Position category. Of the endowments that are recorded at current market value at June 30, 2023 and June 30, 2022, the net deficiency from the original gift value was $5.5 million and $6.9 million, respectively.

Net appreciation (depreciation) in the fair value of investments includes both realized and unrealized gains and losses on investments. The University realized net gains of $113.2 million and $238.3 million in fiscal years 2023 and 2022, respectively, from the sale of investments. The calculation of realized gains and losses is independent of the net appreciation of the fair value of investments. Realized gains and losses on investments that have been held in more than one fiscal year and are sold in the current year include the net appreciation of these investments reported in the prior year(s). The net appreciation (depreciation) in the fair value of investments during the years ended June 30, 2023 and 2022 was $351.0 million and $(487.8) million, respectively.

FUNDING COMMITMENTS

The University enters into contracts with investment managers to fund alternative investments. As of June 30, 2023 and 2022, the University had outstanding commitments to fund alternative investments of $695.7 million and $795.9 million, respectively. These commitments are expected to be called over a multi-year time frame, generally 2-5 years depending on the type of fund. The University believes it has adequate liquidity and funding sources to meet these obligations.

DERIVATIVE INSTRUMENTS

The University's investment policies allow for investing in various derivative instruments, including futures, swaps and forwards, to manage exposures within or across its portfolio and to improve the portfolio's risk/return profile.

Derivative instruments are recorded on the contract date and are carried at fair value using listed price quotations or amounts that approximate fair value.

As of June 30, 2023 and 2022, the University had outstanding futures contracts with notional amounts totaling $98.2 million and $55.2 million, respectively. As of June 30, 2023, accumulated unrealized gains on these contracts totaled $171 thousand and as of June 30, 2022, accumulated unrealized gains on these contracts totaled $364 thousand. The accumulated unrealized gains are included in Investments on the Statements of Net Position. Futures are financial contracts obligating the buyer to purchase an asset at a predetermined future date and price.

Credit exposure represents exposure to counterparties relating to financial instruments, where gains exceed collateral held by the University or losses are less than the collateral posted by the University. There was no credit exposure as of June 30, 2023 or 2022. No derivative instruments have been reclassified from a hedging instrument to an investment instrument.

Details on foreign currency derivatives are disclosed under Foreign Exchange Risk.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of fixed income securities. The University manages interest rate risk through its investment policies and the investment guidelines established with each manager. Each fixed income manager is assigned a maximum boundary for duration as compared to the manager's relevant benchmark index. The goal is to allow ample freedom for the manager to perform, while controlling the interest rate risk in the portfolio. Effective duration is a commonly used measure of interest rate risk. The longer the duration, the more sensitive the portfolio is to changes in interest rates. The weighted average effective duration of the University's fixed income portfolio was 1.96 years and 1.71 years at June 30, 2023 and 2022, respectively.

CREDIT RISK

Fixed income securities are also subject to credit risk, which is the risk that the issuer or other counterparty to a financial instrument will not fulfill its obligations, or that negative perceptions of the issuer's ability to make these payments will cause prices to decline. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University Investment Policies limit fixed income exposure to investment grade assets. The Investment Policy for the Invested Funds' Short-term Pool requires each manager to maintain an average quality rating of "AA" as issued by a nationally recognized rating organization. The Invested Funds' Intermediate-term Pool requires each manager to maintain an average quality rating of "A" and to hold 25% of their portfolios in government and government agency issues. The Investment Policy for the CEF reflects its long-term nature by specifying average quality rating levels by individual manager, but still restricting investment to investment grade credits.

Duration is a calculation of the number of years required to recover the true cost of a bond. The duration measures presented in Table 3 below represent a broad average across all fixed income securities held in the CEF, the Invested Funds Pool (IF or operating funds) and debt service reserve funds. The CEF and IF portfolios are managed to have a duration below their policy benchmarks to protect principal and provide liquidity to the overall portfolio.

Duration and credit risk figures at June 30, 2023 and 2022 exclude $35.6 million and $30.6 million, respectively, of fixed income securities held by blended component units. These amounts make up 1.15% and 1.08%, respectively, of the University's fixed income investments, and are not included in the duration figures detailed in Table 3.

The composition of fixed income securities at June 30, 2023 and 2022, along with credit quality and effective duration measures, is summarized as follows:

TABLE 3 – FIXED INCOME: CREDIT QUALITY AND EFFECTIVE DURATION *(Dollars in thousands)*

2023

Investments	U.S. Government	Investment Grade*	Non-Investment Grade	Not Rated	Total	Duration (In years)
U.S. TREASURY SECURITIES	$ 1,626,323	$ —	$ —	$ —	$ 1,626,323	1.86
U.S. GOVERNMENT AGENCY	337,789	—	—	—	337,789	4.88
MORTGAGE BACKED	—	53,787	74,929	80,417	209,133	1.41
ASSET BACKED	4,725	493,355	15,239	91,140	604,459	0.86
CORPORATE AND OTHER	—	227,247	—	67,393	294,640	1.80
TOTAL	**$ 1,968,837**	**$ 774,389**	**$ 90,168**	**$ 238,950**	**$ 3,072,344**	**1.96**

2022

Investments	U.S. Government	Investment Grade*	Non-Investment Grade	Not Rated	Total	Duration (In years)
U.S. TREASURY SECURITIES	$ 1,553,157	$ —	$ —	$ —	$ 1,553,157	1.43
U.S. GOVERNMENT AGENCY	343,462	—	—	—	343,462	4.87
MORTGAGE BACKED	—	76,365	53,824	67,342	197,531	1.34
ASSET BACKED	6,284	470,850	5,173	92,284	574,591	0.71
CORPORATE AND OTHER	—	56,125	359	84,373	140,857	1.30
TOTAL	**$ 1,902,903**	**$ 603,340**	**$ 59,356**	**$ 243,999**	**$ 2,809,598**	**1.71**

*Investment Grade securities are those that are rated BBB and higher by Standard and Poor's or Baa and higher by Moody's.

FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk that investments denominated in foreign currencies may lose value due to adverse fluctuations in the value of the U.S. dollar relative to foreign currencies. The University's investment policies permit investments in international equity and other asset classes, which can include foreign currency exposure. The University also enters into foreign currency forward contracts, futures contracts, and options to manage the foreign currency exposure. The University held non-U.S. denominated securities of $1.7 billion and $1.6 billion at June 30, 2023 and 2022, respectively.

TABLE 4 – INVESTMENTS DENOMINATED IN FOREIGN CURRENCY

(Dollars in thousands)	**2023**	**2022**
EURO (EUR)	$ 381,161	$ 227,022
CHINESE RENMINBI (CNY)	249,307	381,690
JAPANESE YEN (JPY)	171,251	169,356
INDIAN RUPEE (INR)	147,387	138,301
BRITISH POUND (GBP)	131,615	166,650
CANADIAN DOLLAR (CAD)	56,766	7,258
BRAZIL REAL (BRL)	54,818	69,487
SOUTH KOREAN WON (KRW)	49,467	49,301
AUSTRALIAN DOLLAR (AUD)	46,221	18,609
SWEDISH KRONA (SEK)	44,505	30,841
SWISS FRANK (CHF)	41,299	38,152
HONG KONG DOLLAR (HKD)	38,729	32,507
TAIWANESE DOLLAR (TWD)	34,648	49,894
SOUTH AFRICAN RAND (ZAR)	18,354	19,378
DANISH KRONE (DKK)	16,942	14,279
SINGAPORE DOLLAR (SGD)	16,558	32,415
INDONESIAN RUPIAH (IDR)	16,088	29,844
NORWEGIAN KRONE (NOK)	15,098	20,215
MEXICAN PESO (MXN)	10,184	12,405
REMAINING CURRENCIES	152,486	46,987
TOTAL	**$ 1,692,884**	**$ 1,554,591**

NOTE 8:

Capital Assets

Capital asset activity for the years ended June 30, 2023 and 2022 is summarized as follows:

(Dollars in thousands)	**Balance as of July 1, 2021**	**Additions/ Transfers**	**Retirements**	**Balance as of June 30, 2022**	**Additions/ Transfers**	**Retirements**	**Balance as of June 30, 2023**
LAND	$ 153,211	$ 6,646	$ —	$ 159,857	$ 2,563	$ —	$ 162,420
INFRASTRUCTURE	319,129	4,805	—	323,934	810	1,629	323,115
BUILDINGS	7,821,643	63,617	16,871	7,868,389	298,830	15,819	8,151,400
FURNITURE, FIXTURES AND EQUIPMENT	1,495,201	179,857	80,714	1,594,344	158,060	113,714	1,638,690
LIBRARY MATERIALS	418,191	13,419	2,299	429,311	16,153	2,366	443,098
CAPITALIZED COLLECTIONS	7,635	826	—	8,461	166	—	8,627
INTANGIBLE ASSETS	224,525	4,029	49,624	178,930	103,667	256	282,341
RIGHT OF USE LEASE ASSETS (NOTE 11)	749,864	75,728	669	824,923	126,124	14,153	936,894
RIGHT OF USE SUBSCRIPTION ASSETS (NOTE 11)	56,395	7,709	—	64,104	21,002	—	85,106
CONSTRUCTION IN PROGRESS	197,562	209,488	9,585	397,465	120,861	4,750	513,576
INTANGIBLES IN PROCESS	151,933	39,992	—	191,925	(39,449)	—	152,476
TOTAL COST	**11,595,289**	**606,116**	**159,762**	**12,041,643**	**808,787**	**152,687**	**12,697,743**
LESS ACCUMULATED DEPRECIATION/ AMORTIZATION:							
INFRASTRUCTURE	154,779	8,631	—	163,410	8,612	1,629	170,393
BUILDINGS	3,751,055	260,401	8,108	4,003,348	265,394	12,186	4,256,556
FURNITURE, FIXTURES AND EQUIPMENT	1,282,235	94,205	31,759	1,344,681	118,390	92,310	1,370,761
LIBRARY MATERIALS	320,417	13,473	1,794	332,096	13,484	1,864	343,716
INTANGIBLE ASSETS	160,040	8,865	49,624	119,281	33,933	256	152,958
RIGHT OF USE LEASE ASSETS (NOTE 11)	60,299	62,616	386	122,529	64,439	3,500	183,468
RIGHT OF USE SUBSCRIPTION ASSETS (NOTE 11)	—	14,644	—	14,644	19,042	—	33,686
TOTAL ACCUMULATED DEPRECIATION/ AMORTIZATION	**5,728,825**	**462,835**	**91,671**	**6,099,989**	**523,294**	**111,745**	**6,511,538**
CAPITAL ASSETS, NET	**$ 5,866,464**	**$ 143,281**	**$ 68,091**	**$ 5,941,654**	**$ 285,493**	**$ 40,942**	**$ 6,186,205**

NOTE 9:

Long-Term Liabilities

UNIVERSITY OF WASHINGTON

Long-term liability activity for the years ended June 30, 2023 and 2022 is summarized as follows:

(Dollars in thousands)	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022	Additions	Reductions	Balance as of June 30, 2023	Current portion as of June 30, 2022	Current portion as of June 30, 2023
BONDS PAYABLE:									
GENERAL OBLIGATION BONDS PAYABLE (NOTE 10)	$ 57,685	$ 8,400	$ 19,740	$ 46,345	$ —	$ 11,475	$ 34,870	$ 11,475	$ 11,840
REVENUE BONDS PAYABLE (NOTE 10)	2,277,930	374,790	365,510	2,287,210	—	72,615	2,214,595	72,615	71,605
UNAMORTIZED PREMIUM ON BONDS	165,473	24,051	35,207	154,317	—	16,952	137,365	16,943	14,574
TOTAL BONDS PAYABLE	**2,501,088**	**407,241**	**420,457**	**2,487,872**	**—**	**101,042**	**2,386,830**	**101,033**	**98,019**
NOTES PAYABLE:									
NOTES PAYABLE & OTHER -CAPITAL ASSET RELATED (NOTE 10)	58,818	1,124	13,869	46,073	5,415	11,101	40,387	11,286	11,437
NOTES PAYABLE & OTHER – NONCAPITAL ASSET RELATED (NOTE 10)	1,770	143,240	47	144,963	592	11,412	134,143	10,529	14,585
TOTAL NOTES PAYABLE	**60,588**	**144,364**	**13,916**	**191,036**	**6,007**	**22,513**	**174,530**	**21,815**	**26,022**
OTHER LONG-TERM LIABILITIES:									
OBLIGATIONS UNDER SPLIT-INTEREST AGREEMENTS	64,074	—	11,847	52,227	—	2,536	49,691	11,847	2,536
COVID-19 RELIEF (NOTE 2)	227,388	—	170,735	56,653	—	56,653	—	56,653	—
REMEDIATION LIABILITIES (NOTE 1)	33,785	—	—	33,785	—	1,176	32,609	—	—
HMC ITS FUNDING (NOTE 17)	24,269	—	2,672	21,597	147	—	21,744	9,300	8,600
SICK LEAVE (NOTE 1)	57,944	8,404	7,563	58,785	9,907	3,549	65,143	12,658	5,556
SELF-INSURANCE (NOTE 15)	180,514	112,713	51,228	241,999	82,066	93,961	230,104	33,800	72,595
LEASE LIABILITIES (NOTE 11)	709,045	90,048	67,482	731,611	133,121	62,069	802,663	50,586	53,733
SUBSCRIPTION LIABILITIES (NOTE 11)	53,742	7,898	14,211	47,429	21,071	18,453	50,047	13,849	20,323
OTHER NONCURRENT LIABILITIES	13,515	—	6,615	6,900	820	104	7,616	82	86
TOTAL OTHER LONG-TERM LIABILITIES	**1,364,276**	**219,063**	**332,353**	**1,250,986**	**247,132**	**238,501**	**1,259,617**	**188,775**	**163,429**
TOTAL LONG-TERM LIABILITIES	**$3,925,952**	**$ 770,668**	**$ 766,726**	**$3,929,894**	**$ 253,139**	**$ 362,056**	**$3,820,977**	**$ 311,623**	**$ 287,470**

DISCRETE COMPONENT UNITS

Long-term liability activity for the years ended June 30, 2023 and 2022 is summarized as follows:

	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022	Additions	Reductions	Balance as of June 30, 2023	Current portion as of June 30, 2022	Current portion as of June 30, 2023
VALLEY MEDICAL CENTER *(Dollars in thousands)*									
LIMITED TAX GENERAL OBLIGATION BONDS	$ 315,034	$ —	$ 10,983	$ 304,051	$ —	$ 13,473	$ 290,578	$ 11,185	$ 11,665
LEASE LIABILITIES	125,441	7,713	24,227	108,927	4,234	15,280	97,881	13,719	14,008
SUBSCRIPTION LIABILITIES	—	—	—	13,167	3,958	7,635	9,490	—	4,327
NOTES PAYABLE & OTHER	18,678	—	18,678	—	—	—	—	—	—
TOTAL LONG-TERM LIABILITIES	**$ 459,153**	**$ 7,713**	**$ 53,888**	**$ 426,145**	**$ 8,192**	**$ 36,388**	**$ 397,949**	**$ 24,904**	**$ 30,000**

	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022	Additions	Reductions	Balance as of June 30, 2023	Current portion as of June 30, 2022	Current portion as of June 30, 2023
FRED HUTCHINSON CANCER CENTER *(Dollars in thousands)*									
LONG TERM DEBT	$ —	$1,939,257	$ 846,298	$ 1,092,959	$ —	$ 6,620	$ 1,086,339	$ 3,959	$ 13,732
COLLABORATIVE ARRANGEMENT LIABILITIES	—	428,824	—	428,824	—	—	428,824	—	—
LEASE LIABILITIES	—	268,783	28,240	240,543	—	13,030	227,513	14,086	14,654
DEFERRED CREDIT ON CASH FLOW HEDGES	—	39,872	21,797	18,075	—	8,461	9,614	—	—
TOTAL LONG-TERM LIABILITIES	**$ —**	**$2,676,736**	**$ 896,335**	**$1,780,401**	**$ —**	**$ 28,111**	**$1,752,290**	**$ 18,045**	**$ 28,386**

NOTE 10:

Bonds and Notes Payable

The bonds and notes payable at June 30, 2023 consist of state of Washington General Obligation Bonds, University General Revenue Bonds, and Notes Payable. These obligations have interest rates ranging from 0.19% to 8.00%. As of June 30, 2023, substantially all of the University's debt was publicly offered debt. Debt service requirements as of June 30, 2023 are as follows:

BONDS AND NOTES PAYABLE *(Dollars in thousands)*	STATE OF WASHINGTON GENERAL OBLIGATION BONDS		UNIVERSITY OF WASHINGTON GENERAL REVENUE BONDS		NOTES PAYABLE AND OTHER	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2024	$ 11,840	$ 1,458	$ 71,605	$ 90,083	$ 26,022	$ 6,847
2025	8,910	939	87,020	87,083	20,997	6,135
2026	5,265	525	90,565	83,990	17,243	5,416
2027	5,210	266	94,050	80,618	17,488	4,675
2028	2,105	104	92,675	76,939	18,232	3,903
2029-2033	1,540	31	457,125	332,032	74,548	7,317
2034-2038	—	—	486,130	237,525	—	—
2039-2043	—	—	520,875	118,704	—	—
2044-2048	—	—	301,605	39,164	—	—
2049-2053	—	—	12,945	1,025	—	—
TOTAL PAYMENTS	**$ 34,870**	**$ 3,323**	**$ 2,214,595**	**$ 1,147,163**	**$ 174,530**	**$ 34,293**

State law requires that the University reimburse the state for debt service payments relating to its portion of the state of Washington General Obligation and Refunding Bonds from medical center patient revenues, tuition, timber sales and other revenues.

ISSUANCE AND REFUNDING ACTIVITY

The University did not issue or refund any General Revenue Bonds in fiscal year 2023.

On April 1, 2022, UW Medical Center entered into a promissory note agreement with Fred Hutchinson Cancer Center (FHCC), for its 50% share of the buyout of Seattle Children's Healthcare System membership in SCCA. The note payable to FHCC is $142.9 million and the interest rate is 4.82%. The note shall be payable in forty equal consecutive quarterly installments of principal and interest and matures in March 2032. Both parties agree that all payments on this note shall be offset by UW Medical Center's portion of the Clinical Distribution Pool due under the Restructuring Agreement. As of June 30, 2023, payments of $11.4 million have been paid towards the principal.

On March 8, 2022, the University issued $75.0 million of tax-exempt General Revenue Bonds, 2022A, at a premium of $16.2 million and an average coupon of 5.00%. The average life is 8.5 years with a final maturity on April 1, 2037. Proceeds will be mainly used to fund UW Medicine Small-Works projects and the Montlake Campus Membrane Repair project. Additionally, the University issued $209.1 million of taxable General Revenue Refunding Bonds, 2022B (Taxable), with an average coupon of 2.88%. The average life is 9.7 years with a final maturity on July 1, 2041. The bonds refunded by the 2022B Series had a par amount of $200.1 million and coupon rates ranging from 4.00% to 5.00%, with an average coupon of 4.94%. The refunding reduced the total debt service payments to be made by the University over the next 20 years by $33.8 million and resulted in a total economic gain of $26.5 million. Additionally, the University issued $90.7 million of tax-exempt General Revenue Refunding Bonds, 2022C (Term Rate Bonds) at a premium of $9.6 million and an average coupon of 4.00% through the 5-year mandatory redemption date of August 1, 2027. The 2022C Term Rate Bonds refunded the 2019A (Term Rate Bonds) with a par amount of $100.0 million at the mandatory redemption date.

COMMERCIAL PAPER PROGRAM

The University has a commercial paper program with a maximum borrowing limit of $250.0 million, payable from University General Revenues. This short-term borrowing program is primarily used to fund capital expenditures. During fiscal year 2023, the University issued $43.5 million of commercial paper. The University refunded $69.5 million of commercial paper with a line of credit from Washington Federal Bank, National Association. During fiscal year 2022, the University issued $44.5 million of commercial paper. As of June 30, 2023 and 2022, the University had $43.5 million and $69.5 million, respectively, in outstanding commercial paper.

SUBSEQUENT DEBT ACTIVITY

On July 25, 2023, the University issued $99.5 million in commercial paper; the proceeds were used to pay off the line of credit with the Washington Federal Bank, National Association, prior to expiration on August 1, 2023.

In October 2023, the University entered into a new Master Financing Agreement (the “2023 Master Financing Agreement”), effective as of the Regent’s approval of the agreement in September 2023 with JP Morgan Chase Bank to provide a non-revolving credit line available to the University for the financing of assets in the short-term (FAST), including personal property, to be drawn from time to time. The 2023 Master Financing Agreement allows for draws in an aggregate amount not to exceed $40 million and will expire in September 2026, with the option of extending for two additional one year terms.

CREDIT LINES

Effective August 13, 2020, the University entered into a Master Financing Agreement (the “2020 Master Financing Agreement”) with JP Morgan Chase Bank to provide a non-revolving credit line available to the University for the financing of short-term assets (FAST), including personal property, to be drawn on from time to time. The 2020 Master Financing Agreement provides financing for the University’s FAST Program. The 2020 Master Financing Agreement allows for draws in an aggregate amount not to exceed $40.0 million. The 2020 Master Financing Agreement expired on June 30, 2023 and was subsequently replaced with the 2023 Master Financing Agreement (see “Subsequent Debt Activity”). The Bank and the University entered into two prior master financing agreements, one dated July 7, 2017 (the “2017 Master Financing Agreement”) and the other dated November 14, 2014 (the “2014 Master Financing Agreement”), which allowed for draws up to an aggregate amount not to exceed $30.0 million and $12.0 million, respectively. Each Master Financing Agreement replaced the prior agreement, however, draws on the prior master financing agreements remain outstanding until paid under the terms of that agreement. Outstanding borrowings as of June 30, 2023 and 2022 totaled $23.7 million and $22.9 million, respectively.

On August 13, 2020, the University entered into a Revolving Loan Agreement with Washington Federal Bank, National Association which provides a revolving loan through August 1, 2023, for up to $100.0 million to be used for providing additional liquidity. Taxable borrowings under the agreement bear interest at 2.21%; tax-exempt borrowings bear interest at 1.75%. Amounts borrowed under the agreement are payable solely from and secured by a pledge of the University’s general revenues. During fiscal year 2023, the University borrowed $99.5 million from the Washington Federal Bank, National Association line of credit.

On August 13, 2020, the University entered into a Revolving Credit Agreement with U.S. Bank National Association which provides a revolving line of credit through August 12, 2022, for up to $100.0 million to be used for providing additional liquidity. On September 30, 2021, the University entered into an Amended and Restated Revolving Credit Agreement, which adjusted the rates from the prior agreement and extended the term through August 1, 2024. On December 1, 2022, the University entered into another an Amended and Restated Revolving Credit Agreement, which replaced LIBOR with SOFR as the applicable reference rate. Borrowings for tax-exempt projects under the agreement bear interest at a fluctuating rate equal to 82% of the daily one-month SOFR rate plus a margin of 0.63%; borrowings for taxable projects bear interest at a fluctuating rate equal to the daily one-month SOFR rate plus a margin of 0.75%. The margins are subject to change depending on the University’s credit rating. Amounts borrowed under the agreement are payable solely from and secured by a pledge of the University's general revenues. The University made no draws and had no outstanding cash borrowings with respect to this agreement as of June 30, 2023.

DEFEASED DEBT

The University defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust (refunding escrow) to provide for all future debt service payments on the refunded bonds until called. The trust account assets and the liability for the defeased bonds are not included in the University's financial statements. As of June 30, 2023 and 2022, $112.7 million and $414.3 million of bonds outstanding, respectively, are considered defeased. In addition, $10.3 million of in-substance defeased debt remains outstanding as of June 30, 2023 and is included in Long-Term Liabilities on the Statement of Net Position.

NOTE 11:

Leases and Related Subscription-Based Information Technology Arrangements

LESSEE & SUBSCRIPTION-BASED INFORMATION ARRANGEMENTS

The University leases land, building space and equipment from external parties for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2067 and provide for renewal options ranging from one year to twenty-five years. In accordance with GASB Statement No. 87, the University records right-to-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the University's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. Amounts recognized for variable and other payments not included in the measurement of the lease liability are $99.08 million and $85.1 million as of June 30, 2023, and 2022, respectively. The University does not have any leases subject to a residual value guarantee.

A SBITA is a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract in an exchange or exchange-like transaction for a term exceeding 12 months. The University enters subscription-based information arrangements which expire at various dates through 2034. In accordance with GASB Statement No. 96, the University recognizes a right-to-use subscription asset and a corresponding subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. Similar to leases, the expected future subscription payments are discounted using the University's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance.

The University's right-to-use assets and related accumulated amortization for fiscal years ended June 30, 2023 and 2022 are summarized as follows:

(Dollars in thousands)	Balance as of July 1, 2021	Additions	Modifications and Renewals	Deductions	Balance as of June 30, 2022	Additions	Modifications and Renewals	Deductions	Balance as of June 30, 2023
RIGHT OF USE ASSETS									
LAND	$ 414,497	$ —	$ —	$ —	$ 414,497	$ —	$ —	$ 9,665	$ 404,832
BUILDINGS	268,590	63,653	11,381	669	342,955	59,890	18,844	4,488	417,201
EQUIPMENT	66,777	694	—	—	67,471	47,390	—	—	114,861
SUBSCRIPTION ASSETS	56,395	7,709	—	—	64,104	11,974	9,028	—	85,106
TOTAL RIGHT OF USE ASSETS	**806,259**	**72,056**	**11,381**	**669**	**889,027**	**119,254**	**27,872**	**14,153**	**1,022,000**
LESS ACCUMULATED AMORTIZATION									
LAND	9,658	9,658	—	—	19,316	8,983	—	—	28,299
BUILDINGS	34,177	36,551	—	386	70,342	38,050	—	3,500	104,892
EQUIPMENT	16,464	16,407	—	—	32,871	17,406	—	—	50,277
SUBSCRIPTION ASSET	—	14,644	—	—	14,644	19,042	—	—	33,686
TOTAL ACCUMULATED AMORTIZATION	**60,299**	**77,260**	**—**	**386**	**137,173**	**83,481**	**—**	**3,500**	**217,154**
TOTAL RIGHT OF USE ASSETS, NET	**$ 745,960**	**$ (5,204)**	**$ 11,381**	**$ 283**	**$ 751,854**	**$ 35,773**	**$ 27,872**	**$ 10,653**	**$ 804,846**

Total future annual lease payments under lessee agreements as of June 30, 2023 are as follows:

Year *(Dollars in thousands)*	**Principal (a)**	**Interest**	**Total**
2024	$ 40,347	$ 21,963	$ 62,310
2025	51,360	22,113	73,473
2026	36,323	22,149	58,472
2027	33,995	21,122	55,117
2028	30,385	20,494	50,879
2029-2033	53,884	104,032	157,916
2034-2038	51,728	107,709	159,437
2039-2043	51,591	107,492	159,083
2044-2048	51,991	84,757	136,748
2049-2053	85,825	65,641	151,466
2054-2058	129,425	45,730	175,155
2059-2063	172,424	17,216	189,640
Total	**$ 789,278**	**$ 640,418**	**$ 1,429,696**

(a) These amounts exclude accrued interest, which is included in the lease liability shown on the Statements of Net Position.

As of June 30, 2023, the University has two leases that have not yet commenced, primarily for building space, with lease payments due on an undiscounted basis of $150.3 million over the respective lease terms. These leases will commence in fiscal years 2024 and 2026 with lease terms ranging between 10 and 40 years.

Total future annual subscription payments under subscription-based arrangements as of June 30, 2023 are as follows:

Year *(Dollars in thousands)*	**Principal (a)**	**Interest**	**Total**
2024	$ 20,194	$ 829	$ 21,023
2025	16,335	571	16,906
2026	9,046	268	9,314
2027	2,076	91	2,167
2028	1,478	46	1,524
2029-2034	524	13	537
Total	**$ 49,653**	**$ 1,818**	**$ 51,471**

(a) These amounts exclude accrued interest, which is included in the subscription liability shown on the Statements of Net Position.

As of June 30, 2023, the University has two subscription arrangements that have not yet commenced, with payments due on an undiscounted basis of $23.8 million over the respective terms. These arrangements will commence in fiscal year 2024 with terms ranging between 4 and 7 years.

LESSOR ARRANGEMENTS

The University leases building and ground space to external parties with significant activity occurring within the Metropolitan Tract (Note 1). The leases expire at various dates through 2098 and provide for renewal options ranging from one year to twenty-five years. The University records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the University's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. Amounts recognized for variable and other payments not included in the measurement of the lease receivable are $35.04 million and $24.2 million as of June 30, 2023, and 2022, respectively. The University recognized revenues related to lease agreements totaling $93.2 million and $83.4 million, as of June 30, 2023, and 2022, respectively, reported in other operating revenues in the Statements of Revenue, Expenses and Change in Net Position.

Future minimum lease payments to be received under lessor agreements as of June 30, 2023 are as follows:

Year *(Dollars in Thousands)*	**Principal (a)**	**Interest**	**Total**
2024	$ 38,720	$ 11,713	$ 50,433
2025	34,790	10,888	45,678
2026	32,416	10,257	42,673
2027	28,096	9,589	37,685
2028	18,878	9,023	27,901
2029-2033	44,942	39,267	84,209
2034-2038	20,316	34,298	54,614
2039-2043	11,721	32,010	43,731
2044-2048	13,398	30,545	43,943
2049-2053	15,649	28,822	44,471
2054-2058	18,756	26,455	45,211
2059-2063	20,203	23,819	44,022
2064-2068	18,742	21,573	40,315
2069-2073	19,368	19,274	38,642
2074-2078	17,702	17,434	35,136
2079-2083	20,876	15,492	36,368
2084-2088	9,881	10,381	20,262
2089-2093	17,277	4,561	21,838
2094-2098	18,458	1,358	19,816
Total	**$ 420,189**	**$ 356,759**	**$ 776,948**

(a) These amounts exclude accrued interest, which is included in the lease receivable shown on the Statements of Net Position.

NOTE 12:

Pension Plans

The University offers four contributory pension plans: 1) the Washington State Public Employees' Retirement System (PERS) plan, 2) the Washington State Teachers' Retirement System (TRS) plan, 3) the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) plan, and 4) the University of Washington Retirement Plan (UWRP). PERS, TRS, and LEOFF are cost sharing multiple-employer defined-benefit pension plans administered by the Washington State Department of Retirement Systems (DRS). UWRP is a defined-contribution plan with a supplemental noncontributory defined-benefit plan component (the UWSRP) and is administered by the University.

Legislation signed into law on July 1, 2020, amended the RCW applicable to the UWSRP to define plan provisions including limits on member eligibility, benefit payments, vesting terms and contribution rates. As a result of these amendments, the University is unable to modify the terms of the plan. Administration of the benefit calculations and payments remain the responsibility of the University until the state's Pension Funding Council determines the trust has sufficient assets, at which time the DRS will assume those duties in accordance with RCW 41.50.280. The University does not perform the duties of a board or hold any of the substantive powers that would make the plan a fiduciary component unit of the University. Other agencies of the state of Washington perform the duties of a board and hold the substantive powers in relation to the UWSRP.

As of June 30, 2023 and 2022, the University's share of the total net pension assets associated with the defined-benefit pension plans administered by the DRS was $430.3 million and $1,133.9 million, respectively. The University's share of the total net pension liabilities was $253.9 million and $109.8 million, respectively. As of June 30, 2023 and 2022, the net pension liability associated with the defined benefit pension plan administered by the University was $161.8 million and $219.1 million, respectively. As of June 30, 2023 and 2022, assets held by the University to pay retiree benefits in connection with the pension plan administered by the University were $342.0 million and $345.3 million, respectively. These assets are in addition to those now residing with the Washington State Investment Board. For the years ended June 30, 2023 and 2022, total pension expense (benefit) recorded by the University related to both the DRS and University plans was $(58.1) million and $(288.0) million, respectively.

PLANS ADMINISTERED BY DRS

PLAN DESCRIPTION

Public Employees' Retirement System

PERS retirement benefit provisions are contained in chapters 41.34 and 41.40 of the Revised Code of Washington (RCW). PERS is a cost-sharing multiple-employer retirement system comprised of three separate pension plans for membership purposes. PERS Plan 1 and PERS Plan 2 are defined-benefit plans, and PERS Plan 3 is a defined-benefit plan with a defined-contribution component. PERS members include higher education employees not participating in other higher education retirement programs.

For accounting purposes, PERS is reported as three separate plans. Plan 1 accounts for the defined benefits of Plan 1 members, Plan 2/3 accounts for the defined benefits of Plan 2 and Plan 3 members, and Plan 3 accounts for the defined-contribution portion of Plan 3 members. The defined-benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund, and all assets of Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries. Plan 2/3 is considered a single plan for accounting purposes.

Teachers' Retirement System

TRS retirement benefit provisions are contained in chapters 41.32 and 41.34 of the RCW. TRS is a cost-sharing, multiple-employer retirement system, comprised of three separate pension plans for membership purposes; TRS Plan 1 and TRS Plan 2 are defined-benefit plans and TRS Plan 3 is a defined-benefit plan with a defined-contribution component. TRS eligibility for membership requires service as a certificated public school employee working in an instructional, administrative or supervisory capacity.

For accounting purposes, similar to PERS, TRS is reported as three separate plans. Plan 1 accounts for the defined benefits of Plan 1 members, Plan 2/3 accounts for the defined benefits of Plan 2 and Plan 3 members, and Plan 3 accounts for the defined-contribution portion of Plan 3 members. The defined-benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund, and all assets of Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries. Plan 2/3 is considered a single plan for accounting purposes.

Law Enforcement Officers' and Fire Fighters' Retirement System

LEOFF retirement benefit provisions are contained in chapter 41.26 of the RCW. LEOFF is a cost-sharing, multiple-employer retirement system comprised of two separate pension plans for both membership and accounting purposes. The University participates in LEOFF Plan 2, which is a defined-benefit plan. LEOFF membership includes full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians.

VESTING AND BENEFITS PROVIDED

PERS Plan 1 and TRS Plan 1

PERS Plan 1 and TRS Plan 1 provide retirement, disability and death benefits. Both plans are closed to new entrants. All members were vested after the completion of five years of eligible service. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest-paid consecutive service months. The retirement benefit may not exceed 60% of the AFC.

Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. Other benefits for PERS Plan 1 include an optional Cost-of-Living Adjustment. Other benefits for TRS Plan 1 include temporary and permanent disability payments, and an optional Cost-of-Living Adjustment.

PERS Plan 2/3 and TRS Plan 2/3

PERS Plan 2/3 and TRS Plan 2/3 provides retirement, disability and death benefits. PERS Plan 2 and TRS Plan 2 members are vested after completion of five years of eligible service. PERS Plan 3 and TRS Plan 3 members are vested in the defined-benefit portion of their plan after 10 years of service, or after five years of service if 12 months are earned after age 44. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2, and 1% of AFC times the member's years of service for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit.

Members are eligible for retirement with a full benefit at age 65 with at least five years of service credit. Retirement before age 65 is considered early retirement. Members are eligible for early retirement with a reduced benefit at age 55 with at least 20 years of service credit. The benefit is reduced by a factor that varies according to age, for each year before age 65.

Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include a Cost-of-Living adjustment (based on the Consumer Price Index) capped at 3% annually.

LEOFF Plan 2

LEOFF Plan 2 provides retirement, disability and death benefits. Members are vested after completing five years of eligible service. Retirement benefits are determined as 2% of the final average salary (FAS) per year of service, based on the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at age 53 with at least five years of service credit. Members who retire prior to age 53 receive reduced benefits. If the member has at least 20 years of service and is age 50 to 52, the reduction is 3% for each year before age 53. Otherwise, the benefits are actuarially reduced to reflect the choice of a survivor benefit.

Other benefits include a Cost-of-Living adjustment (based on the Consumer Price Index) capped at 3% annually.

FIDUCIARY NET POSITION

The pension plans' fiduciary net positions have been determined on the same basis as they are reported by the pension plans. DRS financial statements have been prepared in conformity with generally accepted accounting principles. The retirement plans are accounted for in pension trust funds using the flow of economic resources measurement focus and the accrual basis of accounting. Member contributions are recognized as revenues in the period in which the contributions are earned. Employer contributions are recognized when due, and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable, in accordance with the terms of each plan.

Chapter 43.33A of the RCW authorizes the Washington State Investment Board (WSIB) to have the investment management responsibility for the pension funds. Investments are reported at fair value, and unrealized gains and losses are included as investment income in the Statement of Changes in Fiduciary Net Position presented in the DRS Annual Comprehensive Financial Report. Purchases and sales of investments are recorded on a trade-date basis.

DRS publishes an annual report for retirement plans, which is available at https://www.drs.wa.gov/news/

ACTUARIAL ASSUMPTIONS

Accounting requirements dictate the use of assumptions to best estimate the impact that pension obligations will have on the University. The professional judgments used in determining these assumptions are important, and can significantly impact the resulting actuarial estimates. Differences between actual results compared to these assumptions could have a significant effect on the University's financial statements.

The total pension liability for each DRS plan was determined by an actuarial valuation, conducted by the Washington State Office of the State Actuary (OSA). The University's 2023 pension liabilities are based on an OSA valuation performed as of June 30, 2021, with the results rolled forward to the measurement date of June 30, 2022. Likewise, the University's 2022 pension liabilities are based on a valuation performed as of June 30, 2020, with the results rolled forward to the measurement date of June 30, 2021.

The following actuarial assumptions have been applied to all prior periods included in the measurement:

2023	
INFLATION	2.75% TOTAL ECONOMIC INFLATION, 3.25% SALARY INFLATION
SALARY INCREASE	EXPECTED TO GROW BY PROMOTIONS AND LONGEVITY IN ADDITION TO SALARY INFLATION ASSUMPTION OF 3.25%
INVESTMENT RATE OF RETURN	7.00%

2022	
INFLATION	2.75% TOTAL ECONOMIC INFLATION, 3.50% SALARY INFLATION
SALARY INCREASE	EXPECTED TO GROW BY PROMOTIONS AND LONGEVITY IN ADDITION TO SALARY INFLATION ASSUMPTION OF 3.50%
INVESTMENT RATE OF RETURN	7.40%

Mortality rates as of June 30, 2021 and 2020, were developed using the Society of Actuaries' Pub.H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. The OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

The actuarial assumptions used in the June 30, 2021 valuations were based on the results of the 2013-2018 Demographic Experience Study Report and 2021 Economic Experience Study. The actuarial assumptions used in the June 30, 2020 valuations were based on the results of the 2013-2018 Demographic Experience Study Report and 2019 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the dates of the respective actuarial valuation reports.

The long-term expected rates of return on pension plan investments was determined by the WSIB using a building block method in which a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) are developed for each major asset class. Those expected returns make up one component of WSIB's Capital Market Assumptions (CMAs). The WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

The long-term expected rate of return of 7.00% and 7.40% as of measurement dates June 30, 2022 and 2021, respectively, approximately equals the median of the simulated investment returns over a 50-year time horizon, adjusted to remove or damper any short-term changes that are not expected over the entire 50-year measurement period.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for each pension plan, as of the measurement dates, are summarized in the following table:

	2023 *(Measurement Date 2022)*		**2022** *(Measurement Date 2021)*	
Asset Class	**Target Allocation**	**Long-Term Expected Arithmetic Real Rate of Return**	**Target Allocation**	**Long-Term Expected Arithmetic Real Rate of Return**
FIXED INCOME	20.00%	1.50%	20.00%	2.20%
TANGIBLE ASSETS	7.00%	4.70%	7.00%	5.10%
REAL ESTATE	18.00%	5.40%	18.00%	5.80%
GLOBAL EQUITY	32.00%	5.90%	32.00%	6.30%
PRIVATE EQUITY	23.00%	8.90%	23.00%	9.30%

The inflation component used to create the above table was 2.20% for the June 30, 2021 and 2020 actuarial valuations, and represents WSIB's most recent long-term estimate of broad economic inflation at the time of these valuations.

DISCOUNT RATE

The discount rate used to measure the total pension liabilities as of June 30, 2023 and 2022 was 7.00% and 7.40%, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at contractually required rates, and that contributions from employers will be made at statutorily required rates, actuarially determined (including the component of PERS 2/3 and TRS 2/3 employer rates pertaining to the unfunded actuarial accrued liability for PERS 1 and TRS 1, respectively). Based on those assumptions, the fiduciary net position for each pension plan was projected to be sufficient to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Using the WSIB long-term expected rate of return, a 7.00% and 7.40% future investment rate of return on pension plan investments was assumed as of measurement dates June 30, 2022 and 2021, respectively. The expected return on plan assets is the estimated long-term rate of return that will be earned on the investments used to fund the pension obligation. Contributions from plan members and employers were assumed to continue to be made at contractually required rates (including the component of PERS 2/3 and TRS 2/3 employer rates pertaining to the unfunded actuarial accrued liability for PERS 1 and TRS 1, respectively, as provided for in chapter 41.45 of the RCW).

SENSITIVITY OF THE NET PENSION LIABILITY (ASSET) TO CHANGES IN THE DISCOUNT RATE

The following table presents the University's proportionate share of the net pension liabilities and assets calculated using the discount rate of 7.00% and 7.40% as of measurement dates June 30, 2022 and 2021, respectively, as well as what the net pension liabilities or assets would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

DISCOUNT RATE SENSITIVITY - NET PENSION LIABILITY (ASSET) *(Dollars in thousands)*

	2023 *(Measurement Date 2022)*			2022 *(Measurement Date 2021)*		
Plan	**1% Decrease**	**Current Discount Rate**	**1% Increase**	**1% Decrease**	**Current Discount Rate**	**1% Increase**
PERS 1	$ 329,849	$ 246,895	$ 174,496	$ 183,066	$ 107,461	$ 41,526
PERS 2/3	500,962	(425,399)	(1,186,463)	(317,391)	(1,114,120)	(1,770,227)
TRS 1	9,445	6,956	4,780	4,479	2,337	467
TRS 2/3	12,906	(712)	(11,675)	1,622	(9,301)	(18,211)
LEOFF 2	(194)	(4,212)	(7,500)	(6,608)	(10,480)	(13,649)

EMPLOYER CONTRIBUTION RATES

Employer contribution rates are developed in accordance with Chapter 41.45 of the RCW by the OSA, and include an administrative expense component that is currently set at 0.18%. The statute provides authority to the Pension Funding Council to adopt changes to economic assumptions and contribution rates. The following table presents the contribution rates, stated as a percentage of covered payroll as defined by the statute, and required contributions for each DRS plan in which the University participates for the years ended June 30, 2023 and 2022:

(Dollars in Thousands)	**PERS 1**	**PERS 2/3[a]**	**TRS 1**	**TRS 2/3[a]**	**LEOFF 2**
2023					
CONTRIBUTION RATE	10.25 %	10.25 %	14.42 %	14.42 %	8.71 %
CONTRIBUTIONS MADE	$ 60,376	$ 99,838	$ 2,312	$ 2,863	$ 256
2022					
CONTRIBUTION RATE	12.97 %	12.97 %	15.74 %	15.74 %	8.77 %
CONTRIBUTIONS MADE	$ 54,344	$ 92,147	$ 1,877	$ 2,315	$ 321

(a) Plan 2/3 employer rate includes a component to address the Plan 1 unfunded actuarial accrued liability

UNIVERSITY PROPORTIONATE SHARE

Collective pension amounts are determined as of a measurement date, which can be no earlier than an employer's prior fiscal year. The measurement date for the net pension liabilities and assets recorded by the University as of June 30, 2023 was June 30, 2022. Employer contributions received and processed by the DRS during the fiscal year ended June 30, 2022 have been used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in their June 30, 2022 Schedules of Employer and Nonemployer Allocations. Likewise, the measurement date for the net pension liabilities and assets recorded by the University as of June 30, 2022 was June 30, 2021, with employer contributions received and processed by the DRS during the fiscal year ended June 30, 2021, used as the basis for determining each employer's proportionate share of the collective pension amounts. The following table presents the University's proportionate share for each DRS plan:

PROPORTIONATE SHARE	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2
YEAR ENDED JUNE 30, 2023	8.87 %	11.47 %	0.37 %	0.36 %	0.15 %
YEAR ENDED JUNE 30, 2022	8.80 %	11.18 %	0.35 %	0.34 %	0.18 %

UNIVERSITY AGGREGATED BALANCES

The table below presents the University's aggregated balance of net pension liability and net pension asset as of June 30 2023 and 2022:

(Dollars in Thousands)	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	TOTAL
2023						
NET PENSION LIABILITY	$ 246,895	$ —	$ 6,956	$ —	$ —	$ 253,851
NET PENSION ASSET	—	425,399	—	712	4,211	430,322
2022						
NET PENSION LIABILITY	$ 107,461	$ —	$ 2,337	$ —	$ —	$ 109,798
NET PENSION ASSET	—	1,114,120	—	9,301	10,480	1,133,901

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

The tables below summarize the University's pension expense, deferred outflows of resources and deferred inflows of resources related to the DRS pension plans, together with the related future year impacts to pension expense from amortization of those deferred amounts. Note that deferred outflows of resources related to University contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the following year, and are not amortized to pension expense.

PROPORTIONATE SHARE OF PENSION EXPENSE *(Dollars in Thousands)*												
		PERS 1		**PERS 2/3**		**TRS 1**		**TRS 2/3**		**LEOFF 2**		**TOTAL**
YEAR ENDED JUNE 30, 2023	$	115,449	$	(138,626)	$	4,239	$	(68)	$	680	$	(18,326)
YEAR ENDED JUNE 30, 2022		2,082		(250,731)		903		(1,000)		(1,484)		(250,230)

DEFERRED OUTFLOWS OF RESOURCES *(Dollars in Thousands)*												
2023		**PERS 1**		**PERS 2/3**		**TRS 1**		**TRS 2/3**		**LEOFF 2**		**TOTAL**
CHANGE IN ASSUMPTIONS	$	—	$	237,101	$	—	$	4,013	$	1,067	$	242,181
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE		—		105,404		—		3,550		1,001		109,955
CHANGE IN UNIVERSITY'S PROPORTIONATE SHARE		—		6,876		—		757		1,459		9,092
UNIVERSITY CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT DATE OF THE COLLECTIVE NET PENSION LIABILITY [(a)]		60,376		99,838		2,312		2,863		256		165,645
TOTAL	**$**	**60,376**	**$**	**449,219**	**$**	**2,312**	**$**	**11,183**	**$**	**3,783**	**$**	**526,873**
2022												
CHANGE IN ASSUMPTIONS	$	—	$	1,628	$	—	$	579	$	5	$	2,212
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE		—		54,111		—		2,890		475		57,476
CHANGE IN UNIVERSITY'S PROPORTIONATE SHARE		—		11,858		—		1,012		873		13,743
UNIVERSITY CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT DATE OF THE COLLECTIVE NET PENSION LIABILITY [(b)]		54,344		92,147		1,877		2,315		321		151,004
TOTAL	**$**	**54,344**	**$**	**159,744**	**$**	**1,877**	**$**	**6,796**	**$**	**1,674**	**$**	**224,435**

(a) Recognized as a reduction of the net pension liability as of June 30, 2024
(b) Recognized as a reduction of the net pension liability as of June 30, 2023

DEFERRED INFLOWS OF RESOURCES *(Dollars in Thousands)*												
2023		**PERS 1**		**PERS 2/3**		**TRS 1**		**TRS 2/3**		**LEOFF 2**		**TOTAL**
DIFFERENCE BETWEEN PROJECTED AND ACTUAL EARNINGS ON PLAN INVESTMENTS, NET	$	40,918	$	314,500	$	1,246	$	3,768	$	1,410	$	361,842
CHANGE IN ASSUMPTIONS		—		62,082		—		436		367		62,885
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE		—		9,630		—		72		39		9,741
TOTAL	**$**	**40,918**	**$**	**386,212**	**$**	**1,246**	**$**	**4,276**	**$**	**1,816**	**$**	**434,468**
2022												
DIFFERENCE BETWEEN PROJECTED AND ACTUAL EARNINGS ON PLAN INVESTMENTS, NET	$	119,246	$	931,143	$	3,503	$	10,844	$	4,997	$	1,069,733
CHANGE IN ASSUMPTIONS		—		79,121		—		489		498		80,108
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE		—		13,658		—		75		55		13,788
TOTAL	**$**	**119,246**	**$**	**1,023,922**	**$**	**3,503**	**$**	**11,408**	**$**	**5,550**	**$**	**1,163,629**

Amounts reported as deferred outflows of resources, exclusive of contributions made after the measurement date, and deferred inflows of resources will be recognized in pension expense as follows:

AMORTIZATION OF DEFERRED INFLOWS AND DEFERRED OUTFLOWS OF RESOURCES *(a) (Dollars in Thousands)*						
YEAR	**PERS 1**	**PERS 2/3**	**TRS 1**	**TRS 2/3**	**LEOFF 2**	**TOTAL**
2024	$ (17,316)	$ (95,735)	$ (528)	$ (599)	$ (268)	$ (114,446)
2025	(15,727)	(85,508)	(480)	(440)	(209)	(102,364)
2026	(19,729)	(103,015)	(604)	(773)	(336)	(124,457)
2027	11,854	146,439	366	2,226	783	161,668
2028	—	51,746	—	943	339	53,028
THEREAFTER	—	49,242	—	2,687	1,402	53,331
TOTAL	**$ (40,918)**	**$ (36,831)**	**$ (1,246)**	**$ 4,044**	**$ 1,711**	**$ (73,240)**

(a) Negative amounts shown in the table above represent a reduction of expense

PLANS ADMINISTERED BY UNIVERSITY OF WASHINGTON

University of Washington Retirement Plan

PLAN DESCRIPTION

UWRP, a single-employer 403(b) defined-contribution plan, is administered by the University. Faculty, librarians and professional staff are eligible to participate in the UWRP.

Contributions to the plan are invested by participants in annuity contracts or mutual fund accounts offered by one or more fund sponsors. Employees have at all times a 100% vested interest in their accumulations. Benefits from the plan are available upon separation or retirement at the member's option. RCW 28B.10.400 et. seq. assigns the authority to the University of Washington Board of Regents to establish and amend benefit provisions.

The number of participants in the UWRP as of June 30, 2023 and 2022 was 19,811 and 19,609, respectively.

Funding Policy

Employee contribution rates, based on age, are 5%, 7.5% or 10% of salary. The University matches 100% of employee contributions. Within parameters established by the legislature, contribution requirements may be established or amended by the University of Washington Board of Regents. Employer contributions for the years ended June 30, 2023 and 2022 were $155.7 million and $145.2 million, respectively.

University of Washington Supplemental Retirement Plan

PLAN DESCRIPTION

UWSRP, a single-employer 401(a) defined-benefit retirement plan administered by the University, operates in tandem with the 403(b) plan to supplement the expected defined-contribution retirement savings accumulated under the UWRP. For purposes of measuring the June 30, 2023 and 2022 net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the UWSRP and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported in the state of Washington's Annual Comprehensive Financial Report, which is available at https://ofm.wa.gov/accounting/financial-audit-reports/annual-comprehensive-financial-report.

The UWSRP was closed to new participants effective March 1, 2011. UWSRP membership requires participation in the UWRP. Participant data is updated biannually in the actuarial valuations. The table below shows the number of participants in the UWSRP as of June 30, 2023 and 2022:

NUMBER OF PARTICIPANTS	June 30, 2023	June 30, 2022
ACTIVE EMPLOYEES	4,117	5,081
INACTIVE EMPLOYEES RECEIVING BENEFITS	1,289	1,076
INACTIVE EMPLOYEES ENTITLED TO, BUT NOT RECEIVING, BENEFITS	341	160

VESTING AND BENEFITS PROVIDED

UWSRP retirement benefit provisions are contained in RCW 28B.10.400, et. seq. which assigns the authority to establish and amend benefit provisions to the University of Washington Board of Regents. Members are eligible for calculation of a possible retirement benefit under this plan when they have reached age 62 and have 10 years of service with the University. Upon retirement, a calculation is performed which compares "goal income" to "assumed income" to determine if benefits have been earned under the plan.

Goal income is the product of a service factor multiplied by average monthly compensation, and then by eligible years of participation. Average monthly compensation is defined as the average annual basic salary, not to exceed annual limits established by the Internal Revenue Code, paid to a participant for their highest 24 consecutive months of service.

Assumed income must be calculated by an independent actuary, and represents a theoretical amount of monthly income that would have been generated if actual employee and University contributions to the UWRP had been allocated equally between fixed and variable dollar annuities.

When the goal income exceeds the assumed income, the participant is entitled to benefits under this plan. Benefit payments made during the years ended June 30, 2023 and 2022 were $11.0 million and $10.3 million, respectively.

EMPLOYER CONTRIBUTIONS

State legislation which became effective on July 1, 2020, created an employer contribution rate for the UWSRP. This rate is developed by the OSA in accordance with RCW 41.45, which provides authority to the Pension Funding Council to adopt changes to economic assumptions and contribution rates. The University's contribution rate for the fiscal years ended June 30, 2023 and 2022 per RCW 28B.10.423 was 0.38% of UWRP covered salaries. Contributions made in the fiscal year ended June 30, 2023 and 2022 were $8.4 million and $6.6 million, respectively. Prior to fiscal year 2021 employer contributions were not required.

PLAN INVESTMENTS

The WSIB has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

UWSRP plan assets are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of written WSIB-adopted investment policies for the various asset classes in which the WSIB invests.

Information about the investment of pension funds by the WSIB, their valuation, classifications, concentrations, and maturities can be found in the state of Washington's Annual Comprehensive Financial Report.

The money-weighted rates of return are provided by the WSIB and the Office of the State Treasurer. The annual money-weighted rate of return on UWSRP investments, net of pension plan investment expense for the years ended June 30, 2023 and 2022 was 7.16% and 0.12%, respectively. This money-weighted rate of return expresses investment performance, net of pension plan investment expense, and reflects both the size and timing of external cash flows.

OTHER DESIGNATED ASSETS

The University has also set aside assets to pay UWSRP benefits which are not held in a qualified trust as defined by GASB. A qualified trust requires that contributions from employers be irrevocable, dedicated to providing pension benefits to plan members, and are legally protected from creditors of the employer and plan administrator. As a result, these assets are not reflected as a reduction of the Total Pension Liability (TPL).

As of June 30, 2023 and 2022, the University had set aside $342.0 million and $345.3 million, respectively, to pay future UWSRP retiree benefits. These assets are in addition to those amounts now residing with the WSIB, which are reflected as a reduction of the TPL beginning in fiscal year 2021.

UWSRP PENSION LIABILITY

Effective July 1, 2020, legislation signed into law created a trust arrangement for assets dedicated to paying UWSRP benefits to plan members. Contributions previously paid to and accumulated by DRS beginning January 1, 2012 were transferred into the trust when this legislation became effective. As a result, the University uses accounting guidance for single employer plans that have trusted assets and reports the pension liability net of plan assets.

The components of the UWSRP liability were as follows:

SCHEDULE OF CHANGES IN NET PENSION LIABILITIES (NPL) *(Dollars in Thousands)*

	TPL (a)	PLAN FIDUCIARY NET POSITION (b)	NPL (a) minus (b)
BALANCE AS OF JULY 1, 2021	**$ 216,672**	**$ 90,341**	**$ 126,331**
SERVICE COST	3,699	—	3,699
INTEREST ON TPL	15,933	—	15,933
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	67,986	—	67,986
CHANGE IN ASSUMPTIONS	22,150	—	22,150
EMPLOYER CONTRIBUTIONS	—	6,548	(6,548)
INVESTMENT INCOME	—	100	(100)
BENEFIT PAYMENTS	(10,313)	—	(10,313)
NET CHANGES	99,455	6,648	92,807
BALANCE AS OF JUNE 30, 2022	**316,127**	**96,989**	**219,138**
SERVICE COST	5,068	—	5,068
INTEREST ON TPL	22,106	—	22,106
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	(31,360)	—	(31,360)
CHANGE IN ASSUMPTIONS	(26,643)	—	(26,643)
EMPLOYER CONTRIBUTIONS	—	8,358	(8,358)
INVESTMENT INCOME	—	7,189	(7,189)
BENEFIT PAYMENTS	(10,989)	—	(10,989)
NET CHANGES	(41,818)	15,547	(57,365)
BALANCE AS OF JUNE 30, 2023	**$ 274,309**	**$ 112,536**	**$ 161,773**

The June 30, 2023 TPL is based on an actuarial valuation performed as of January 1, 2023 with update procedures performed by the OSA to roll forward the TPL to the measurement date of June 30, 2023. Some of the larger experience items that impacted the TPL were salaries generally lower than assumed and SRP benefits for new retirees were lower than estimated. OSA's model estimates the SRP benefit of future retirees by relying on assumptions for the benefit calculation performed by Teachers Insurance and Annuity Association of America (TIAA). Based on information provided by TIAA and OSA's professional judgment, some of the long-term assumptions were updated which decreased the TPL as of June 30, 2023. The valuation was prepared using the entry age actuarial cost method.

The June 30, 2022 TPL is based on an actuarial valuation performed as of June 30, 2020 with update procedures performed by the OSA to roll forward the TPL to the measurement date of June 30, 2022. The valuation was prepared using the entry age actuarial cost method.

UWSRP pension expense for the years ended June 30, 2023 and 2022 was $(39.8) million and $(37.8) million, respectively, and is reported in the accompanying statements of revenues, expenses and changes in net position as a reduction benefits expense.

ACTUARIAL ASSUMPTIONS

Accounting requirements dictate the use of assumptions to best estimate the impact that pension obligations will have on the University. The professional judgments used in determining these assumptions are important, and can significantly impact the resulting actuarial estimates. Differences between actual results compared to these assumptions could have a significant impact on the University's financial statements. The following table shows significant assumptions used to measure the NPL as of June 30, 2023 and 2022:

SIGNIFICANT ASSUMPTIONS USED TO MEASURE THE UWSRP NET PENSION LIABILITY (NPL) *(Dollars in thousands)*		
	2023	**2022**
INFLATION	2.75%	2.75%
SALARY CHANGES	4.00%	4.00%
SOURCE OF MORTALITY ASSUMPTIONS	PUB. H-2010 TABLES, WITH THE MP-2017 MORTALITY IMPROVEMENT SCALE	PUB. H-2010 TABLES, WITH THE MP-2017 MORTALITY IMPROVEMENT SCALE
DATE OF EXPERIENCE STUDY	AUGUST 2021	AUGUST 2021
DISCOUNT RATE	7.00%	7.00%
CHANGE IN DISCOUNT RATE SINCE PRIOR MEASUREMENT DATE	NA	(0.40)%
SOURCE OF DISCOUNT RATE	2021 REPORT ON FINANCIAL CONDITION AND ECONOMIC EXPERIENCE STUDY	2021 REPORT ON FINANCIAL CONDITION AND ECONOMIC EXPERIENCE STUDY
INVESTMENT RATE OF RETURN	7.00%	7.00%
NPL MEASUREMENT AT DISCOUNT RATE	$161,773	$219,138
NPL DISCOUNT RATE INCREASED 1%	$135,272	$188,305
NPL DISCOUNT RATE DECREASED 1%	$192,736	$255,190

There were no changes to the significant assumptions used for the period ending June 30, 2023.

The long-term expected rate of return on pension plan investments was determined by the WSIB using a building-block method in which a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class. Those expected returns make up one component of WSIB's CMAs. WSIB used the CMAs and their target asset allocation to simulate future investment returns over various time horizons. The OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered CMAs, and simulated investment returns provided by the WSIB in their selection of the rate.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation for both June 30, 2023 and 2022, are summarized in the following table:

	2023		**2022**	
Asset Class	**Target Allocation**	**Long-Term Expected Arithmetic Real Rate of Return**	**Target Allocation**	**Long-Term Expected Arithmetic Real Rate of Return**
FIXED INCOME	20.00%	1.50%	20.00%	2.20%
TANGIBLE ASSETS	7.00%	4.70%	7.00%	5.10%
REAL ESTATE	18.00%	5.40%	18.00%	5.80%
GLOBAL EQUITY	32.00%	5.90%	32.00%	6.30%
PRIVATE EQUITY	23.00%	8.90%	23.00%	9.30%

As noted above, the discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that the University would pay retiree benefits from assets designated for that purpose, until such time that responsibility for these payments transfers to the DRS and payments are funded by the plan assets invested in the CTF. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

The tables below summarize the University's deferred outflows and deferred inflows of resources related to the UWSRP, together with the related future year impacts to pension expense from amortization of those deferred amounts:

DEFERRED OUTFLOWS OF RESOURCES *(Dollars in thousands)*		
2023		
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	$	100,648
CHANGE IN ASSUMPTIONS		95,609
TOTAL	**$**	**196,257**
2022		
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	$	127,881
CHANGE IN ASSUMPTIONS		123,322
TOTAL	**$**	**251,203**

DEFERRED INFLOWS OF RESOURCES *(Dollars in thousands)*		
2023		
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	$	259,025
CHANGE IN ASSUMPTIONS		158,992
NET DIFFERENCE BETWEEN PROJECTED AND ACTUAL EARNINGS ON PLAN INVESTMENTS		2,998
TOTAL	**$**	**421,015**
2022		
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	$	298,872
CHANGE IN ASSUMPTIONS		173,835
NET DIFFERENCE BETWEEN PROJECTED AND ACTUAL EARNINGS ON PLAN INVESTMENTS		5,045
TOTAL	**$**	**477,752**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the UWSRP will be recognized in pension expense as follows:

AMORTIZATION OF DEFERRED INFLOWS AND DEFERRED OUTFLOWS OF RESOURCES *(a) (Dollars in thousands)*		
Year		
2024	$	(59,906)
2025		(46,326)
2026		(37,008)
2027		(71,315)
2028		(8,332)
THEREAFTER		(1,871)
TOTAL	**$**	**(224,758)**

(a) Negative amounts shown in the table above represent a reduction of expense

NOTE 13:

Other Post Employment Benefits (OPEB)

PLAN DESCRIPTION

OPEB are benefits provided to retired employees (and their spouses) beyond those provided by their pension plans. These programs for employees of the state of Washington are administered by the Washington State Health Care Authority (HCA). Per RCW 41.05.065, the Public Employees' Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine terms and conditions of employee and retired employee participation and coverage. Benefits provided by this single-employer defined-benefit OPEB plan include medical, prescription drug, life, dental, vision, disability, and long-term care insurance. Medical, prescription drug and vision insurance comprise the bulk of the monetary assistance, or subsidies, provided by PEBB OPEB.

The OPEB relationship between PEBB employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the employers and plan members and the historical pattern of practice with regard to the sharing of benefit costs. The understanding by the employer and plan members is that there is no contractual obligation to continue the substantive plan as an employee benefit on an ongoing basis. Nevertheless, the actuarial assumptions used in the valuations presented in this footnote assume that this substantive plan will continue into the future.

The HCA has two claim pools: one covering employees and non-Medicare eligible retirees, and the other covering retirees enrolled in Medicare Parts A and B. For retirees, participating employers provide two different subsidies: an implicit subsidy and an explicit subsidy.

- The implicit subsidy, set up under RCW 41.05.022, is not a direct payment from the employer on behalf of the retiree. Retirees who are not yet eligible for Medicare benefits may currently continue to participate in the state's non-Medicare community-rated health insurance risk pool. Claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums. Therefore, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. This results in an implicit subsidy since the premiums paid by retirees are lower than they would have been if the retirees were insured separately.
- The explicit subsidy, permitted under RCW 41.05.085, is a set dollar amount which lowers the monthly premium paid by members enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy applicable to each calendar year, with the final amount approved by the state Legislature. The subsidy was $183 per member per month during fiscal year 2023 and 2022.

The OPEB plan is currently available to employees who elect to continue coverage and pay the administratively established premiums at the time they retire. PEBB member data used in the valuation of the OPEB liability include members enrolled in a PEBB program as well as other active employees who were eligible to enroll but waived coverage.

The table below shows the University's PEBB membership data as of June 30, 2023 and 2022:

NUMBER OF PARTICIPANTS	2023 *(Measurement Date: 2022)*	2022 *(Measurement Date: 2021)*
ACTIVE EMPLOYEES	37,659	37,168
INACTIVE EMPLOYEES RECEIVING BENEFITS	10,892	10,310
INACTIVE EMPLOYEES ENTITLED TO, BUT NOT RECEIVING, BENEFITS	N/A *	1,726

• Data not available from Washington State Health Care Authority (HCA)

ACTUARIAL ASSUMPTIONS

Accounting requirements dictate the use of assumptions to best estimate the impact that OPEB obligations will have on the University. The professional judgments used by the Washington State Office of the State Actuary (OSA) in determining the assumptions used to value the state of Washington OPEB liability are important and can significantly impact the resulting actuarial estimates. Differences between actual results compared to these assumptions could have a significant impact on the University's financial statements. The following table shows significant assumptions used to measure the total OPEB liability (TOL) as of June 30, 2023 and 2022:

SIGNIFICANT ASSUMPTIONS USED TO MEASURE THE TOTAL OPEB LIABILITY (TOL) *(Dollars in thousands)*		
	2023	**2022**
INFLATION	2.35%	2.75%
HEALTHCARE COST TREND	INITIAL RATE RANGES FROM 2% - 11%, REACHING AN ULTIMATE RATE OF 3.80% IN 2080.	INITIAL RATE RANGES FROM 2% - 11% REACHING AN ULTIMATE RATE OF 4.30% IN 2075.
SALARY INCREASE	3.25% PLUS SERVICE-BASED SALARY INCREASES	3.50% PLUS SERVICE-BASED SALARY INCREASES
SOURCE OF MORTALITY ASSUMPTIONS	SOCIETY OF ACTUARIES' PUB.H-2010 MORTALITY RATES, WITH APPLICATION OF THE LONG-TERM MP-2017 GENERATIONAL IMPROVEMENT SCALE AND UPDATED BASED ON RESULTS OF THE 2013-2018 DEMOGRAPHIC EXPERIENCE STUDY REPORT AND THE 2019 REPORT ON FINANCIAL CONDITION AND ECONOMIC EXPERIENCE STUDY.	SOCIETY OF ACTUARIES' PUB.H-2010 MORTALITY RATES, WITH APPLICATION OF THE LONG-TERM MP-2017 GENERATIONAL IMPROVEMENT SCALE AND UPDATED BASED ON RESULTS OF THE 2013-2018 DEMOGRAPHIC EXPERIENCE STUDY REPORT AND THE 2019 REPORT ON FINANCIAL CONDITION AND ECONOMIC EXPERIENCE STUDY.
DATE OF EXPERIENCE STUDY	2013-2018 EXPERIENCE STUDY REPORT	2013-2018 EXPERIENCE STUDY REPORT
DISCOUNT RATE	3.54%	2.16%
SOURCE OF DISCOUNT RATE	BOND BUYER GENERAL OBLIGATION 20-BOND MUNICIPAL BOND INDEX AS OF 6/30/22 (MEASUREMENT DATE)	BOND BUYER GENERAL OBLIGATION 20-BOND MUNICIPAL BOND INDEX AS OF 6/30/21 (MEASUREMENT DATE)
POST-RETIREMENT PARTICIPATION PERCENTAGE	60.00%	65.00%
TOL MEASUREMENT AT DISCOUNT RATE	$1,246,057	$1,861,478
TOL DISCOUNT RATE INCREASED 1%	$1,073,843	$1,555,274
TOL DISCOUNT RATE DECREASED 1%	$1,460,075	$2,255,312
TOL MEASUREMENT AT HEALTHCARE COST TREND RATE	$1,246,057	$1,861,478
TOL HEALTHCARE COST TREND RATE INCREASED 1%	$1,490,461	$2,347,529
TOL HEALTHCARE COST TREND RATE DECREASED 1%	$1,055,017	$1,501,796

Material assumption changes during the measurement period ending June 30, 2022 include updating the discount rate, as required by GASB 75, and updating the inflation rate, the forecast of healthcare cost trend rate, the salary increase percentage, and the post-retirement participation percentage. Material assumption changes during the measurement period ending June 30, 2021 include updating the discount rate, as required by GASB 75.

CHANGES IN THE TOTAL OPEB LIABILITY

The TOL for the state of Washington as of June 30, 2023 was determined by an actuarial valuation, conducted by the OSA, using data as of June 30, 2022. The measurement date for the TOL as of June 30, 2022 was the same as the valuation date. The TOL for the state of Washington as of June 30, 2022 was determined by an actuarial valuation, conducted by the OSA, using data as of June 30, 2020, with the results rolled forward to the measurement date of June 30, 2021. OPEB implicit and explicit subsidies are funded by required contributions made by participating employers, such as the University. These contributions are made on behalf of all active, healthcare-eligible employees regardless of enrollment status. As such, the allocation method used to determine the University's proportionate share of the statewide TOL is the relationship of University active, healthcare-eligible employee headcount to the corresponding statewide total.

The University's proportionate share percentage was 29.3% and 28.8% as of June 30, 2023 and 2022, respectively.

The OPEB plan is funded on a pay-as-you-go basis. Accordingly, contributions from employers to the HCA occur only when benefits become due (after retirement). No qualified trust fund has been established dedicated to paying these benefits and there are no associated assets. As a result, the University reports a proportionate share of the state's total OPEB liability.

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY (TOL) *(Dollars in thousands)*	
BALANCE AS OF JULY 1, 2021	**$ 1,696,027**
SERVICE COST	93,039
INTEREST ON TOL	40,211
CHANGE IN ASSUMPTIONS	17,180
BENEFIT PAYMENTS	(30,635)
CHANGE IN PROPORTIONATE SHARE	45,656
BALANCE AS OF JUNE 30, 2022	**1,861,478**
SERVICE COST	91,921
INTEREST ON TOL	42,650
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	(42,238)
CHANGE IN ASSUMPTIONS	(713,147)
BENEFIT PAYMENTS	(31,335)
CHANGE IN PROPORTIONATE SHARE	36,728
BALANCE AS OF JUNE 30, 2023	**$ 1,246,057**

OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

The tables below summarize the University's OPEB expense, deferred outflows of resources and deferred inflows of resources related to the OPEB plan, together with the related future year impacts to OPEB expense from amortization of those deferred amounts. Note that deferred outflows of resources related to University contributions subsequent to the measurement date are recognized as a reduction of the total OPEB liability in the following year, and are not amortized to OPEB expense.

PROPORTIONATE SHARE OF OPEB EXPENSE *(Dollars in Thousands)*		
YEAR ENDED JUNE 30, 2023	$	18,270
YEAR ENDED JUNE 30, 2022		97,356

DEFERRED OUTFLOWS OF RESOURCES *(Dollars in Thousands)*		
2023		
DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE IN THE MEASUREMENT OF THE TOTAL OPEB LIABILITY	$	25,976
CHANGE IN ASSUMPTIONS		102,128
UNIVERSITY CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT DATE OF THE COLLECTIVE TOTAL OPEB LIABILITY		31,448
CHANGE IN PROPORTIONATE SHARE		142,225
TOTAL	**$**	**301,777**
2022		
DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE IN THE MEASUREMENT OF THE TOTAL OPEB LIABILITY	$	31,841
CHANGE IN ASSUMPTIONS		118,548
UNIVERSITY CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT DATE OF THE COLLECTIVE TOTAL OPEB LIABILITY		30,790
CHANGE IN PROPORTIONATE SHARE		123,536
TOTAL	**$**	**304,715**

DEFERRED INFLOWS OF RESOURCES *(Dollars in Thousands)*		
2023		
DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE IN THE MEASUREMENT OF THE TOTAL OPEB LIABILITY	$	43,843
CHANGE IN ASSUMPTIONS		903,349
CHANGE IN PROPORTIONATE SHARE		12,559
TOTAL	**$**	**959,751**
2022		
DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE IN THE MEASUREMENT OF THE TOTAL OPEB LIABILITY	$	7,206
CHANGE IN ASSUMPTIONS		337,494
CHANGE IN PROPORTIONATE SHARE		15,748
TOTAL	**$**	**360,448**

Amounts reported as deferred outflows and deferred inflows of resources will be recognized as a component of the University's OPEB expense as follows:

AMORTIZATION OF DEFERRED INFLOWS AND DEFERRED OUTFLOWS OF RESOURCES *(a) (Dollars in Thousands)*		
YEAR		
2024	$	(116,362)
2025		(116,362)
2026		(116,362)
2027		(85,997)
2028		(45,717)
THEREAFTER		(208,622)
TOTAL	**$**	**(689,422)**

(a) Negative amounts shown in the table above represent a reduction of expense

NOTE 14:

Deferred Outflows and Deferred Inflows of Resources

The composition of deferred outflows and deferred inflows of resources as of June 30, 2023 and 2022 are summarized as follows:

DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES *(Dollars in thousands)*

2023	Pensions	Leases	OPEB	Split-Interest Agreements	Other	Total
DEFERRED OUTFLOWS OF RESOURCES	$ 723,130	$ —	$ 301,777	$ —	$ 5,529	$ 1,030,436
DEFERRED INFLOWS OF RESOURCES	855,483	397,417	959,751	18,451	—	2,231,102
2022	**Pensions**	**Leases**	**OPEB**	**Split-Interest Agreements**	**Other**	**Total**
DEFERRED OUTFLOWS OF RESOURCES	$ 475,638	$ —	$ 304,715	$ —	$ 8,088	$ 788,441
DEFERRED INFLOWS OF RESOURCES	1,641,381	435,238	360,448	30,290	—	2,467,357

NOTE 15:

Commitments and Contingencies

Authorized expenditures for construction projects unexpended as of June 30, 2023 and 2022 were $212.6 million and $401.9 million, respectively. These expenditures will be funded from institutional reserves, debt proceeds and state appropriations.

The University receives and expends substantial amounts under federal and state grants, contracts and programs. This funding is used for research, student aid, Medical Center operations and other programs, and is subject to audit by governmental granting agencies. Certain grant and contract costs billed to the federal government are subject to audit under 2 CFR 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards."

The University is also involved in various other claims and legal actions arising in the ordinary course of business. University management believes that any liabilities arising from these matters will not have a material impact on the University's financial statements.

The University is exposed to risk of loss related to tort liability, injuries to employees and loss of property. The University purchases insurance protection for workers' compensation as well as marine, foreign liability and certain other risks. The University also purchases insurance protection for loss of property at self-sustaining units, bond-financed buildings and when otherwise required by contract; otherwise, the risk of property loss is retained, unfunded. For medical professional liability, general liability, educator's legal liability including employment practices liability, and automobile liability the University maintains a program of self-insurance reserves and excess insurance coverage through Portage Bay Insurance (PBI), a wholly-owned subsidiary formed to provide the University with alternative risk financing options. PBI is incorporated as a nonprofit corporation in the state of Hawaii and retains a Certificate of Authority as a pure captive insurance company. The University's self-insurance reserve (see note 9) represents the estimated ultimate cost of settling all self-insured claims resulting from events that have occurred on or before the Statements of Net Position date. The reserve includes the undiscounted amounts that will be required for future payments of claims that have been reported, and claims related to events that have occurred but have not yet been reported.

The self-insurance reserve is estimated using an actuarial calculation. The reserve is included in Long-Term Liabilities in the Statements of Net Position. Changes in the self-insurance reserve for the years ended June 30, 2023 and 2022 are noted below:

(Dollars in thousands)	2023	2022
RESERVE AT BEGINNING OF FISCAL YEAR	$ 241,999	$ 180,514
INCURRED CLAIMS AND CHANGES IN ESTIMATES	82,066	112,713
CLAIM PAYMENTS	(93,961)	(51,228)
RESERVE AT END OF FISCAL YEAR	**$ 230,104**	**$ 241,999**

REGULATORY ENVIRONMENT

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, governmental healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government agencies are actively conducting investigations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Through its compliance program, UW Medicine strives to maintain an effective and safe program for reporting and addressing potential regulatory concerns. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions known or unasserted at this time.

NOTE 16:

Operating Expenses by Function

Operating expenses by functional classification for the years ended June 30, 2023 and 2022 are summarized as follows:

OPERATING EXPENSES *(Dollars in thousands)*	**2023**	**2022**
INSTRUCTION	$ 1,626,923	$ 1,532,649
RESEARCH	1,004,482	920,212
PUBLIC SERVICE	146,172	106,823
ACADEMIC SUPPORT	742,650	640,870
STUDENT SERVICE	58,442	51,235
INSTITUTIONAL SUPPORT	316,397	125,529
OPERATION & MAINTENANCE OF PLANT	313,905	303,732
SCHOLARSHIPS & FELLOWSHIPS	210,930	212,822
AUXILIARY ENTERPRISES	705,916	622,221
MEDICAL-RELATED	2,319,995	2,002,245
DEPRECIATION/AMORTIZATION	523,294	462,835
TOTAL OPERATING EXPENSES	**$ 7,969,106**	**$ 6,981,173**

NOTE 17:

Related Parties

Harborview Medical Center (HMC), a hospital and Level I adult and pediatric trauma center located in Seattle, is a component unit of King County, Washington. It has been managed by the University under a management contract between King County and the University since 1967. In February 2016, the University and King County entered into a Hospital Services Agreement. The agreement has an initial ten-year term and may be renewed for two successive ten-year terms with the consent of both parties.

Under the Hospital Services Agreement, King County retains title to all real and personal properties acquired for King County with HMC capital or operating funds. These real and personal properties are recorded on HMC's books and facility revenues for the operation of HMC are deposited in a King County account that is separate from general King County accounts.

The University is responsible for the operations of HMC, including the provision of medical, dental and management services. All of the individuals employed at HMC, including physicians, are employees of the University. HMC expenses, including payroll, are reimbursed to the University from HMC fund sources.

HMC revenues and expenses are not recognized in the University's financial statements as the University serves in an agency function. As of June 30, 2023, the University's financial statements included accounts receivable and long-term receivables from HMC of $76.0 million and $20.4 million, respectively, HMC investments of $1.9 million and current accrued liabilities and long-term liabilities of $67.9 million and $13.1 million, respectively, related to HMC. As of June 30, 2022, the University's financial statements included accounts receivable and long-term receivables from HMC of $47.7 million and $19.2 million, respectively, HMC investments of $4.4 million and current accrued liabilities and long-term liabilities of $48.5 million and $21.6 million, respectively, related to HMC.

Under an annual agreement, HMC provides strategic funding to UW Medicine Primary Care. Funding from HMC to UW Medicine Primary Care was $16.7 million and $11.4 million during fiscal years 2023 and 2022, respectively, and is included in other operating revenue in the Statements of Revenues, Expenses and Changes in Net Position.

UW Medicine information technology operates as a self-sustaining activity of the University (ITS department). The ITS department records enterprise-wide information technology capital assets that are purchased for use by UW Medicine entities. The HMC ITS funding reflected in long-term liabilities (see note 9) of $21.7 million and $21.6 million at June 30, 2023 and 2022, respectively, represents HMC's funding of the enterprise-wide information technology capital assets that will be included in the recharge rates of the ITS department over the useful life of the assets.

The University of Washington Foundation (UWF) is a nonprofit organization that performs fundraising activities on behalf of the University. The UWF is not included in the University's financial statements as a component unit because gifts and grants that are made to the UWF are immediately transferred to the University. In 2023 and 2022, the UWF transferred $176.0 million and $218.6 million, respectively, to the University in gifts and grants received on its behalf; these are included in the financial statements of the University. The remaining amounts retained by the UWF are not significant to the University's financial statements.

The University of Washington Alumni Association is a tax-exempt entity that was established to connect and celebrate alumni and to support the University's mission. The Alumni Association received $5.2 million and $4.1 million from the University in support of its operations in fiscal years 2023 and 2022, respectively. These amounts were expensed by the University.

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NOTE 18:

Blended Component Units

Condensed combining statements for the University and its blended component units are shown below:

(Dollars in thousands) **Statements of Net Position – June 30, 2023**	**Combined Entities**	**Eliminations**	**University of Washington**	**Total Blended Component Units**	**Medical Entities**	**Real Estate Entities**	**Portage Bay Insurance**
ASSETS							
TOTAL CURRENT ASSETS	$ 3,092,098	$ (63,680)	$ 3,023,292	$ 132,486	$ 92,033	$ 5,442	$ 35,011
NONCURRENT ASSETS:							
TOTAL OTHER ASSETS	8,038,543	(201,734)	7,964,104	276,173	173,942	13,600	88,631
CAPITAL ASSETS, NET	6,186,205	(16,309)	5,873,954	328,560	52,082	276,478	—
TOTAL ASSETS	17,316,846	(281,723)	16,861,350	737,219	318,057	295,520	123,642
DEFERRED OUTFLOWS OF RESOURCES	1,030,436	—	1,030,436	—	—	—	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 18,347,282**	**$ (281,723)**	**$ 17,891,786**	**$ 737,219**	**$ 318,057**	**$ 295,520**	**$ 123,642**
LIABILITIES							
TOTAL CURRENT LIABILITIES	$ 1,646,974	$ (19,515)	$ 1,577,013	$ 89,476	$ 64,189	$ 25,287	$ —
TOTAL NONCURRENT LIABILITIES	5,221,505	(223,460)	4,706,735	738,230	238,089	270,036	230,105
TOTAL LIABILITIES	6,868,479	(242,975)	6,283,748	827,706	302,278	295,323	230,105
DEFERRED INFLOWS OF RESOURCES	2,231,102	(8,747)	2,239,849	—	—	—	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	9,099,581	(251,722)	8,523,597	827,706	302,278	295,323	230,105
NET POSITION							
NET INVESTMENT IN CAPITAL ASSETS	2,908,340	—	2,908,440	(100)	8,855	(8,955)	—
RESTRICTED:							
NONEXPENDABLE	2,205,790	—	2,205,790	—	—	—	—
EXPENDABLE	3,091,076	—	3,091,076	—	—	—	—
UNRESTRICTED	1,042,495	(30,001)	1,162,883	(90,387)	6,924	9,152	(106,463)
TOTAL NET POSITION	9,247,701	(30,001)	9,368,189	(90,487)	15,779	197	(106,463)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 18,347,282**	**$ (281,723)**	**$ 17,891,786**	**$ 737,219**	**$ 318,057**	**$ 295,520**	**$ 123,642**

(Dollars in thousands) **Statements of Net Position – June 30, 2022**	**Combined Entities**	**Eliminations**	**University of Washington**	**Total Blended Component Units**	**Medical Entities**	**Real Estate Entities**	**Portage Bay Insurance**
ASSETS							
TOTAL CURRENT ASSETS	$ 2,756,445	$ (35,817)	$ 2,632,561	$ 159,701	$ 92,755	$ 3,219	$ 63,727
NONCURRENT ASSETS:							
TOTAL OTHER ASSETS	8,876,832	(9,289)	8,592,900	293,221	149,424	12,995	130,802
CAPITAL ASSETS, NET	5,941,654	(10,528)	5,617,192	334,990	39,655	295,335	—
TOTAL ASSETS	17,574,931	(55,634)	16,842,653	787,912	281,834	311,549	194,529
DEFERRED OUTFLOWS OF RESOURCES	788,441	—	788,441	—	—	—	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 18,363,372**	**$ (55,634)**	**$ 17,631,094**	**$ 787,912**	**$ 281,834**	**$ 311,549**	**$ 194,529**
LIABILITIES							
TOTAL CURRENT LIABILITIES	$ 1,702,790	$ (15,873)	$ 1,631,011	$ 87,652	$ 62,116	$ 25,306	$ 230
TOTAL NONCURRENT LIABILITIES	5,838,781	(23,382)	5,128,021	734,142	206,709	285,434	241,999
TOTAL LIABILITIES	7,541,571	(39,255)	6,759,032	821,794	268,825	310,740	242,229
DEFERRED INFLOWS OF RESOURCES	2,467,357	(10,528)	2,477,885	—	—	—	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	10,008,928	(49,783)	9,236,917	821,794	268,825	310,740	242,229
NET POSITION							
NET INVESTMENT IN CAPITAL ASSETS	2,707,261	—	2,710,145	(2,884)	5,364	(8,248)	—
RESTRICTED:							
NONEXPENDABLE	2,053,755	—	2,053,755	—	—	—	—
EXPENDABLE	2,874,694	—	2,874,694	—	—	—	—
UNRESTRICTED	718,734	(5,851)	755,583	(30,998)	7,645	9,057	(47,700)
TOTAL NET POSITION	8,354,444	(5,851)	8,394,177	(33,882)	13,009	809	(47,700)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 18,363,372**	**$ (55,634)**	**$ 17,631,094**	**$ 787,912**	**$ 281,834**	**$ 311,549**	**$ 194,529**

(Dollars in thousands) **Statements of Revenues, Expenses and Changes in Net Position - Year Ended June 30, 2023**	**Combined Entities**	**Eliminations**	**University of Washington**	**Total Blended Component Units**	**Medical Entities**	**Real Estate Entities**	**Portage Bay Insurance**
REVENUES							
OPERATING REVENUES:							
STUDENT TUITION AND FEES	$ 1,158,213	$ —	$ 1,158,213	$ —	$ —	$ —	$ —
PATIENT SERVICES	2,564,243	2,305	2,124,833	437,105	437,105	—	—
GRANT REVENUE	1,864,531	—	1,864,531	—	—	—	—
OTHER OPERATING REVENUE	1,513,595	(317,685)	1,654,204	177,076	65,748	54,866	56,462
TOTAL OPERATING REVENUES	**7,100,582**	**(315,380)**	**6,801,781**	**614,181**	**502,853**	**54,866**	**56,462**
EXPENSES							
OPERATING EXPENSES:							
OTHER OPERATING EXPENSES	7,445,812	(245,387)	7,040,206	650,993	509,979	25,789	115,225
DEPRECIATION / AMORTIZATION	523,294	(1,782)	498,132	26,944	8,089	18,855	—
TOTAL OPERATING EXPENSES	**7,969,106**	**(247,169)**	**7,538,338**	**677,937**	**518,068**	**44,644**	**115,225**
OPERATING (LOSS) INCOME	**(868,524)**	**(68,211)**	**(736,557)**	**(63,756)**	**(15,215)**	**10,222**	**(58,763)**
NONOPERATING REVENUES (EXPENSES)							
STATE APPROPRIATIONS	531,999	—	531,999	—	—	—	—
GIFTS	182,137	—	181,862	275	275	—	—
INVESTMENT (LOSS)	437,589	—	423,358	14,231	14,231	—	—
OTHER NONOPERATING REVENUES (EXPENSES)	223,688	48,033	187,975	(12,320)	(1,486)	(10,834)	—
NET NONOPERATING REVENUES (EXPENSES)	**1,375,413**	**48,033**	**1,325,194**	**2,186**	**13,020**	**(10,834)**	**—**
INCOME (LOSS) BEFORE OTHER REVENUES	**506,889**	**(20,178)**	**588,637**	**(61,570)**	**(2,195)**	**(612)**	**(58,763)**
CAPITAL APPROPRIATIONS, GRANTS, GIFTS AND OTHER	280,602	(3,972)	279,609	4,965	4,965	—	—
GIFTS TO PERMANENT ENDOWMENTS	105,766	—	105,766	—	—	—	—
TOTAL OTHER REVENUES(EXPENSES)	**386,368**	**(3,972)**	**385,375**	**4,965**	**4,965**	**—**	**—**
INCREASE (DECREASE) IN NET POSITION	**893,257**	**(24,150)**	**974,012**	**(56,605)**	**2,770**	**(612)**	**(58,763)**
NET POSITION							
NET POSITION – BEGINNING OF YEAR	8,354,444	(5,851)	8,394,177	(33,882)	13,009	809	(47,700)
NET POSITION – END OF YEAR	**$ 9,247,701**	**$ (30,001)**	**$ 9,368,189**	**$ (90,487)**	**$ 15,779**	**$ 197**	**$ (106,463)**

(Dollars in thousands) **Statements of Revenues, Expenses and Changes in Net Position - Year Ended June 30, 2022**	**Combined Entities**	**Eliminations**	**University of Washington**	**Total Blended Component Units**	**Medical Entities**	**Real Estate Entities**	**Portage Bay Insurance**
REVENUES							
OPERATING REVENUES:							
STUDENT TUITION AND FEES	$ 1,125,269	$ —	$ 1,125,269	$ —	$ —	$ —	$ —
PATIENT SERVICES	2,442,588	(13,834)	2,016,523	439,899	439,899	—	—
GRANT REVENUE	1,661,713	—	1,661,713	—	—	—	—
OTHER OPERATING REVENUE	1,619,680	(117,690)	1,572,195	165,175	44,658	50,647	69,870
TOTAL OPERATING REVENUES	**6,849,250**	**(131,524)**	**6,375,700**	**605,074**	**484,557**	**50,647**	**69,870**
EXPENSES							
OPERATING EXPENSES:							
OTHER OPERATING EXPENSES	6,518,338	(103,879)	6,031,907	590,310	466,054	21,566	102,690
DEPRECIATION / AMORTIZATION	462,835	(1,602)	436,808	27,629	7,518	20,111	—
TOTAL OPERATING EXPENSES	**6,981,173**	**(105,481)**	**6,468,715**	**617,939**	**473,572**	**41,677**	**102,690**
OPERATING INCOME (LOSS)	**(131,923)**	**(26,043)**	**(93,015)**	**(12,865)**	**10,985**	**8,970**	**(32,820)**
NONOPERATING REVENUES (EXPENSES)							
STATE APPROPRIATIONS	484,915	—	484,915	—	—	—	—
GIFTS	218,012	—	218,017	(5)	(5)	—	—
INVESTMENT INCOME	(469,435)	—	(449,455)	(19,980)	(19,980)	—	—
OTHER NONOPERATING REVENUES (EXPENSES)	105,404	36,695	74,912	(6,203)	5,064	(11,267)	—
NET NONOPERATING REVENUES (EXPENSES)	**338,896**	**36,695**	**328,389**	**(26,188)**	**(14,921)**	**(11,267)**	**—**
INCOME (LOSS) BEFORE OTHER REVENUES	**206,973**	**10,652**	**235,374**	**(39,053)**	**(3,936)**	**(2,297)**	**(32,820)**
CAPITAL APPROPRIATIONS, GRANTS, GIFTS AND OTHER	174,769	(5,206)	173,468	6,507	6,507	—	—
GIFTS TO PERMANENT ENDOWMENTS	91,610	—	91,610	—	—	—	—
TOTAL OTHER REVENUES (EXPENSES)	**266,379**	**(5,206)**	**265,078**	**6,507**	**6,507**	**—**	**—**
INCREASE (DECREASE) IN NET POSITION	**473,352**	**5,446**	**500,452**	**(32,546)**	**2,571**	**(2,297)**	**(32,820)**
NET POSITION							
NET POSITION – BEGINNING OF YEAR	7,881,092	(11,297)	7,893,725	(1,336)	10,438	3,106	(14,880)
NET POSITION – END OF YEAR	**$ 8,354,444**	**$ (5,851)**	**$ 8,394,177**	**$ (33,882)**	**$ 13,009**	**$ 809**	**$ (47,700)**

(Dollars in thousands) **Statements of Cash Flows - Year Ended June 30, 2023**	**Combined Entities**	**Eliminations**	**University of Washington**	**Total Blended Component Units**	**Medical Entities**	**Real Estate Entities**	**Portage Bay Insurance**
NET CASH PROVIDED (USED) BY:							
OPERATING ACTIVITIES	$ (752,714)	$ —	$ (710,889)	$ (41,825)	$ (17,401)	$ 17,323	$ (41,747)
NONCAPITAL FINANCING ACTIVITIES	1,050,872	—	1,023,320	27,552	27,552	—	—
CAPITAL AND RELATED FINANCING ACTIVITIES	(543,930)	—	(519,032)	(24,898)	(8,068)	(16,830)	—
INVESTING ACTIVITIES	232,529	—	201,005	31,524	(10,223)		41,747
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(13,243)**	**—**	**(5,596)**	**(7,647)**	**(8,140)**	**493**	**—**
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR	162,736	—	72,736	90,000	74,334	15,666	—
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 149,493**	**$ —**	**$ 67,140**	**$ 82,353**	**$ 66,194**	**$ 16,159**	**$ —**

(Dollars in thousands) **Statements of Cash Flows- Year Ended June 30, 2022**	**Combined Entities**	**Eliminations**	**University of Washington**	**Total Blended Component Units**	**Medical Entities**	**Real Estate Entities**	**Portage Bay Insurance**
NET CASH PROVIDED (USED) BY:							
OPERATING ACTIVITIES	$ (123,430)	$ —	$ (168,287)	$ 44,857	$ 12,133	$ 15,683	$ 17,041
NONCAPITAL FINANCING ACTIVITIES	871,719	—	844,684	27,035	27,035	—	—
CAPITAL AND RELATED FINANCING ACTIVITIES	(424,518)	—	(407,035)	(17,483)	(1,368)	(16,115)	—
INVESTING ACTIVITIES	(302,959)	—	(260,191)	(42,768)	(25,727)	—	(17,041)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**20,812**	**—**	**9,171**	**11,641**	**12,073**	**(432)**	**—**
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR	141,924	—	63,565	78,359	62,261	16,098	—
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 162,736**	**$ —**	**$ 72,736**	**$ 90,000**	**$ 74,334**	**$ 15,666**	**$ —**

NOTE 19:

Discrete Component Units

Condensed combining statements for the University's discrete component units are shown below:

(Dollars in thousands) **Statements of Net Position**	**June 30, 2023** Total Discrete Component Units	**June 30, 2023** Valley Medical Center	**June 30, 2023** Fred Hutchinson Cancer Center	**June 30, 2022** Total Discrete Component Units	**June 30, 2022** Valley Medical Center	**June 30, 2022** Fred Hutchinson Cancer Center
ASSETS						
TOTAL CURRENT ASSETS	$ 683,350	$ 230,155	$ 453,195	$ 1,832,376	$ 227,094	$ 1,605,282
NONCURRENT ASSETS:						
TOTAL OTHER ASSETS	1,937,421	120,056	1,817,365	490,145	142,362	347,783
CAPITAL ASSETS, NET	1,589,547	464,004	1,125,543	1,537,261	498,175	1,039,086
TOTAL ASSETS	4,210,318	814,215	3,396,103	3,859,782	867,631	2,992,151
DEFERRED OUTFLOWS OF RESOURCES	11,804	11,804	—	12,926	12,926	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 4,222,122**	**$ 826,019**	**$ 3,396,103**	**$ 3,872,708**	**$ 880,557**	**$ 2,992,151**
LIABILITIES						
TOTAL CURRENT LIABILITIES	$ 471,643	$ 173,944	$ 297,699	$ 499,524	$ 214,112	$ 285,412
TOTAL NONCURRENT LIABILITIES	2,091,853	367,949	1,723,904	2,150,430	388,074	1,762,356
TOTAL LIABILITIES	2,563,496	541,893	2,021,603	2,649,954	602,186	2,047,768
DEFERRED INFLOWS OF RESOURCES	48,992	48,992	—	54,332	54,332	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,612,488	590,885	2,021,603	2,704,286	656,518	2,047,768
NET POSITION						
NET INVESTMENT IN CAPITAL ASSETS	188,754	77,063	111,691	102,860	97,276	5,584
RESTRICTED:						
NONEXPENDABLE	136,368		136,368	117,649	—	117,649
EXPENDABLE	502,581	1,897	500,684	88,283	1,337	86,946
UNRESTRICTED	781,931	156,174	625,757	859,630	125,426	734,204
TOTAL NET POSITION	1,609,634	235,134	1,374,500	1,168,422	224,039	944,383
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 4,222,122**	**$ 826,019**	**$ 3,396,103**	**$ 3,872,708**	**$ 880,557**	**$ 2,992,151**

(Dollars in thousands) **Statements of Revenues, Expenses and Changes in Net Position**	**Year ended June 30, 2023** Total Discrete Component Units	Valley Medical Center	Fred Hutchinson Cancer Center	**Year ended June 30, 2022** Total Discrete Component Units	Valley Medical Center	Fred Hutchinson Cancer Center
REVENUES						
OPERATING REVENUES:						
PATIENT SERVICES	$ 1,974,067	$ 802,523	$ 1,171,544	$ 1,000,504	$ 730,575	$ 269,929
OTHER OPERATING REVENUE	1,202,084	86,479	1,115,605	852,322	66,842	785,480
TOTAL OPERATING REVENUES	**3,176,151**	**889,002**	**2,287,149**	**1,852,826**	**797,417**	**1,055,409**
EXPENSES						
OPERATING EXPENSES:						
OTHER OPERATING EXPENSES	2,747,239	866,003	1,881,236	1,844,661	822,850	1,021,811
DEPRECIATION / AMORTIZATION	143,893	49,384	94,509	99,528	43,836	55,692
TOTAL OPERATING EXPENSES	**2,891,132**	**915,387**	**1,975,745**	**1,944,189**	**866,686**	**1,077,503**
OPERATING INCOME (LOSS)	**285,019**	**(26,385)**	**311,404**	**(91,363)**	**(69,269)**	**(22,094)**
NONOPERATING REVENUES (EXPENSES)						
PROPERTY TAX REVENUE	25,595	25,595	—	24,965	24,965	—
INVESTMENT INCOME (LOSS)	101,080	(334)	101,414	(99,120)	(8,193)	(90,927)
OTHER NONOPERATING REVENUES (EXPENSES)	12,219	12,219	—	(6,510)	(6,510)	—
NET NONOPERATING REVENUES (EXPENSES)	**138,894**	**37,480**	**101,414**	**(80,665)**	**10,262**	**(90,927)**
INCOME (LOSS) BEFORE OTHER REVENUES	**423,913**	**11,095**	**412,818**	**(172,028)**	**(59,007)**	**(113,021)**
CAPITAL GRANTS, GIFTS AND OTHER	17,299	—	17,299	(11,138)	—	(11,138)
INCREASE (DECREASE) IN NET POSITION	**441,212**	**11,095**	**430,117**	**(183,166)**	**(59,007)**	**(124,159)**
NET POSITION						
NET POSITION – BEGINNING OF YEAR	1,168,422	224,039	944,383	1,351,588	283,046	1,068,542
NET POSITION – END OF YEAR	**$ 1,609,634**	**$ 235,134**	**$ 1,374,500**	**$ 1,168,422**	**$ 224,039**	**$ 944,383**

Schedules of Required Supplementary Information

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

PERS 1 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

(Dollars in thousands)	2023	2022	2021	2020	2019
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	8.87%	8.80%	8.17%	8.05%	8.20%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 246,895	$ 107,461	$ 288,564	$ 309,671	$ 366,403
UNIVERSITY'S COVERED PAYROLL	$ 1,437,993	$ 1,343,149	$ 1,227,868	$ 1,116,298	$ 1,074,943
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	17.17%	8.00%	23.50%	27.74%	34.09%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	76.56%	88.74%	68.64%	67.12%	63.22%

(Dollars in thousands)	2018	2017	2016	2015
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	8.44%	8.46%	8.33%	8.28%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 400,426	$ 454,341	$ 435,853	$ 417,231
UNIVERSITY'S COVERED PAYROLL	$ 1,043,335	$ 987,405	$ 927,002	$ 882,215
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	38.38%	46.01%	47.02%	47.29%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	61.24%	57.03%	59.10%	61.19%

(Amounts determined as of the measurement date)

PERS 1 - SCHEDULE OF CONTRIBUTIONS

(Dollars in thousands)	2023	2022	2021	2020	2019
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 392	$ 443	$ 710	$ 970	$ 1,231
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 392	$ 442	$ 710	$ 971	$ 1,234
CONTRIBUTION DEFICIENCY (EXCESS)	$ —	$ 1	$ —	$ (1)	$ (3)
UNIVERSITY'S COVERED PAYROLL	$1,573,579	$ 1,437,993	$ 1,343,149	$ 1,227,868	$ 1,116,298
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	0.02 %	0.03%	0.05%	0.08%	0.11%

(Dollars in thousands)	2018	2017	2016	2015
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 1,582	$ 1,788	$ 2,155	$ 2,058
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 1,578	$ 1,769	$ 2,155	$ 2,059
CONTRIBUTION DEFICIENCY (EXCESS)	$ 4	$ 19	$ —	$ (1)
UNIVERSITY'S COVERED PAYROLL	$ 1,074,943	$ 1,043,335	$ 987,405	$ 927,002
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	0.15%	0.17%	0.22%	0.22 %

(Amounts determined as of the fiscal year end)

PERS 2/3 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

(Dollars in thousands)	2023	2022	2021	2020	2019
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	11.47%	11.18%	10.47%	10.18%	10.24%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY	$ (425,399)	$ (1,114,120)	$ 133,891	$ 98,901	$ 174,913
UNIVERSITY'S COVERED PAYROLL	$ 1,433,725	$ 1,337,667	$1,220,321	$1,106,678	$1,062,415
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	(29.67)%	(83.29)%	10.97%	8.94%	16.46%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	106.73%	120.29%	97.22 %	97.77 %	95.77 %

Unaudited – see accompanying notes to financial statements

PERS 2/3 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (continued)

(Dollars in thousands)	2018	2017	2016	2015
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	10.48%	10.36%	10.20%	10.00%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 364,073	$ 521,777	$ 364,303	$ 202,225
UNIVERSITY'S COVERED PAYROLL	$ 1,027,338	$ 967,955	$ 904,661	$ 856,839
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	35.44%	53.91%	40.27%	23.60%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	90.97%	85.82%	89.20%	93.29 %

(Amounts determined as of the measurement date)

PERS 2/3 - SCHEDULE OF CONTRIBUTIONS

(Dollars in thousands)	2023	2022	2021	2020	2019
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 162,654	$ 148,636	$ 173,198	$ 156,919	$ 141,681
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 162,738	$ 147,638	$ 173,204	$ 157,000	$ 141,618
CONTRIBUTION DEFICIENCY (EXCESS)	$ (84)	$ 998	$ (6)	$ (81)	$ 63
UNIVERSITY'S COVERED PAYROLL	$ 1,569,796	$ 1,433,725	$ 1,337,667	$ 1,220,321	$ 1,106,678
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	10.36%	10.37%	12.95%	12.86%	12.80%

(Dollars in thousands)	2018	2017	2016	2015
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 134,239	$ 114,852	$ 107,424	$ 83,323
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 134,366	$ 114,968	$ 108,413	$ 83,342
CONTRIBUTION DEFICIENCY (EXCESS)	$ (127)	$ (116)	$ (989)	$ (19)
UNIVERSITY'S COVERED PAYROLL	$ 1,062,415	$ 1,027,338	$ 967,955	$ 904,661
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	12.64%	11.18%	11.10%	9.21 %

(Amounts determined as of the fiscal year end)

TRS 1 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

(Dollars in thousands)	2023	2022	2021	2020	2019
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	0.37%	0.35%	0.28%	0.25%	0.24%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 6,956	$ 2,337	$ 6,800	$ 6,200	$ 7,061
UNIVERSITY'S COVERED PAYROLL	$ 28,990	$ 25,479	$ 20,153	$ 16,677	$ 13,986
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	23.99%	9.17%	33.74%	37.18%	50.49%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	78.24%	91.42%	70.55%	70.37 %	66.52 %

(Dollars in thousands)	2018	2017	2016	2015
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	0.20%	0.16%	0.13%	0.10%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 6,076	$ 5,463	$ 4,049	$ 2,881
UNIVERSITY'S COVERED PAYROLL	$ 10,967	$ 7,813	$ 5,790	$ 3,905
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	55.40%	69.92%	69.93%	73.78%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	65.58%	62.07%	65.70%	68.77 %

(Amounts determined as of the measurement date)

Unaudited – see accompanying notes to financial statements

TRS 1 - SCHEDULE OF CONTRIBUTIONS

(Dollars in thousands)	2023	2022	2021	2020	2019
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 30	$ 42	$ 56	$ 55	$ 52
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 30	$ 42	$ 56	$ 55	$ 52
CONTRIBUTION DEFICIENCY (EXCESS)	$ —	$ —	$ —	$ —	$ —
UNIVERSITY'S COVERED PAYROLL	$ 35,776	$ 28,990	$ 25,479	$ 20,153	$ 16,677
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	0.09%	0.15%	0.22%	0.27%	0.31%

(Dollars in thousands)	2018	2017	2016	2015
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 48	$ 39	$ 38	$ 44
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 48	$ 40	$ 38	$ 42
CONTRIBUTION DEFICIENCY (EXCESS)	$ —	$ (1)	$ —	$ 2
UNIVERSITY'S COVERED PAYROLL	$ 13,986	$ 10,967	$ 7,813	$ 5,790
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	0.34%	0.36%	0.49%	0.76%

(Amounts determined as of the fiscal year end)

TRS 2/3 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

(Dollars in thousands)	2023	2022	2021	2020	2019
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	0.36%	0.34%	0.28%	0.25%	0.24%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY	$ (712)	$ (9,301)	$ 4,233	$ 1,487	$ 1,066
UNIVERSITY'S COVERED PAYROLL	$ 28,704	$ 25,124	$ 19,800	$ 16,337	$ 13,664
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	(2.48)%	(37.02)%	21.38%	9.10%	7.80%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	100.86%	113.72%	91.72%	96.36%	96.88%

(Dollars in thousands)	2018	2017	2016	2015
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	0.19%	0.15%	0.12%	0.08%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 1,796	$ 2,077	$ 969	$ 252
UNIVERSITY'S COVERED PAYROLL	$ 10,669	$ 7,507	$ 5,367	$ 3,391
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	16.83%	27.67%	18.05%	7.43%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	93.14%	88.72%	92.48%	96.81%

(Amounts determined as of the measurement date)

TRS 2/3 - SCHEDULE OF CONTRIBUTIONS

(Dollars in thousands)	2023	2022	2021	2020	2019
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 5,210	$ 4,202	$ 3,945	$ 3,068	$ 2,511
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 5,212	$ 4,198	$ 3,943	$ 3,029	$ 2,470
CONTRIBUTION DEFICIENCY (EXCESS)	$ (2)	$ 4	$ 2	$ 39	$ 42
UNIVERSITY'S COVERED PAYROLL	$ 35,569	$ 28,704	$ 25,124	$ 19,800	$ 16,337
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	14.65%	14.64%	15.70%	15.49%	15.37%

(Dollars in thousands)	2018	2017	2016	2015
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 2,036	$ 1,401	$ 956	$ 558
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 2,029	$ 1,410	$ 985	$ 555
CONTRIBUTION DEFICIENCY (EXCESS)	$ 7	$ (9)	$ (29)	$ 3
UNIVERSITY'S COVERED PAYROLL	$ 13,664	$ 10,669	$ 7,507	$ 5,367
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	14.90%	13.13%	12.73%	10.40%

(Amounts determined as of the fiscal year end)

LEOFF 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET

(Dollars in thousands)	2023	2022	2021	2020	2019
UNIVERSITY'S PROPORTION OF THE NET PENSION ASSET	0.15%	0.18%	0.22%	0.23%	0.23%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET	$ 4,212	$ 10,480	$ 4,535	$ 5,365	$ 4,590
UNIVERSITY'S COVERED PAYROLL	$ 3,760	$ 4,187	$ 5,059	$ 4,882	$ 4,487
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET AS A PERCENTAGE OF ITS COVERED PAYROLL	112.01%	250.30%	89.64%	109.91%	102.30%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION	116.09%	142.00%	115.83%	119.43%	118.50%

(Dollars in thousands)	2018	2017	2016	2015
UNIVERSITY'S PROPORTION OF THE NET PENSION ASSET	0.22%	0.25%	0.20%	0.21%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET	$ 2,995	$ 1,430	$ 2,083	$ 2,844
UNIVERSITY'S COVERED PAYROLL	$ 4,061	$ 4,474	$ 3,534	$ 3,581
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET AS A PERCENTAGE OF ITS COVERED PAYROLL	73.74%	31.97%	58.94%	79.42%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION	113.36%	106.04%	111.67%	116.75%

(Amounts determined as of the measurement date)

LEOFF 2 - SCHEDULE OF CONTRIBUTIONS

(Dollars in thousands)	2023	2022	2021	2020	2019
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 262	$ 328	$ 367	$ 444	$ 436
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 262	$ 327	$ 367	$ 446	$ 435
CONTRIBUTION DEFICIENCY (EXCESS)	$ —	$ 1	$ —	$ (2)	$ 1
UNIVERSITY'S COVERED PAYROLL	$ 3,004	$ 3,760	$ 4,187	$ 5,059	$ 4,882
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	8.71%	8.72%	8.77%	8.78%	8.93%

(Dollars in thousands)	2018	2017	2016	2015
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 400	$ 348	$ 384	$ 303
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 403	$ 352	$ 384	$ 300
CONTRIBUTION DEFICIENCY (EXCESS)	$ (3)	$ (4)	$ —	$ 3
UNIVERSITY'S COVERED PAYROLL	$ 4,487	$ 4,061	$ 4,474	$ 3,534
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	8.91%	8.57%	8.58%	8.57%

(Amounts determined as of the fiscal year end)

Unaudited – see accompanying notes to financial statements

UNIVERSITY OF WASHINGTON SUPPLEMENTAL RETIREMENT PLAN (UWSRP)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (NPL)

(Dollars in thousands)	2023	2022	2021
TOTAL PENSION LIABILITY - BEGINNING	$ 316,127	$ 216,672	$ 781,829
SERVICE COST	5,068	3,699	22,877
INTEREST ON TPL	22,106	15,933	17,677
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	(31,360)	67,986	(372,651)
CHANGE IN ASSUMPTIONS	(26,643)	22,150	(223,327)
BENEFIT PAYMENTS	(10,989)	(10,313)	(9,733)
NET CHANGE IN TOTAL PENSION LIABILITY	(41,818)	99,455	(565,157)
TOTAL PENSION LIABILITY - ENDING (a)	**274,309**	**316,127**	**216,672**
PLAN FIDUCIARY NET POSITION - BEGINNING	**96,989**	**90,341**	**60,961**
EMPLOYER CONTRIBUTIONS	8,358	6,548	7,105
NET INVESTMENT INCOME	7,189	100	22,275
NET CHANGE IN PLAN FIDUCIARY NET POSITION	15,547	6,648	29,380
PLAN FIDUCIARY NET POSITION - ENDING (b)	**112,536**	**96,989**	**90,341**
UWSRP NET PENSION LIABILITY (a) minus (b)	**$ 161,773**	**$ 219,138**	**$ 126,331**
PLAN FIDUCIARY NET POSITION AS PERCENTAGE OF THE TOTAL PENSION LIABILITY	41.03 %	30.68 %	41.69 %
UWSRP COVERED PAYROLL	$ 2,199,526	$ 1,723,087	$ 1,733,240
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	7.35 %	12.72 %	7.29 %

UNIVERSITY OF WASHINGTON SUPPLEMENTAL RETIREMENT PLAN (UWSRP)
SCHEDULE OF UWSRP CONTRIBUTIONS

(Dollars in thousands)	2023	2022	2021
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 8,358	$ 6,548	$ 6,586
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 8,358	$ 6,548	$ 7,105
CONTRIBUTION DEFICIENCY (EXCESS)	$ —	$ —	$ (519)
UWSRP COVERED PAYROLL	$ 2,199,526	$ 1,723,087	$ 1,733,240
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	0.38 %	0.38 %	0.41 %

UNIVERSITY OF WASHINGTON SUPPLEMENTAL RETIREMENT PLAN (UWSRP)
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY (TPL)

(Dollars in thousands)	2020	2019	2018	2017
TOTAL PENSION LIABILITY - BEGINNING	$ 594,040	$ 412,481	$ 438,753	$ 512,372
SERVICE COST	16,698	11,823	14,788	19,892
INTEREST ON TPL	21,232	16,277	16,127	15,097
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	31,426	102,713	(33,952)	(74,919)
CHANGE IN ASSUMPTIONS	126,749	58,228	(17,105)	(28,553)
BENEFIT PAYMENTS	(8,316)	(7,482)	(6,130)	(5,136)
TOTAL PENSION LIABILITY - ENDING	**$ 781,829**	**$ 594,040**	**$ 412,481**	**$ 438,753**
UWSRP COVERED-EMPLOYEE PAYROLL	$ 744,634	$ 787,384	$ 759,688	$ 801,161
TOTAL PENSION LIABILITY AS PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	105.00%	75.44%	54.30%	54.76%

Effective July 1, 2020, legislation signed into law created a trust arrangement for assets dedicated to paying UWSRP benefits to plan members. As a result, the University now applies guidance required in GASB code section P20 paragraph 146 in the tables that precede this one. This table was required by guidance in GASB code section P22 paragraph 137 prior to creation of the trust arrangement.

Unaudited – see accompanying notes to financial statements

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY (TOL)						
(Dollars in thousands)	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
TOTAL OPEB LIABILITY - BEGINNING	$ 1,861,478	$ 1,696,027	$ 1,541,654	$ 1,354,177	$ 1,565,213	$ 1,685,909
SERVICE COST	91,921	93,039	70,380	62,422	84,665	106,112
INTEREST ON TOL	42,650	40,211	58,874	54,148	58,207	49,703
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	(42,238)	—	(9,022)	—	53,132	—
CHANGE IN ASSUMPTIONS	(713,147)	17,180	38,164	100,838	(370,652)	(242,454)
BENEFIT PAYMENTS	(31,335)	(30,635)	(28,031)	(24,769)	(24,584)	(25,330)
CHANGE IN PROPORTIONATE SHARE	36,728	45,656	83,976	(5,162)	(11,804)	(8,727)
OTHER	—	—	(59,968)	—	—	—
TOTAL OPEB LIABILITY - ENDING	**$ 1,246,057**	**$ 1,861,478**	**$ 1,696,027**	**$ 1,541,654**	**$ 1,354,177**	**$ 1,565,213**
OPEB COVERED-EMPLOYEE PAYROLL	$ 3,231,736	$ 3,092,943	$ 2,895,664	$ 2,724,791	$ 2,493,991	$ 2,529,127
TOTAL OPEB LIABILITY AS PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	38.56%	60.18%	58.57%	56.58%	54.30%	61.89%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2023

Plans administered by DRS

The Office of the State Actuary (OSA) calculates the actuarially determined contributions (ADC) based on the results of an actuarial valuation consistent with the state's funding policy defined in Chapter 41.45 RCW. Consistent with the state's contribution-rate adoption process, the results of an actuarial valuation with an odd-numbered year valuation date determine the ADC for the biennium that ensues two years later. For example, the actuarial valuation with a June 30, 2019 valuation date, completed in the fall of 2020, plus any supplemental contribution rates from the preceding legislative session, determines the ADC for the period beginning July 1,2021, and ending June 30, 2023.

Additional Considerations on ADC for All Plans:

OSA calculates the ADC consistent with the methods described above. Adopted contribution rates could be different pending the actions of the governing bodies.

For cost-sharing plans, OSA calculates the contractually required contributions (CRC) using the same assumptions and methods as the ADC, except the CRC reflect the adopted contribution rates for the time period shown, which might differ from the contribution rates produced for the ADC.

Plans administered by the University

Washington State's House Bill 1661, effective July 1, 2020, created a trust arrangement for the UWSRP and resulted in the transfer of all funds previously contributed by the University into the account dedicated to paying benefits to plan's beneficiaries. This arrangement meets the criteria in GASB code P20, paragraph 101 and resulted in a significant change in the accounting for the plan.

Covered payroll for the fiscal years ending June 30, 2023, 2022 and 2021 is based on the payroll of participants in the University's 403(b) defined contribution UWRP.

Covered payroll for the fiscal year ending June 30, 2020 and preceding years is based on the payroll of the participants of the UWSRP.

Changes that impacted the TPL and NPL include changing the valuation date from June 30, 2022 to January 1, 2023 for the June 30, 2023 measurement. The new data file decreased the TPL. Some of the larger experience items that impacted the TPL were salaries generally lower than assumed and SRP benefits for new retirees were lower than estimated. In addition, OSA's model estimates the SRP benefit of future retirees by relying on assumptions for the benefit calculation performed by Teachers Insurance and Annuity Association of America (TIAA). Based on information provided by TIAA and OSA's professional judgment, some of the long-term assumptions were updated which decreased the TPL. The source for the discount rate changed in 2021 from the bond rate required of plans with no assets, to the investment return for plans with assets, due to the change in the plan on July 1, 2020, which led to a change in the appropriate accounting guidance.

Material assumption changes during the fiscal year 2022 measurement period includes updating the discount rate from 7.40% to 7.00% ("Change in assumption" which increased the TPL). In addition, CREF investment experience during fiscal year 2022 was significantly lower than expected ("Difference between expected and actual experience" which also increased the TPL).

OPEB Plan administered by the Healthcare Authority of Washington State
The OPEB Plan has no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4 to pay related benefits.

Material assumption changes in fiscal year 2023 relate to an increase in the Bond Buyer General Obligation 20-Bond Municipal Bond Index, from 2.16% for the June 30, 2021 measurement date, to 3.54% for the June 30, 2022 measurement date. This change resulted in a decrease in the TOL.

Material assumption changes in fiscal year 2022 relate to a decrease in the Bond Buyer General Obligation 20-Bond Municipal Bond Index, from 2.21% for the June 30, 2020 measurement date, to 2.16% for the June 30, 2021 measurement date. This change resulted in an increase in the TOL.

This publication was prepared by UW Finance. Published November 2023.

The 2023 UW Financial Report and reports from previous years are available at annualreport.uw.edu

For more information, contact Financial Accounting at accountg@uw.edu

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UNIVERSITY *of*
WASHINGTON

APPENDIX C

FORM OF BOND COUNSEL OPINION FOR THE BONDS

[__________, 2024]

University of Washington
Seattle, Washington

BofA Securities, Inc.

Morgan Stanley & Co. LLC

Academy Securities, Inc.

Re: University of Washington
General Revenue Bonds, 2024A - $__________
General Revenue Refunding Bonds, 2024B - $__________

To the Addressees:

We have examined a certified transcript of all of the proceedings taken in the matter of the issuance by the University of Washington (the "University") of its General Revenue Bonds, 2024A, in the aggregate principal amount of $__________ (the "2024A Bonds") and its General Revenue Refunding Bonds, 2024B (the "2024B Bonds" and, together with the 2024B Bonds, the "Bonds"). The Bonds are issued pursuant to a resolution of the Board of Regents of the University adopted on September 14, 2023 (the "Resolution"). Proceeds of the Bonds will be used to (a) pay costs, or refinance commercial paper issued to pay costs, of University projects; (b) refund and/or purchase certain of the University's outstanding General Revenue Bonds tendered to the University, for debt service savings; and (c) pay the costs of issuance. Capitalized terms used in this opinion which are not otherwise defined shall have the meanings given to such terms in the Resolution.

The Bonds are subject to redemption prior to their scheduled maturities as set forth in the Official Statement dated ___________ __, 2024. The University has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

Regarding questions of fact material to our opinion, we have relied on representations of the University in the Resolution and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been legally issued and constitute valid and binding obligations of the University, except to the extent that the enforcement of the rights and remedies of the owners of the Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors.

2. The Bonds are special fund obligations of the University. Both principal of and interest on the Bonds are payable solely from General Revenues and the money and investments deposited to a special fund of the University known as the General Revenue Bond Redemption Fund, 2024 created pursuant to the Resolution (the "Bond Fund"). The University has obligated and bound itself to set aside and pay into the Bond Fund out of General Revenues amounts sufficient to pay the principal of and interest on the Bonds as the same become due. The Bonds are equally and ratably payable, without preference, priority or distinction because of date of issue or otherwise, from General Revenues. The University has reserved the right to issue Additional Bonds payable from General Revenues and has previously issued, and is issuing, other General Revenue obligations.

3. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the University comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The University has covenanted to comply with all applicable requirements. Failure to comply with certain of such covenants may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Except as expressly stated above, we express no opinion regarding any tax consequences related to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material related to the Bonds (except to the extent, if any, stated in the official statement), and we express no opinion relating thereto, or relating to the undertaking by the University to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,
PACIFICA LAW GROUP LLP

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The following information has been provided by DTC. The University makes no representation regarding the accuracy or completeness thereof. Beneficial Owners should therefore confirm the following with DTC or the Direct Participants (as hereinafter defined). Language in [brackets] with ~~strike through~~ has been deleted as permitted by DTC as it does not pertain to the Bonds.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [~~each issue of~~] the Securities, [~~each~~] in the aggregate principal amount of such issue, and will be deposited with DTC. [~~If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.~~]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[~~9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.~~]

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

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Undertaking (the "Undertaking") dated as of ____________, 2024, is hereby made by the University of Washington (the "University") in connection with the issuance of its General Revenue Bonds, 2024A (the "2024A Bonds") and its General Revenue Refunding Bonds, 2024B (the "2024B Bonds" and, together, the "Bonds") pursuant to a resolution of the University adopted on September 14, 2023 (the "Resolution").

The University covenants and agrees as follows:

SECTION 1. Purpose of the Undertaking. This Undertaking is being executed and delivered by the University for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

Annual Report shall mean any Annual Report provided by the University pursuant to, and as described in, Sections 3 and 4 of this Undertaking.

Beneficial Owner shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

Dissemination Agent shall mean the University, or any successor Dissemination Agent designated in writing by the University and which has filed with the University a written acceptance of such designation.

Financial Obligation means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Holders shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.

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

Notice Event shall mean any of the following events:

1. Principal and interest payment delinquencies;
2. Nonpayment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue service of proposed or final determines of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material or events affecting the tax status of the Bonds;
7. Modifications to the rights of Bond Owners, if material;
8. Optional, contingent or unscheduled calls of any Bonds other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the University;

13. The consummation of a merger, consolidation, or acquisition of the University or the sale of all or substantially all of the assets of the University, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement to undertake such an action, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of the trustee, if material;

15. Incurrence of a Financial Obligation of the University, if material, or agreements to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the University, any of which affect Bond holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the University, any of which reflect financial difficulties.

Official Statement shall mean the Official Statement prepared in connection with the issuance and delivery of the Bonds.

Participating Underwriter shall mean any of the original purchaser or underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

State shall mean the State of Washington.

SECTION 3. <u>Provision of Annual Reports</u>.

(a) The University shall, or shall cause the Dissemination Agent to, not later than seven months after the end of the University's Fiscal Year (presently January 31, 2025, for the Fiscal Year ending June 30, 2023), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Undertaking. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Undertaking; provided that the audited financial statements of the University may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. The University may adjust such Fiscal Year by providing written notice of the change of Fiscal Year to the MSRB.

(b) Not later than fifteen (15) Business Days prior to said date, the University shall provide the Annual Report to the Dissemination Agent (if other than the University). If the University is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the University shall send a notice to the MSRB stating that the University is unable to provide the Annual Report by the date required in subsection (a), and stating when the University expects to provide the Annual Report.

(c) If the Dissemination Agent is not the University, the Dissemination Agent shall file a report with the University certifying that the Annual Report has been provided pursuant to this Undertaking and stating the date it was provided.

SECTION 4. <u>Content of Annual Reports</u>. The University's Annual Report shall contain or include by reference (without duplication) the following:

1. The audited financial statements of the University for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the University's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Updates to the following financial and operating data of the University to the extent the updates are not included in the audited financial statements provided under subsection 1:

- The amount of University revenue and other debt outstanding in that Fiscal Year.

- Student enrollment information for that Fiscal Year, generally of the type provided in the table in the Official Statement entitled "Applications, Students and Enrollment" under the heading "ADMISSIONS, STUDENT ENROLLMENT AND FACULTY" and distribution of undergraduate enrollment among University campuses.

- Information regarding the number of faculty and tenure rate for that Fiscal Year, generally of the type provided in the table in the Official Statement entitled "Faculty Data."

- Information regarding room and board fees, autumn opening occupancy and occupancy for that Fiscal Year, generally of the type provided in the table in the Official Statement entitled "Student Housing and Dining Data."

- General Revenues and General Revenue components for that Fiscal Year, generally of the type provided in the table in the Official Statement entitled "General Revenues" under the headings General Revenue (Exclusions from Total Revenue) and General Revenue (By Component).

- General Net Position. Illustrative information, if any, regarding effects of certain GASB Statements on General Net Position may be provided in narrative, tabular or other form.

- Grant and contract revenues for that Fiscal Year, and amount or percentage of grant and contract revenues from federal sources.

- Information regarding the amount or percentage of revenues from Medicare or Medicaid payments in that Fiscal Year.

- Operating expenses by type of expenditure in that Fiscal Year.

- Expenditures of State capital and operating appropriations to the University for that Fiscal Year, generally of the type provided in the table in the Official Statement entitled "Expenditures of State Appropriations to the University by Type."

- Patient activity statistics for the UW Medicine hospital with revenues included in General Revenues for that Fiscal Year (provided for the hospital as a whole and not by campus).

- Financial information for the UW Medicine hospital with revenues included in General Revenues for that Fiscal Year (provided for the hospital as a whole and not by campus).

- Value of investments, including operating fund investments and the Consolidated Endowment Fund ("CEF"), for that Fiscal Year.

- A narrative description of any material changes to the University's investment policy or CEF distribution policy during that Fiscal Year.

- Gift revenue for that Fiscal Year.

- University revenue by source for that Fiscal Year, generally of the type provided in the figure in the Official Statement titled "University Total Revenue by Source, Fiscal Year 2023."

- Total University expenditures by category for that Fiscal Year.

- A description of any material changes to the University's obligations with respect to its pension plans, generally of the type presented under the Official Statement heading

"LABOR, RISK MANAGEMENT AND RETIREMENT INFORMATION — Pension Plans."

- A description of any material changes to the University's obligations with respect to other post-employment benefits, generally of the type presented under the Official Statement heading "LABOR, RISK MANAGEMENT AND RETIREMENT INFORMATION—Other Post-Employment Benefits ("OPEB")."

- Amount of the University's self-insurance reserve, generally of the type presented under the Official Statement heading "LABOR, RISK MANAGEMENT AND RETIREMENT INFORMATION—Risk Management."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the University or related public entities, which are available to the public on the MSRB's internet website. The University shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Notice Events. The University shall give, or cause to be given, notice of the occurrence of any Notice Event with respect to the Bonds not in excess of ten business days after the occurrence of the Notice Event.

SECTION 6. Termination of Reporting Obligation. The University's obligations under this Undertaking with respect to each series of Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all of the applicable series of Bonds.

SECTION 7. Dissemination Agent. The University may, from time to time, appoint or engage a successor Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such successor Dissemination Agent, with or without appointing another successor Dissemination Agent. The successor Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the University pursuant to this Undertaking.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Undertaking, the University may amend this Undertaking, and any provision of this Undertaking may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of an obligated person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of the Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Undertaking, the University shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the University. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Undertaking shall be deemed to prevent the University from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Notice Event, in addition to that which is required by this Undertaking. If the University chooses to include any information in any Annual Report in addition to that which is specifically required by this Undertaking, the University shall have no obligation under this Undertaking to update such information or include it in any future Annual Report.

SECTION 10. Default. In the event of a failure of the University to comply with any provision of this Undertaking, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the University to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed a default under the Resolution, and the sole remedy under this Undertaking in the event of any failure of the University to comply with this Undertaking shall be an action to compel performance.

SECTION 11. Beneficiaries. This Undertaking shall inure solely to the benefit of the University, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. EMMA; Format for Filing with the MSRB. Until otherwise designated by the MSRB or the Securities and Exchange Commission, any filing required to be made with the MSRB under this Undertaking is to be submitted through the MSRB's Electronic Municipal Market Access system, currently located at www.emma.msrb.org (which website is not incorporated herein). All notices, financial information and operating data required by this Undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this Undertaking must be accompanied by identifying information as prescribed by the MSRB.

UNIVERSITY OF WASHINGTON

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Authorized Signer

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UNIVERSITY OF WASHINGTON • GENERAL REVENUE BONDS, 2024A AND GENERAL REVENUE REFUNDING BONDS, 2024B

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