New Issue | **Moody's Rating: Aaa**
Book-Entry Only | **S&P Global Rating: AA+**
Not Bank Qualified | **(See "OTHER BOND INFORMATION—Ratings")**

In the opinion of Pacifica Law Group LLP, Seattle, Washington, Bond Counsel, under existing law and subject to certain qualifications described herein, interest on the 2021A Bonds is excludable from gross income for federal income tax purposes. In addition, interest on the 2021A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. See "TAX MATTERS" herein. Interest on the 2021B Bonds is not intended to be exempt from federal income taxes. See "CERTAIN INCOME TAX CONSEQUENCES RELATING TO THE 2021B BONDS."

UNIVERSITY OF WASHINGTON

$77,435,000
General Revenue and Refunding Bonds, 2021A

$249,335,000
General Revenue and Refunding Bonds, 2021B (Taxable)

Dated: Date of delivery | **Maturity Dates: as shown on the inside front cover and page ii**

The University of Washington (the "University") is issuing its General Revenue and Refunding Bonds, 2021A (the "2021A Bonds") and General Revenue and Refunding Bonds, 2021B (Taxable) (the "2021B Bonds" and, together with the 2021A Bonds, the "Bonds") to (a) pay costs of University projects, or to refinance commercial paper issued originally to finance costs of University projects; (b) defease and refund certain of the University's outstanding General Revenue Bonds; and (c) pay the costs of issuance.

The Bonds are issuable only as fully registered obligations and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form, in denominations of $5,000 each and integral multiples thereof within a series and maturity. Purchasers will not receive certificates representing their interests in the Bonds, except as described herein. So long as DTC or its nominee is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made directly to DTC or to such nominee. Disbursements of such payments to DTC's Direct Participants are the responsibility of DTC, and disbursements of such payments to the Beneficial Owners are the responsibility of the Direct Participants and the Indirect Participants, as more fully described in Appendix D.

Interest on the Bonds from their date of delivery is payable on April 1 and October 1 of each year, commencing on October 1, 2021. The fiscal agent of the State of Washington (the "State"), currently U.S. Bank National Association is the registrar, authenticating agent and paying agent for the Bonds. The Bonds are subject to redemption prior to maturity as described in this Official Statement.

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 University has no taxing power. The Bonds are not an obligation, either general, special or moral, of the State.

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.

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.

Each series of the Bonds is offered when, as and if issued, subject to receipt of the approving legal opinions of Pacifica Law Group LLP. Certain matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP. It is expected that delivery of the Bonds will be made by Fast Automated Securities Transfer through DTC in New York, New York, on or about March 4, 2021.

Goldman Sachs & Co. LLC

Citigroup | **Backstrom McCarley Berry & Co. LLC**

Dated February 10, 2021

UNIVERSITY OF WASHINGTON

GENERAL REVENUE AND REFUNDING BONDS, 2021A
$77,435,000

Maturity (April 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP* Number
2023	$ 215,000	5.00%	0.13%	110.088	91523NVE3
2024	485,000	5.00	0.17	114.807	91523NVF0
2025	510,000	5.00	0.21	119.425	91523NVG8
2026	1,640,000	5.00	0.30	123.654	91523NVH6
2027	2,915,000	5.00	0.38	127.718	91523NVJ2
2028	3,065,000	5.00	0.51	131.161	91523NVK9
2029	3,215,000	5.00	0.63	134.351	91523NVL7
2030	3,375,000	5.00	0.75	137.217	91523NVM5
2031	3,545,000	5.00	0.84	140.106	91523NVN3
2032	3,725,000	5.00	0.91**	139.288	91523NVP8
2033	3,165,000	5.00	0.96**	138.707	91523NVQ6
2034	3,320,000	5.00	1.02**	138.014	91523NVR4
2035	3,485,000	4.00	1.16**	126.929	91523NVS2
2037	3,625,000	4.00	1.25**	125.955	91523NVT0
2038	3,770,000	4.00	1.30**	125.418	91523NVU7
2039	3,920,000	5.00	1.25**	135.394	91523NVV5
2040	4,115,000	5.00	1.29**	134.944	91523NVW3
2041	4,320,000	4.00	1.43**	124.033	91523NVX1

$11,435,000, 5.00% Term Bond due April 1, 2046, yield 1.47%**, price 132.943, CUSIP* No. 91523NVY9

$13,590,000, 4.00% Term Bond due April 1, 2051, yield 1.66%**, price 121.626, CUSIP* No. 91523NVZ6

** Calculated to the par call date of April 1, 2031.

GENERAL REVENUE AND REFUNDING BONDS, 2021B (TAXABLE)
$249,335,000

Maturity (April 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP* Number
2022	$ 2,030,000	0.187%	0.187%	100.00%	91523NWA0
2023	2,270,000	0.287	0.287	100.00	91523NWB8
2024	2,275,000	0.418	0.418	100.00	91523NWC6
2025	15,015,000	0.600	0.600	100.00	91523NWD4
2026	15,890,000	0.730	0.730	100.00	91523NWE2
2027	14,820,000	0.972	0.972	100.00	91523NWF9
2028	14,955,000	1.192	1.192	100.00	91523NWG7
2029	15,135,000	1.374	1.374	100.00	91523NWH5
2030	12,500,000	1.524	1.524	100.00	91523NWJ1
2031	13,430,000	1.574	1.574	100.00	91523NWK8
2032	13,640,000	1.674	1.674	100.00	91523NWL6
2033	13,870,000	1.774	1.774	100.00	91523NWM4
2034	11,870,000	1.824	1.824	100.00	91523NWN2
2035	12,090,000	1.924	1.924	100.00	91523NWP7
2036	1,660,000	2.124	2.124	100.00	91523NWQ5

$87,885,000, 2.618% Term Bond due April 1, 2042, yield 2.618%, price 100.00, CUSIP* No. 91523NWR3

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UNIVERSITY OF WASHINGTON
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Seattle, Washington 98105-4608
Telephone: (206) 221-6752
Website: http://finance.uw.edu/treasury/[(1)]

BOARD OF REGENTS

Regent	Title	Term Expiration
Rogelio Riojas[(2)]	Chair	September 30, 2025
Blaine Tamaki	Vice Chair	September 30, 2022
William S. Ayer	Member	September 30, 2022
Joel Benoliel	Member	September 30, 2021
Joanne R. Harrell	Member	September 30, 2021
Jeremy Jaech[(2)]	Member	September 30, 2024
Libby G. MacPhee	Member	September 30, 2024
Constance W. Rice[(2)]	Member	September 30, 2025
Kristina Pogosian[(2)(3)]	Member	June 30, 2021
David Zeeck	Member	September 30, 2023

Tyler Lange	Secretary of the Board of Regents
Shelley Tennant	Assistant Secretary of the Board of Regents

ADMINISTRATIVE OFFICERS

Ana Mari Cauce	President
Mark Richards	Provost and Executive Vice President for Academic Affairs
Brian McCartan	Vice President for Finance
Paul G. Ramsey	Executive Vice President for Medical Affairs

BOND COUNSEL
Pacifica Law Group LLP
Seattle, Washington

FINANCIAL ADVISOR
Piper Sandler & Co.
Seattle, Washington

REGISTRAR
U.S. Bank National Association, as Fiscal Agent
Seattle, Washington

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(1) The University's website and other websites referenced herein are not part of this Official Statement, and investors should not rely on information presented on the University's or other websites in determining whether to purchase the Bonds. This inactive textual reference to the University's website and other website references herein are not hyperlinks and do not incorporate the University's or other websites by reference.
(2) Pending State Senate confirmation.
(3) Student Regent (serves a one-year term).

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.

The outbreak of the 2019 novel coronavirus ("COVID-19") pandemic is a significant event that has had and could have ongoing, material effects on the finances and operations of the University. Certain historic information in this Official Statement about the finances and operations of the University predate the outbreak of COVID-19, and should be considered in light of the possible or probable negative effects the COVID-19 pandemic may have on the current and future finances and operations of the University and economy of the State of Washington. See "COVID-19 PANDEMIC" for a discussion of the effects, and potential future effects, of COVID-19 on the University.

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 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.

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.

INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

REFERENCES HEREIN TO THE "ISSUER" MEAN THE UNIVERSITY AND REFERENCES TO "BONDS" OR "SECURITIES" MEAN THE 2021B BONDS OFFERED HEREBY.

MINIMUM UNIT SALES

THE SERIES 2021B BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF $5,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 150 UNITS (BEING 150 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF $150,000).

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA ("EEA") AND UNITED KINGDOM

THE SERIES 2021B BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA OR THE UNITED KINGDOM (EACH, A "RELEVANT STATE"). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2016/97/EU (AS AMENDED), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN

REGULATION 2017/1129 (EU) (AS AMENDED OR SUPERSEDED, THE "PROSPECTUS REGULATION"). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE SERIES 2021B BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN A RELEVANT STATE HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE SERIES 2021B BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN A RELEVANT STATE MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION. THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF THE SERIES 2021B BONDS IN ANY RELEVANT STATE WILL BE MADE PURSUANT TO AN EXEMPTION UNDER THE PROSPECTUS REGULATION FROM THE REQUIREMENT TO PUBLISH A PROSPECTUS FOR OFFERS OF THE SERIES 2021B BONDS. THIS OFFICIAL STATEMENT IS NOT A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS REGULATION.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

EACH OF THE UNDERWRITERS HAS REPRESENTED AND AGREED THAT:

(A) IT HAS ONLY COMMUNICATED OR CAUSED TO BE COMMUNICATED AND WILL ONLY COMMUNICATE OR CAUSE TO BE COMMUNICATED AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED, THE "FSMA")) RECEIVED BY IT IN CONNECTION WITH THE ISSUE OR SALE OF THE SERIES 2021B BONDS IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO THE COMPANY; AND

(B) IT HAS COMPLIED AND WILL COMPLY WITH ALL APPLICABLE PROVISIONS OF THE FSMA WITH RESPECT TO ANYTHING DONE BY IT IN RELATION TO THE SERIES 2021B BONDS IN, FROM OR OTHERWISE INVOLVING THE UNITED KINGDOM.

NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

THE SERIES 2021B BONDS MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF ANY DOCUMENT OTHER THAN (I) IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32 OF THE LAWS OF HONG KONG) (THE "COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE") OR WHICH DO NOT CONSTITUTE AN INVITATION TO THE PUBLIC WITHIN THE MEANING OF THE SECURITIES AND FUTURES ORDINANCE (CAP. 571 OF THE LAWS OF HONG KONG) (THE "SECURITIES AND FUTURES ORDINANCE"), OR (II) TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE AND ANY RULES MADE THEREUNDER, OR (III) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A "PROSPECTUS" AS DEFINED IN THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE, AND NO ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE SERIES 2021B BONDS MAY BE ISSUED OR MAY BE IN THE POSSESSION OF ANY PERSON FOR THE PURPOSE OF ISSUE (IN EACH CASE WHETHER IN HONG KONG OR ELSEWHERE), WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC IN HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO SERIES 2021B BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO "PROFESSIONAL INVESTORS" IN HONG KONG AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE AND ANY RULES MADE THEREUNDER.

NOTICE TO INVESTORS IN SINGAPORE

THIS OFFICIAL STATEMENT HAS NOT BEEN REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE. ACCORDINGLY, THIS OFFICIAL STATEMENT AND

ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF THE SERIES 2021B BONDS MAY NOT BE CIRCULATED OR DISTRIBUTED, NOR MAY THE SERIES 2021B BONDS BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN (I) TO AN INSTITUTIONAL INVESTOR (AS DEFINED IN SECTION 4A OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE (THE "SFA")) UNDER SECTION 274 OF THE SFA, (II) TO A RELEVANT PERSON (AS DEFINED IN SECTION 275(2) OF THE SFA) PURSUANT TO SECTION 275(1) OF THE SFA, OR ANY PERSON PURSUANT TO SECTION 275(1A) OF THE SFA, AND IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 275 OF THE SFA OR (III) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, ANY OTHER APPLICABLE PROVISION OF THE SFA, IN EACH CASE SUBJECT TO CONDITIONS SET FORTH IN THE SFA.

WHERE THE SERIES 2021B BONDS ARE SUBSCRIBED OR PURCHASED UNDER SECTION 275 OF THE SFA BY A RELEVANT PERSON WHICH IS A CORPORATION (WHICH IS NOT AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA)) THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF WHOM IS AN ACCREDITED INVESTOR, THE SECURITIES (AS DEFINED IN SECTION 239(1) OF THE SFA) OF THAT CORPORATION SHALL NOT BE TRANSFERABLE FOR 6 MONTHS AFTER THAT CORPORATION HAS ACQUIRED THE SERIES 2021B BONDS UNDER SECTION 275 OF THE SFA EXCEPT: (1) TO AN INSTITUTIONAL INVESTOR UNDER SECTION 274 OF THE SFA OR TO A RELEVANT PERSON (AS DEFINED IN SECTION 275(2) OF THE SFA), (2) WHERE SUCH TRANSFER ARISES FROM AN OFFER IN THAT CORPORATION'S SECURITIES PURSUANT TO SECTION 275(1A) OF THE SFA, (3) WHERE NO CONSIDERATION IS OR WILL BE GIVEN FOR THE TRANSFER, (4) WHERE THE TRANSFER IS BY OPERATION OF LAW, (5) AS SPECIFIED IN SECTION 276(7) OF THE SFA, OR (6) AS SPECIFIED IN REGULATION 32 OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005 OF SINGAPORE ("REGULATION 32").

WHERE THE SERIES 2021B BONDS ARE SUBSCRIBED OR PURCHASED UNDER SECTION 275 OF THE SFA BY A RELEVANT PERSON WHICH IS A TRUST (WHERE THE TRUSTEE IS NOT AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A OF THE SFA)) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY OF THE TRUST IS AN ACCREDITED INVESTOR, THE BENEFICIARIES' RIGHTS AND INTEREST (HOWSOEVER DESCRIBED) IN THAT TRUST SHALL NOT BE TRANSFERABLE FOR 6 MONTHS AFTER THAT TRUST HAS ACQUIRED THE SERIES 2021B BONDS UNDER SECTION 275 OF THE SFA EXCEPT: (1) TO AN INSTITUTIONAL INVESTOR UNDER SECTION 274 OF THE SFA OR TO A RELEVANT PERSON (AS DEFINED IN SECTION 275(2) OF THE SFA), (2) WHERE SUCH TRANSFER ARISES FROM AN OFFER THAT IS MADE ON TERMS THAT SUCH RIGHTS OR INTEREST ARE ACQUIRED AT A CONSIDERATION OF NOT LESS THAN S$200,000 (OR ITS EQUIVALENT IN A FOREIGN CURRENCY) FOR EACH TRANSACTION (WHETHER SUCH AMOUNT IS TO BE PAID FOR IN CASH OR BY EXCHANGE OF SECURITIES OR OTHER ASSETS), (3) WHERE NO CONSIDERATION IS OR WILL BE GIVEN FOR THE TRANSFER, (4) WHERE THE TRANSFER IS BY OPERATION OF LAW, (5) AS SPECIFIED IN SECTION 276(7) OF THE SFA, OR (6) AS SPECIFIED IN REGULATION 32.

NOTICE TO INVESTORS IN JAPAN

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (ACT NO. 25 OF 1948, AS AMENDED) (THE "FIEA"). THE SECURITIES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO OR FOR THE BENEFIT OF ANY RESIDENT OF JAPAN (INCLUDING ANY PERSON RESIDENT IN JAPAN OR ANY CORPORATION OR OTHER ENTITY ORGANIZED UNDER THE LAWS OF JAPAN) OR TO OTHERS FOR REOFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO OR FOR THE BENEFIT OF ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN

EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE FIEA AND OTHERWISE IN COMPLIANCE WITH ANY RELEVANT LAWS AND REGULATIONS OF JAPAN.

THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER PARAGRAPH 1, ARTICLE 4 OF THE FIEA. AS IT IS A PRIMARY OFFERING, IN JAPAN, THE BONDS MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF CERTAIN QUALIFIED INSTITUTIONAL INVESTORS AS DEFINED IN THE FIEA ("QIIS") IN RELIANCE ON THE QIIS-ONLY PRIVATE PLACEMENT EXEMPTION AS SET FORTH IN ITEM 2(I), PARAGRAPH 3, ARTICLE 2 OF THE FIEA. A QII WHO PURCHASED OR OTHERWISE OBTAINED THE BONDS CANNOT RESELL OR OTHERWISE TRANSFER THE BONDS IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.

NOTICE TO INVESTORS IN CANADA

THE SERIES 2021B BONDS MAY BE SOLD IN CANADA ONLY TO PURCHASERS PURCHASING, OR DEEMED TO BE PURCHASING, AS PRINCIPAL THAT ARE ACCREDITED INVESTORS, AS DEFINED IN NATIONAL INSTRUMENT 45-106 PROSPECTUS EXEMPTIONS OR SUBSECTION 73.3(1) OF THE SECURITIES ACT (ONTARIO), AND ARE PERMITTED CLIENTS, AS DEFINED IN NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS. ANY RESALE OF THE SERIES 2021B BONDS MUST BE MADE IN ACCORDANCE WITH AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE PROSPECTUS REQUIREMENTS OF APPLICABLE SECURITIES LAWS.

SECURITIES LEGISLATION IN CERTAIN PROVINCES OR TERRITORIES OF CANADA MAY PROVIDE A PURCHASER WITH REMEDIES FOR RESCISSION OR DAMAGES IF THIS OFFICIAL STATEMENT (INCLUDING ANY AMENDMENT THERETO) CONTAINS A MISREPRESENTATION, PROVIDED THAT THE REMEDIES FOR RESCISSION OR DAMAGES ARE EXERCISED BY THE PURCHASER WITHIN THE TIME LIMIT PRESCRIBED BY THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY. THE PURCHASER SHOULD REFER TO ANY APPLICABLE PROVISIONS OF THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY FOR PARTICULARS OF THESE RIGHTS OR CONSULT WITH A LEGAL ADVISOR.

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN

THE OFFER OF THE SERIES 2021B BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY, THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN AND/OR OTHER REGULATORY AUTHORITY OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS, AND THE SERIES 2021B BONDS MAY NOT BE OFFERED, ISSUED OR SOLD IN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION OR FILING WITH OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN. THE SERIES 2021B BONDS MAY BE MADE AVAILABLE OUTSIDE TAIWAN FOR PURCHASE BY INVESTORS RESIDING IN TAIWAN (EITHER DIRECTLY OR THROUGH PROPERLY LICENSED TAIWAN INTERMEDIARIES), BUT MAY NOT BE OFFERED OR SOLD IN TAIWAN EXCEPT TO QUALIFIED INVESTORS VIA A TAIWAN LICENSED INTERMEDIARY. ANY SUBSCRIPTIONS OF SERIES 2021B BONDS SHALL ONLY BECOME EFFECTIVE UPON ACCEPTANCE BY THE ISSUER OR THE RELEVANT DEALER OUTSIDE TAIWAN AND SHALL BE DEEMED A CONTRACT ENTERED INTO IN THE JURISDICTION OF INCORPORATION OF THE ISSUER OR RELEVANT DEALER, AS THE CASE MAY BE, UNLESS OTHERWISE SPECIFIED IN THE SUBSCRIPTION DOCUMENTS RELATING TO THE SERIES 2021B BONDS SIGNED BY THE INVESTORS.

NOTICE TO INVESTORS IN THE REPUBLIC OF KOREA

THE SERIES 2021B BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF KOREA FOR PUBLIC OFFERING IN KOREA UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT AND ITS SUBORDINATE DECREES AND REGULATIONS (COLLECTIVELY THE “FSCMA”). THE BONDS MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, OR OFFERED OR SOLD TO ANY PERSON FOR REOFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENT OF KOREA EXCEPT AS OTHERWISE PERMITTED UNDER THE APPLICABLE LAWS AND REGULATIONS OF KOREA, INCLUDING THE FSCMA AND THE FOREIGN EXCHANGE TRANSACTION LAW AND ITS SUBORDINATE DECREES AND REGULATIONS (COLLECTIVELY, THE “FETL”). FURTHERMORE, THE BONDS MAY NOT BE RESOLD TO KOREAN RESIDENTS UNLESS THE PURCHASER OF THE BONDS COMPLIES WITH ALL APPLICABLE REGULATORY REQUIREMENTS (INCLUDING BUT NOT LIMITED TO GOVERNMENT REPORTING REQUIREMENTS UNDER THE FETL) IN CONNECTION WITH THE PURCHASE OF THE BONDS.

NOTICE TO INVESTORS IN SWITZERLAND

THE SERIES 2021B BONDS MAY NOT BE PUBLICLY OFFERED IN SWITZERLAND AND WILL NOT BE LISTED ON THE SIX SWISS EXCHANGE (“SIX”) OR ON ANY OTHER STOCK EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. THIS OFFICIAL STATEMENT HAS BEEN PREPARED WITHOUT REGARD TO THE DISCLOSURE STANDARDS FOR ISSUANCE PROSPECTUSES UNDER ART. 652A OR ART. 1156 OF THE SWISS CODE OF OBLIGATIONS OR THE DISCLOSURE STANDARDS FOR LISTING PROSPECTUSES UNDER ART. 27 OF THE SIX LISTING RULES OR THE LISTING RULES OF ANY OTHER STOCK EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE SERIES 2021B BONDS OR THE OFFERING MAY BE PUBLICLY DISTRIBUTED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND.

NONE OF THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE OFFERING, THE ISSUER OR THE SERIES 2021B BONDS HAVE BEEN OR WILL BE FILED WITH OR APPROVED BY ANY SWISS REGULATORY AUTHORITY. IN PARTICULAR, THIS OFFICIAL STATEMENT WILL NOT BE FILED WITH, AND THE OFFER OF THE SERIES 2021B BONDS WILL NOT BE SUPERVISED BY, THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY (“FINMA”), AND THE OFFER OF BONDS HAS NOT BEEN AND WILL NOT BE AUTHORIZED UNDER THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES (“CISA”). ACCORDINGLY, INVESTORS DO NOT HAVE THE BENEFIT OF THE SPECIFIC INVESTOR PROTECTION PROVIDED UNDER THE CISA.

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OFFICIAL STATEMENT

UNIVERSITY OF WASHINGTON

\$77,435,000 **General Revenue and Refunding Bonds, 2021A**	**\$249,335,000** **General Revenue and Refunding Bonds, 2021B (Taxable)**

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 and Refunding Bonds, 2021A (the "2021A Bonds") and General Revenue and Refunding Bonds, 2021B (Taxable) (the "2021B Bonds" and, together with the 2021A Bonds, the "Bonds").

The University is issuing the Bonds (a) to pay costs of University projects, or to refinance commercial paper issued originally to finance costs of University projects; (b) to defease and refund all or a portion of certain General Revenue Bonds; and (c) to pay costs of issuance. See "SOURCES AND USES OF BOND PROCEEDS."

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 10, 2020 (the "Resolution"). See Appendix A.

The 2019 novel coronavirus ("COVID-19") pandemic is a significant event that has had and could have ongoing, material effects on the finances and operations of the University. See "COVID-19 PANDEMIC" for a discussion of the effects, and potential future effects, of COVID-19 on the University.

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 their date of delivery and will bear interest at the rates set forth on the inside front cover and page ii of this Official Statement. The Bonds will mature on April 1 in the years set forth on the inside front cover and page ii, subject to prior redemption. The interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds is payable on each April 1 and October 1, commencing October 1, 2021 (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 D.

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 Appendices A and 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 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

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 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 Bonds and performing the other respective obligations of the paying agent and registrar.

Optional Redemption

2021A Bonds. The 2021A Bonds maturing on or after April 1, 2032, are subject to redemption at the option of the University, as a whole or in part on any date on or after April 1, 2031, at a Redemption Price equal to 100 percent of the principal amount thereof, plus interest accrued to the date fixed for redemption.

2021B Bonds. The 2021B Bonds maturing on or after April 1, 3032, are subject to redemption at the option of the University, as a whole or in part on any date on or after April 1, 2031, at a Redemption Price equal to 100 percent of the principal amount thereof, plus interest accrued to the date fixed for redemption.

At the option of the University the 2021B Bonds also are subject to redemption as a whole or in part on any date prior to April 1, 2031, at the Redemption Price described below (the "Make-Whole Redemption Price"). The Make-Whole Redemption Price for the 2021B Bonds is equal to the greater of (1) 100 percent of the principal amount of the 2021B Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal of and interest on the 2021B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2021B Bonds are to be redeemed, discounted to the date on which the 2021B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus the "Applicable Spread" defined below; plus, in each case, accrued interest on the 2021B Bonds to be redeemed to the date on which the 2021B Bonds are to be redeemed.

"Applicable Spread" means, (i) with respect to the 2021B Bonds maturing April 1, 2022 through and including April 1, 2027 and April 1, 2029, 5 basis points; (ii) with respect to the 2021B Bonds maturing April 1, 2028 and April 1, 2030 through and including April 1, 2033, 10 basis points; and (iii) with respect to the 2021B Bonds maturing April 1, 2034 through and including April 1, 2042, 15 basis points.

"Treasury Rate" means, with respect to any Redemption Date for a particular 2021B Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, truncated to the fifth decimal, assuming that the Comparable Treasury Issue is purchased on such Redemption Date for a price equal to the Comparable Treasury Price. "Comparable Treasury Issue" means, with respect to any Redemption Date for a particular 2021B Bond, the United States Treasury security or securities that has an actual or interpolated maturity comparable to the remaining average life of such 2021B Bond, as determined by an investment banking firm or financial advisory firm retained by the University, that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of such 2021B Bond. "Comparable Treasury Price" means, with respect to any Redemption Date for a particular 2021B Bond, the price of the Comparable Treasury Issue, as determined by an investment banking firm or financial advisory firm retained by the University.

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 less than all the Outstanding 2021A Bonds within a maturity are to be redeemed, the 2021A 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 2021A Bonds are no longer in book-entry only form, the 2021A Bonds shall be selected randomly by the Registrar. If the University redeems at any one time fewer than all of the 2021B Bonds having the same maturity date, the particular 2021B Bonds or portions of 2021B Bonds of such maturity to be redeemed shall be selected on a *pro rata* pass-through distribution of principal basis.

Notice of Redemption. For so long as the book entry-only system is in effect, 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, except as otherwise described in "CONTINUING DISCLOSURE UNDERTAKING." 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. 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 may be conditional, in which case the conditions shall be set forth therein.

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.

Mandatory Sinking Fund Redemption

2021A Bonds. The 2021A Bonds maturing on April 1, 2046, 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 April 1 in the years and amounts as follows:

2021A Term Bonds due April 1, 2046

Year	Amount
2042	$ 2,535,000
2043	2,065,000
2044	2,170,000
2045	2,275,000
2046*	2,390,000

* Maturity

The 2021A Bonds maturing on April 1, 2051, 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 April 1 in the years and amounts as follows:

2021A Term Bonds due April 1, 2051

Year	Amount
2047	$ 2,510,000
2048	2,610,000
2049	2,715,000
2050	2,820,000
2051*	2,935,000

* Maturity

If the University redeems the Term Bonds under the optional redemption provisions described above or purchases or defeases 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 the Term Bonds in accordance with the then effective operational arrangements of DTC referred to in the Letter of Representations, with the Bonds being redeemed in the scheduled redemption amounts to be selected by the University, the 2021A Bonds will be selected randomly within each scheduled redemption amount and the 2021B Bonds shall be selected on a pro rata basis within each scheduled redemption amount. In the event the Bonds are no longer in book-entry only form, the Bonds shall be redeemed in the scheduled redemption amounts to be selected by the University, the 2021A Bonds shall be selected randomly within each scheduled redemption amount and the 2021B Bonds shall be selected on a pro rata basis within each scheduled redemption amount.

***2021B Bonds**.* The 2021B Bonds maturing on April 1, 2042, 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 April 1 in the years and amounts as follows:

2021B Term Bonds due April 1, 2042

Year	Amount
2037	$ 1,695,000
2038	1,740,000
2039	1,785,000
2040	1,835,000
2041	40,880,000
2042*	39,950,000

* Maturity

If the University redeems the 2021B 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 on a *pro rata* pass-through distribution of principal basis 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 *pro rata* 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 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.

If the University defeases any 2021B Bonds, such 2021B Bonds may be deemed retired and "reissued" for federal income tax purposes as a result of the defeasance. In such event, the Owner of a 2021B Bond would recognize a gain or loss on the 2021B Bond at the time of defeasance. See "CERTAIN INCOME TAX CONSEQUENCES RELATING TO THE 2021B BONDS."

SOURCES AND USES OF BOND PROCEEDS

Use of Proceeds

2021A Bonds. The proceeds from the sale of the 2021A Bonds are to be applied to (a) pay costs of University projects, or to refinance commercial paper issued originally to finance costs of University projects (including without limitation Destination: One (formerly known as Clinical Transformation), Kincaid Hall, and the Childbirth Center at UW Medical Center Northwest campus (also known as Northwest Hospital Childbirth Center); (b) refund all of the University's outstanding General Revenue and Refunding Bonds, 2010A (the "2010A Bonds") on a tax-exempt basis for debt service savings; and (c) pay a portion of the costs of issuance.

2021B Bonds. The proceeds from the sale of the 2021B Bonds will be used to (a) pay costs of University projects, or to refinance commercial paper issued originally to finance costs of University projects (including without limitation Destination: One); (b) refund all of the University's outstanding General Revenue and Refunding Bonds, 2012A (the "2012A Bonds" and together with the 2010A Bonds, the "Refunded Bonds") on a taxable basis for debt service savings; and (c) pay a portion of the costs of issuance.

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Plan of Refunding

A portion of the proceeds of the 2021A Bonds will be used to currently refund, on a tax-exempt basis, all of the outstanding 2010A Bonds and (b) a portion of the proceeds of the 2021B Bonds will be used to advance refund, on a taxable basis, all of the outstanding 2012A Bonds. Information on the Refunded Bonds, is as follows:

Table 1: Refunded Bonds

General Revenue and Refunding Bonds, 2010A

Maturity (October 1)	Amount	Rate (%)	Expected Redemption Date	Redemption Price (%)	CUSIP No.
2021	$ 1,050,000	5.00	March 5, 2021	100	91523NGC4
2022	510,000	4.00	March 5, 2021	100	91523NGD2
2023	530,000	4.00	March 5, 2021	100	91523NGE0
2024	550,000	4.00	March 5, 2021	100	91523NGF7
2025	570,000	4.00	March 5, 2021	100	91523NGG5
2031[1]	1,150,000	5.00	March 5, 2021	100	91523NGH3
2031[1]	2,830,000	4.00	March 5, 2021	100	91523NGK6

General Revenue and Refunding Bonds, 2012A

Maturity (July 1)	Amount	Rate (%)	Redemption Date	Redemption Price (%)	CUSIP No.
2021	$ 8,095,000	5.00	N/A	N/A	91523NJR8
2022	8,505,000	5.00	July 1, 2022	100	91523NJS6
2023	8,950,000	5.00	July 1, 2022	100	91523NJT4
2024	9,405,000	5.00	July 1, 2022	100	91523NJU1
2025	9,885,000	5.00	July 1, 2022	100	91523NJV9
2026	10,400,000	5.00	July 1, 2022	100	91523NJW7
2027	10,925,000	5.00	July 1, 2022	100	91523NJX5
2028	11,490,000	5.00	July 1, 2022	100	91523NJY3
2029	11,225,000	5.00	July 1, 2022	100	91523NJZ0
2030	10,495,000	5.00	July 1, 2022	100	91523NKA3
2031	11,030,000	5.00	July 1, 2022	100	91523NKB1
2032	11,600,000	5.00	July 1, 2022	100	91523NKC9
2033	9,890,000	5.00	July 1, 2022	100	91523NKD7
2034	10,400,000	5.00	July 1, 2022	100	91523NKE5
2041[1]	80,000,000	5.00	July 1, 2022	100	91523NKF2

(1) Term Bond

The University will deposit a portion of the proceeds of the Bonds on their date of delivery, together with cash, if any, to be contributed from accounts held in connection with the Refunded Bonds, to be escrowed to the redemption date for the Refunded Bonds at which time the Refunded Bonds will be redeemed at a price of par plus accrued interest to the date of redemption. To fund the escrow, 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 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:

(a) interest on the Refunded Bonds when due, up to and including the redemption date; and

(b) 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.

Verification of Mathematical Calculations

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	**2021A Bonds**	**2021B Bonds**	**Total**
Par Amount	$ 77,435,000.00	$ 249,335,000.00	$ 326,770,000.00
Original Issue Premium	23,483,620.50	--	23,483,620.50
Cash Contribution	132,440.00	--	132,440.00
Total Sources of Funds(1)	$ 101,051,060.50	$ 249,335,000.00	$ 350,386,060.50
Uses of Funds			
Project Fund Deposit(2)	$ 93,421,321.41	$ 10,000,000.00	$ 103,421,321.41
Escrow Deposit	7,322,441.00	238,354,279.15	245,676,720.15
Issuance Costs(3)	307,298.09	980,720.85	1,288,018.94
Total Uses of Funds(1)	$ 101,051,060.50	$ 249,335,000.00	$ 350,386,060.50

(1) Totals may not foot due to rounding.

(2) A portion of the amount deposited to the Project Fund is to be used to pay $25 million of the University's outstanding General Revenue Notes (Commercial Paper).

(3) Issuance costs include Underwriters' discount, legal fees, Escrow Agent fees, Financial Advisor fees, rating agency fees, Verification Agent fees, additional proceeds, 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, 2021 (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 11 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, certify that for the preceding two Fiscal Years for which audited financial statements are available, the item or auxiliary maintained a "coverage ratio" defined in the Resolution of at least 125 percent. 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.

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 account defined in and in accordance with RCW 28B.20.700 through 28B.20.740 (the "Building Fee Revenue Bond Statute"). The Building Fee Revenue Bond Statute 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. Through Fiscal Year 2025, the University currently expects to borrow approximately $95 million for non-refunding purposes each year; the amount for a particular year 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"). Additional projects 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, in each case if approved by the Board of Regents. In August 2020, the University established two revolving lines of credit (the "Revolving Lines of Credit") sized at $100 million each to provide additional liquidity should it be needed. To date, there have been no draws on either of the Revolving Lines of Credit. The University may issue additional bonds for refunding purposes.

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. No Commercial Paper Note may be issued under the resolution having 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 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.

(3) *Lines of Credit*. The University has entered into the following three 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 June 30, 2023, and provides funding for the University's FAST loan program.

(ii) Revolving Line of Credit under the Revolving Loan Agreement with Washington Federal Bank, National Association d/b/a WaFd Bank, payable from General Revenues. The Revolving Loan Agreement is in the principal amount of not to exceed $100 million, and provides liquidity for University purposes, during a term through August 1, 2023.

(iii) Revolving Line of Credit under the Revolving Credit Agreement with U.S. Bank National Association, payable from General Revenues. The Revolving Credit Agreement is in the principal amount of not to exceed $100 million, and provides liquidity for University purposes, during a term through August 1, 2022.

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 2 summarizes outstanding debt obligations by type.

Table 2: Outstanding Obligations
(as of February 2, 2021)
(dollars in thousands)

	Total
Obligations Payable from General Revenues	
General Revenue Bonds[1]	$ 1,897,135
Leases (supporting Lease Revenue Bonds)	312,425
Reimbursed Bonds and Certificates of Participation	61,965
Commercial Paper Notes[2]	25,000
Equipment (Capital) Leases	4,141
Other[4]	29,900
Total Obligations[3][4]	$ 2,330,565

(1) Excludes the Bonds and undrawn amounts on the revolving lines of credit. Includes the Refunded Bonds and the General Revenue Refunding Bonds, 2020C (Delayed Delivery Bonds)(the "2020C Bonds"), issued on February 9, 2021, but excludes the General Revenue and Refunding Bonds, 2011A (the "2011A Bonds"), that were refunded with the proceeds of the 2020C Bonds.
(2) The $25 million of outstanding Commercial Paper Notes is expected to be paid at maturity from proceeds of the Bonds.
(3) Includes amounts drawn on the FAST Non-Revolving Line of Credit.
(4) Totals may not foot due to rounding.
Source: The University.

Additional detail on the Commercial Paper Notes is shown in Table 3:

Table 3: Unused Commercial Paper Authorization
(as of February 2, 2021)
(dollars in thousands)

	Total
Maximum Amount Authorized	$ 250,000
Less: Amount Outstanding[1]	(25,000)
Unused Commercial Paper Authorization	$ 225,000

(1) The University expects to pay at maturity the $25 million of outstanding Commercial Paper Notes from proceeds of the Bonds. The University expects to issue approximately $25 million in Commercial Paper Notes in first quarter calendar year 2021 for costs of the Finance Transformation project.
Source: The University.

Estimated General Revenue Debt Service Schedule

Table 4 provides the debt service requirements for the Bonds and the outstanding General Revenue Bonds. Table 4 also provides debt service requirements for lease and other contractual obligations payable from General Revenues. Table 4 excludes debt service on Commercial Paper Notes.

Table 4: University of Washington General Revenue Bonds Debt Service Schedule[1]

Fiscal Year Ending 6/30	Outstanding General Revenue Bonds	The Bonds		Total General Revenue Bonds	Leases and Other Obligations Paid from General Revenues[2]	Total General Revenue Debt Service[3]
		Principal	Interest			
2022	$ 121,804,449	$ 2,030,000	$ 8,601,623	$ 132,436,072	$ 52,920,640	$ 185,356,712
2023	118,337,331	2,485,000	7,997,714	128,820,045	50,789,074	179,609,119
2024	118,293,381	2,760,000	7,980,449	129,033,830	45,733,979	174,767,809
2025	118,158,683	15,525,000	7,946,690	141,630,373	41,595,050	183,225,423
2026	117,996,318	17,530,000	7,831,100	143,357,418	35,892,696	179,250,114
2027	118,260,536	17,735,000	7,633,103	143,628,639	35,297,670	178,926,309
2028	113,358,805	18,020,000	7,343,302	138,722,107	31,855,246	170,577,353
2029	113,046,473	18,350,000	7,011,789	138,408,262	27,179,592	165,587,854
2030	111,039,150	15,875,000	6,643,084	133,557,234	25,451,753	159,008,987
2031	108,242,411	16,975,000	6,283,834	131,501,245	22,829,240	154,330,485
2032	106,778,583	17,365,000	5,895,196	130,038,779	22,559,583	152,598,362
2033	100,566,743	17,035,000	5,480,612	123,082,355	21,821,447	144,903,802
2034	98,785,741	15,190,000	5,076,308	119,052,049	19,792,538	138,844,587
2035	98,740,658	15,575,000	4,693,799	119,009,457	17,889,239	136,898,696
2036	142,700,281	1,660,000	4,321,788	148,682,069	17,789,062	166,471,131
2037	106,958,688	5,320,000	4,286,529	116,565,217	17,692,319	134,257,536
2038	107,513,101	5,510,000	4,097,154	117,120,255	17,582,584	134,702,839
2039	106,559,469	5,705,000	3,900,801	116,165,270	11,513,919	127,679,189
2040	122,957,427	5,950,000	3,658,070	132,565,497	11,398,385	143,963,882
2041	67,160,798	45,200,000	3,404,279	115,765,077	11,280,581	127,045,658
2042	69,287,459	42,485,000	2,161,241	113,933,700	11,152,404	125,086,104
2043	110,413,862	2,065,000	988,600	113,467,462	11,018,566	124,486,028
2044	108,095,137	2,170,000	885,350	111,150,487	5,170,600	116,321,087
2045	33,908,355	2,275,000	776,850	36,960,205	5,170,600	42,130,805
2046	32,095,844	2,390,000	663,100	35,148,944	5,168,800	40,317,744
2047	24,516,063	2,510,000	543,600	27,569,663	5,170,000	32,739,663
2048	113,790,500	2,610,000	443,200	116,843,700	5,168,800	122,012,500
2049	2,408,750	2,715,000	338,800	5,462,550	-	5,462,550
2050	2,404,500	2,820,000	230,200	5,454,700	-	5,454,700
2051	-	2,935,000	117,400	3,052,400	-	3,052,400
Total[4]	**$ 2,714,179,496**	**$326,770,000**	**$127,235,564**	**$3,168,185,060**	**$ 586,884,367**	**$ 3,755,069,427**

(1) Does not include debt service on Commercial Paper Notes. Includes all General Revenue Bonds, including those that are also Building Fee Revenue Bonds. Excludes the Refunded Bonds. For the General Revenue Bonds, 2019A (term rate put bonds subject to mandatory purchase on May 1, 2022), assumes 5.00% stated coupon rate through the mandatory redemption date, and then assumes a rate of 4.50% through final maturity, although the University has the right to redeem these bonds prior to final maturity. Includes the 2020C Bonds that closed on February 9, 2021, but excludes the 2011A Bonds that were refunded with the proceeds of the 2020C Bonds.

(2) Includes leases and other contractual obligations payable from General Revenues, including lease obligations with respect to lease revenue bonds, a note, lines of credit (amount drawn as of February 2, 2021), and Reimbursed Bonds and Certificates of Participation.

(3) Includes $100,000,000 of Term Rate Bonds subject to mandatory purchase on May 1, 2022. The University expects to refund these bonds on or before the mandatory purchase date and may amortize principal periodically.

(4) Totals may not foot due to rounding.

Source: The University.

COVID-19 PANDEMIC

Overview

COVID-19 is a global pandemic that has been declared a national and public health emergency for the United States and a state of emergency for Washington State. As mandated by the Governor, UW Medicine cancelled non-urgent and elective procedures starting on March 19, 2020 and ending May 19, 2020. In addition, many outpatient visits were cancelled or moved to telehealth visits. On March 23, 2020, the Governor issued a statewide "Stay Home, Stay Healthy" proclamation, requiring individuals to stay home except for essential activities, banning social and other gatherings, and closing all businesses with certain exceptions for essential businesses. Since May 31, 2020, the State has been following a phased "Safe Start" re-opening plan, supplemented by a Campus Reopening Guide for colleges and universities.* On November 15, 2020, the Governor announced a four-week statewide set of additional restrictions (limiting indoor social gatherings, closing indoor dine-in service at restaurants and bars, and imposing other restrictions) in response to the recent rapid spread of the COVID-19 virus in the State and across the country. On December 8, 2020, the Governor extended the order, which continues to be subject to change.

Operations

On March 6, 2020, the University moved to remote instruction in response to COVID-19, and has continued remote instruction in accordance with the Safe Start plan and Campus Reopening Guide. More than 90 percent of class sections on the Seattle campus currently are held online. Instruction is expected to remain largely online through spring quarter, although the University is planning for on-campus instruction in the fall. Campuses may move to other phases of the Safe Start plan based on the course of the coronavirus outbreak and the State's plan. It is possible that a campus will need to move back to a more stringent phase if there is a resurgence of infections. Further revisions to the University's plans also could occur if State or local governments introduce other health measures. The University is coordinating closely with county public health agencies and the Washington State Department of Health on its response, including contingency planning, and will continue to do so.

Following the shift to online instruction, many students opted to discontinue living on campus, which together with mandates from directives by the Governor significantly impacted University residential and retail operations. Currently, Housing & Food Services ("HFS") is providing student housing and food service with COVID-19 mitigation measures aligned with the Safe Start plan and Campus Reopening Guide. Mitigation measures include limiting dorm rooms to two students, making single rooms available on request, establishing isolation housing programs to address positive test results, and adjusting food service operations. Autumn quarter occupancy as of October 2020 in nine- and 12-month housing totaled 3,459 and 510 of a total University Environmental Health & Safety-approved capacity plan of 8,623 beds. Occupancy is expected to follow historical attrition trends from quarter to quarter. HFS has adjusted its scale of operations to match the reduced demand for on-campus housing and food services for Fiscal Year 2021. This includes reduced staffing levels, temporarily closing three residential facilities, and suspending operations at many retail food operations across campus.

Operations in the University Athletics' program continue to evolve. The NCAA spring sport cancellation in March 2020 extended through early July. Fall sports teams returned to begin preparing for competition in July; however, a few weeks later Pac-12 Presidents and Chancellors voted to delay the start of athletics activities until after January 1, 2021. Roughly a month later, Pac-12 Presidents and Chancellors voted to play a truncated fall football season and begin basketball competitions in November 2020, driven primarily by a conference-wide partnership with Quidel, which provides daily, rapid-response antigen testing to student athletes participating in 'high risk' training activities (i.e. football and basketball). The Pac-12 also approved flexibility for schools to schedule non-conference opponents in some circumstances. The Pac-12 Presidents and Chancellors also voted that no fans would be allowed at events prior to January 1, 2021 and recently extended this ban indefinitely.

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* Available at https://www.governor.wa.gov/sites/default/files/SafeStartPhasedReopening.pdf. The Campus Reopening Guide for colleges and universities is available at https://www.governor.wa.gov/sites/default/files/2020.06.23%20Campus%20Reopening%20Guide%20FINAL.pdf?utm_medium=email&utm_source=govdelivery. Neither of these websites is incorporated into this Official Statement.

As described under the headings "UW MEDICINE," UW Medicine includes a number of University and affiliated entities. As further described under the heading "RECENT DEVELOPMENTS AND OTHER UNIVERSITY INFORMATION—Patient Services Operating Results," these entities, specifically including UW Medicine clinical operations, were affected by the approximately two-month suspension of non-urgent and elective surgeries as well as the cancellation of many outpatient visits. See "—COVID-19 Related Revenue Impacts." Since the resumption of non-urgent and elective surgeries UW Medicine experienced increased volumes, in part as the result of a backlog of postponed surgeries during the suspension. Volumes continue to move toward historic levels over the first five months of Fiscal Year 2021. In December 2020, UW Medicine began implementation of surge plans that includes postponement of certain types of procedures in order to preserve bed capacity and staffing to serve the rising COVID-19 population.

Enrollment

For the autumn 2020 entering freshman class, the University projected fairly flat enrollment for in-state students, and a decline in out-of-state student numbers, hypothesizing that COVID-19 uncertainty may have an impact on out-of-state, including international, enrollments. As of winter quarter, the University is on target for about a 2.1 percent increase in tuition-based revenue from the undergraduate group (though much of this increase comes from better than anticipated enrollments based on conservative estimates rather than true growth). See "Table 10: Applications, Students and Enrollments." The University continues to monitor registration patterns for any large shifts in trends, particularly within programs and among international and other out-of-state student populations, as the effects of the COVID-19 pandemic on enrollment become clearer.

COVID-19 Related Revenue Impacts

The following provides information as of the date of this Official Statement regarding COVID-19 impacts on revenues that may materially affect the University's financial condition. Beginning in March 2020, the School of Medicine, colleges, branch campuses, auxiliaries and administrative business units that are not components of the UW Medicine Clinical Enterprise (the "Academy") implemented a budgeting process to estimate revenue losses as a direct or indirect result of COVID-19. For purposes of this process, business units were, and continue to be, asked to provide activity level estimates of revenue losses versus budget (Fiscal Year 2020 budget through June 30, 2020 and Fiscal Year 2021 budget through June 30, 2021, as applicable). Given the trajectory of the pandemic and its impact on the current business environment, it is unlikely that the revenue losses identified through this process are simply delays in revenue recognition, and rather should be considered lost revenue recognition opportunities. In total, the estimated revenue losses (excluding UW Medicine revenue losses, which are noted below) for the period of January 2020 through November 2020 self-reported by business units across the University's campuses are an estimated $118.3 million (unaudited), peaking at nearly $25 million in estimated revenue losses occurring in April 2020 concentrated in Housing and Food Services on the Seattle Campus, and steadily declining each month thereafter as business units altered revenue expectations in response to the change in operating conditions.

The University did not realize a significant decline in spring 2020 tuition revenue as compared to the pre-COVID-19 forecast. The University experienced a 31 percent favorable to budget variance in summer 2020 tuition revenue, and anticipates, with the information known as of Fall Quarter Census Day, meeting budget for Fiscal Year 2021 tuition revenue. See "—Enrollment."

UW Medicine's Clinical Enterprise, the portion of UW Medicine included in the University's financial statements, experienced a significant decrease in volumes and net patient service revenues attributed to the COVID-19 pandemic. UW Medicine estimates net revenue losses due to COVID-19 for the Clinical Enterprise of approximately $190 million for Fiscal Year 2020.

The COVID-19 pandemic has severely impacted State revenues. See "RECENT DEVELOPMENTS AND OTHER UNIVERSITY INFORMATION—State Appropriations and Tuition."

COVID-19 Related Expense Impacts

The following provides information as of the date of this Official Statement regarding COVID-19 impacts on expenses that may materially affect the University's financial condition. Beginning in March 2020 the University's Academy implemented a budgeting process, within its financial ledgers, to track incremental extraordinary expenditures incurred as a direct or indirect result of COVID-19. In summary, this activity has totaled $9.9 million through early November 2020, including $6.0 million for operations and $3.9 million for compensation expenditures. However, because existing staff work effort also shifted to address the requirements of operating in a largely remote setting, these incremental cost figures understate the amount of fiscal resources dedicated to both the direct and indirect impacts of COVID-19 on the University.

Responding to the COVID-19 pandemic has required significant additional resources to provide patient care. UW Medicine initially retained its Clinical Enterprise workforce to maintain capacity for a surge, despite shutting down many of the typical clinical operations. Across UW Medicine, hospitals also incurred increased staffing costs during certain times of the pandemic due to expanded overtime and additional personnel. Additionally, the need for personal protective equipment ("PPE") in order to protect employees and patients increased as did the unit prices for PPE supplies. In late May 2020, UW Medicine implemented furloughs in areas with decreased volumes and certain administrative functions in an effort to reduce labor costs in the short term. Capital spending reductions and delays, as well as executive pay cuts, were instituted. UW Medicine's hospitals have made significant adjustments to existing clinical space, for example, constructing new negative-pressure rooms and units for COVID-19 patients, in order to provide COVID-19 care.

Steps to Mitigate – External Funding & COVID-19 Cost Support

As a state agency, the University is eligible to request Federal Emergency Management Agency ("FEMA") Public Assistance funding in connection with COVID-19. The University applied for Public Assistance funding via FEMA's Expedited Funding channel, which provides 50 percent of the federal share of estimated eligible costs an applicant expects to incur during a defined period of time. In June 2020, the University received approximately $32 million from this program, which is currently recorded within the University's cash and investments. Of this amount, a portion is to be allocated to Valley Medical Center and Harborview Medical Center, and approximately $20.6 million is expected to be allocated to University expenses, primarily attributable to estimated eligible costs within UW Medicine in responding to COVID-19. UW Medicine is in the process of validating eligible expenses and as result, has not yet recognized any FEMA funding in its balance sheet or income statement.

While the University, like most other public institutions of higher education, has not been eligible for "revenue replacement" federal funding, several grants have been received on a cost reimbursable basis to assist with defraying portions of COVID-19 related expenditures. The State has granted the University, including UW Medicine, allotments of State funds (Washington State Disaster Recovery Account or "DRA"), federal pass-through funds (Coronavirus Relief Fund or "CRF") and Governors Emergency Education Relief Fund ("GEERF") to defray portions of COVID-19 related expenses. Table 5 summarizes the COVID-19 related grants and allocations received from FEMA, the Coronavirus, Aid, Relief and Economic Security ("CARES") Act or State allocations through the date noted below. Funds outlined in Table 5 have been awarded or allocated to the University by the State or applicable federal agency. Not all awards or allocations have been recognized as revenue pending confirmation that University expenditures meet complex grant requirements. Award documentation and substantiation is ongoing.

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Table 5: COVID-19 Grants and State Allocations

Funding Source	Awarded/ Allocated[1][2] ($ millions)	Recognized as Revenue[1][2] ($ millions)	Notes
FEMA Public Assistance Program	$20.6	$0	FEMA provides partial funding for costs related to emergency protective measures conducted as a result of the COVID-19 pandemic. Amount represents federal share of half of the total estimated eligible costs incurred between January 2020 and June 2020. Majority of this funding is associated with UW Medicine; however, UW Medicine is in the process of validating eligible expenses and has not yet recognized any FEMA funding within its balance sheet or income statement.
CARES Act - HEERF Student Aid	19.9	17.2	Required to be distributed as student aid.
CARES Act - Institutional Support	19.9	8.3	Allocated to support Housing and Food Services, increasing the capacity of Student Mental Health COVID-19 programs and to defray a portion of costs associated with academic and learning technologies.
CARES Act Provider Relief Fund	92.1	65.6	Hospitals may claim funding for COVID-19 preparedness as well as revenue losses due to the cancellation of non-urgent and elective procedures.
State Allocations – CRF and DRA	75.7	15.9	The State has provided emergency funding for the purposes of mitigating the spread through expanding COVID-19 testing and lab capacity. State funding includes FEMA matching funds, UW Medicine COVID-19 response, COVID-19 testing, exposure notification development and Health Sciences Schools academic support.
Total:	$228.2	$107.0	

(1) As of November 30, 2020.
(2) Excludes amounts awarded or allocated to University affiliates including Valley Medical Center and Harborview Medical Center.
Source: The University.

In addition to grant funding, the CARES Act provided certain payment deferrals and payment advances, as summarized in Table 6.

Table 6: COVID-19 Deferred Payments and Advances

Deferral or Advance	Amount[1][2] ($ millions)	Notes
Deferral of employer's share of social security taxes	$100.0	Deferred through December 31, 2020. Of these deferred payments, 50% must be paid by December 2021, with the remainder paid by December 2022.
Centers for Medicare and Medicaid Services ("CMS") Medicare Advanced Payment Program	125.5	Advance payments will be recovered by Medicare by offsetting paid claims until the full amount is recouped, beginning one year after the advance payment was issued. The University has up to 29 months from the date of the advance payment to repay the balance.
Total:	$225.5	

(1) As of November 30, 2020
(2) Excludes deferrals and advances to University affiliates including Valley Medical Center and Harborview Medical Center.
Source: The University.

Expenditure Controls & Budget Reduction

In response to local revenue losses and State revenue projections, the Academy has taken measures to mitigate the effects of COVID-19 on University revenues, including implementing a freeze on all non-essential hiring and leaving select vacant positions unfilled, requiring that all discretionary spending cease, requiring that all contracts be re-negotiated where feasible, directing units to prepare for and model reductions to budgets, and working with federal and State agencies to secure emergency funding for COVID-19 related revenue losses and extraordinary expenditures. The University has implemented certain voluntary and non-voluntary salary reductions and furloughs.

In September 2020 the University enacted a "Phase I" budget reduction within its core academic operating funds of approximately $33 million (roughly 2.2 percent of the Fiscal Year 2021 core academic operating budget) in response to economic uncertainties at the time, and has laid out a series of short-term planning scenarios for business units to model that are aligned with milestone events that may occur during Fiscal Year 2021, such as State action to reduce Fiscal Year 2021 appropriations and degradation of enrollment measured as of each quarter's census day.

See also "RECENT DEVELOPMENTS AND OTHER UNIVERSITY INFORMATION—Patient Services Operating Results" for information regarding UW Medicine financial impacts. Fiscal Year 2021 budget targets for UW Medicine were reduced and capital spending was curtailed to preserve cash and to maintain positive cash flow. UW Medicine's Fiscal Year 2021 budget does not anticipate significant COVID-19 impact to patient volumes. Instead, mitigation strategies have been put into place in the event that a future surge results in patient volumes impacts. UW Medicine management is monitoring surge indicators such as COVID-19 admissions, hospital occupancy, projections from UW Medicine's Institute for Health Metrics and Evaluations ("IHME"), declines in scheduled levels of surgical volumes, and levels of PPE on hand.

Liquidity

As noted under "INVESTMENTS," as of June 30, 2020, the University maintained operating fund ("IF") investments valued at $2.1 billion and total investment-related assets of $5.7 billion. Table 28 provides information as of September 30, 2020, regarding the daily and weekly liquidity provided by investments in the IF and the University demand deposit account. As noted in Table 28, these amounts include deferred payments and advances subject to repayment related to the CARES Act. Following the onset of COVID-19, the University prioritized liquidity, increased the allocation to more liquid investments, utilized the provision of the CARES Act to defer payment of the employer's share of Social Security taxes, and established the two Revolving Lines of Credit to provide additional sources of liquidity, each in the not-to-exceed principal amount of $100 million, and with terms through August 1, 2022 and August 1, 2023, respectively. See "UNIVERSITY DEBT AND ESTIMATED DEBT SERVICE—General Revenue Obligations." The Revolving Lines of Credit may be drawn upon, subject to conditions precedent and other line of credit agreement terms, to provide additional liquidity during their terms. To date, the University has not drawn on the Revolving Lines of Credit.

UW Medicine COVID-19 Leadership

In addition to responding to financial and operating impacts of the pandemic, UW Medicine is playing a central role in responding to COVID-19 in the region and more broadly, including COVID-19 testing, research and clinical care protocols. UW Medicine hospitals were the first in the region to develop drive-through testing sites for UW Medicine healthcare workers and currently are operating three to five testing sites serving patients, first responders, and homeless and other vulnerable populations. IHME is producing COVID-19 infection, recovery and death projections for every state in the country. These projections are widely used by hospitals, state and local governments and the federal government to guide public health decisions, to estimate needed medical resources and supplies, and to guide plans for recovery and future potential surges.

The UW Medicine Department of Laboratory Medicine and Pathology ("DLMP") provides COVID-19 PCR testing and currently has capacity to perform 17,500 tests per day while maintaining turnaround times that are essential to supporting clinical efforts and to reducing transmission rates in the State. To date, DLMP has performed 1,700,000 COVID-19 PCR tests. DLMP has performed approximately 40 percent of all tests in the State.

UW Medicine clinicians are translating research into clinical practice, using COVID-19 learnings to create policies and best practices to address the pandemic. These clinical guidelines are made publicly available and have been widely used by other hospitals across the country. As an example, UW Medicine published research establishing that symptom-based screening may not sufficiently identify infections in independent and assisted living facility residents. Based on these findings, UW Medicine clinicians created protocols to more effectively screen and segregate residents, improving outcomes and preventing hospitalizations. UW Medicine also works closely with the Centers for Disease Control and Prevention (the "CDC") and other public health agencies to assist with patient triage, testing and infection prevention in nursing homes and other high risk settings. In December 2020, UW Medicine began distribution of the COVID-19 vaccines to its healthcare workers and community providers.

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.

Financial support is received by the University 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 7 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 7 shows General Revenues of the University for Fiscal Years 2016 through 2020, calculated first by subtracting exclusions from Total Revenue and then by adding the specific components that comprise General Revenues. As of January 1, 2020, UW Medicine/Northwest (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. See "UW MEDICINE—UW Medicine Entities with Revenues Included in General Revenues—UW Medical Center" for a discussion of the integration of UW Medical Center and Northwest into one hospital with two campuses, as of January 1, 2020. As noted in this Official Statement, the historical results for periods occurring prior to the COVID-19 pandemic speak only as of their dates and for the periods shown, and may not be indicative of future results or performance due to a variety of factors.

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Table 7: General Revenues[1]
(Fiscal Years, dollars in thousands)

General Revenue (Exclusions from Total Revenue)	**2016**	**2017**	**2018**	**2019**	**2020**
Total Revenue[2]	$5,024,269	$6,106,922	$6,425,908	$6,634,277	$6,787,465
Less:					
State operating appropriations	(302,097)	(341,971)	(362,267)	(378,656)	(415,030)[10]
Grant and contract direct costs	(1,093,865)	(1,147,694)	(1,196,554)	(1,207,662)	(1,267,351)
Gifts[3]	(115,000)	(166,491)	(166,721)	(165,831)	(219,542)
Revenues of component units[4]	(276,946)	(636,200)	(705,687)	(676,205)	(513,740)
Student activities fees and U-Pass fees	(43,134)	(44,816)	(44,907)	(46,652)	(43,177)
Student technology fees, Building Fees, student loan funds	(79,066)	(72,008)	(74,728)	(78,553)	(81,563)
Trust and endowment income, net unrealized gains on noninvested funds investments, Metro Tract net operating income, component unit investment income, and other restricted investment income	19,050	(416,327)	(368,191)	(274,178)	(113,816)
State capital appropriations	(39,221)	(64,166)	(26,399)	(24,797)	(23,098)
Capital grants, gifts and other	(21,645)	(52,897)	(142,573)	(44,260)	(179,089)
Other nonoperating revenues/expenses	(13,133)	(12,963)	(4,749)	(8,365)	(114,118)[7]
Gifts to permanent endowments	(88,267)	(85,449)	(95,890)	(135,484)	(65,425)
Total General Revenues	$2,970,945	$3,065,940	$3,237,242	$3,593,634	$3,751,516
General Revenue (by Component)					
Student tuition and operating fees	$837,677	$836,837	$882,236	$939,245	$941,040
Grant and contract indirect costs	248,276	257,706	263,865	269,649	275,991
Invested funds distributions and net invested funds unrealized gains and losses	63,927	27,056	36,221	65,700	94,177
Sales and services of educational departments[5]	224,747	217,421	242,886	260,176	283,159
Patient services[6]	1,210,271	1,319,393	1,331,023	1,475,975	1,582,321[8]
Auxiliary systems	337,726	355,734	383,503	466,231	401,331
Other operating revenues[9]	48,321	51,793	97,508	116,658	173,497
Total General Revenues	$2,970,945	$3,065,940	$3,237,242	$3,593,634	$3,751,516

(1) See accompanying notes to Audited Financials: Reconciliation of Total University Revenue to General Revenue, June 30, 2020 (in Appendix B).

(2) "Total Revenue" includes certain net non-operating revenues and other revenues. See "UNIVERSITY REVENUE AND EXPENSES—University Revenues." Total Revenue in 2016 excludes revenues from Northwest. Northwest revenues are included in total revenues in Fiscal Years 2017-2019 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.

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

(4) Revenues of component units include UW Physicians and UW Neighborhood Clinics and, in Fiscal Years 2017-2019 and for the first six months of Fiscal Year 2020, Northwest revenues. See "UW MEDICINE."

(5) 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.

(6) Excludes revenue from Northwest, UW Physicians and UW Neighborhood Clinics. Beginning January 1, 2020, UW Medical Center Northwest campus are included in patient services revenues within General Revenues for the University.

(7) Includes $65 million of CARES Act - Provider Relief Funds, $18 million of CARES Act - HEERF Student Aid, and $4 million of CARES Act - Institutional Support.

(8) Includes UW Medical Center Northwest campus as of January 1, 2020.

(9) Includes pharmacy sales, services sold to Harborview Medical Center (e.g., lab and pathology), and revenue from Harborview Medical Center.

(10) Includes an $8 million emergency allocation from the State, primarily to expand COVID-19 testing capacity.

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 8 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 Postemployment Benefits other than Pensions ("GASB 75"), which was implemented in Fiscal Year 2018).

Table 8: General Net Position - General Revenues
(Fiscal Years, dollars in thousands)

General Net Position	**2016**	**2017**	**2018**	**2019**	**2020**
General net position (per audit)	$568,824	$315,982	($1,343,629)	($1,061,438)	($872,291)
Plus: Impact of 2015 GASB 68 -- Pensions[(1)]	769,615[(2)]	761,658[(2)]	706,142	584,284	456,362
Plus: Impact of 2018 GASB 75 -- OPEB[(3)]	-	-	1,763,597	1,817,162	1,853,385
Adjusted General Net Position	$1,338,439[(2)]	$1,077,640[(2)]	$1,126,110	$1,340,008	$1,437,456

(1) 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.

(2) Unaudited.

(3) 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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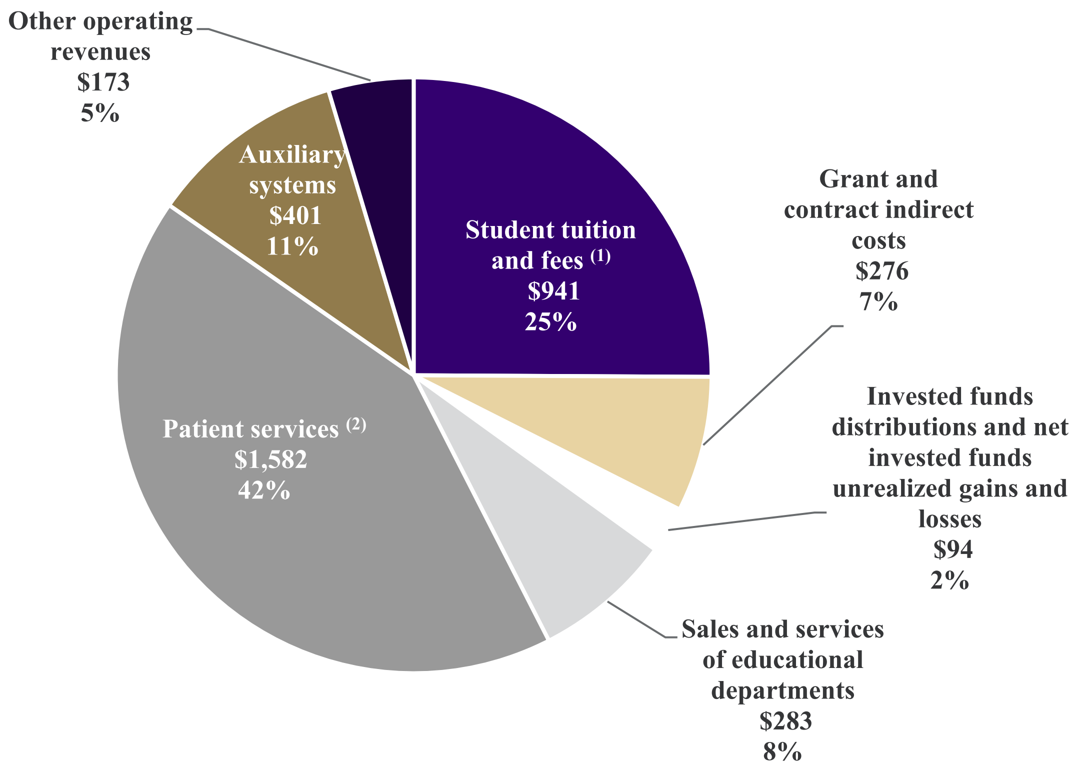
General Revenue Components

Figure 1 shows the General Revenue components for Fiscal Year 2020.

Figure 1: General Revenue Components, Fiscal Year 2020
(dollars in millions, total $3,752)



(1) Does not include student activities fees, technology fees, building fees, and loan funds.
(2) Excludes revenue from Northwest through January 1, 2020 as well as activities of UW, UW Physicians and UW Neighborhood Clinics.

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, 2020).

The following describes the largest components of General Revenues, which include patient services, student tuition and fees, auxiliary systems, sales and services of educational departments, and grant and contract indirect costs. The historical results for periods occurring prior to the COVID-19 pandemic speak only as of their dates and for the periods shown, and may not be indicative of future results or performance due to a variety of factors. See "COVID-19 PANDEMIC."

Patient Services

Patient services are the largest component of General Revenues, representing 42 percent of General Revenues in Fiscal Year 2020. 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 9 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 financial statements. Table 9 also identifies the entities that are part of the UW Medicine Clinical Enterprise—UW Division (the "Clinical Enterprise"), which includes University divisions, departments and blended component units that generate patient services revenues. As of January 1, 2020, UW Medicine/Northwest was integrated into UW Medical Center. For Fiscal Year 2020, Northwest activity is reported as Northwest for the six months ended December 31, 2019; thereafter Northwest activity is included within UW Medical Center figures.

Table 9: UW Medicine Entities

Entity	Included in General Revenues Pledged to Bonds?	Included in Clinical Enterprise (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
UW Neighborhood Clinics(4)	No	Yes	Blended component unit
UW Physicians(5)	No	Yes	Blended component unit
Valley Medical Center	No	No	Discrete component unit
Harborview Medical Center	No	No	No

(1) Includes six months of the UW Medical Center Northwest campus, as Northwest was integrated into UW Medical Center on 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 dba UW Neighborhood Clinics.
(5) The Association of University Physicians dba UW Physicians.
Source: The University.

Student Tuition and Fees

Student tuition and fees are the second largest component of General Revenues, representing 25 percent of General Revenues in Fiscal Year 2020. 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. 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.

Future increases in resident undergraduate tuition are limited to annual increases of no more than the rolling average annual percentage growth rate in the median hourly wage for Washington for the previous 14 years. Accordingly, resident undergraduate tuition increases were limited to just over two percent in each of the 2019-2020 and 2020–2021 academic years. The University raised resident undergraduate tuition by the full allowable amount (2.4 percent for 2019-2020 and 2.5 percent for 2020-2021). Non-resident tuition increased by 4.4 percent in 2019-2020 and 2.5 percent in 2020-2021. Similarly, most graduate and professional tuition categories increased by 2.4 percent in 2019-2020 and 2.5 percent in 2020-2021 with other graduate program rates increasing by 0-10 percent in each year. 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.

Auxiliary Systems

Auxiliary systems revenues are the third largest component of General Revenues, representing 11 percent of General Revenues in Fiscal Year 2020. Auxiliary systems include housing and food services, athletic programs and other auxiliary enterprises. Auxiliary systems revenues have been affected by the shift to online instruction, as many students opted to discontinue living on campus and athletics and other auxiliary services were curtailed. See "COVID-19 PANDEMIC."

Sales and Services of Educational Departments

Sales and services of educational departments represent the fourth largest component of General Revenues, representing eight percent of General Revenues in Fiscal Year 2020. These revenues largely consist of Laboratory Medicine sales, School of Dentistry sales and Computing and Communication fees for various services.

Grants and Contract Indirect Costs

Indirect costs from grants and contracts are the fifth largest component of General Revenues, representing seven percent of General Revenues in Fiscal Year 2020. Grants and contracts fund a wide variety of research and training programs at the University. In 2016, the University negotiated an increase to the indirect cost/facilities rate, also known as the administrative cost ("F&A") rate. Through Fiscal Year 2021, federal research activities will continue to see phased-in F&A increases of 1.0 percent to 2.5 percent over the F&A rates effective in Fiscal Year 2016. The Fiscal Year 2021 rate is 55.5 percent for on campus, organized research.

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 "RECENT DEVELOPMENTS AND 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 2020 and 2019, see "APPENDIX B—AUDITED FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTAL INFORMATION OF THE UNIVERSITY (FISCAL YEAR ENDED JUNE 30, 2020)."

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 2020, approximately 106,000 people studied and worked in approximately 27.2 million square feet of University-owned facilities. Of these people, approximately 56 percent were students and 44 percent were staff and faculty. With approximately 47,000 full-time and part-time employees at the University's Autumn 2020 census, the University is one of the largest employers in King County and the State.

The University provides baccalaureate, masters, doctoral and professional degree programs through 16 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 648 degree options across 319 programs. In the 2019-2020 academic year, the University awarded 17,908 degrees, including 11,508 bachelor degrees, 4,957 master's degrees, 845 doctoral degrees and 598 professional degrees.

Governance

The University is governed by a 10-member Board of Regents, which includes one student of the University. Regents are appointed by the Governor of the State with the consent of the State Senate, and, except for the student member, hold their offices for six-year terms or until their successors are appointed and qualified, whichever is later. The student member of the Board of Regents serves a one-year term from July 1 to June 30 of the following year, or until his or her successor is appointed and qualified, whichever is later.

The Board of Regents consists of the following individuals:

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

Blaine Tamaki, Vice Chair (Founder and Attorney, Tamaki Law).

William S. Ayer, Member (Retired Chairman and Former Chief Executive Officer, Alaska Air Group).

Joel Benoliel, Member (Retired Senior Vice President and Chief Legal Officer, Costco Wholesale Corporation).

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

Joanne R. Harrell, Member (Senior Director for U.S. Citizenship and Public Affairs, Microsoft Corporation).

Libby G. MacPhee, Member (Managing Partner, Seattle Family Support, LLC).

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

Kristina Pogosian, Student Member (Student at the University of Washington, Tacoma).

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. Dr. Cauce is the 33rd president of the University, where she has been a member of the faculty since 1986. 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. As president, and throughout her tenure, 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 people in Washington and throughout the world. Dr. Cauce earned degrees in English and psychology from the University of Miami and a Ph.D. in psychology, with a concentration in child clinical and community psychology, from Yale University. She has received honorary degrees from the University of Miami and Tsinghua University.

Dr. Mark Richards, Provost and Executive Vice President for Academic Affairs. Dr. Richards joined the University as Provost and Executive Vice President for Academic Affairs on July 1, 2018. A geophysicist, Dr. Richards also holds a faculty appointment in the College of the Environment's Department of Earth and Space Sciences. As Provost, he is the University's chief academic and budget officer. Dr. Richards came to the University from the University of California, Berkeley, where he was a professor of Earth and Planetary Science. While at Berkeley, he served as dean of mathematical and physical sciences, and simultaneously as executive dean of the College of Letters and Science. For his work on racial, ethnic, and gender diversity in the STEM fields, Dr. Richards received Berkeley's two highest awards for promoting equity and inclusion. After receiving his bachelor's degree in engineering from the University of Texas at Austin, Dr. Richards earned his master's in applied physics and a Ph.D. in geophysics from Caltech, followed by a postdoc at the Australian National University. He served on the faculties of the University of Oregon and, in 1993, at the University.

Brian McCartan, Vice President for Finance. Mr. McCartan is Vice President for Finance, overseeing the central finance functions of the University, including Controller, Treasury, and Enterprise Business Services divisions. In addition, Mr. McCartan leads the Finance Transformation Program to replace the University's legacy financial systems. 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.

Dr. Paul G. Ramsey, CEO, UW Medicine, Executive Vice President for Medical Affairs and Dean of the School of Medicine. Dr. Ramsey has served as the senior executive leader of UW Medicine since 1997. He came to the University in 1978, following completion of his residency training in Internal Medicine at Massachusetts General Hospital. He served as acting chair and then chair of the Department of Medicine from 1990 to 1997, when he was appointed to his current administrative leadership position. Dr. Ramsey was the first holder of the Robert G. Petersdorf Endowed Chair in Medicine in 1995. He has received the Distinguished Teacher Award from the UW School of Medicine's graduating class three times (in 1984, 1986 and 1987) and the Margaret Anderson Award, which recognizes exceptional support of medical students, from the UW School of Medicine graduating class of 1989. Dr. Ramsey's research has focused on the development of methods to assess physicians' clinical competence. He has been the Principal Investigator on multiple research grants related to assessment of physicians' clinical skills, and served as a Henry J. Kaiser Family Foundation Faculty Scholar in General Internal Medicine for five years. Dr. Ramsey received the John P. Hubbard award from the National Board of Medical Examiners in 1990 in recognition of his research contributions in the field of evaluation. He has served on many national committees, including serving as an elected member of the Association of American Physicians and the National Academy of Medicine (previously known as the Institute of Medicine), and is a member of multiple organizations. Dr. Ramsey graduated from Harvard College with honors in Biochemistry and received his M.D. from Harvard Medical School.

Accreditation

The University has been continuously accredited by the Northwest Commission on Colleges and Universities ("NWCCU"), its regional higher education authority, since 1918, and is a member of the Association of American Universities. NWCCU adheres to a seven-year accreditation cycle. The NWCCU reaccredited the University in its last evaluation, held October 2013, accepted the University's mid-cycle report in the spring of 2017, and is scheduled to conduct its next comprehensive evaluation in the spring of 2021.

ADMISSIONS, STUDENT ENROLLMENT AND FACULTY

Tables 10 through 14 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 2016–2020. The autumn quarter of the calendar year corresponds with a different Fiscal 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 2020, 76 percent of undergraduate students were located at the Seattle campus, 13 percent at Bothell and 11 percent at Tacoma, based on headcount. The Bothell and Tacoma campuses consist primarily of undergraduate students. For the 2019-2020 and 2020-2021 academic years, approximately 64 percent and 65 percent of undergraduate, graduate and professional FTEs were in-State residents, and approximately 16 percent and 14 percent were international students. As noted in this Official Statement, the historical results for periods occurring prior to the COVID-19 pandemic speak only as of their dates and for the periods shown, and may not be indicative of future results or performance due to a variety of factors. See "COVID-19 PANDEMIC."

Table 10: Applications, Students and Enrollments[1]

Undergraduate	Autumn Quarter				
Freshmen	**2016**	**2017**	**2018**	**2019**	**2020**
Applied	48,471	50,007	50,965	51,847	49,921
Accepted	23,776	25,017	26,490	28,506	29,851
Percent Accepted to Applied	49%	50%	52%	55%	60%
Enrolled	7,802	8,158	8,571	8,465	8,606
Percent Enrolled to Accepted	33%	33%	32%	30%	29%
Transfers	**2016**	**2017**	**2018**	**2019**	**2020**
Applied	9,619	9,718	9,123	8,728	8,349
Accepted	5,164	4,974	5,041	4,779	4,925
Percent Accepted to Applied	54%	51%	55%	55%	59%
Enrolled	3,207	3,218	3,264	3,034	3,169
Percent Enrolled to Accepted	62%	65%	65%	63%	64%
Undergraduate FTE[2]	**2016**	**2017**	**2018**	**2019**	**2020**
Bothell	4,804	5,026	5,060	5,046	5,346
Seattle	29,873	30,295	31,004	30,901	31,202
Tacoma	3,996	4,204	4,291	4,363	4,337
Total All Campuses	38,673	39,525	40,355	40,310	40,885
Undergraduate Headcount	**2016**	**2017**	**2018**	**2019**	**2020**
Bothell	5,113	5,370	5,411	5,364	5,664
Seattle	31,418	31,843	32,594	32,570	32,827
Tacoma	4,301	4,457	4,573	4,610	4,578
Total All Campuses	40,832	41,670	42,578	42,544	43,069
Additional Enrollment Statistics	**2016**	**2017**	**2018**	**2019**	**2020**
Percent of Undergraduates Outside State—Domestic[3]	13%	13%	14%	14%	14%
Percent of Undergraduates Outside State—International[3]	13%	13%	13%	13%	12%
Percent Retention (Freshmen to Sophomore)	92%	92%	92%	92%	91%
Mean GPA	3.70	3.71	3.73	3.74	3.72
Median GPA	3.79	3.80	3.81	3.83	3.81
Percent of Class Reporting GPA Data	100%	100%	100%	100%	100%
Mean Combined SAT Score	1200	1263	1293	1289	1282
Median Combined SAT Scores	1220	1290	1320	1320	1310
Percent of Class Reporting SAT Data	78%	76%	76%	81%	80%

(1) Unless otherwise noted, all figures include Seattle, Bothell and Tacoma campuses.
(2) Full-time equivalent ("FTE") 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.
(3) Based on headcount.

Source: The University.

Table 10: Applications, Students and Enrollments[1] (Continued)

	Autumn Quarter				
Graduate	**2016**	**2017**	**2018**	**2019**	**2020**
Applied	32,562	34,150	34,421	32,328	33,413
Accepted	9,703	10,700	11,153	10,731	11,316
Percent Accepted to Applied	30%	31%	32%	33%	34%
Enrolled	4,693	4,605	4,656	4,772	4,990
Percent Enrolled to Accepted	48%	43%	42%	44%	44%
Graduate FTE	14,401	14,652	15,170	15,244	15,830
Graduate Headcount	13,896	14,059	14,498	14,628	15,148
Professional[2]	**2016**	**2017**	**2018**	**2019**	**2020**
Applied	12,791	12,218	12,859	11,537	10,594
Accepted	1,226	1,335	1,371	1,305	1,376
Percent Accepted to Applied	10%	11%	11%	11%	13%
Enrolled	595	604	616	601	614
Percent Enrolled to Accepted	49%	45%	45%	46%	45%
Total Professional FTE	3,900	3,978	3,980	4,105	4,114
Total Professional Headcount	2,081	2,126	2,176	2,209	2,201

[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 11: Extension Course and Conference Registrations

2016	2017	2018	2019	2020
78,426	82,949	79,503	81,361	90,714

Source: The University.

Table 12: Tuition and Fees[1]

	Autumn Quarter				
	2016	**2017**	**2018**	**2019**	**2020**
Undergraduate Resident	$ 10,752	$ 10,974	$ 11,207	$ 11,465	$ 11,659
Undergraduate Non-Resident	34,791	35,538	36,558	38,166	39,028
Graduate Resident	16,653	16,272	16,590	16,977	17,308
Graduate Non-Resident	28,896	28,320	28,881	29,562	30,208
Professional School Resident[2]	29,577-46,875	30,297-48,255	31,482-48,270	32,712-48,285	33,565-48,220
Professional School Non-Resident[2]	44,112-71,703	44,979-73,827	47,190-73,842	48,588-73,857	50,185-73,792

[1] Includes Seattle, Bothell and Tacoma campuses.
[2] Figures shown represent the range from lowest to highest among these professional schools.
Source: The University.

Table 13: University FTEs[1]

	Autumn Quarter				
	2016	**2017**	**2018**	**2019**	**2020**
Undergraduate	38,673	39,525	40,355	40,310	40,885
Graduate	14,401	14,652	15,170	15,244	15,830
Professional[2]	3,900	3,978	3,980	4,105	4,114
Total University FTE	56,974	58,155	59,505	59,659	60,829

(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 14: University Headcount[1]

	Autumn Quarter				
	2016	**2017**	**2018**	**2019**	**2020**
Undergraduate	40,832	41,670	42,578	42,544	43,069
Graduate	13,896	14,059	14,498	14,628	15,148
Professional[2]	2,081	2,126	2,176	2,209	2,201
Total University Headcount	56,809	57,855	59,252	59,381	60,418

(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 15 and 16 show available selected faculty and student housing and dining data for autumn quarter since 2016.

Table 15: Faculty Data[1]

	Autumn Quarter				
	2016	**2017**	**2018**	**2019**	**2020[2]**
Number of Faculty	4,707	4,380	4,369	4,864	--
Tenure Rate (%)	36%	33%	35%	43%	--

(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 2020 faculty data is not yet available.
Source: The University.

Table 16: Student Housing and Dining Data[(1)]

	Autumn Quarter				
	2016	**2017**	**2018**	**2019**	**2020[(5)]**
Room and Board[(2)]	$11,036	$11,251	$11,925	$12,554	$13,361
Autumn Opening Occupancy[(3)]	7,024	7,294	8,365	8,491	3,459
Occupancy[(4)]	113%	118%	109%	111%	45%

(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, See "COVID-19 PANDEMIC."

Source: The University.

UNIVERSITY REVENUE AND EXPENSES

The following section provides more 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 also is 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."

University Revenues

University Total Revenue by Source. The University's Total Revenues increased by 2.3 percent in Fiscal Year 2020, totaling $6.8 billion. Table 17 and Figure 2 show total University revenues by type of revenue source (including Northwest revenues in Fiscal Years 2017-2019 and through the first six months of Fiscal Year 2020).

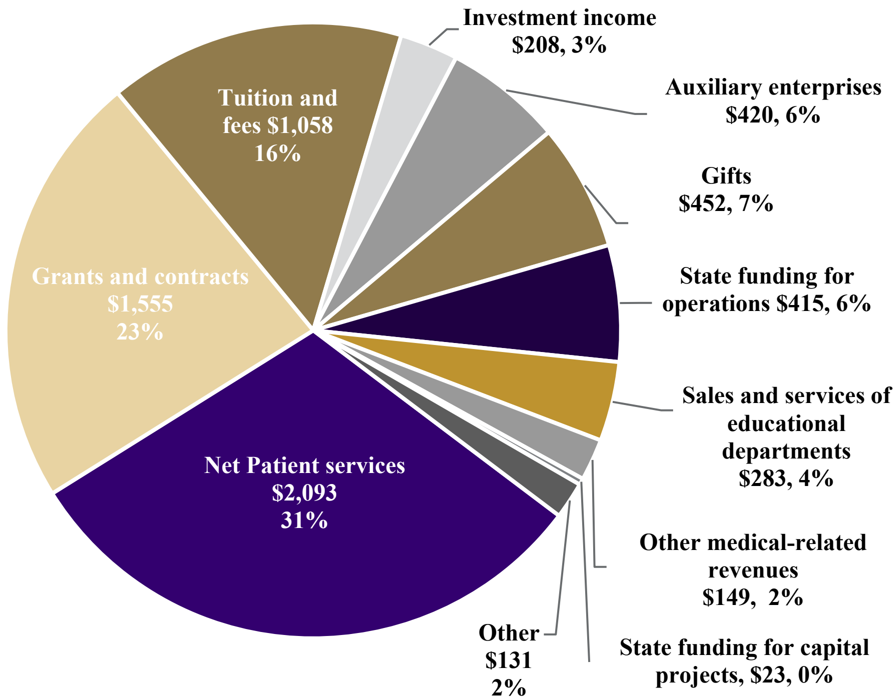
Table 17: University Total Revenue
(Fiscal Years, dollars in millions)

	2016	**2017**	**2018**	**2019**	**2020**
Net Patient services	$1,788	$1,869	$2,008	$2,136	$2,093
Grants and contracts	1,347	1,422	1,468	1,492	1,555
Tuition and fees	949	942	990	1,052	1,058
Investment income	44	442	404	340	208
Auxiliary enterprises	349	374	403	483	420
Gifts	221	289	398	331	452
State funding for operations	302	342	362	379	415[(1)]
Sales and services of educational departments	223	217	243	260	283
Other medical-related revenues	51	64	104	120	149
State funding for capital projects	39	64	26	25	23
Other	87	80	20	16	131[(2)]
Total revenue – all sources	$5,400	$6,105	$6,426	$6,634	$6,787

(1) Includes an $8 million emergency allocation from the State, primarily to expand COVID-19 testing capacity.
(2) Includes $65 million of CARES ACT - Provider Relief Funds, $18 million of CARES Act - HEERF Student Aid, and $4 million of CARES Act - Institutional Support.

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

Figure 2: University Total Revenue by Source, Fiscal Year 2020
(dollars in millions, total $6,787)



Source: Figure 2 is derived from data in the Management's Discussion and Analysis, Audited Financial Statements of the University for Fiscal Year 2020.

University Expenses

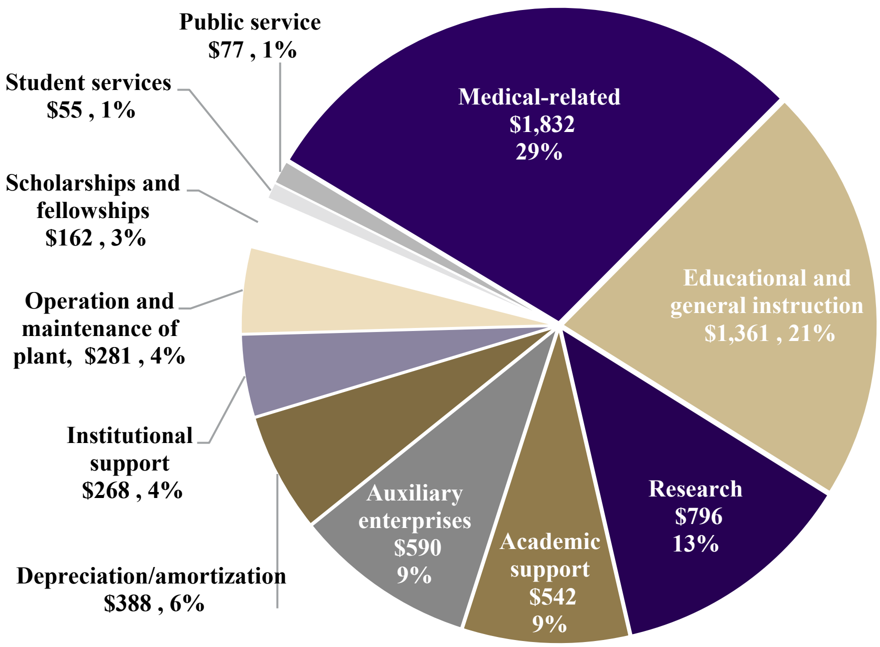
Operating Expenses. The University's operating expenses increased 4.7 percent in Fiscal Year 2020, due primarily to increased salary and benefit costs and purchased services (which increased by $70 million due to costs associated with information technology and management consulting, as well as contract medical personnel). Table 18 and Figure 3 show University operating expenses by functional expenditure (including Northwest expenses in 2017–2019 and through the first six months of Fiscal Year 2020).

Table 18: University Operating Expenses
(Fiscal Years, dollars in millions)

	2016	2017	2018	2019	2020
Medical-related	$1,580	$1,658	$1,712	$1,776	$1,832
Educational and general instruction	1,172	1,204	1,268	1,320	1,361
Research	751	768	785	749	796
Academic support	398	507	512	540	542
Auxiliary enterprises (other than medical)	422	495	495	554	590
Depreciation/amortization	342	363	384	372	388
Institutional support	267	240	251	226	268
Operation and maintenance of plant	239	206	201	252	281
Scholarships and fellowships	156	137	149	155	162
Student services	47	49	53	54	55
Public service	39	39	49	66	77
Total operating expenses	$5,413	$5,666	$5,859	$6,064	$6,352

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

Figure 3: University Operating Expenses by Use, Fiscal Year 2020
(dollars in millions, total $6,352)



Source: Figure 3 is derived from data in the Audited Financial Statements of the University for Fiscal Year 2020.

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.

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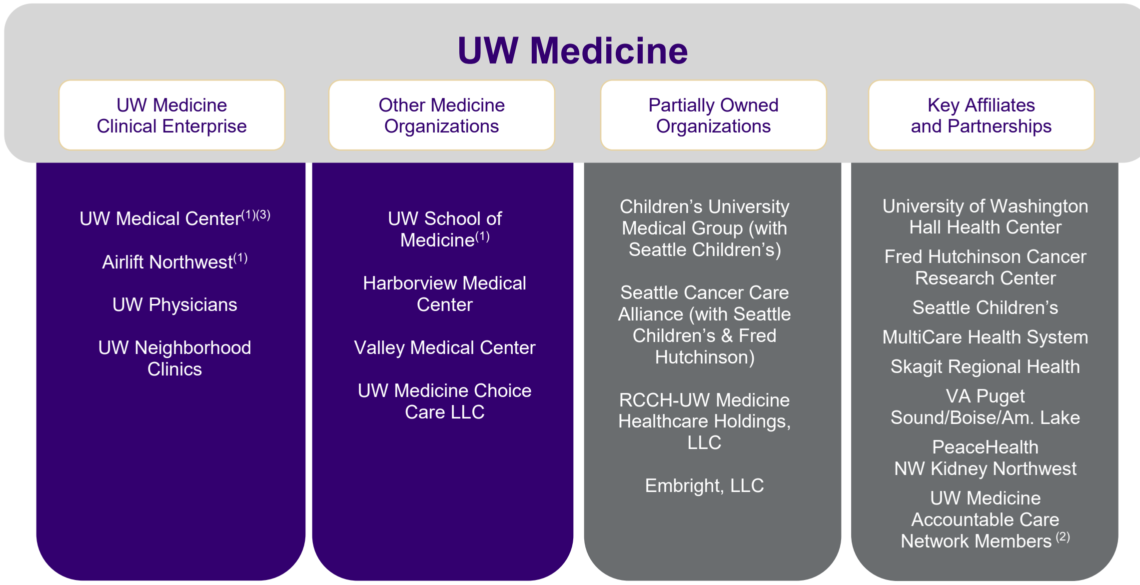
Figure 4: UW Medicine Entities
(as of January 1, 2021)



(1) Revenues included in General Revenues.
(2) Includes Capital Medical Center, Island Hospital & Clinics, MultiCare Connected Care, PeaceHealth, Eastside Health Network, Seattle Cancer Care Alliance, Seattle Children's Hospital and Skagit Regional Health.
(3) Includes UW Medical Center's Montlake and Northwest campuses (Northwest campus is included in UW Medical Center commencing January 1, 2020).
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 Clinical Enterprise. The Clinical Enterprise includes University divisions, departments and blended component units that generate patient services revenues. See "Table 9: 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 that are financially, clinically and administratively integrated.

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. The revenues, expenses, assets and liabilities of UW Medical Center Montlake campus are included in the University's financial statements.

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. Following integration, Northwest revenues are included in General Revenues. Specifically, for Fiscal Year 2020, Northwest activity is reported as Northwest for the six months ended December 31, 2019; thereafter Northwest activity is included within UW Medical Center figures.

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 2019 awards. Physician faculty members of the UW School of Medicine staff UW Medical Center, Harborview and UW Neighborhood Clinics, as well as the Puget Sound Veterans Affairs Health Care System, Seattle Cancer Care Alliance ("SCCA") 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 Clinical Enterprise

Together with UW Medical Center, Airlift Northwest, and shared services, the following University departments, divisions and blended component units constitute the Clinical Enterprise components of UW Medicine. The Clinical Enterprises are operationally integrated to provide patient care, and a portion of patient services revenues are included in General Revenues as noted above.

UW Physicians. UW Physicians is the physician practice group for approximately 2,400 physicians and other healthcare professionals associated with UW Medicine. UW Physicians provides primary and specialty care totaling more than one 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 Neighborhood Clinics. UW Neighborhood Clinics 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 Neighborhood Clinics 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 Neighborhood Clinics is presented as a blended component unit of the University in the University's financial statements.

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 413 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 the County of $1.7 billion in bonds to finance renovation and expansion projects at Harborview. The bonds will be paid from an excess property tax approved by County voters and are not an obligation of the University.

Valley Medical Center. Valley is a 321-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. Valley continues to be included as a discretely presented component unit of the University following implementation of GASB Statement No. 80, Blending Requirements for Certain Component Units effective as of Fiscal Year 2017.

Patient Activity Statistics

Table 19 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 campus, UW Medical Center Northwest campus, the other UW Medicine hospitals (Harborview and Valley) and other entities. As shown in "Table 9: 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." As noted in this Official Statement, the historical results for periods occurring prior to the COVID-19 pandemic speak only as of their dates and for the periods shown, and may not be indicative of future results or performance due to a variety of factors. See "COVID-19 PANDEMIC."

Table 19: UW Medical Center, Clinical Enterprise and UW Medicine Patient Activity Statistics
(Fiscal Years)

	2016	2017	2018	2019	2020[1]
UW Medical Center (included in General Revenues and a component of the Clinical Enterprise)					
Admissions	18,362	18,964	19,350	18,948	22,177[3]
Outpatient Visits	320,037	341,014	353,718	364,006	327,103[3]
Emergency Visits	26,555	27,730	28,279	28,765	40,497[3]
Northwest (a component of the Clinical Enterprise and, commencing January 1, 2020, included in UW Medical Center and in General Revenues)					
Admissions	10,060	9,945	9,935	9,767	4,821[2][3]
Outpatient Visits	197,132	174,257	169,370	166,707	81,664[2][3]
Emergency Visits	35,068	34,150	33,651	32,587	16,398[2][3]
Clinical Enterprise (includes UW Medical Center and other Clinical Enterprise entities)					
Admissions	28,422	28,909	29,285	28,715	26,998
Outpatient Visits	817,968	853,445	895,501	904,017	776,743
Emergency Visits	61,623	61,880	61,930	61,352	56,895
UW Medicine (excludes UW School of Medicine)					
Admissions	62,909	64,220	64,410	63,059	59,251
Outpatient Visits	1,570,217	1,641,203	1,782,435	1,832,555	1,633,592
Emergency Visits	204,466	204,634	204,544	202,202	187,789

(1) Patient volumes in Fiscal Year 2020 reflect the effects of COVID-19 and the related public health measures, most significantly the temporary suspension of elective and non-urgent procedures. See "COVID-19 PANDEMIC."
(2) Represents six months of statistics for the period July 1, 2019 through December 31, 2019.
(3) Commencing January 1, 2020, patient activity statistics reported under UW Medical Center includes UW Medical Center Montlake and Northwest campuses.
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.

Seattle Cancer Care Alliance. SCCA is a joint venture of UW Medicine, Seattle Children's Hospital and Fred Hutchinson Cancer Research Center. SCCA integrates the cancer research, teaching and clinical cancer programs of all three institutions to provide cancer care. Each member of SCCA has a one-third interest. The University accounts for its share of the joint venture under the equity method of accounting.

Children's University Medical Group. Children's University Medical Group ("CUMG") is a joint venture of UW Medicine and Seattle Children's Hospital established to assist the organizations in carrying out their pediatric patient care, charitable, educational and scientific missions. CUMG employs UW School of Medicine faculty physicians, 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 effective December 31, 2008.

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. RCCH operates and manages these facilities and UW Medicine provides clinical 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 45.5 percent in Embright.

Strategic Initiatives

During the Fiscal Year 2019 Washington State legislative session, UW Medicine was awarded new funding to expand Behavioral Health Services. Specifically, the State awarded $33.3 million for the planning and design work necessary to build a Behavioral Health Teaching Facility at UW Medical Center, which will be located on the UW Medical Center Northwest campus. Planning work is currently underway to design the facility using the initial capital funding appropriation in order to seek the second phase of capital funding of $192.0 million during the Fiscal Year 2021 legislative session.

In July 2018, the Board of Regents granted approval to proceed with the UW Medicine clinical transformation project, which is being called "Destination: One". This multi-year project is intended to allow UW Medicine to improve patient engagement, to enhance physician and practitioner experience and is expected to achieve business and operating efficiencies through development of foundational systems and improved staffing workflows. Patient engagement will be enhanced through development of a single online patient portal for activities between the patient and UW Medicine. UW Medicine seeks to achieve business and operating efficiencies through simplification and standardization across operations and information technology, to improve revenue cycles and to optimize resource utilization. Total project costs are estimated at $180 million, of which $129 million is expected to be financed by the University. The remaining portion is expected to be funded with equity contributions from Harborview, UW Medical Center, and the Seattle Cancer Care Alliance. The project began in November 2018 and is scheduled to be fully implemented in March 2021.

In November 2018, the Board of Regents granted approval to proceed with the Childbirth Center at UW Medical Center Northwest campus. The project will renovate approximately 23,000 square feet of existing space in three adjoining wings (including one that is not part of the current Childbirth Center) plus approximately 1,600 square feet of new space to house a new C-section suite. The project cost is approximately $30.6 million. The first phase of the project opened on December 9, 2020, which added 3,000 square feet of new space to the Childbirth Center. The second phase is expected to open in August 2021, with the third phase to be completed in spring 2022.

RECENT DEVELOPMENTS AND OTHER UNIVERSITY INFORMATION

Patient Services Operating Results. In response to the COVID-19 pandemic, UW Medicine, including the Clinical Enterprise, cancelled or postponed all non-urgent and elective procedures starting March 19, 2020 and ending on May 19, 2020 in response to the Governor's proclamations. The cancellation of procedures from mid-March to mid-May had a significant impact on volumes and revenues in Fiscal Years 2020 and 2021. During this time, the Clinical Enterprise's expenses remained close to historic levels due to the need to retain nearly full staffing despite reduced volumes and additional costs including PPE. UW Medicine's pandemic response plan continues to evolve. Management has taken steps to mitigate operational and financial losses at the Clinical Enterprise such as capital spending reductions or delays, executive pay cuts, and the implementation of furloughs in areas with decreased volumes and certain administrative functions with the goal of reducing labor costs in the short term. In addition, the Clinical Enterprise received CARES Act funding to aid in the recovery of lost revenues and advances under the Medicare Advanced Payment Program (MAPP) to aid liquidity. See "COVID-19 PANDEMIC."

The Clinical Enterprise total margin for Fiscal Year 2020 declined from Fiscal Year 2019 as shown in Table 21. The Clinical Enterprise did not achieve its planned total margin target of 0.3 percent. For Fiscal Year 2021, the Clinical Enterprise budgeted for a margin of 0.2 percent. UW Medical Center's Fiscal Year 2020 margin was primarily due to recognition of $58.9 million in CARES Act funds, strong performance by the contract pharmacies and positive year-end actuarial adjustments for pension and post-retirement obligations. In addition, Fiscal Year 2020 results reflected achievement of targeted volume-adjusted labor expense levels at UW Medical Center. Margins were unfavorable at UW Medical Center Northwest campus for a variety of reasons, including lower than anticipated inpatient and outpatient volumes, timing and expense differences in the planned transition of several professional practices to UW Physicians and other transition expenses. See "Table 21: UW Medical Center, Clinical Enterprise, and UW Medicine Financial Information."

On November 9, 2017, the Board of Regents approved UW Medicine's Financial Improvement and Transformation plan ("Project FIT"), a three-year plan designed to improve financial stability and position UW Medicine, including the Clinical Enterprise, for the future. Specifically, the plan was intended to improve margins over the three-year period so that, by Fiscal Year 2020, balance sheet and cash levels would strengthen. UW Medicine was making progress toward Project FIT goals overall through February 2020, however, the COVID-19 pandemic required UW Medicine leadership to reprioritize strategic priorities and delay or reduce capital investments where possible, and the Board of Regents extended the implementation of the FIT Plan. For Fiscal Year 2021, Project FIT will continue to focus on key initiatives, including increasing revenues through the growth of clinical services, reducing costs through a number of initiatives related to labor, productivity, supply pricing and utilization as well as prioritizing investment in infrastructure. It is anticipated that the Board of Regents will review Project FIT in June 2021 and reevaluate extending Project FIT for a yet-to-be-determined period of time. Table 20 shows the Project FIT targets for the Clinical Enterprise and the actual total margins achieved. Project FIT targets are adjusted during the annual budget process. Overall, UW Medicine on a combined basis (excluding the UW School of Medicine) was at Project FIT targets for Fiscal Year 2020. Achieving this margin target was driven primarily by the recognition of $126.6 million in CARES Act funds and positive year-end actuarial adjustments for pension and post-retirement obligations, which offset lost revenue due to the cancellation of procedures. Patient services revenues included in General Revenues were $1.58 billion in Fiscal Year 2020. See "Table 7: General Revenues" and "Table 9: UW Medicine Entities."

Table 20: Clinical Enterprise
Project FIT Targets and Actual Margins
(Fiscal Years, dollars in thousands)

	2016	2017	2018	2019	2020
Project FIT Target	N/A	N/A	(0.4%)	0.7%	0.3%
Actual Margin	N/A	N/A	(2.0%)	1.5%	(0.3%)

Source: The University.

Table 21: UW Medical Center, Clinical Enterprise,
and UW Medicine Financial Information
(Fiscal Years, dollars in thousands)

	2016	2017	2018[1]	2019[1]	2020[1][2]
UW Medical Center (included in General Revenues and a component of the Clinical Enterprise)					
Total Margin[3]	(2.5%)	(3.7%)	(1.3%)	5.3%	2.2%
Operating Margin	(0.2%)	(4.0%)[4]	(1.7%)	4.6%	(3.4%)
Total Operating Revenue	$1,135,626	$1,182,856	$1,260,010	$1,412,923	$1,554,822
Net Income	$(27,679)	$(44,323)	$(16,645)	$75,304	$35,796
Northwest (a component of the Clinical Enterprise and, commencing January 1, 2020, included in UW Medical Center and General Revenues)					
Total Margin[3]	(1.2%)	(7.2%)	(5.6%)	(10.5%)	(18.5%)
Operating Margin	(6.0%)	(9.9%)	(7.7%)	(12.2%)	(21.2%)
Total Operating Revenue	$372,751	$358,700	$370,770	$374,908	$178,471
Net Income	$(4,511)	$(26,314)	$(21,010)	$(39,993)	$(33,751)
Clinical Enterprise (includes UW Medical Center and other Clinical Enterprise entities)[5]					
Total Margin[3]	(1.6%)	(3.4%)	(2.0%)	1.5%	(0.3%)
Operating Margin	(2.9%)	(4.2%)	(3.0%)	0.4%	(4.8%)
Total Operating Revenue	$1,898,148	$1,968,019	$2,082,793	$2,281,751	$2,239,499
Net Income	$(31,144)	$(67,505)	$(41,976)	$33,687	$(6,915)
UW Medicine Combined[2][5][6] (excludes UW School of Medicine)					
Total Margin[3]	(0.1%)	(2.2%)	(0.2%)	1.6%	0.6%
Operating Margin	(0.8%)	(2.7%)[4]	(1.3%)	0.7%	(3.6%)
Total Operating Revenue	$3,561,102	$3,752,120	$3,954,585	$4,287,263	$4,278,081
Net Income	$(4,807)	$(84,502)	$(8,692)	$71,063	$25,846

(1) Includes net pension and post retirement obligations income/(expense) of ($2,893,000) in 2018 and $30,724,000 in 2019 and $34,429,000 in 2020 for UW Medical Center and ($5,779,000) in 2018 and $34,136,000 in 2019 and $36,209,000 in 2020 for the Clinical Enterprise.

(2) Reflects revenue and expenditure impacts of COVID-19, including recognition of federal and state funding. See "COVID-19 PANDEMIC—Steps to Mitigate—External Funding & COVID-19 Cost Support."

(3) Total margin or excess margin is a ratio that defines the percentage of total revenue that has been realized in the form of net income (income before capital contributions and other transfers) and is a common measure of total hospital profitability.

(4) $32 million of primary care funding for Neighborhood Clinics was reclassified from non-operating to operating expense. Prior to the reclassification, UW Medical Center operating margin would have been (1.35) percent.

(5) See "Table 9: UW Medicine Entities."

(6) UW Medicine combined financial statements are unaudited.

Source: The University.

Grant and Contract Revenues; Grant Awards. Grant and contract revenues accounted for 22.9 percent of University Total Revenue in Fiscal Year 2020. In Fiscal Year 2020 federal and non-federal grant and contract awards were $1.63 billion, which represented a 3.3 percent increase from Fiscal Year 2019. See also "Table 5: COVID-19 Grants and State Allocations" for information regarding COVID-19 related grants.

Federal grants and contracts increased by 0.6 percent in Fiscal Year 2020. Awards decreased from some of the largest federal sponsors including the Department of Health and Human Services (2.1 percent decrease) and the National Science Foundation (six percent decrease), but those decreases were offset by increases from other federal sponsors including the Departments of Defense, Agriculture, and Homeland Security. Non-federal grant and contract funding increased by 12.5 percent in Fiscal Year 2020. This increase was driven by a 69 percent increase from industry sponsors due in large part to clinical trials that began at the University. Although these awards occurred in Fiscal Year 2020, the project period may vary. The University does not expect this level of awards to be received regularly.

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 22 shows the University's grant and contract awards for Fiscal Years 2016 through 2020.

Table 22: Grant and Contract Awards
(Fiscal Years, dollars in millions)

By Source	2016	2017	2018	2019	2020
Federal Grants and Contracts	$992	$1,033	$1,035	$1,224	$1,231[1]
Non-Federal Grants and Contracts	373	595[2]	316	355	400
Total[3]	$1,365	$1,628	$1,351	$1,579	$1,631

School/College[4]	2016	2017	2018	2019	2020
Medicine[5]	$715	$1,003[2]	$632	$784	$792
Environment	99	93	121	111	124
Engineering	104	97	125	136	147
Arts and Sciences	97	106	98	124	107
Public Health	116	119	134	181	143
Other	234	210	241	243	318[1]
Total[3]	$1,365	$1,628	$1,351	$1,579	$1,631

(1) Includes $32 million of FEMA funding.
(2) Includes a $279 million 10-year grant from the Bill and Melinda Gates Foundation.
(3) Totals subject to change pursuant to negotiations with sponsors after Fiscal Year end. Total does not include external financial aid grants to undergraduates.
(4) Purpose is determined by the unit that provides award administration and is subject to change due to reorganization. In 2018, Health Sciences schools were consolidated into "Other."
(5) Refers to the UW School of Medicine.
Source: The University.

State Appropriations and Tuition. State appropriations and tuition combined accounted for 22.0 percent of University Total Revenue in Fiscal Year 2020, or 6.5 percent and 15.5 percent respectively. 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.

State appropriations accounted for approximately 6.5 percent of the University's Total Revenue in Fiscal Year 2020. 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. Table 23 shows University expenditures of State operating and capital appropriations to the University in Fiscal Years 2016 through 2020.

Table 23: Expenditures of State Appropriations to the University by Type
(Fiscal Years, dollars in millions)

	2016	2017	2018	2019	2020
Operating Appropriations	$302	$342	$362	$379	$415
Capital Appropriations[1]	39	64	26	25	23
Total Appropriations[2]	$341	$406	$389	$404	$438

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

In recent biennia, growth in State tax collections and new revenue have largely been consumed by court-mandated increases to K-12 education funding (*McCleary v. Washington*). As part of the Legislature's 2019-2021 compromise budget package, which was passed during the 2019 legislative session and is effective for Fiscal Years 2020 and 2021, the Legislature approved House Bill 2158, known as the Workforce Education Investment Act. This act created a dedicated source of funding for higher education through an increase to Business and Occupation (B&O) taxes on professional services. Due in large part to targeted investments in foundational support and STEM enrollments included in HB 2158, the University's Fiscal Year 2020 general operating appropriation from the State represented a significant increase over the previous year's appropriation. The University also received new appropriations for compensation, medical education, hospital and dental clinic safety net support, and targeted research investments. These investments are largely consistent with what the University requested from the State.

Following the 2020 legislative session, the State was scheduled to pass a supplemental budget amending the 2019-2021 biennial budget which provided modest additional increases to some programs. However, due to projected decreases in tax revenue as a result of the COVID-19 pandemic, many of these provisos were vetoed by the Governor.

Since then, the COVID-19 pandemic has severely impacted State revenues. The June 2020 revenue forecast projected a nearly $9 billion deficit over the 2019-2021 and 2021-2023 biennia. As a result of this projected deficit, the University was asked to provide to the State Office of Financial Management a response to an exercise modeling a 15 percent reduction to State operating appropriations to the institution. The September 2020 revenue forecast updated projections in a positive direction, reducing the projected revenue deficit to $4.5 billion over the 2019-2021 and 2021-2023 biennia, $2.4 billion of which was attributed to the 2019-2021 biennium. The November revenue forecast continued this positive trajectory, however, the Near General Fund-State revenue projection remains $1.8 billion lower than the February 2020 forecast for the 2019-2021 biennium, and $1.8 billion lower for the 2021-2023 biennium.

Governor Inslee used these November forecast revenue estimates when crafting his proposed 2021-2023 biennial operating budget, released in mid-December. The proposals would provide $60 million in additional funding to offset COVID-19 response expenses to UW Medicine in Fiscal Year 2021, and would provide $55 million on an ongoing basis starting in Fiscal Year 2022 to fund safety net activities. The proposal also would fund all of the University's capital requests of the State, and several other University priority initiatives. However, while the proposal did not include any across-the-board cuts, it would implement mandated employee furloughs and suspended regularly rescheduled pay increases for the duration of the 2021-2023 biennium. The Legislature convened on January 11, 2021 to explore options for reconciling the State budget for Fiscal Year 2021 and determine appropriation levels for Fiscal Years 2022 and 2023.

Absent additional legislative action, Fiscal Year 2021 general fund appropriations will be lower than the current $423 million amount in the State budget for the 2019-2021 biennium. In response to a request from the Governor's office, the University did not implement salary increases for faculty and professional staff consistent with other State agencies, and has already returned approximately $4.3 million in State general funding originally provided for that purpose in Fiscal Year 2021. As previously mentioned, the Governor's budget proposal would continue this suspension of pay increases throughout the 2021-2023 biennium.

State funding for capital appropriations continues to be constrained, but the State's 2019-2021 biennial capital budget provided State bonding capacity or other funding for several critical capital projects that the University requested for the 2019-2021 biennium. These include a health sciences education building, STEM-related buildings across all three campuses, and seismic upgrades. The State also provided significant funding for the University to expand mental health services through a new behavioral health teaching facility. The 2020 supplemental capital budget added funding for pre-design of a multi-phased renovation of the Magnuson Health Sciences Center. As mentioned, the Governor's capital budget proposal, if adopted, would fulfill all University capital requests for the upcoming biennium.

Gifts. Gifts accounted for 6.7 percent of University revenue in Fiscal Year 2020. Philanthropic support increased significantly in Fiscal Year 2020 due to receiving two pledge payments for the Rosling Center for population health. In Fiscal Year 2020, the University received $778 million in total private support from 158,000 donors, up from the trailing five-year average of $591 million. Approximately 70 percent of donors were non-alumni. Of the $778 million received in Fiscal Year 2020, approximately $470 million was private gifts and approximately $308 million was private grants. The University formally announced its Be Boundless Campaign, with a goal of at least $5 billion, on October 21, 2016. The campaign ended on June 30, 2020 with total commitments of $6.3 billion.

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, 2020)."

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).

IF Pools

The IF currently consists of four pools: Short-term Pool, Intermediate-term Pool, Long-term Pool and Capital Assets Pool ("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 CEF units 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.

University policy stipulates the following minimum and maximum percentages that the IF may be invested in these pools as of June 30, 2020. The percentages that were invested in these pools for the periods ended June 30, 2019 and June 30, 2020 are shown below.

Table 24: Invested Funds

	Policy Percent	Percent as of June 30, 2019	Percent as of June 30, 2020
Short-term Pool	10%-50%	47%	55%[(1)]
Intermediate-term Pool	15-60	20	18
Long-term Pool	15-45	27	22
Capital Assets Pool	0-15	6	5

(1) Reflects current market conditions (i.e., low bond yields) and prioritizing liquidity in response to COVID-19. See "COVID-19 PANDEMIC—Liquidity."

Source: University of Washington Investment Management Company.

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 twenty-quarter rolling average market value. In February 2019, the Board of Regents approved a total spending reduction, which is from 5.0 percent to 4.5 percent. The spending reduction is being phased in as shown in the following table.

Table 25: CEF Spending and Distributions

	Total Spending	**Program Distributions**	**Administrative Fee**
Fiscal Year 2020	4.90%	3.92%	0.98%
Fiscal Year 2021	4.70	3.76	0.94
Fiscal Year 2022 & thereafter	4.50	3.60	0.90

Source: University of Washington Investment Management Company.

All endowments will utilize the same rates. Once fully implemented, in Fiscal Year 2022, the 4.5 percent spending rate will consist 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 given an anticipated lower return environment.

Investment Income

Investment income was $208 million in Fiscal Year 2020, down from $340 million in Fiscal Year 2019. The primary contributors (approximately 75 percent) of University investment income are returns on the CEF and IF. As of June 30, 2020, the CEF was valued at $3.6 billion and the IF (or operating fund investments) at $2.1 billion, for total investment-related assets of $5.7 billion. This adjusted IF balance excludes $625 million in CEF units owned in the IF Long-term Pool, $131 million in the CAP and $342 million in the University's Supplemental Retirement Fund ("UWSRP").

IF year-end market values for the last five Fiscal Years are shown below. See "APPENDIX B—AUDITED FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTAL INFORMATION OF THE UNIVERSITY (FISCAL YEAR ENDED JUNE 30, 2020)," which includes notes to the financial statements detailing the investment of the IF.

Table 26: Operating Invested Funds
Market Values(1)
(Fiscal Years, dollars in millions)

	2016	**2017**	**2018**	**2019(2)**	**2020(2)**
Total Market Value	$1,492	$1,659	$1,788	$1,634	$2,091

(1) Represents the Short- and Intermediate-term Pools, excludes the Long-term Pool and the CAP and balances held at the University's primary demand deposit account.
(2) Excludes the UWSRP after December 31, 2018.
Source: University of Washington Investment Management Company.

CEF year-end market values and returns for the last five Fiscal Years are shown below. See "APPENDIX B—AUDITED FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTAL INFORMATION OF THE UNIVERSITY (FISCAL YEAR ENDED JUNE 30, 2020)," which includes notes to the financial statements detailing the investment of the CEF.

Table 27: Consolidated Endowment Fund
Market Values & Returns[(1)]
(Fiscal Years, dollars in millions)

	2016	**2017**	**2018**	**2019**	**2020**
Total Market Value	$2,968	$3,144	$3,407	$3,588	$3,560
Annualized One-Year Return	(1.6)%	13.6%	9.6%	5.8%	1.1%

(1) Includes the IF Long-term Pool.
Source: University of Washington Investment Management Company.

Table 28 shows investments in the IF and the University demand deposit account by liquidity. Liquidity can vary up to $200 million per quarter due to the timing of tuition, gifts, capital expenditures, and other University activities. See "COVID-19 PANDEMIC—Liquidity."

Table 28: University Liquidity[(1)]
(Unaudited, dollars in thousands, as of September 30, 2020)

Daily Liquidity[(2)]	**Amount**
Checking & Deposit Accounts	$53,583
Money Market Funds	50,751
U.S. Treasuries & Agencies	1,776,028
Total Daily Liquidity	**$1,880,363**
Other Liquid Assets [(3)]	346,042
Total Daily Liquidity and Other Liquid Assets	**$2,226,405**
External Liquidity[(4)]	**$200,000**

(1) Includes approximately $183 million of deferred FICA taxes and Medicare advance payments to be repaid. See "COVID-19 PANDEMIC—Steps to Mitigate – External Funding & COVID-19 Cost Support."
(2) Investments that can be liquidated on a same-day basis, if the sale is executed prior to 10:00 a.m., Pacific Time.
(3) Other Assets includes, but 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.
(4) The University has entered into the Revolving Lines of Credit to provide additional liquidity as described under "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 47,000 full-time and part-time employees, of whom approximately 25,900 are unionized. The University has negotiated collective bargaining agreements with the following unions.

Table 29: Collective Bargaining Agreements

Bargaining Unit	Contract Expiration Date
Pursuant to chapter 41.80 RCW	
Inlandboatmen's Union of Pacific (mariners)	June 2021
Service Employees International Union ("SEIU") Local 925 (clerical and healthcare employees)	June 2021
SEIU Local 1199 NW (registered nurse, healthcare specialist, imaging tech, social worker, anesthesia and respiratory tech employees primarily at Harborview and at Airlift Northwest)	June 2021
SEIU Local 1199 Research/Hall Health (registered nurses at Research/Hall Health)	June 2021
SEIU 1199 NW (approximately 1,200 Northwest medical technicians and assistants and service and maintenance employees)	June 2021
Teamsters Local Union No. 117 (police officers)	June 2021
Washington Federation of State Employees ("WFSE," service, library, public safety, skilled trade and healthcare employees)	June 2021
WFSE Police Management (sergeants and lieutenants)	June 2021
Washington State Nurses Association ("WSNA," registered nurses at the UW Medical Center)	June 2021
WSNA (approximately 600 Northwest registered nurses)	June 2021
Pursuant to chapter 41.56 RCW	
American Federation of Teachers ("AFT") Local 6486 (English language extension lecturers within UW Continuum College)	June 2021
Resident and Fellow Physician Union (RFPU) – Northwest (formerly UW Housestaff Association)	June 2022
Screen Actors Guild – American Federation of Television and Radio Artists (47 employees at the KUOW radio station)	June 2022
SEIU 925 IHME (approximately 220 Research and Administrative staff at IHME)	December 2023
Teamsters Local Union No. 117 (graphics)	June 2021
United Auto Workers Local 4121– Academic Student Employees (approximately 4,600 academic student employees)	April 2021
United Auto Workers Local 4121 – Postdoctoral Employees (approximately 1,000 postdoctoral employees)	January 2021

Source: University of Washington

Since March 2020, the University has bargained with the union-represented staff employees at the UW Medicine Hospitals (UW Medical Center and Harborview) regarding working during the COVID-19 pandemic. Additionally, the University has bargained agreements with many unions for temporary layoffs and furloughs, allowing for employees to be temporarily laid off or furloughed rather than receiving a permanent layoff.

In summer 2020, the University successfully agreed to roll over contracts for all unions subject to the October 1 submission deadline to the State Office of Financial Management for inclusion in the 2021-2023 biennial State budget. These rollover agreements include zero percent increases in both years of the contracts running July 1, 2021 to June 30, 2023. These agreements will next be negotiated during summer 2022.

Additionally, the University successfully concluded bargaining for the Resident and Fellow Physician Union ("RFPU") – Northwest (formerly called UW Housestaff Association).

The University completed bargaining for a new contract with SEIU 925 for a group of Researchers and other Administrative staff at the Institute for Health Metrics and Evaluation ("IHME").

Over the next number of months, the University expects to bargain the successor agreements for both UAW groups, ASEs and Postdoctoral Scholar, AFT, SEIU 1199 NW, and WSNA.

In 2018, the Legislature passed House Bill 2669 ("HB 2669") eliminating the exemption for "part-time" employees from civil service rules. This bill has resulted in rule-making addressing temporary employment. The proposed Washington Administrative Code ("WAC") rules redefine temporary employment and are currently anticipated to take effect January 1, 2022, with impact to temporary employees occurring a year later. This rule-making results in a significant number of University temporary employees moving to classified service due to their ongoing relationship with the University and extends civil service provisions, such as regular across-the-board increases, regular step increases, and vacation time off accruals to those employees.

In addition, the State adopted rules in December 2019 to raise the salary threshold for the employee overtime exemption. Effective January 1, 2021 under the Washington Minimum Wage Act ("WMWA"), the minimum actual gross salary a position can be paid and still remain overtime exempt will increase from $684 per week to $958.38 per week ($49,836 per year or $4,153 per month). As a result, positions that do not meet the new, higher weekly salary threshold must be changed to overtime eligible. This is still particularly true of part-time positions, since the $958.38 per week threshold applies regardless of whether a position is part-time or full-time.

The January 1, 2021 change mentioned above is one of a series of changes in the overtime threshold for employees who work in the State. These changes are required by a change in State overtime law that sets salary thresholds at the State level which increase each year on 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. 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 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 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. 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 and included in long-term liabilities. See "APPENDIX B—AUDITED FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTAL INFORMATION OF THE UNIVERSITY (FISCAL YEAR ENDED JUNE 30, 2020)." Changes in the self-insurance reserves for Fiscal Years 2016 through 2020 are shown in Table 30.

Table 30: University Self-Insurance Reserves
(Fiscal Years, dollars in thousands)

	2016	2017	2018	2019	2020
Reserve at Beginning of Fiscal Year	$82,201	$79,153	$78,484	$112,210	$100,163
Incurred Claims and Changes in Estimates	24,778	15,026	42,033	22,178	41,339
Claim Payments	(27,826)	(15,695)	(8,307)	(34,225)	(16,421)
Reserve at End of Fiscal Year	$79,153	$78,484	$112,210[1]	$100,163	$125,081

(1) Increased self-insurance reserve in Fiscal Year 2018 to reflect settlements.
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 16 in "APPENDIX B—AUDITED FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTAL INFORMATION OF THE UNIVERSITY (FISCAL YEAR ENDED JUNE 30, 2020), 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/administration/annual-report/ (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, 2018, with the results rolled forward to June 30, 2019 (the measurement date for the University's Fiscal Year 2020 total pension liability). The following actuarial assumptions have been applied to all prior periods included in the measurement:

  - 2.75 percent total economic inflation, 3.50 percent salary inflation
  - Salary increase – expected to grow due to promotions and longevity in addition to salary inflation assumption
  - 7.40 percent investment rate of return

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries' Retirement Plans Experience Committee ("RPEC"). As recommended by the RPEC, the OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

- *Discount Rate* – The discount rate used to measure the total pension liabilities was 7.40 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 31.

Table 31: University's Proportionate Share
(as of June 30)

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2
2020 Share	8.05%	10.18%	0.25%	0.25%	0.23%
2019 Share	8.20%	10.24%	0.24%	0.24%	0.23%

Source: The University.

The University's proportionate share of pension expense is shown in Table 32.

Table 32: 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
2020 Amount(1)	$7,139	$22,617	$557	$1,183	($217)
2019 Amount(1)	$20,434	($830)	$2,035	$822	($455)

(1) Negative value indicates overfunding.
Source: The University.

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Table 33: Contribution Rates and Funded Status By Plan
(as of June 30, dollars in thousands)

2020	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2
Required University Contributions	$970	$156,919	$55	$3,068	$444
Covered Employee Payroll	1,227,868	1,220,321	20,153	19,800	5,059
University Contributions as a Percent of Payroll (Contribution Rates)	0.1%	12.9%	0.3%	15.5%	8.8%
Plan Fiduciary Net Position Percent of Total Net Pension Liability (funded status)	67.1%	97.8%	70.4%	96.4%	119.4%

2019	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2
Required University Contributions	$1,231	$141,681	$52	$2,511	$436
Covered Employee Payroll	1,116,298	1,106,678	16,677	16,337	4,882
University Contributions as a Percent of Payroll (Contribution Rates)	0.1%	12.8%	0.3%	15.4%	8.9%
Plan Fiduciary Net Position Percent of Total Net Pension Liability (funded status)	63.2%	95.8%	66.5%	96.9%	118.5%

Source: The University.

University Aggregated Balances. The University's aggregated balances of net pension liabilities and net pension assets as of June 30, 2020 and 2019 are presented in Table 34.

Table 34: University's Share of Net Pension Liabilities/Assets
(as of June 30, dollars in thousands)

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2
2020 Net Pension (Liability)/Asset	($309,671)	($98,901)	($6,200)	($1,487)	$5,365
2019 Net Pension (Liability)/Asset	($366,403)	($174,913)	($7,061)	($1,066)	$4,590

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, 2020), 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, 2020 and 2019 were $132.1 million and $126.0 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 June 30, 2019. Update procedures performed by the OSA were used to roll forward the total pension liability to the measurement date of June 30, 2020.

The University has set aside assets of $344.8 million and $327.7 million as of June 30, 2020 and 2019, respectively, 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 total pension liability, therefore, does not reflect a credit for these amounts.

Table 35: Changes in Total Pension Liability UWSRP
(Fiscal Year, dollars in thousands)

	2020
Beginning Total Pension Liability	$594,040
Service Cost	16,698
Interest	21,232
Differences Between Expected and Actual Experience	31,426
Changes in Assumptions	126,749
Benefits Payments	(8,316)
Ending Total Pension Liability	**$781,829**
UWSRP Covered Employee Payroll	$744,634
Total Pension Liability as a Percentage of Covered Employee Payroll	105.0%

Source: The University.

Table 36: Significant Assumptions Used to Measure the Total Pension Liability
(dollars in thousands)

Inflation:	2.75%
Salary changes:	4.25%
Source of mortality assumptions:	RP-2000 Combined Healthy Table, with generational mortality improvements using 100 percent Scale BB
Date of experience study:	April 2016
Discount rate:	2.21%
Source of discount rate:	Bond Buyer's 20-bond index as of 6/30/20
TPL measurement at discount rate:	$781,829
TPL discount rate increased 1 percent:	$678,878
TPL discount rate decreased 1 percent:	$906,918

Source: The University.

Material assumption changes during the measurement period include updating the GASB Statement No. 73 discount rate from 3.50 percent to 2.21 percent and actual returns for CREF investments.

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 17 in "APPENDIX B—AUDITED FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTAL INFORMATION OF THE UNIVERSITY (FISCAL YEAR ENDED JUNE 30, 2020), includes plan descriptions and additional information.

Table 37: Significant Assumptions Used to Measure the Total OPEB Liability
(dollars in thousands)

Inflation:	2.75%
Healthcare Cost Trend Rate:	Trend rate assumptions vary slightly by medical plan. Initial rate is 8.00%, reaching an ultimate rate of approximately 4.5% in 2080
Salary Increase:	3.50%, including service-based salary increases
Source of Mortality Assumptions:	RP-2000 combined healthy table and combined disabled table, with future improvements in mortality projected using 100 percent scale BB and updated based on results of the 2007–2012 experience study report
Date of Experience Study:	2007–2012 experience study report
Discount Rate:	3.50%
Source of Discount Rate:	Bond Buyer general obligation 20-bond municipal bond index as of 6/30/19 (measurement date)
Post-Retirement Participation Percentage:	65%
Fiscal Year 2020 Total OPEB Liability Measurement at Discount Rate:	$1,541,654

Source: The University.

The total OPEB liability ("TOL") for the State as of June 30, 2020 was determined by an actuarial valuation using data as of June 30, 2019. The University's proportionate share percentage was 26.6 percent and 26.7 percent as of June 30, 2020 and 2019, 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.

Table 38: Changes in Total OPEB Liability
(Fiscal Year, dollars in thousands)

	2020
Beginning Total OPEB Liability	$1,354,177
Service Cost	62,422
Interest	54,148
Differences Between Expected and Actual Experience	--
Changes in Assumptions	100,838
Benefits Payments	(24,769)
Changes in Proportionate Share	(5,162)
Ending Total OPEB Liability	**$1,541,654**
OPEB Covered Employee Payroll	$2,724,791
Total OPEB Liability as a Percentage of Covered Employee Payroll	56.6%

Source: The University.

Material assumption changes during the measurement period include updating the discount rate as of each measurement date. The discount rate used for the beginning TOL was 3.87 percent and the discount rate used for the ending TOL was 3.50 percent. According to a report of the OSA, the State's total OPEB expense for Fiscal Year 2020 was $248,499,890, and the University's proportionate share of OPEB expense was $62,806,000.

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.

COVID-19 Pandemic

The impact that the COVID-19 pandemic is having and will have on commerce, financial markets, the University, the State and the region is significant, and the nature of the impact is likely to evolve over the next several years. The University has provided the information contained in this Official Statement to describe current impacts that the COVID-19 pandemic and related orders have had on the University's finances and operations, and to describe some of the actions that the University is taking in response. The University cannot predict the duration and extent of the COVID-19 public health emergency, or quantify the magnitude of the impact on the University, the State and regional economy or on the other revenues and expenses of the University. The COVID-19 outbreak is ongoing, and its dynamic nature leads to uncertainties, including (i) the geographic spread of the virus; (ii) the severity of the disease; (iii) the duration of the outbreak; (iv) actions that may be taken by governmental authorities to contain or mitigate the outbreak; (v) the development of medical therapeutics or vaccinations; (vi) travel restrictions; (vii) the impact of the outbreak on the local or global economy, or on the higher education sector generally; (viii) whether and to what extent the Governor may order additional public health measures; and (ix) the impact of the outbreak and actions taken in response to the outbreak on University revenues, expenses and financial condition. Prospective investors should assume that the restrictions and limitations instituted related to COVID-19 may continue, and the current upheaval to the national and global economies and financial markets may continue and/or be exacerbated, at least over the near term, and the recovery may be prolonged.

Uncertainties in the Higher Education Sector

The U.S. higher education sector has faced uncertainties, in addition to the uncertainties introduced by the COVID-19 pandemic, in an environment of low revenue growth from tuition (generally the main university and college revenue stream for most institutions), changing enrollment trends, high student debt burdens, reduced state appropriations, federal funding constraints, 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. Proposals to reduce or eliminate tuition and student debt levels may have implications for the higher education sector. The higher education sector also is incurring additional debt to fund liquidity and operational needs in response to the COVID-19 pandemic.

Patient Services Revenues; Uncertainties of the Healthcare Sector

The ability of the University to generate patient services revenues, including patient services revenues included in General Revenues, depends, in part, upon the financial health of the healthcare sector. Healthcare is in a period of consolidation and destabilization. Even before the introduction of the COVID-19 pandemic, the operating, clinical and financial aspects of UW Medicine's work was expected to continue to be very challenging over the next few years with the transition from fee-for-service to a value-based reimbursement system. The continued development of philanthropic revenue streams to support UW Medicine priorities will be a focus for UW Medicine going forward.

The COVID-19 pandemic continues to evolve and the future impact on the UW Medicine's operations and financial position will be driven by many factors, most which are beyond the University's control and difficult to predict. Such factors, include, but are not limited to, the scope and duration of stay-at-home practices and business closures, government-imposed or recommended suspensions of non-urgent and elective procedures, changes in patient volumes for an indeterminable length of time, 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. Although the future impact of COVID-19 is unknown, the pandemic may impact the UW Medicine's patient population, cause volatility in future volumes and require additional changes in the delivery of patient care. Because of these factors and other uncertainties, including additional potential surges of COVID-19 cases, management cannot estimate the length or severity of the impact of the pandemic on UW Medicine's business. UW Medicine continues to focus on reducing expenses and recovering lost revenues through all available sources. See "COVID-19 PANDEMIC."

The healthcare industry has experienced continued reimbursement pressure from commercial and governmental payers and inflationary increases in expenses have resulted in diminishing margins. The healthcare sector also continues to experience significant and ongoing change as a result of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the "Affordable Care Act"). Legislative and regulatory efforts to significantly modify or repeal and potentially replace the Affordable Care Act, and litigation seeking to invalidate the Affordable Care Act, have created additional and continuing uncertainty. The Tax Cuts and Jobs Act of 2017 effectively eliminated the individual penalty for failing to maintain insurance coverage by providing for a penalty of $0. The U.S. Court of Appeals for the Fifth Circuit affirmed a Texas federal district court's ruling that the individual mandate was unconstitutional and remanded the case to determine the severability of the provision from the remainder of the act. The U.S. Supreme Court agreed to hear the issues in *California v. Texas*, including whether reducing the penalty to $0 rendered the individual mandate unconstitutional, and whether the penalty provision is severable. The U.S. Supreme Court held oral arguments in November, 2020. Depending on the Court's ruling, the litigation could significantly affect the health care sector and could significantly impact UW Medicine. In addition, the incoming Biden administration has proposed changes to bolster and expand the Affordable Care Act through executive action and legislation. UW Medicine management cannot determine the impact any major decision, modification or repeal of the Affordable Care Act, or any replacement healthcare reform legislation, 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 UW Medicine management 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.

Among other provisions (some of which are described herein), the Affordable Care Act created "health insurance exchanges" in which health insurance can be purchased by certain groups and segments of the population, expanded the availability of subsidies and tax credits for premium payments by some consumers and employers and required that certain terms and conditions be included by commercial insurers in contracts with providers. In addition, the Affordable Care Act imposed many obligations on states related to health insurance. The participation in exchanges is constantly changing and the exchanges have been subject to ongoing litigation. UW Medicine management cannot predict the effects of the exchanges upon the financial condition of any third-party payer that offers health insurance or the rates paid by third-party payers to providers and, thus, upon patient services revenues and the operations, results of operations and financial condition of the various UW Medicine components providing patient services.

Other challenges inherent to the healthcare sector include potential funding cuts for Medicare and Medicaid, lower patient volumes, and payer reimbursement pressure. 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 national and regional trends, UW Medicine has experienced slower growth of inpatient admission volumes over the past few years while at the same time seeing an increase in patient acuity and strong growth in the inpatient observation and outpatient clinic areas.

The healthcare sector has undergone and may continue to undergo significant legislative and regulatory change, including as described above. To date these changes and other factors have led to mergers, acquisitions, consolidations, bankruptcies and closures. The University has entered into a number of recent affiliations, strategic alliances 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, including in implementing Project FIT. See "RECENT DEVELOPMENTS AND OTHER UNIVERSITY INFORMATION."

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. In addition, the Pacific Northwest healthcare market is shifting to more consolidations, affiliations and integration as well as new market entrants and the introduction of telehealth and other disruptive technologies. 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 the care that is provided and reduce overall cost.

Tuition and Student Fee Revenues

Enrollment trends, particularly with respect to international students, may continue to be affected by COVID-19 and the associated changes in the instructional model. See "COVID-19 PANDEMIC—Enrollment." 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 to the continuing effects of COVID-19, and the shift to remote instruction, changes in U.S. immigration policies could affect enrollment among international students.

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. In recent years, the Legislature has faced significant budgetary pressure as a result of court-mandated increases in K-12 education spending as well as mental health, affordable housing, homelessness, and other issues.

The State is facing significant uncertainty relating to the COVID-19 pandemic and state revenue projections. The pandemic and associated social distancing requirements and business shutdowns that followed have severely weakened the economy, especially given Washington's reliance on sales tax revenue, while also causing an increase in demand for much-needed services for vulnerable communities. As the economy has opened, economic activity has increased but remains well below pre-pandemic levels. Governor Inslee mandated hiring freezes, furloughs, and other cost saving measures for some State agencies, and asked others, including higher education institutions, to voluntarily take action. Instructions for 2021-2023 biennial State budget request submissions stated that requests for new funding should be highly restrained and focus on only those highest-priority services that deliver significant performance improvements and outcomes for the citizens of Washington, and that State agencies should be prepared to manage with minimal or no funding increases. While the recent revenue forecasts were more optimistic than the June 2020 State forecast that these instructions were based on, there is still great uncertainty surrounding how the COVID-19 pandemic will impact State agencies, especially those in discretionary groups, such as higher education. See "RECENT DEVELOPMENTS AND OTHER UNIVERSITY INFORMATION—State Appropriations and Tuition."

As described under the heading "—State Legislation and Rulemaking, Initiatives and Referenda," State initiative measures have been approved from time to time that have directly affected the University or its revenues, including Initiatives 601 and 960. Various State initiative measures have been and may be filed, and approved, from time to time that have a fiscal impact on the University and/or the State, and if affecting the State, may indirectly impact State spending on higher education, including appropriations to the University.

Certain State-level rulemaking efforts impacting temporary employment and employee overtime exemptions could result in additional personnel costs for the University. For temporary employment rulemaking, these potential future costs to the University are unknown due to the need for position-mapping; the WMWA rule changes are impactful by either raising an employee's pay to maintain exemption from overtime or resulting in overtime costs previously not incurred. This ongoing increase to the threshold will be monitored to evaluate costs impacts to the University. See "LABOR, RISK MANAGEMENT AND RETIREMENT INFORMATION—Labor Relations."

Uncertainties of Federal 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, 2020 and 2019, Medicare revenue represented 37 percent and 39 percent, respectively; Medicaid revenue represented 16 percent for both years (in terms of gross patient service revenue). Medicare and Medicaid payments represented approximately 36.7 percent (unaudited) of total net patient services revenues in Fiscal Year 2020 (for the Clinical Enterprise). The University may be adversely impacted by federal legislative and executive or regulatory actions, including cuts to federal spending, changes to financial aid programs, the Tax Cuts and Jobs Act of 2017, 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 the sequestration provisions of the Budget Control Act of 2011 and Statutory Pay-As-You-Go Act of 2010, 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, including the Affordable Care Act. 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.

Accounting Rules

The University is subject to accounting rules and standards promulgated by the GASB. These rules have changed and may continue to change, requiring the University at such time to value and state its accounts differently. For example, the implementation of GASB 68 and GASB 75 has affected the University's general net position (see "Table 8: General Net Position – General Revenues," for information regarding the effect of GASB 68 and GASB 75). In June 2017, the GASB issued Statement No. 87, "Leases" ("GASB 87"), which will be effective for Fiscal Year 2021. GASB 87 changes the current classification of lease arrangements as either operating or capital leases, and establishes 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. GASB 87 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 will be required to recognize a lease liability and an intangible right-to-use (ROU) lease asset, and lessors will be required to recognize a lease receivable and a deferred inflow of resources. The University expects that implementation of GASB 87 will have a material impact on its financial statements. While the University continues to assess all of the impacts of implementation, it currently believes the most significant impact relates to the recognition of new ROU assets and lease liabilities on its Statements of Net Position for its real estate and equipment leases. At the time of implementation, the University currently expects to recognize lease liabilities with corresponding ROU assets in the range of $600 million to $700 million. The University also expects to recognize lease receivables with corresponding deferred inflows of resources of approximately $275 million related to real estate agreements in which it is the lessor. The substantial majority of the approximately $275 million expected to be recognized for the University's lessor agreements relate to the University of Washington Metropolitan Tract. The estimates above are based on the University's existing lease agreements and its currently estimated incremental borrowing rate. The actual impact could differ materially from these estimates based on future leasing activities as well as any changes in the University's estimated incremental borrowing rate. Other GASB statements are implemented from time to time.

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 opinions to be delivered by Pacifica Law Group LLP, as Bond Counsel, concurrently with the issuance of each series of 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 forms of opinions of Bond Counsel is set forth in APPENDIX C—"FORMS OF BOND COUNSEL OPINIONS."

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. Although the University has implemented disaster preparedness plans, 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-insurance reserves 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 2021A 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 2021A Bonds. Any loss of tax exemption could cause all of the interest received by the Owners of the 2021A Bonds to be taxable. All or a portion of interest on the 2021A 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 2021A 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 601. Initiative 601, approved by State voters in 1993, limited State expenditures and revenues. Under Initiative 601, the State was generally prohibited from increasing expenditures from the State's general fund and related funds during any fiscal year by more than the fiscal growth factor, which equaled the average growth in State personal income for the prior ten fiscal years. Initiative 601 also limited State revenue increases.

Finally, Initiative 601 provided that no fee could increase in any fiscal year by a percentage greater than the fiscal growth factor without prior legislative approval. The term "fee" was not defined in the initiative, so the University interpreted informal guidance from the State Attorney General's Office to identify specific types of University fees as either covered by or exempt from Initiative 601. Under this guidance, mandatory fees related to the regular State-funded instructional program or other degree-granting education programs were considered subject to Initiative 601. Other University fees were considered proprietary and not subject to the Initiative 601 limitation.

Initiative 960. Initiative 960, approved by State voters in November 2007, amended Initiative 601 to require legislative approval of all fee increases without regard to a fiscal growth factor. Initiative 960 also requires legislative approval of any new fee. Initiative 960 did not amend or define the term "fee" used in Initiative 601. On January 31, 2008, the Office of Financial Management ("OFM") distributed an informal memorandum (the "OFM Memo") to State agencies. Under the reasoning of the OFM Memo (and the University policy interpreting Initiative 601), certain components of General Revenues, most significantly student tuition, are considered fees subject to Initiative 960 and therefore cannot be increased without legislative approval. Fees collected through proprietary transactions are also included in General Revenues, but would not be considered fees subject to Initiative 960 under the reasoning of the OFM Memo.

In the event that Initiative 960 were applied to limit the University's ability to increase fees that contribute to General Revenues, the University would, if necessary, seek to obtain legislative approval for fee increases or would pursue alternative revenue sources, program cuts or reallocations.

Civil Service Legislation and Rulemaking. State-level rulemaking to implement HB 2669 and impacting temporary employment will result in additional personnel costs for the University, depending on how the rules are implemented. Rules affecting employee overtime exemptions were released and will result in increased personnel costs. See "LABOR, RISK MANAGEMENT AND RETIREMENT INFORMATION—Labor Relations."

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 that include efforts of the Office of the Chief Information Security Officer ("CISO") to safeguard personal and institutional data by implementing a campus-wide intrusion prevention system; blocking high-risk network ports at the border; monitoring, analyzing, remediating, and forecasting threats to information assets; advising on risk management and on contracts related to data security; providing in-person and online education; consulting on incident management; and developing and managing University policies related to information security.

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, data center, and system-level firewalls; intrusion prevention systems; network segmentation throughout the hospital systems; continuous monitoring for and remediation of suspicious network traffic (in partnership with UW CISO); and threat detection and forensic team to assess threats, vulnerabilities, and risks to UW Medicine assets. UW Medicine also partners with UW Medicine Compliance to develop and deliver education and awareness programs to the UW Medicine workforce.

On December 26, 2018, UW Medicine became aware of a configuration error that made protected internal files available on the internet and visible by an internet search. The files contained information about reporting that UW Medicine is legally required to make. When UW Medicine learned about the exposure of the files to the internet, UW Medicine took steps to remove the information from the site and initiated appropriate measures to remove saved information from any third-party websites. On February 20, 2019, UW Medicine reported the incident as required by law. UW Medicine mailed letters to approximately 974,000 patients notifying them of this exposure. On May 7, 2019, a class action lawsuit was filed against the University, alleging damages to a class of plaintiff patients. On November 20, 2020, the court denied certification of the alleged class. Shortly thereafter, the parties settled for a full release of the University for all claims related to the matter in exchange for a payment of approximately $100,000. On January 19, 2021, the Court granted a stipulated order of dismissal, with prejudice.

Notwithstanding the above-described and other cybersecurity measures, another 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 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.

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 opinion of Pacifica Law Group LLP, Seattle, Washington ("Bond Counsel"). The forms of opinions of Bond Counsel are attached hereto as Appendix C. 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, 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 2021A Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The proposed form of opinion of Bond Counsel with respect to the 2021A Bonds to be delivered on the date of issuance of the 2021A Bonds is set forth in Appendix C.

The Code contains a number of requirements that apply to the 2021A Bonds, and the University has made certain representations and has covenanted to comply with each such requirement. Bond Counsel's opinions assume 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 2021A Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2021A Bonds.

Except as expressly stated herein, Bond Counsel expresses no opinion regarding any tax consequences related to the ownership, sale or disposition of the 2021A Bonds, or the amount, accrual or receipt of interest on, the 2021A Bonds. Owners of the 2021A Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2021A Bonds.

Original Issue Premium and Discount

If the initial offering price to the public at which a 2021A 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 2021A 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. De minimis original issue discount and original issue premium is disregarded.

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 2021A 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 2021A Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2021A Bonds. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2021A Bonds who purchase the 2021A Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2021A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2021A 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 2021A Bonds under federal individual alternative minimum tax.

Under the Code, original issue premium is amortized on an annual basis over the term of the 2021A Bonds (said term being the shorter of the 2021A Bonds maturity date or their call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2021A Bonds for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2021A Bond is amortized each year over the term to maturity of the 2021A 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 2021A Bonds premium is not deductible for federal income tax purposes. Owners of premium 2021A 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 2021A Bonds.

Post Issuance Matters

The opinions of Bond Counsel are based on current legal authority, cover certain matters not directly addressed by such authorities, and represent Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. They are 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 2021A Bonds ends with the issuance of the 2021A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the University or the Owners regarding the tax-exempt status of the 2021A 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 2021A 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 2021A Bonds, 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 2021A 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 2021A Bonds. Prospective purchasers of the 2021A Bonds should consult their own tax advisors regarding any pending or proposed legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

CERTAIN INCOME TAX CONSEQUENCES RELATING TO THE 2021B BONDS

The interest on the 2021B Bonds is not intended by the University to be excluded from gross income for federal income tax purposes. Owners of the 2021B Bonds should be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2021B Bonds may have federal income tax consequences not described herein and should consult their own tax advisors with respect to federal income tax consequences of owning such 2021B Bonds. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the 2021B Bonds other than as expressly described above.

The proposed form of opinion of Bond Counsel with respect to the 2021B Bonds to be delivered on the date of issuance of the 2021B Bonds is set forth as the form of 2021B Bond opinion in Appendix C.

ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA or tax-qualified retirement plans and individual retirement accounts under the Code (collectively, the "Plans") and persons who, with respect to a Plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. All fiduciaries of Plans, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any Bond. In all events investors should consult their own tax advisors in determining the federal, state, local and other tax consequences to them of the purchase, ownership and disposition of the Bonds.

CONTINUING DISCLOSURE UNDERTAKING

Undertaking. 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, 2022, for the report for Fiscal Year 2021), 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 E—FORM OF CONTINUING DISCLOSURE CERTIFICATE." 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 Compliance with Continuing Disclosure Undertakings. On October 12, 2016, the University filed a supplement updating and correcting figures included in the 2015 Bondholders Report.

OTHER BOND INFORMATION

Ratings

Ratings of "Aaa" and "AA+" have been assigned to the Bonds by Moody's Investors Service and S&P Global Ratings, respectively. Such ratings reflect only the views of the rating agencies, and an explanation of the significance of the ratings may be obtained from the rating agencies. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of the agencies, circumstances so warrant. Any such downward revision or withdrawal of any of the ratings could have an adverse effect on the market price and marketability of the Bonds.

Financial Advisor

The University has retained Piper Sandler Companies, as financial advisor (the "Financial 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 Financial 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 Financial Advisor may not participate in the underwriting of any University debt.

Potential Conflicts

Some or all of the fees of the Financial 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 2021A Bonds are to be purchased from the University at an aggregate purchase price of $100,729,424.60 (the principal amount of the 2021A Bonds, plus original issue premium of $23,483,620.50, less Underwriters' discount of $189,195.90), and the 2021B Bonds are to be purchased from the University at an aggregate purchase price of $248,733,959.26 (the principal amount of the 2021B Bonds, less Underwriters' discount of $601,040.74), subject to the terms of a bond purchase contract (the "2021A and 2021B Purchase Contract") between the University and Goldman Sachs & Co. LLC acting on behalf of itself and as representative of Citigroup Global Markets Inc., and Backstrom McCarley Berry & Co. (the "Underwriters"). The 2021A and 2021B Purchase Contract provides that the Underwriters will purchase all of the 2021A Bonds and 2021B Bonds if any are purchased and that the obligation of the Underwriters to accept and pay for the 2021A Bonds and 2021B Bonds is subject to certain terms and conditions set forth therein, including the approval by counsel of certain legal matters.

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 and page ii.

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.

Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

Independent Auditor

The selected financial statements of the University for the Fiscal Year ended June 30, 2020 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 his or her 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: /s/ Brian McCartan
Vice President for Finance

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APPENDIX A

COPY OF THE RESOLUTION

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BOARD OF REGENTS

UNIVERSITY OF WASHINGTON

RESOLUTION

DATED SEPTEMBER 10, 2020

Authorizing the issuance and sale of

UNIVERSITY OF WASHINGTON
GENERAL REVENUE OBLIGATIONS, 2020/2021

UNIVERSITY OF WASHINGTON

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* 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 $97,000,000 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 $97,000,000 (the "2020/2021 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 general revenue bonds for University purposes, including financing or refinancing of facilities serving the University, including the Destination One (also known as Clinical Transformation), Finance Transformation, Kincaid Hall, Childbirth Center at UW Medical Center Northwest Campus (also known as Northwest Hospital Childbirth Center), and Health Sciences Educational Building projects, 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 has been advised that debt service savings may be obtained by refunding some or all of the Refunding Candidates through the issuance of one or more series of general revenue refunding obligations (the "2020/2021 Refunding Bonds"); and

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 of one or more of the Refunding Candidates.

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

Authorized Denominations means:

(a) with respect to 2020/2021 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 2020/2021 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 his or her 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 2020/2021 Bonds (including persons holding 2020/2021 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, 2020/2021.

Bond Purchase Contract means the Bond Purchase Contract(s) between the University and the underwriter(s) for Underwritten 2020/2021 Bonds or a certificate of award executed by the University pertaining to the initial sale and purchase of Underwritten 2020/2021 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 and Refunding Bonds, 2010A, General Revenue Bonds, 2010B Taxable (Build America Bonds – Direct Payment), General Revenue and Refunding Bonds, 2012A, General Revenue and Refunding Bonds, 2012B (Taxable), General Revenue Bonds, 2012C, the General Revenue Bonds, 2013, the 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, 2019A, General Revenue Bonds, 2020A, General Revenue Bonds, 2020B (Taxable), General Revenue Refunding Bonds, 2020C (Delayed Delivery Bonds), the 2020/2021 Bonds, and any Additional Bonds.

Bond Terms Agreement means a Bond Purchase Contract, Remarketing Agreement, Loan Agreement, Paying Agent Agreement and/or Trust Agreement, as applicable, for one or more series of 2020/2021 Bonds.

Building Fee Revenue Bond Act means RCW 28B.20.700.740, as amended by Chapter 499 Wash. Laws 2009, and as further amended from time to time.

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 Seattle, Washington or New York, New York, the Securities Depository, the Credit Facility Issuer, the Liquidity Facility, or the Remarketing Agent are not authorized to remain open or 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 (CAP) as defined in the Debt Policy**.**

Closing Date means each date on which a series of 2020/2021 Bonds are issued and delivered in return for payment of the full purchase price therefor.

Code means the Internal Revenue Code of 1986 as in effect on the date of issuance of the 2020/2021 Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the 2020/2021 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 2020/2021 Bonds bear interest at a Commercial Paper Rate or Rates.

Commercial Paper Rate means the interest rate (per annum) on any 2020/2021 Bond in the Commercial Paper Mode determined pursuant to the applicable Bond Terms Agreement for such 2020/2021 Bonds.

Commission means the Securities and Exchange Commission.

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 2020/2021 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 2020/2021 Bonds, including but not limited to payment of the scheduled principal of and interest on 2020/2021 Bonds. There may be more than one Credit Facility for a series or subseries of 2020/2021 Bonds.

Credit Facility Issuer means the issuer of any Credit Facility.

Current Mode means, with respect to any series or subseries of the 2020/2021 Bonds, the Mode then in effect.

Daily Mode means the Mode during which a series or subseries of the 2020/2021 Bonds bear interest at the Daily Rate.

Daily Rate means the per annum interest rate for a series or subseries of the 2020/2021 Bonds in the Daily Mode determined pursuant to the Bond Terms Agreement for such 2020/2021 Bonds.

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 2020/2021 Bonds, including to evidence the University's obligations under a Loan Agreement, pursuant to Section 23 of this Resolution.

Direct Purchase 2019/2020 Bonds means any 2020/2021 Bonds or 2020/2021 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 2020/2021 Bonds, or any successor or substitute depository for the 2020/2021 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 certificate of that name executed by the Authorized Representative of the University at the time of issuance and delivery of 2020/2021 Tax-Exempt Bonds.

Fiscal Agent means, for Underwritten 2020/2021 Bonds, the fiscal agent of the State of Washington and, for Direct Purchase 2020/2021 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 2020/2021 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 2019/2020 Bonds to the maturity thereof or other date determined pursuant to Section 23 and the Bond Terms Agreement for such 2020/2021 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, excluded:

(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 2020/2021 Bonds bear interest at the Index Floating Rate.

Index Floating Rate means the index-based floating rate for a series or subseries of the 2020/2021 Bonds in the Index Floating Mode determined pursuant to the Bond Terms Agreement for such 2020/2021 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 2020/2021 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 2020/2021 Bonds, including, without limitation, the fees and expenses of Bond Counsel, special counsel (if any) and financial advisor to the University, bond printing, CUSIP bureau fees, rating agency fees, underwriter or Direct Purchaser fees or discount, escrow 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 representation, 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 2020/2021 Bonds (or portion thereof). There may be more than one Liquidity Facility for a series or subseries of 2020/2021 Bonds, and the University may provide self-liquidity for a series or subseries of 2020/2021 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 2020/2021 Bond, or under which the Direct Purchaser will purchase the Direct Purchase 2020/2021 Bond.

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

Maximum Rate means the maximum rate for 2020/2021 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 2020/2021 Bonds, the University, the University's financial 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 2020/2021 Bonds, the Direct Purchaser.

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, 2020/2021 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 2020/2021 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 2020/2021 Bonds, setting forth certain terms of such 2020/2021 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 including without limitation the Destination One (also known as Clinical Transformation), Finance Transformation, Kincaid Hall, Childbirth Center at UW Medical Center Northwest Campus (also known as Northwest Hospital Childbirth Center), and Health Sciences Educational Building projects.

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 the 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 2020/2021 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 2020/2021 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 amounts to be paid to redeem the 2020/2021 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 and other obligations shown on Exhibit A.

Registered Owner means the person named as the registered owner of a 2020/2021 Bond on the Bond Register. For so long as the 2019/2020 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 2020/2021 Bonds, maintaining the Bond Register, registering the transfer of the 2020/2021 Bonds, paying interest on and principal of the 2020/2021 Bonds, and drawing on any Credit Facility securing 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 Bonds pursuant to a Remarketing Agreement.

Remarketing Agreement means a Remarketing Agreement relating to 2020/2021 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 2020/2021 Bonds designated as serial bonds in the Bond Purchase Contract.

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.

Term Bonds means 2020/2021 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 2020/2021 Bonds in the Term Rate Mode determined pursuant to the Bond Terms Agreement for such 2020/2021 Bonds.

Term Rate Mode means the Mode during which a series or subseries of 2020/2021 Bonds bear interest at the Term Rate.

Trust Agreement means a Trust Agreement entered into between the University and a Trustee with respect to 2020/2021 Bonds, setting forth the terms of such 2020/2021 Bonds.

Trustee means a bond trustee selected by the Authorized Representative of the University to act on behalf of owners of 2020/2021 Bonds pursuant to a Trust Agreement.

2020/2021 Bonds means the 2020/2021 New Money Bonds and the 2020/2021 Refunding Bonds.

2020/2021 New Money Bonds means the University of Washington General Revenue Bonds, Series [2020/2021][__] [Taxable] issued in one or more series or subseries in the aggregate principal amount not to exceed $[Par Amount] to finance (or refinance interim financing issued to finance) costs of the Projects pursuant to this resolution.

2020/2021 Refunding Bonds means the University of Washington General Revenue Refunding Bonds, Series [2020/2021][__] [Taxable] issued in one or more series or subseries to redeem and/or defease or otherwise implement the refinancing of one or more of the Refunding Candidates.

2020/2021 Taxable Bonds means any 2020/2021 Bonds determined to be issued on a taxable basis pursuant to Section 23.

2020/2021 Tax-Exempt Bonds means any 2020/2021 Bonds determined to be issued on a tax-exempt basis pursuant to Section 23.

Underwritten 2020/2021 Bonds means 2020/2021 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 2020/2021 Bonds bear interest at the Weekly Rate.

Weekly Rate means the per annum interest rate for a series or subseries of the 2020/2021 Bonds in the Weekly Mode determined pursuant to the Bond Terms Agreement for such 2020/2021 Bonds.

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

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

(b) Words of any gender shall mean and include correlative words of any other gender and words importing the singular number shall mean and include the plural number and vice versa;

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

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

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

(f) Whenever any consent or direction is required to be given by the University, such consent or direction shall be deemed given when given by the Authorized Representative of the University or his or her designee, respectively, and all references herein to the Authorized Representative of the University shall be deemed to include references to his or her 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 or other interim financing issued to finance) all or a portion of the costs of the Projects, through the issuance of 2020/2021 New Money Bonds in one or more series or subseries, upon the terms and conditions set forth for the 2020/2021 New Money Bonds in this resolution.

(b) It is in the best interests of the University to consider the redemption or defeasance of one or more of the Refunding Candidates, or any portion thereof, to achieve debt service savings 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 2020/2021 Bonds payable from General Revenues.

<u>Section 3</u>. <u>Authorization and Purpose of 2020/2021 Bonds</u>.

(a) *2020/2021 New Money Bonds.* The 2020/2021 New Money Bonds shall be in an aggregate principal amount not to exceed $97,000,000, and shall be issued in one or more series or subseries to pay (or pay commercial paper or other interim financing issued to finance or refinance) costs of the Projects and to pay Issuance Costs for the 2020/2021 New Money Bonds. The 2020/2021 New Money Bonds shall be issued under terms determined pursuant to Section 23, as further set forth in the Bond Terms Agreement for such 2020/2021 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) *2020/2021 Refunding Bonds.* The 2020/2021 Refunding Bonds, if any, shall be issued in one or more series or subseries to redeem and/or defease 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 2020/2021 Refunding Bonds. The 2020/2021 Refunding Bonds shall be issued under terms determined pursuant to Section 23, as further set forth in the Bond Terms Agreement for such 2020/2021 Refunding Bonds; shall be numbered in the manner determined by the Registrar; and shall be issued in fully registered form in Authorized Denominations.

<u>Section 4</u>. <u>Description of 2020/2021 Bonds</u>.

(a) *General Terms.* The 2020/2021 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 2020/2021 Bonds. The 2020/2021 Bonds shall bear interest determined within Modes selected by the Authorized Representative of the University from time to time. All 2020/2021 Bonds shall be issued in the form of fully registered 2020/2021 Bonds in Authorized Denominations and, unless the Registrar shall otherwise direct, shall be numbered R-1 and upwards.

The University may designate one or more series or subseries of the 2020/2021 Bonds from time to time. 2020/2021 New Money Bonds shall be named University of Washington General Revenue Bonds, Series [2020/2021], with an additional designation of "Taxable" for any series of 2020/2021 Taxable Bonds. 2020/2021 Refunding Bonds shall be named University of Washington General Revenue Refunding Bonds, Series [2020/2021], with an additional designation of

"Taxable" for any series of 2020/2021 Taxable Bonds. 2020/2021 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 [2020/2021], with an additional designation of "Taxable" for any series of 2020/2021 Taxable Bonds. At the written direction of the Authorized Representative of the University, the Registrar shall designate a particular principal amount of 2020/2021 Bonds (in Authorized Denominations) as a series or subseries. A series of 2020/2021 Bonds shall be identified by the year of issue (either 2020 or 2021) and sequential letters (e.g. Series 2020A, Series 2020B, Series 2021A, Series 2021B). A subseries of 2020/2021 Bonds shall be further identified by sequential numbers (e.g., Series 2020A-1, Series 2020A-2, Series 2020B-1, Series 2020B-2). Upon such designation, such 2020/2021 Bonds shall be a series or subseries, as applicable, for this 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 2020/2021 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 2020/2021 Bonds shall be payable in lawful money of the United States of America.

(c) *Modes*. The terms applicable to 2020/2021 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 2020/2021 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 2020/2021 Bond, other than a Bank Bond, shall bear interest at an Interest Rate higher than the Maximum Rate.

Section 5. Execution.

The 2020/2021 Bonds shall be executed on behalf of the University by the manual or facsimile signatures of the Chair and the Secretary of the Board, and the official seal of the University shall be reproduced thereon. The validity of any 2020/2021 Bond so executed shall not be affected by the fact that one or more of the officers whose signatures appear on such 2020/2021 Bond have ceased to hold office at the time of issuance or authentication or at any time thereafter.

Section 6. Authentication.

No 2020/2021 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 2020/2021 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 2020/2021 Bonds. So long as any 2020/2021 Bonds remain Outstanding, the Registrar shall make all necessary provisions to permit the exchange or registration of transfer of 2020/2021 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 2020/2021 Bonds transferred or exchanged in accordance with the provisions of such 2020/2021 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 2020/2021 Bonds.

The Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 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) *2020/2021 Bonds Registered in the Name Designated by DTC.* Except as otherwise set forth in the Bond Terms Agreement, the 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 Bonds of a series or subseries, together with a written request on behalf of the Authorized Representative of the University, issue a single new 2020/2021 Bond for each maturity of such series or subseries of 2020/2021 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 2020/2021 Bonds that they be able to obtain 2020/2021 Bond certificates, the ownership of 2020/2021 Bonds may then be transferred to any person or entity as herein provided, and the 2020/2021 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 2020/2021 Bonds, to issue 2020/2021 Bonds as herein provided in any Authorized Denomination. Upon receipt of all then Outstanding 2020/2021 Bonds by the Registrar together with a written request on behalf of the Authorized Representative of the University to the Registrar, new 2020/2021 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 2020/2021 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 2020/2021 Bond may be registered and such 2020/2021 Bonds may be exchanged, but no transfer of any 2020/2021 Bond shall be valid unless it is surrendered to the Registrar with the assignment form appearing on such 2020/2021 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 2020/2021 Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new 2020/2021 Bond (or 2020/2021 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 2020/2021 Bond, in exchange for such surrendered and canceled 2020/2021 Bond. Any 2020/2021 Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of 2020/2021 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 2020/2021 Bond during the five-day period prior to the selection of 2020/2021 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.

Section 8. Mutilated, Destroyed, Lost or Stolen 2020/2021 Bonds.

If any 2020/2021 Bond is lost, stolen or destroyed, the University may execute and the Registrar may authenticate and deliver a new 2020/2021 Bond or 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 Bond so furnished shall be equally and proportionately entitled to the security of this resolution with all other 2020/2021 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 2020/2021 Bond shall be payable upon surrender or delivery of such 2020/2021 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 2020/2021 Bond shall accrue interest and be payable as to interest as follows:

(1) On each Interest Payment Date, the Registered Owner of each 2020/2021 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 2020/2021 Bond on any Interest Payment Date shall be paid to the Registered Owner of such 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 Bonds shall be payable by check, provided that any Registered Owner of $1,000,000 or more in aggregate principal amount of the 2020/2021 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 2020/2021 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 2020/2021 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 2020 Bond shall bind all future Registered Owners of the same 2020/2021 Bond or of any 2020/2021 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 2020/2021 Bond as the absolute owner thereof for all purposes, whether or not such 2020/2021 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 2020/2021 Bond shall be made only to such Registered Owner, which payments shall satisfy and discharge the liability of the University with respect to such 2020/2021 Bond to the extent of the sum or sums so paid.

Section 11. Form of 2020/2021 Bonds.

The 2020/2021 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 2020/2021 Bonds are not held in fully immobilized form, the form of 2020/2021 Bonds will be changed to reflect the changes required in connection with the preparation of certificated 2020/2021Bonds. The form of the 2020/2021 Bonds shall further be changed as necessary to reflect whether the 2020/2021 Bonds are 2020/2021 New Money Bonds or 2020/2021 Refunding Bonds, whether the 2020/2021 Bonds are 2020/2021 Tax-Exempt Bonds or 2020/2021 Taxable Bonds, whether the 2020/2021 Bonds are Underwritten 2020/2021 Bonds or Direct Purchase 2020/2021 Bonds, any series or subseries designation for the 2020/2021 Bonds and the Current Mode of the 2020/2021 Bonds.

No. R-_____ $___________

UNITED STATES OF AMERICA

[DTC LANGUAGE]

[STATEMENT OF INSURANCE, IF ANY]

UNIVERSITY OF WASHINGTON

GENERAL REVENUE [AND REFUNDING] BOND, 2020/2021[____] [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][refund 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, 2019/2020 (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 2020/2021 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 2020/2021 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 2020/2021 Bonds of this issue and that the issuance of this bond and the 2020/2021 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 2020/2021 Bonds shall be in substantially the following form and shall appear on each 2020/2021 Bond:

AUTHENTICATION CERTIFICATE

This bond is one of the University of Washington General Revenue [and Refunding] Bonds, Series [2020/2021][__] described in the within-mentioned Bond Resolution.

REGISTRAR

By ___________________________________
Authorized Signatory

Date of Authentication: _______________________

Section 12. Redemption.

(a) *Optional Redemption.* 2020/2021 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 2020/2021 Bonds as set forth in the respective Bond Terms Agreement, as applicable. 2020/2021 Bonds in the Commercial Paper Mode are not subject to optional redemption prior to their respective Purchase Dates. Commercial Paper Bonds shall be subject to redemption at the option of the University, in whole or in part in principal amounts that permit all remaining Outstanding Bonds of the same series or subseries to continue in Authorized Denominations, on their respective Purchase Dates at a redemption price equal to the principal amount thereof. 2020/2021 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 any date at a redemption price equal to the principal amount thereof. Bank Bonds shall be subject to redemption as set forth in the applicable Reimbursement Agreement or Loan Agreement.

(b) *Mandatory Redemption.* If the 2020/2021 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 2020/2021 Bonds, all as described in the next paragraph) or Bond Terms Agreement at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the Redemption Date. If the 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 Bonds for Redemption.* Whenever the University elects to redeem fewer than all of the 2020/2021 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 2020/2021 Bonds of a series or subseries and maturity are to be redeemed, the 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 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

2020/2021 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 2020/2021 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 2020/2021 Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar.

(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 2020/2021 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 2020/2021 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 2020/2021 Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the Redemption Price upon delivery of such 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 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, 2020/2021 (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 2020/2021 Bonds then coming due and the principal of the 2020/2021 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 2020/2021 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 deposited in the Bond Fund.

Section 14. Application of 2020/2021 Bond Proceeds.

(a) *2020/2021 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 2020/2021 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.

All or part of the proceeds of the 2020/2021 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 2020/2021 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 2020/2021 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 part of the proceeds of the 2020/2021 New Money Bonds 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 the facilities of the University 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) *2020/2021 Refunding Bonds.* The proceeds of each series of 2020/2021 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 and/or defease the Refunded Bonds to their Call Dates through the application of proceeds of the 2020/2021 Refunding Bonds to acquire Acquired Obligations for deposit, together with cash, as provided in such Escrow Agreement and/or Trust Agreement.

Section 15. Source of Repayment and Security for 2020/2021 Bonds.

(a) *Special Fund Obligations.* The 2020/2021 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 account. The 2020/2021 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 2020/2021 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 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), then excluded as part of General Revenues.

(2) Such additions shall occur on the date and as provided in a certificate executed by the Controller of the University (or the successor to the functions of the Controller). The Controller shall, in the case of additions of items or auxiliaries to General Revenues, 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. 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 2020/2021 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 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 2020/2021 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 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 2020/2021 Tax-Exempt Bonds from the gross income of the owners of the 2020/2021 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 2020/2021 Tax-Exempt Bonds, including but not limited to the following:

(a) The University will assure that the proceeds of the 2020/2021 Tax-Exempt Bonds are not used so as to cause the 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 Tax-Exempt Bonds would have caused the 2019/2020 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 2020/2021 Tax-Exempt Bond that complies with the Code until all 2020/2021 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 2020/2021 Tax-Exempt Bonds for at least three years after the 2020/2021 Tax-Exempt Bonds mature or are redeemed (whichever is earlier); however, if the 2020/2021 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 2020/2021 Tax-Exempt Bonds.

(h) The University will comply with the provisions of the Federal Tax Certificate with respect to the 2020/2021 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 2020/2021 Tax-Exempt Bonds.

Section 20. No Recourse Against Individuals.

No owner of a 2020/2021 Bond (registered or beneficial) shall have any recourse for the payment of any part of the principal or redemption price, if any, of or interest on the 2020/2021 Bonds, or for the satisfaction of any liability arising from, founded upon, or existing by reason of, the issuance or ownership of such 2020/2021 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 2020/2021 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 2020/2021 Bonds are to be optionally redeemed, the University shall have given to the Registrar irrevocable instructions to give such notice of redemption of such 2020/2021 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 2020/2021 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 2020/2021 Bonds. In the event of such partial defeasance, this resolution shall be discharged only as to the 2020/2021 Bonds so defeased.

Section 22. Approval of Official Statement.

The University hereby authorizes and directs the Authorized Representative of the University to approve the information contained in each Preliminary Official Statement, if any, pertaining to 2020/2021 Bonds or 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 Bonds or 2020/2021 bonds issued on behalf of the University, to the actual purchasers of the 2020/2021 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 2020/2021 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 2020/2021 Bonds shall be issued and sold in one or more series or subseries;

(b) determine the Mode in which 2020/2021 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 his or her 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 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 2020/2021 Bonds;

(f) select one or more Escrow Agents, verification agents, underwriters, 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 Purchase Contract or closing certificate;

(h) determine if it is in the best interest of the University for any or all of the 2020/2021 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 Interest Rates if the 2020/2021 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 2020/2021 Bonds;

(j) select a Trustee for the owners of any or all of the 2020/2021 Bonds and fix its or their rights, duties, powers, and obligations under the applicable Trust Agreement;

(k) determine whether any or all of the 2020/2021 Bonds shall be issued as 2020/2021 Tax-Exempt Bonds or as 2020/2021 Taxable Bonds, determine whether any or all of the 2020/2021 Tax-Exempt Bonds are to be designated as qualified 501(c)(3) obligations, and determine whether any or all of the 2020/2021 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 2020/2021 Bonds shall be issued and sold as Direct Purchase 2020/2021 Bonds or as Underwritten 2020/2021 Bonds; and

(m) allocate 2020/2021 Bond proceeds to Projects and determine whether all or a portion of the Projects shall be financed with other sources, including the CAP.

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

(a) the aggregate principal amount of the 2020/2021 New Money Bonds shall not exceed $97,000,000;

(b) the aggregate debt service to be paid on any 2020/2021 Refunding Bonds shall be less than the aggregate debt service (or aggregate rent reflecting debt service in the case of a lease with respect to a Refunding Candidate) on the Refunding Candidate to be refunded;

(c) the final maturity date of any 2020/2021 Refunding Bonds shall not be later than the end of the fiscal year that includes the final maturity date of the Refunding Candidate to be refunded with the proceeds of such bonds, and the term of any 2020/2021 New Money 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 2020/2021 Bonds issued initially in the Fixed Mode does not exceed 6.0%;

(e) the aggregate principal amount of 2020/2021 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 2020/2021 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, 2021; provided that an 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 2020/2021 Bonds, executed as provided in this resolution, to be authenticated and delivered to the underwriters or Direct Purchaser(s); 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 2020/2021 Bonds in exchange for the purchase price thereof.

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 his or her discretion, execute and deliver a certificate regarding continuing disclosure in order to assist the underwriters for 2020/2021 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 2020/2021 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 2020/2021 Tax-Exempt Bonds.

(b) *Certification of Financial Advisor.* The University shall obtain, on or prior to the date of execution of the Payment Agreement, a written certification from a financial 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 2020/2021 Bonds or reduce the University's exposure to fluctuations in interest rates on the related 2020/2021 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 2020/2021 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 2020/2021 Bonds.

Any such supplemental resolution of the Board may be adopted without the consent of the owners of any 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 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 2020/2021 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 2020/20210 Bond. Except as aforesaid, any such consent given by the Registered Owner of any 2020/2021 Bond shall be conclusive and binding upon such Registered Owner and upon all future Registered Owners of such 2020/2021 Bond and of any 2020/2021

Bond issued in exchange therefor or in lieu thereof, irrespective of whether or not any notation in regard thereto is made upon such 2020/2021 Bond. Any action taken by the Registered Owners of the percentage in aggregate principal amount of a series or subseries of Outstanding 2020/2021 Bonds specified in this resolution in connection with such action shall be conclusively binding upon the University and the Registered Owners of all Outstanding 2020/2021 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 2020/2021 Bonds have concurred in any demand, request, direction, consent or waiver under this resolution, 2020/2021 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. 2020/2021 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 2020/2021 Bonds and that the pledgee is not the University.

Section 29. University Acquisition of 2020/2021 Bonds.

The University may acquire 2020/2021 Bonds by (a) purchase of 2020/2021 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 2020/2021 Bonds and the provisions of the Bond Act shall constitute a contract between the University and the Registered Owners of the 2020/2021 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 2020/2021 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
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	2010 Certificates of Participation 77 (R-1999 COP 24)	3,415,000
State of WA	2010 Certificates of Participation 78 (R-2001A COP 24b)	1,070,000
State of WA	R-2010B General Obligation UW (R-2001C)	3,610,000
State of WA	2011 Certificates of Participation 87 (R-2001B COP 28)	3,590,000
State of WA	2011 Certificates of Participation 88 (R-2001D COP 35)	2,100,000
State of WA	2011 Certificates of Participation 89 (R-2002A COP 36)	2,915,000
State of WA	2011 Certificates of Participation 90 (R-2002E COP 40)	1,705,000
State of WA	2013 Certificates of Participation 93 (R-2003 COP 41)	1,990,000
State of WA	2013 Certificates of Participation 94 (R-2003 COP 42)	420,000
State of WA	R-2011A General Obligation UW (R-2002A)	25,925,000
State of WA	R-2011A General Obligation UW (R-2002B)	3,915,000
State of WA	R-2011B General Obligation UW (R-2002A)	6,010,000
State of WA	R-2011B General Obligation UW (R-2002B)	2,995,000
State of WA	R-2011B General Obligation UW (R-2003D)	3,980,000
State of WA	R-2011B General Obligation UW (R-2004A)	5,880,000
State of WA	R-2012A General Obligation UW (R-2003D)	1,540,000
State of WA	R-2012A General Obligation UW (R-2004A)	2,900,000
State of WA	R-2012A General Obligation UW (R-2004D)	2,750,000
State of WA	R-2012C General Obligation UW (R-2003D)	1,870,000
State of WA	R-2012C General Obligation UW (2004A)	4,400,000
State of WA	R-2012C General Obligation UW (2004D)	2,475,000
State of WA	R-2015E General Obligation HE-UW (R-2007 GO HE-UW (R-1997E))	260,000
State of WA	R-2016A General Obligation UW (R-2006A)	30,145,000
State of WA	R- 2017A GO HE-UW (R-2010A) (R-1999B))	9,130,000
University	2006 UWT Bank of America Term Loan	3,100,000
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	2010A General Revenue Bonds (Tax-Exempt)	20,265,000
University	2010B General Revenue Bonds (Taxable Build America Bonds)	144,740,000
University	2011A General Revenue Bonds	211,370,000
University	2012A General Revenue Bonds (Tax-Exempt)	233,390,000
University	2012B General Revenue Bonds (Taxable)	34,185,000
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 Bonds (Tax-Exempt)	159,160,000
University	2015D General Revenue Bonds (Taxable)	36,350,000
University	2016A General Revenue and Refunding Bonds (Tax-Exempt)	195,145,000
University	2016B General Revenue Refunding Bonds (Taxable)	10,015,000
University	2018 General Revenue Bonds	133,785,000
University	2019A General Revenue Bonds	100,000,000
University	2014 FAST Loan - Suzzallo Library Renovation	1,000,000
University	2014 FAST Loan - UWT- Pagni & Lenti Building	500,000
University	2017 FAST Loan -- UW Information Technology	1,566,956.22
University	2018 FAST Loan -- The College of the Environment (Research Vessel)	500,000
University	2018 FAST Loan -- University of Washington Information Technology	4,470,472

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) (Tax-Exempt)	109,205,000
WEDFA	2015A Lease Revenue Bonds WBRP III (Tax-Exempt)	107,615,000
NW Hospital	4.65% Mortgage Note Payable (OMC Refunding)	9,217,542
University	Da Vinci XI Dual Console System (Taxable capital equipment lease)	2,253,990
NW Hospital	Elekta Synergy Linear Accelerator (Tax-Exempt capital equipment lease)	613,278
NW Hospital	Elektra Synergy Linear Accelerator Upgrade (Tax-Exempt capital equipment lease)	641,762
University	2013 EOL ESCO Smartgrid	1,391,939
University	2013 EOL ICA Scoreboard	3,807,685
University	2014 EQL Primate Center	609,117
University	2020A General Revenue Bonds	51,000,000
University	2020B General Revenue Bonds	51,000,000
University	2020C General Revenue Refunding Bonds (Delayed Delivery Bonds)(1)	117,815,000
University	2020 FAST Loan -- Oak Hall HFS (Tax-Exempt)	12,000,000
University	2020 FAST Loan -- Oak Hall HFS (Taxable)	7,000,000
University	2020 FAST Loan – School of Medicine MRI Machine	2,470,000
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	2020C General Obligation UW (R-2011B (R-2003D))	1,450,000
State of WA	2020C General Obligation UW (R-2011B (R-2004A))	1,670,000
State of WA	2020A General Obligation UW ((R-2010B)(R-2001C))	1,585,000
University	2020 FAST Loan – Fleet Services	484,209

(1) Expected to close on February 9, 2021

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APPENDIX B

AUDITED FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTAL INFORMATION OF THE UNIVERSITY (FISCAL YEAR ENDED JUNE 30, 2020)

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UNIVERSITY OF WASHINGTON

Supplementary Information

June 30, 2020 and 2019

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 2900
1918 Eighth Avenue
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 and discretely presented component unit of the University of Washington (the University), an agency of the state of Washington, as of and for the years ended June 30, 2020 and 2019, and have issued our report thereon dated October 23, 2020, which contained unmodified opinions on those financial statements that collectively comprise the University's basic financial statements. Our audit was performed for the purpose of forming opinions on the financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 23, 2020.

The supplementary information included on pages 2 through 4 is presented for the purposes of additional analysis and is 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, 2020 and 2019, 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

October 23, 2020

UNIVERSITY OF WASHINGTON

Reconciliation of Total University Revenue to General Revenue

Years ended June 30, 2020 and 2019
(Dollars in thousands)

		2020	2019
General revenue:			
Total revenue	$	6,787,465	6,634,277
Less:			
State appropriations		415,030	378,656
Grant and contract direct costs		1,267,351	1,207,662
Gifts		219,542	165,831
Revenues of component units		513,740	676,205
Student activities fees and U-Pass fees		43,177	46,652
Student technology fees, student building fees, and student loan funds		81,563	78,553
Trust and endowment income, net unrealized gains on noninvested funds investments, Metropolitan Tract net operating income, component unit investment income, and other restricted investment income		113,816	274,178
Capital appropriations		23,098	24,797
Capital grants, gifts and other		179,089	44,260
Other nonoperating revenues		114,118	8,365
Gifts to permanent endowments		65,425	135,484
Total general revenue	$	3,751,516	3,593,634
General revenue components:			
Student tuition and fees (less student activities fees, U-Pass fees, technology fees, building fees, and loan funds)	$	941,040	939,245
Grant and contract indirect costs		275,991	269,649
Invested funds distribution and net invested funds unrealized gains and losses (note 2)		94,177	65,700
Sales and services of educational departments		283,159	260,176
Patient services		1,582,321	1,475,975
Auxiliary systems		401,331	466,231
Other operating revenues		173,497	116,658
Total general revenue	$	3,751,516	3,593,634

See accompanying notes to supplementary information.

UNIVERSITY OF WASHINGTON

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

June 30, 2020 and 2019
(Dollars in thousands)

		2020	2019
Total University unrestricted net position per financial statements	$	(792,167)	(980,736)
Less:			
Student and activities fees		26,680	24,648
Net position (deficit) of component units:			
Association of University Physicians		174,013	152,606
UW Neighborhood Clinics		(648)	(1,933)
Northwest Hospital		(131,628)	(90,862)
Real estate entities		11,706	(3,757)
Total to be excluded, net		80,123	80,702
General net position, including pensions and other post-employment benefits (OPEB)		(872,290)	(1,061,438)
Impact of GASB 68 – Pensions		456,362	584,284
Impact of GASB 75 – OPEB		1,853,385	1,817,162
General net position, excluding GASB 68 pensions and OPEB *	$	1,437,457	1,340,008

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

See accompanying notes to supplementary information.

UNIVERSITY OF WASHINGTON

Notes to Supplementary Information

June 30, 2020 and 2019

(1) Basis of Presentation

The General Revenue schedule 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 February 8, 2018 the University's Board of Regents approved the dissolution of Northwest Hospital & Medical Center (NWH), a Washington non-profit corporation, and the integration of NWH into the University of Washington Medical Center (UWMC). The integration occurred on January 1, 2020, at which time NWH ceased operations and the University accepted the assets, liabilities, and remaining operations of the corporate entity. At the time of the integration, NWH became the Northwest Campus of UWMC and ceased to be a blended component unit of the University. Revenues subsequent to the date of integration, and their associated impact on unrestricted net position, have been incorporated into General Revenues and General Net Position.

As of June 30, 2020 and 2019, Unrestricted Net Position reflects a deficit 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. 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.

(2) 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.

2020 UNIVERSITY *of* WASHINGTON

FINANCIAL REPORT

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University Facts

	FISCAL YEAR 2020 Academic Year 2019-2020	FISCAL YEAR 2015 Academic Year 2014-2015	FISCAL YEAR 2010 Academic Year 2009-2010
STUDENTS			
Autumn Enrollment (headcount)			
Undergraduate	42,544	39,331	34,972
Graduate	14,628	13,333	11,996
Professional	2,209	2,006	1,913
TOTAL	**59,381**	**54,670**	**48,881**
Professional and Continuing Education - Course and Conference Registrations	90,714	76,245	63,178
Number of Degrees Awarded			
Bachelor's	11,508	10,145	9,290
Master's	4,957	4,117	3,269
Doctoral	845	838	703
Professional	598	554	523
TOTAL	**17,908**	**15,654**	**13,785**
FACULTY[1]	4,864	4,561	4,169
FACULTY AND STAFF[2]	31,093	27,264	24,741
RESEARCH FUNDING - ALL SOURCES *(in thousands of dollars)*	$ 1,631,329	$ 1,308,801	$ 1,317,614
SELECTED REVENUES *(in thousands of dollars)*			
Net Patient Service and Other Medical-Related Revenues[3]	$ 2,949,012	$ 2,283,022	$ 1,473,779
Gifts, Grants and Contracts	1,762,883	1,444,765	1,314,485
Tuition and Fees[4]	1,058,271	914,419	527,958
Auxiliary Enterprises and Other Revenues	719,578	614,185	315,363
State Appropriations (Operating)	415,030	255,156	347,425
Investment Income	207,993	227,404	308,752
SELECTED EXPENSES *(in thousands of dollars)*			
Medical-Related[3]	$ 2,577,507	$ 2,068,491	$ 1,043,171
Instruction, Academic Support, and Student Services	2,121,064	1,640,377	1,291,234
Institutional Support and Physical Plant	936,834	767,784	525,273
Research and Public Service	873,225	765,036	733,769
Auxiliary Enterprises	589,895	291,628	165,612
CONSOLIDATED ENDOWMENT FUND[5] *(in thousands of dollars)*	$ 3,560,000	$ 3,076,000	$ 1,830,000
SQUARE FOOTAGE[6] *(in thousands of square feet)*	27,202	22,326	18,526

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 Valley Medical Center in 2020 and 2015 only
4. Net of scholarship allowances of $198.8 million in 2020, $142.7 million in 2015 and $82.5 million in 2010
5. Stated at fair value
6. Gross square footage, all campuses

KPMG LLP
Suite 2900
1918 Eighth Avenue
Seattle, WA 98101

Independent Auditors' Report

The Board of Regents
University of Washington:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the University of Washington (the University), which comprise the statements of net position as of June 30, 2020 and 2019, and the related statements of revenues, expenses and changes in 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University of Washington as of June 30, 2020 and 2019, 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.

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 the 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 unit. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2020 and 2019, 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.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 18, and the schedules of required supplementary information on pages 67 through 72, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University of Washington's basic financial statements. The accompanying information under the table of contents titled "University Facts" is presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

KPMG LLP

Seattle, Washington
October 23, 2020

MANAGEMENT'S DISCUSSION & 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, 2020 and 2019, with comparative financial information for 2018. 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 2020

The University recorded a $343 million increase in net position in 2020 compared to an increase of $481 million in 2019. The 2020 operating loss increased $262 million over the prior year, as the Novel coronavirus (COVID-19) pandemic contributed to operating expense growth that was not accompanied by similar growth in operating revenues. Nonoperating and other revenues increased during the year, benefiting from support provided by federal and state sources related to COVID-19, but were offset by a decrease in the University's investment income.

Key Financial Results

(in millions)	2020	2019	2018
Total operating revenues	$ 5,511	$ 5,485	$ 5,172
Total operating expenses	6,352	6,064	5,859
Operating loss	(841)	(579)	(687)
State appropriations	415	379	362
Gifts	220	166	167
Investment income	208	340	404
Other nonoperating revenues, net	341	175	244
Increase in net position	343	481	490
Net position, beginning of year	5,578	5,097	6,267
Cumulative effect of accounting changes (described below):			
GASB 75 - Other post-employment benefits	—	—	(1,660)
Net position, beginning of year as restated	5,578	5,097	4,607
Net position, end of year	**$ 5,921**	**$ 5,578**	**$ 5,097**

Operating Revenues

Operating revenues increased $26 million, or 0.5%, in 2020. Revenue from student tuition and fees increased a modest $6 million, whereas grant and contract revenue recorded another strong year, increasing $66 million, or 5%, over 2019. Revenue from patient services decreased $43 million, or 2%, during 2020 reflecting the impact on clinical operations from the COVID-19 pandemic and restrictions on non-urgent and elective procedures temporarily mandated by the state's Governor. Other operating revenue increased $37 million, primarily due to strong contract pharmacy revenues. Sales and services of educational departments increased $23 million due to School of Medicine programs, primarily Lab Medicine. These were offset by a decrease in Housing and Food Services revenues of $38 million due to impacts from the pandemic on demand for housing and retail operations, as well as lower revenues from other auxiliary operations.

Operating Expenses

Operating expenses increased $288 million, or 5%, in 2020. Staff salaries and benefits increased $150 million during the year, primarily due to merit increases, the need to retain historical staffing levels despite a decrease in UW Medicine volumes as a result of the COVID-19 pandemic, and higher expenses associated with the University's pension and other post-employment benefit (OPEB) plans. Other contributing factors included an $70 million increase in purchased services such as consulting and contract medical personnel, and a $32 million increase in supplies and materials primarily associated with pharmaceutical supplies.

Nonoperating Revenues

Revenues from nonoperating and other sources, net of interest on capital-related debt, increased $123 million, or 12%, in 2020. Current use, capital and endowed gifts increased a combined $121 million during the year, primarily due to $125 million received from the Bill & Melinda Gates Foundation to support the Population Health Initiative. Amounts received as COVID-19 support, and provided by the CARES Act (described below), contributed $87 million during 2020. Offsetting these was a decrease in investment income during the year, reflecting lower investment returns earned on the University's endowment and operating funds.

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. On February 29, 2020, the Governor of the state of Washington declared a state of emergency to ensure the swift deployment of resources necessary to address coronavirus in Washington and the forecasted potential surge of COVID-19 patients. On March 23, 2020, President Trump declared a national state of emergency with respect to the COVID-19 outbreak, ordering all states to establish emergency operations and authorizing the use of federal funds.

In accordance with direction and mandates from the Governor, beginning on March 19, 2020, the University's clinical operations cancelled or postponed all non-urgent and elective procedures. On May 19, 2020, the Governor lifted these restrictions, allowing non-urgent and elective procedures to resume. The cancellation of procedures from mid-March to mid-May had a significant impact on patient volumes and revenues in the current fiscal year.

On March 23, 2020, the Governor issued a statewide "Stay Home, Stay Healthy" proclamation requiring individuals to stay home except for essential activities, banning social and other gatherings, and closing all businesses with certain exceptions. University courses shifted to remote instruction for the final two weeks of Winter Quarter and for all of Spring Quarter, continuing through Summer Quarter. Although the University did not experience a significant change in student enrollment during the shift to online instruction, many students opted to discontinue living on campus, which together with mandates from the Governor's directive significantly impacted University residential and retail operations.

COVID-19 financial and liquidity support from federal and state sources during fiscal year 2020 took the following forms:

Medicare Advance Payment Program - The University requested and received approval for six months of advance Medicare payments under the Centers for Medicare and Medicaid Services (CMS) Medicare Advanced Payment Program (MAPP). The University received $125 million in April and May of 2020, which is recorded as "unearned revenues" in the accompanying Statements of Net Position. The advance Medicare funds will be recovered by Medicare by offsetting paid claims until the full amount is recouped, beginning one year after the advance payment was issued. The University has up to twenty-nine months from the date of the advance payment to repay the balance. Medicare has not yet begun recovering advance payments through claims for services.

CARES Act Provider Relief Fund - The Federal Government passed the Coronavirus Aid, Relief and Economic Security (CARES Act) in March 2020. The Provider Relief Fund payments are intended to assist with lost revenues associated with lower patient volumes, cancelled procedures and services due to COVID-19. Provider relief funds consisted of both general and targeted distributions. The University received both types of distributions totaling $66 million. For the year ended June 30, 2020, the University has recognized this funding as "other nonoperating revenues" on the Statements of Revenues, Expenses and Changes in Net Position. Subsequent to June 30, 2020, the Department of Health and Human Services (HHS) published its Provider Reporting Guidelines. The guidelines include the reporting timing and deadlines and methodology for calculating lost revenues attributable to COVID-19. Since this information could not have been known at June 30, 2020, any change in the estimate of revenue to be recognized will be recorded in future periods. The University is currently assessing the impact of these reporting requirements.

CARES Act HEERF - Under the CARES Act, the University became eligible for approximately $40 million in grant funding via the Higher Education Emergency Relief Fund (HEERF). Half of this amount is intended to assist eligible students impacted by on-campus financial disruption (student aid portion) with the other half to be used to cover costs associated with significant changes to the delivery of instruction (institutional portion) due to COVID-19. The University distributed $18 million as emergency financial aid to students during fiscal year 2020, with $2 million remaining to be distributed during 2021. Of the $20 million institutional portion, $4 million was allocated to the University's Housing and Food Services auxiliary operation in fiscal year 2020 to cover expenditures that would otherwise have been funded by housing and dining revenues which were impacted by the pandemic. The remainder of these funds will be drawn in fiscal year 2021. The $22 million that has been recognized in fiscal year 2020 is reported as "other nonoperating revenues" on the Statements of Revenues, Expenses and Changes in Net Position.

CARES Act FICA Deferral - The CARES Act provides that employers may elect to defer payment of the employer's share of social security taxes through December 31, 2020. Of these deferred payments, 50% must be paid by December, 2021, with the remainder paid by December, 2022. As a result, $31 million has been deferred by the University as of June 30, 2020, and is shown as "long-term liabilities, net of current portion" on the Statements of Net Position.

CARES Act Paycheck Protection Program - Also as part of the CARES Act, the federal government enacted a loan program called the Paycheck Protection Program (PPP) for eligible businesses with 500 or fewer employees. Eligible businesses are able to apply for a loan of up to 2.5 times the average monthly payroll expense of the business. The interest on PPP loans is deferred for the first six months of the loan, with an interest rate of 1% after the deferral period. UW Neighborhood Clinics applied for and was granted a loan of $5 million which is recorded as "long-term liabilities, net of current portion" on the University's Statements of Net Position.

FEMA Public Assistance Program - The University applied for an $85 million grant from the Federal Emergency Management Agency (FEMA) Public Assistance program via the expedited funding channel, which enabled partial funding of estimated eligible expenditures up front, with a 25% state cost share requirement. The University received an expedited payment from the grant program of $32 million to help defray certain costs incurred as part of the University's response to COVID-19. These amounts are reported as "unearned revenues" in the accompanying Statements of Net Position. The University also received an emergency allocation from the state of Washington in relation to the 25% cost share which will be reported as "state appropriations" in fiscal year 2021.

State Appropriations - Including the emergency allocation for the 25% cost share related to the FEMA funding noted above, the state of Washington appropriated a total of $83 million in emergency funding in response to the COVID-19 pandemic in fiscal year 2020. These funds will be used primarily to expand lab capacity for COVID-19 testing, procure medical supplies and equipment, sanitize facilities and equipment, and provide information to the public. Of this funding, $8 million was received as of June 30, 2020 and is included in "state appropriations" in the University's Statements of Revenues, Expenses and Changes in Net Position.

In total, the University received or deferred payment of $288 million during fiscal year 2020 in relation to COVID-19 support. Of this amount, $95 million has been recognized as revenue during the current fiscal year and $36 million represents a future payment obligation of the University (see note 2 to the financial statements). These amounts exclude amounts received and payments deferred by the University's discrete component unit, Valley Medical Center.

Changes in Accounting Standards

The University implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" (OPEB) during fiscal year 2018. As a result of implementing Statement No. 75, the University recognized its proportionate share of the state of Washington's actuarially determined total OPEB liability, deferred inflows of resources and deferred outflows of resources, and OPEB expense. Prior to implementing this Statement the University's financial statements did not reflect any OPEB liability or associated deferred inflows or outflows, and reported OPEB expense based on cash contributions paid to the OPEB plan administrator. In addition to the reporting changes described above, unrestricted net position was restated at July 1, 2017 by a decrease of $1.7 billion.

The University implemented GASB Statement No. 81, "Irrevocable Split-Interest Agreements" during fiscal year 2018. This Statement changed the way that governments reflect resources received pursuant to irrevocable split-interest agreements, both at inception and throughout the life of the associated contract. Specifically, where the University has a remainder interest in a trust that is also managed by the University, revenues are no longer recognized when the asset is acquired and upon periodic revaluation, but are instead recorded as a deferred inflow of resources and recognized at termination of the contract. Additionally, where the University has a lead interest in a trust that is not managed by the University, revenues are now recognized both when the asset is received or communicated to the University, and upon periodic revaluation. These events were previously not reflected in the financial statements of the University.

The University implemented GASB Statement No. 83, "Certain Asset Retirement Obligations" during fiscal year 2019. An Asset Retirement Obligation (ARO) is a legally enforceable liability associated with the retirement of a tangible capital asset. Governments that have legal obligations to perform future tangible asset retirement activities are now required to recognize a liability and offsetting deferred outflow of resources when these costs are incurred and are reasonably estimable. The University's 2015 Decommissioning Funding Plan, prepared in accordance with Washington Administrative Code 246-235-075, estimated disposal and clean-up costs related to all radioactive materials used for research, clinical applications, and education and was used as the basis for recording the initial ARO liability. Prior to implementing this Statement, the University's financial statements did not reflect any ARO liability or associated deferred outflow, and reported costs associated with these retirement activities as expense at the time of asset disposal.

No new accounting standards were implemented by the University during fiscal year 2020.

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 on a consolidated basis in order to focus on 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, 2020 and 2019). 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, 2020 and 2019). 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, 2020 and 2019). Their purpose is to assess the University's ability to generate net cash flows and meet its obligations as they come due.
- 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. GASB standards require that this entity be presented as a discrete component unit of the University since it has a separate board of directors, 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; therefore, its financial position at June 30, 2020 and 2019, and results of operations for the fiscal years ended June 30, 2020 and 2019, 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.

Financial Health

STATEMENTS OF NET POSITION

A summarized comparison of the University's assets, liabilities, deferrals and net position as of June 30, 2020, 2019 and 2018 is shown below:

Summarized Statements of Net Position

(in millions)	**2020**	**2019**	**2018**
Current assets	$ 2,029	$ 1,574	$ 1,486
Noncurrent assets:			
Capital assets, net	4,972	4,935	4,980
Investments, net of current portion	5,570	5,375	5,105
Other	568	525	481
Total assets	13,139	12,409	12,052
Deferred outflows	639	414	244
Total assets and deferred outflows	13,778	12,823	12,296
Current liabilities	1,528	1,166	1,267
Noncurrent liabilities:			
Bonds payable	2,371	2,353	2,334
Pensions and OPEB	2,740	2,498	2,750
Other	383	335	332
Total liabilities	7,022	6,352	6,683
Deferred inflows	835	893	516
Total liabilities and deferred inflows	7,857	7,245	7,199
Net position	**$ 5,921**	**$ 5,578**	**$ 5,097**

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 debt. The excess of current assets over current liabilities of $501 million in 2020, and $408 million in 2019, reflects the continuing ability of the University to meet its short-term obligations.

Current assets increased $455 million, or 29%, in 2020. Amounts received from federal and state sources pertaining to COVID-19 support drove a $383 million increase in short-term investments. Likewise, a focus on conserving operating cash balances to protect liquidity in light of COVID-19 contributed to an increase of $58 million in cash and cash equivalents. Current assets increased $88 million, or 6%, in 2019 due to a $60 million increase in accounts receivable, driven by patient receivables and pending investment sales, and a $64 million increase in short-term investments. These amounts were partially offset by a $59 million decrease in cash and cash equivalents.

Current liabilities increased $362 million, or 31%, in 2020. Accounts payable and accrued liabilities increased $213 million during the year primarily driven by a $160 million increase in pending investment purchases compared to the prior year, and a $38 million increase in the liability for accrued annual leave due to the pandemic. A $174 million increase in unearned revenues also contributed to the year over year change, and was primarily attributable to amounts received by the University related to COVID-19 support from the Medicare Advance Payment Program and the FEMA Public Assistance Program. Current liabilities decreased $101 million, or 8%, in 2019 driven by a $65 million decrease in commercial paper debt together with a $33 million decrease in other operating and vendor payables.

Noncurrent assets increased $275 million, or 3%, in 2020 primarily due to a $195 million increase in the market value of the University's long-term investments, combined with a $25 million increase in the value of the University's equity interest in the Seattle Cancer Care Alliance. Noncurrent assets increased $269 million, or 3%, in 2019 primarily due to an increase in the market value of the University's long-term investments.

Noncurrent liabilities increased $308 million, or 6%, in 2020. Pension and OPEB liabilities increased $242 million, reflecting the impact of lower end of year discount rates used in the associated actuarial valuations. Other contributing factors were a $32 million net increase in general revenue bonds outstanding (new issuances less debt service) and $31 million of social security payments owed but unpaid at year end through the CARES Act FICA tax deferral. Noncurrent liabilities decreased $230 million, or 4%, in 2019 primarily due to changes in the University's pension and OPEB liabilities. The net pension liability pertaining to the pension plans administered by the Washington Department of Retirement Systems (DRS) decreased $223 million in 2019 as a result of better than expected investment returns on pension plan assets, and a decrease in the University's proportionate share of the statewide PERS 1 liability. The OPEB liability decreased $211 million due primarily to a reduction in the actuarial assumptions surrounding future healthcare cost trends. Offsetting these was a $182 million increase in the University of Washington Supplemental Retirement Plan (UWSRP) pension liability, due to lower than expected investment returns on the model portfolio used to calculate retiree benefit eligibility, a decrease in the ending discount rate, and salary growth that was higher than expected.

Deferred outflows of resources and deferred inflows of resources primarily represent pension and OPEB-related deferrals, and the University's remainder interest in split-interest agreements. The increase in deferred outflows of $225 million, or 54%, in 2020 primarily pertains to the UWSRP and OPEB plans. UWSRP deferred outflows increased $117 million, and OPEB deferred outflows increased $85 million, due to a decrease in the discount rates used to value the respective ending liabilities. The increase in deferred outflows of $170 million, or 70%, in 2019 also primarily pertains to the UWSRP and OPEB plans. UWSRP deferred outflows increased $141 million in 2019 due to a decrease in the discount rate used to value the ending liability, together with a change in the actuarial assumption pertaining to investment performance and differences between expected and actual experience regarding salary growth. OPEB deferred outflows increased $47 million in 2019, also due to differences between expected and actual experience.

Deferred inflows decreased $58 million, or 6%, in 2020, primarily due to a $66 million reduction in OPEB deferred inflows resulting from amortization of amounts recorded in prior years. Deferred inflows increased $377 million, or 73%, in 2019. The University's share of deferred inflows associated with the DRS plans increased $83 million in 2019 due to the impact of changes in actuarial assumptions, and differences between expected and actual experience when calculating the ending liabilities. OPEB deferred inflows increased $312 million in 2019, primarily due to changes in actuarial assumptions pertaining to future medical cost trends.

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.

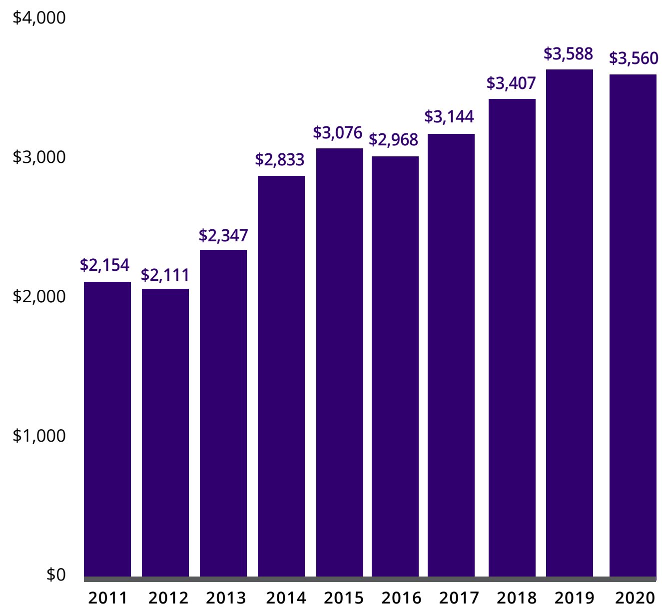
The University of Washington Board of Regents is vested by statute with responsibility for the University's properties and investments, and for establishing investment policy. The University of Washington Investment Management Company (UWINCO), led by the Chief Investment Officer, carries out the day-to-day 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 10 years due to endowment gifts and investment returns. The number of individual endowments in the CEF has grown significantly, from 3,545 at June 30, 2011 to 5,253 at June 30, 2020. The market value of the CEF has similarly increased, from $2.2 billion at June 30, 2011 to $3.6 billion at June 30, 2020.

Consolidated Endowment Fund Market Value

(in millions)



The impact to program support has been substantial with $1.1 billion distributed over the past 10 years, touching every part of the University. Programs supported by endowment returns include academic programs, scholarships, fellowships, professorships, chairs and research activities.

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. Quarterly distributions to programs are based on an annual percentage rate of 3.92%, applied to the five-year rolling average of the CEF's market value. Additionally, the policy allows for an administrative fee of 0.98% supporting campus-wide fundraising and stewardship activities (0.784%) and offsetting the internal cost of managing endowment assets (0.196%). The reduction to 4.5% will be in full effect for fiscal year 2022 and beyond.

Endowment portfolios are commonly managed around a core set of objectives focused on the need to provide support for endowed programs in perpetuity. The Board of Regents, in conjunction with the UWINCO Board, establishes the policy asset allocation judged to be most appropriate for the University from a long-term potential return and risk perspective. The policy asset allocation is reviewed annually for its continuing fit with the University's risk profile and with consideration of the changing dynamics of the capital markets.

The CEF asset allocation is divided into two clearly defined categories of investments: those which facilitate growth or appreciation (Capital Appreciation), and those which preserve endowment values (Capital Preservation). At June 30, 2020, 72% of the CEF was invested in Capital Appreciation and 28% in Capital Preservation. Following an expectation that market returns for equities will exceed bonds over the next decade, a medium-term objective is maintained of generally overweighting equity-oriented strategies with a focus on quality companies and downside protection. The University also maintains ample liquidity within Capital Preservation to meet its funding requirements, as well as to take advantage of market dislocations if opportunities arise.

For the fiscal year ended June 30, 2020, the CEF returned +1.1% versus +4.2% for the passive benchmark. The CEF's Private Equity strategy led returns this year. In a very volatile and narrow market driven by a small set of technology stocks, the CEF's Capital Appreciation portfolio underperformed the passive benchmark. The CEF is underweight in the U.S., especially technology, and overweight in international markets. The CEF's Capital Preservation portfolio substantially underperformed the passive benchmark due to the sharp decrease in government bond yields.

A portion of the University's operating funds are invested in the CEF. As of June 30, 2020, these funds comprise $625 million of the CEF market value.

Capital Improvements

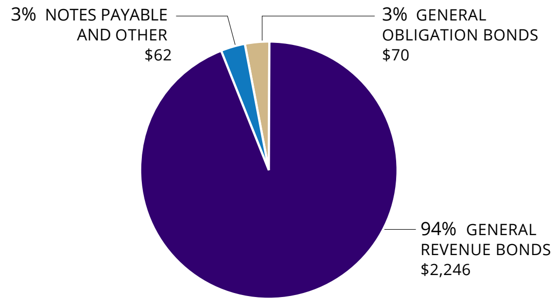
The University continues to expand its campuses, invest in information technology and renovate existing facilities to meet the needs of its students, patients, faculty and staff. Significant capital asset expenditures (greater than $20 million) during fiscal year 2020 included $115 million for the Population Health Facility, $43 million for North Campus Student Housing (Oak Hall), $34 million for the UW Medicine clinical transformation program ("Destination: One"), and $23 million for the renovation of Kincaid Hall.

Debt

The University's Debt Policy governs the type and amount of debt the University may incur. The Debt Policy is designed to maintain access to capital markets and to minimize the risk-adjusted 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, 2020, the University had $2.4 billion of bonds and notes payable outstanding, an increase of 2.1% from June 30, 2019. Debt outstanding on the Metropolitan Tract is not included in these amounts (see note 8).

Bonds and Notes Payable
(in millions)



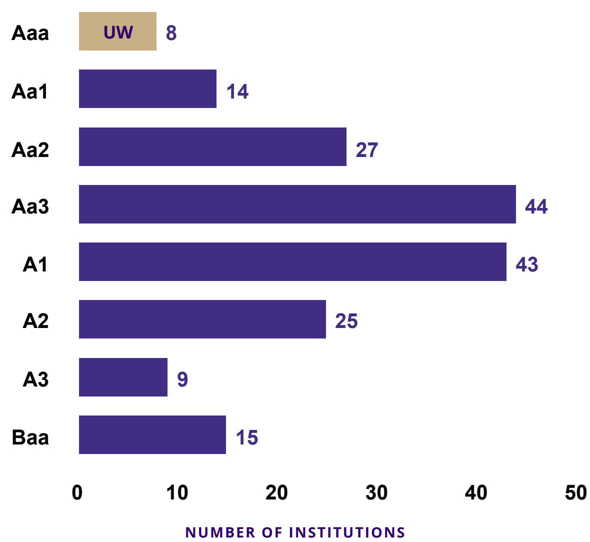
In March 2020, the University issued $51 million of tax-exempt General Revenue bonds with an all-in true interest cost of 2.61% and $51 million of taxable General Revenue bonds with an all-in true interest cost of 2.30%. Proceeds were used to fund various projects including UW Medicine Destination: One, the Childbirth Center at UW Medical Center Northwest Campus (fka Northwest Hospital Childbirth Center), and the Kincaid Hall Renovation. Additionally, the University issued $118 million of tax-exempt General Revenue Refunding Bonds (Delayed Delivery Bonds) to refund callable 2011A bonds and achieve debt service savings. The all-in true interest cost of the refunding bonds was 1.84%. These bonds are scheduled to close in February 2021.

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, 2020, there was no commercial paper outstanding.

In June 2020, the Board of Regents approved a resolution to allow for the issuance of one or more notes in the aggregate amount not to exceed $200 million to evidence one or more liquidity lines of credit for University purposes. The University entered into two separate $100 million agreements with lenders in August 2020, in order to provide short-term emergency support for COVID-19 impacts and align the University with peer schools by having another credit tool available for use. Credit agencies consider this type of liquidity support as a credit positive.

Credit ratings are an indicator of the University's effectiveness in managing its financial resources. During fiscal year 2020, both Moody's (Aaa, Negative Watch) and Standard and Poor's (AA+, Stable) reaffirmed the University's credit ratings. These strong ratings carry substantial advantages for the University: continued and wider access to capital markets, lower interest rates on bonds, and the ability to negotiate favorable bond terms. The University's short-term credit ratings were also affirmed at P-1 (Moody's) and A-1+ (Standard and Poor's).

Moody's Fiscal Year 2019
Public College and University Rating Distribution
(As of the June 2020 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 2021 has authorized $97 million. Any increase, other than debt issued to achieve debt service savings, would require additional approval by the Board.

Debt beyond fiscal year 2021 is managed through a process in which the University estimates debt capacity. Updated annually, key debt-related financial metrics are benchmarked to credit peer institutions. Current estimates assume outstanding debt will remain relatively flat for the next five years.

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, 2020, 2019 and 2018 is summarized as follows:

Categories of Net Position

(in millions)	2020	2019	2018
Net investment in capital assets	$ 2,532	$ 2,489	$ 2,484
Restricted:			
Nonexpendable	1,939	1,878	1,722
Expendable	2,243	2,192	2,129
Unrestricted	(792)	(981)	(1,238)
Total net position	**$ 5,921**	**$ 5,578**	**$ 5,097**

Net investment in capital assets increased $43 million, or 2%, in 2020. 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. The increase in 2020 was primarily a result of greater additions to net capital assets during the year than the associated increase in capital asset-related debt, reflecting continued capital spend on previously approved projects. This category of net position was largely unchanged from 2018 to 2019.

Restricted nonexpendable net position increased $60 million, or 3%, in 2020 primarily as a result of receiving $65 million in new endowment gifts during the year. This category of net position increased $156 million, or 9%, in 2019 primarily as a result of receiving $135 million in new endowment gifts during the year.

Restricted expendable net position increased $51 million, or 2%, in 2020. Unspent operating and capital gifts increased $88 million during 2020, together with $4 million from the institutional support portion of the CARES Act HEERF and $15 million from earnings on the Metropolitan Tract. These amounts were partially offset by a $72 million increase in unrealized and realized losses on investments held in the CEF. This category of net position increased $63 million, or 3%, in 2019. Unrealized and realized gains in the market value of the CEF contributed $31 million to the increase for 2019, with the remainder being comprised of the excess of new operating and capital gifts compared to spending of gifts received in prior years.

Unrestricted net position increased $189 million, or 19%, in 2020. Operating losses associated with unrestricted activities were $511 million and interest expense on capital asset-related debt was $93 million. These amounts were more than offset by $415 million in state operating appropriations, $256 million in investment income on unrestricted investments, and $83 million of federal funds from the CARES Act Provider Relief Fund and the student aid portion of HEERF. This category of net position increased $257 million, or 21%, in 2019. Operating losses associated with unrestricted activities were $358 million in 2019 and interest expense on capital asset-related debt was $89 million. These amounts were offset by $379 million in state operating appropriations and $294 million in investment income related to unrestricted investments.

As of June 30, 2020, Unrestricted Net Position reflects a deficit of $792 million due to implementation of GASB Statement No. 68 (pensions) during fiscal year 2015, and the implementation of Statement No.75 (OPEB) during fiscal year 2018. These statements require the University to record its proportionate share of the state of Washington's actuarially determined liabilities for pension and OPEB. As a result of these implementations, Unrestricted Net Position is negative despite historically positive operating results.

The University's Unrestricted Net Position, excluding the impacts from Statement No's 68 and 75, is as follows:

Unrestricted Net Position Excluding Pensions and OPEB

(in millions)	2020	2019	2018
Unrestricted net position, as reported	$ (792)	$ (981)	$ (1,238)
Impact of GASB 68 - Pensions	456	584	706
Impact of GASB 75 - OPEB	1,854	1,817	1,764
Unrestricted net position, excluding pensions and OPEB	**$ 1,518**	**$ 1,420**	**$ 1,232**

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. A condensed comparison of the University's revenues, expenses and changes in net position for the years ended June 30, 2020, 2019 and 2018 follows:

Operating Results

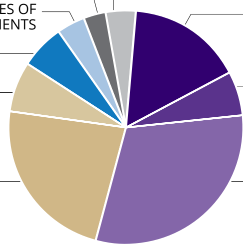
(in millions)	2020	2019	2018
Tuition and fees, net	$ 1,058	$ 1,052	$ 990
Net patient services	2,093	2,136	2,008
Grants and contracts	1,492	1,426	1,409
Other operating revenues	868	871	765
Total operating revenues	5,511	5,485	5,172
Salaries and benefits	3,882	3,732	3,661
Other Operating Expenses	2,470	2,332	2,198
Operating loss	**(841)**	**(579)**	**(687)**
State appropriations	415	379	362
Gifts	220	166	167
Investment income	208	340	404
Other nonoperating revenues	434	264	321
Interest on capital asset-related debt	(93)	(89)	(77)
Increase in net position	**$ 343**	**$ 481**	**$ 490**

The University's operating loss increased to $841 million in 2020, from $579 million in 2019. State appropriations, which are primarily used to fund operations, are shown as nonoperating revenue pursuant to GASB standards. If state appropriations were classified as operating revenue, the operating loss would have been $426 million in 2020, and $200 million in 2019.

Unaudited – see accompanying notes to financial statements

The University has a diversified revenue base. No single source generated more than 31% of the total fiscal year 2020 revenues of $6.8 billion.

Sources of Funds



The following table summarizes revenues from all sources for the years ended June 30, 2020, 2019 and 2018:

Revenues from All Sources

(in millions)	2020		2019		2018	
Net patient services	$ 2,093	31%	$ 2,136	32%	$ 2,008	31%
Grants and contracts	1,555	23%	1,492	22%	1,468	23%
Tuition and fees, net	1,058	16%	1,052	16%	990	15%
Gifts	452	7%	331	5%	398	6%
Auxiliary enterprises	420	6%	483	7%	403	6%
State funding for operations	415	6%	379	6%	362	6%
Sales and services of educational departments	283	4%	260	4%	243	4%
Investment income	208	3%	340	5%	404	6%
State funding for capital projects	23	—%	25	—%	26	—%
Other	280	4%	136	3%	124	3%
Total revenue - all sources	**$ 6,787**	**100%**	**$ 6,634**	**100%**	**$ 6,426**	**100%**

Patient Services–UW Medicine

The financial statements of the University include the operations of the School of Medicine (SOM), three hospitals, associated physician group and clinics, Airlift Northwest, and the University's share of three joint ventures. These entities, together with Harborview Medical Center (not included in the University's financial statements – see note 15) 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 also strives to facilitate the education of physicians and other healthcare providers, support research activities in collaboration with the SOM and render other services designed to achieve the "Triple Aim" which is to improve the healthcare experience for the individual, improve health of the population, and provide more affordable care.

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. Effective January 1, 2020, Northwest Hospital & Medical Center was integrated into UWMC as its second campus, and its assets and liabilities were transferred to UWMC. UWMC also serves as the major clinical, teaching and research site for students and faculty in Health Sciences at the University. More than 22,000 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 321-bed acute care hospital and network of clinics that treats approximately 17,000 inpatients per year, and is the oldest and largest public hospital district in the state of Washington. VMC joined UW Medicine in July 2011. VMC's Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position are presented in a discrete column on the financial statements of the University.

Northwest Hospital & Medical Center (NWH) is a full-service medical facility with 281 beds and treated approximately 5,000 patients during the first six months of fiscal year 2020. In February 2018, the University Board of Regents granted approval to proceed with the dissolution of NWH as a separate corporation. Effective January 1, 2020, NWH was integrated into UWMC as its second campus, and its assets and liabilities were transferred to UWMC. NWH employees became University employees effective January 1, 2020. NWH ceased operations and is in the process of winding up for dissolution of the corporation.

Unaudited – see accompanying notes to financial statements

UW Neighborhood Clinics (Neighborhood Clinics) 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 120 healthcare providers.

UW Physicians (UWP) is the physician practice group for more than 2,200 faculty physicians and healthcare providers associated with UW Medicine.

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 also a participant in three joint ventures: Seattle Cancer Care Alliance, 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) contributed nearly $2.1 billion in net patient services revenue in fiscal year 2020, compared with over $2.1 billion in fiscal year 2019, a decrease of $43 million, or 2%. UWMC (including NWH) generated 76% of this revenue in 2020 and 79% in 2019. UWMC and NWH admissions were 26,998 in 2020 compared with 28,715 in 2019, a decrease in admissions of 6%. In addition, surgeries declined 9% for UWMC and NWH as compared to 2019. These declines were attributable to the cancellation of non-urgent and elective procedures from mid-March to mid-May, 2020, as directed by the Governor of the state of Washington in response to the COVID-19 pandemic.

Grant and Contract Revenue

One of the largest sources of revenue (23%) 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 $63 million in 2020, compared to an increase of $24 million in 2019.

Federal grant and contract revenue increased $41 million, or 4%, in 2020 due primarily to National Institutes of Health (NIH) grant activity and continued research vessel support from the National Science Foundation (NSF). A total of 31 new NIH grants increased revenue by $13 million, supporting a variety of biomedical research initiatives aiming to enhance health and reduce illness. The University also received a 5-year, $34 million NSF award to perform oceanographic research missions aboard the newly refurbished R/V Thomas G. Thompson. Federal grant and contract revenue decreased $7 million, or 1%, in 2019 due primarily to two large projects that ended part way through 2019. Refurbishing work on the R/V Thomas G. Thompson research vessel to extend the vessel's useful life another 20 to 25 years was completed in September, 2018. The University also completed a major genome sequencing contract in the first half of 2019.

State and local grant and contract revenue increased $16 million, or 14%, in 2020 largely attributable to the Washington College Grant, formerly called the Washington State Need Grant, which grew $15 million during the year as a result of increased support from the state legislature related to appropriations and a higher number of eligible students. State and local grant and contract revenue increased $13 million, or 12%, in 2019 also due to the Washington State Need Grant, which increased $9 million as a result of increased state appropriations and a higher number of eligible students.

Nongovernmental grant and contract revenue increased $9 million, or 3%, in 2020. Grants from the Paul G. Allen Family Foundation supporting the UW Medicine Emergency Response Fund for COVID-19 and the Alcohol and Drug Abuse Institute contributed to this increase. The University also received a large consultancy agreement from the Inter-American Development Bank to assist with the Regional Malaria Elimination Initiative. This initiative is funded by the Bill and Melinda Gates Foundation and the Global Fund, with an aim of accelerating progress towards Malaria elimination in Mesoamerica and the Dominican Republic. Nongovernmental grant and contract revenue increased $10 million, or 4%, in 2019. Contributing to this growth was a 20% boost in clinical trial activity within the School of Medicine, as well as increased spending related to a $10 million, four-year grant from the Paul G. Allen Family Foundation to create the Allen Discovery Center for Cell Lineage Tracing. The Center will focus on developing the first global maps of cell lineage in complex organisms, which will help to advance research in disciplines such as developmental biology, neuroscience, cancer biology and regenerative medicine.

Grants and contracts provide the opportunity for graduate and undergraduate students to work with nationally recognized faculty in research as part of their educational experience.

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 2020 and 2019 indirect cost recovery rate for research grants was approximately 30 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. State support for education has increased during the last few fiscal years, but is still significantly below historical levels.

Operating Support for Instruction

(in millions)	2020		2019		2018	
Operating tuition and fees	$ 701	48%	$ 716	50%	$ 675	50%
Fees for self-sustaining educational programs	357	24%	336	24%	315	23%
Subtotal - tuition and fees	1,058	72%	1,052	74%	990	73%
State operating appropriations	415	28%	379	26%	362	27%
Total educational support	**$1,473**	**100%**	**$1,431**	**100%**	**$1,352**	**100%**

Noncapital state appropriations are considered nonoperating revenue under GASB principles, and are reflected in the nonoperating section of the Statements of Revenues, Expenses and Changes in Net Position; however, they are used solely for operating purposes.

Revenue from tuition and fees, net of scholarship allowances, increased $6 million in 2020, compared to an increase of $62 million in 2019. These increases were partially due to the state allowing a 2.4% operating fee increase in resident undergraduate tuition in 2020 and a 2.2% increase in 2019. Other tuition categories also contributed to these increases. Nonresident undergraduate operating fees increased 4.4% in 2020. Most graduate and professional operating fees increased 2.4%, while other program rates increased 0-4%. Most fee-based program rates increased 0-6% in 2020. These other fee increases were consistent with those implemented during 2019.

Revenue growth for both years was also partly due to modest increases in student enrollment. Full-time equivalent (FTE) enrollment in 2020 in undergraduate tuition-and fee-based programs were flat in the resident student category, but increased 0.3% in the nonresident student category. FTE enrollment in graduate and professional tuition- and fee-based programs held steady in the resident student category and increased by 1.8% in the nonresident student category. FTE enrollment in 2019 in undergraduate tuition-and fee-based programs increased 0.4% in the resident student category, and by 5.2% in the nonresident student category. FTE enrollment in graduate and professional tuition and fee-based programs increased 2.7% in 2019 in the resident student category, and by 3.7% in the nonresident student category.

Self-sustaining educational programs (fee-supported programs) include the following amounts for each of the fiscal years 2020, 2019 and 2018: Continuum College (the continuing education branch of the University) $132 million, $126 million and $113 million, respectively, summer quarter tuition $81 million, $65 million and $55 million, respectively, and for Business School and School of Medicine programs $66 million, $63 million and $60 million, respectively.

Gifts, Endowments and Investment Revenues

Net investment income for the years ended June 30, 2020, 2019 and 2018 consisted of the following:

Net Investment Income

(in millions)	2020	2019	2018
Interest and dividends, net	$ 63	$ 72	$ 72
Metropolitan Tract net income	25	26	16
Seattle Cancer Care Alliance change in equity	25	24	17
Realized gains	170	169	62
Unrealized (losses) gains	(75)	49	237
Net investment income	**$ 208**	**$ 340**	**$ 404**

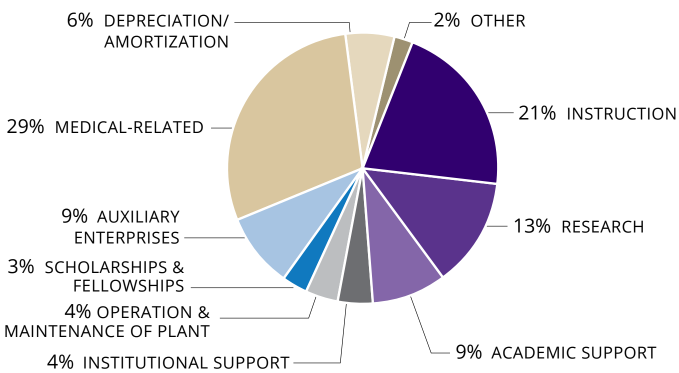
Net investment income decreased $132 million, or 39%, in 2020 compared to a decrease of $64 million, or 16%, in 2019. A decline in unrealized gains drove the decrease in 2020, whereas a similar decrease in unrealized gains during 2019 was partly offset by increases in realized gains. Returns on the CEF were +9.6% in fiscal year 2018, but decreased to +5.8% in 2019 and +1.1% in 2020.

In fiscal year 2020, the University concluded a ten-year fundraising campaign titled "Be Boundless - For Washington, For the World" which resulted in more than a half-million donors giving a combined $6.3 billion. 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 increased $54 million in 2020 primarily due to $24 million received by the School of Medicine to support the University's response to COVID-19, and $12 million related to the Brotman Baty Institute. Current use gifts in 2019 were largely unchanged from 2018. Capital gifts increased $138 million in 2020 driven by $125 million of support received from the Bill & Melinda Gates Foundation to benefit the University's Population Health Initiative. Capital gifts decreased $106 million in 2019, reflecting an $85 million gift from the Bill & Melinda Gates Foundation which had been received in the prior year but not repeated in 2019. Gifts to permanent endowments decreased $70 million in 2020, compared to an increase of $40 million in 2019. Two large estate gifts received by the University in 2019, but not repeated in 2020, are the primary reason for the decrease during the current year.

Expenses

Two primary functions of the University, instruction and research, comprised 34% of total operating expenses in 2020. These dollars provided instruction to over 59,000 students and funded over 5,500 research awards. Medical-related expenses, such as those related to patient care, also continue to be one of the largest individual components, accounting for 29% of the University's total operating expenses in 2020.

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, 2020, 2019 and 2018 follows:

Operating Expenses by Function

(in millions)	2020		2019		2018	
Educational and general instruction	$1,361	21%	$1,320	22%	$1,268	22%
Research	796	13%	749	12%	785	13%
Public service	77	1%	66	1%	49	1%
Academic support	542	9%	540	9%	512	9%
Student services	55	1%	54	1%	53	1%
Institutional support	268	4%	226	4%	251	4%
Operation and maintenance of plant	281	4%	252	4%	201	3%
Scholarships and fellowships	162	3%	155	3%	149	3%
Auxiliary enterprises	590	9%	554	9%	495	8%
Medical-related	1,832	29%	1,776	29%	1,712	29%
Depreciation/ amortization	388	6%	372	6%	384	7%
Total operating expenses	**$6,352**	**100%**	**$6,064**	**100%**	**$5,859**	**100%**

Overall, the University's operating expenses increased $288 million, or 5%, in 2020 and $205 million, or 3%, in 2019. Approximately 61% of amounts incurred for operating expenses in both 2020 and 2019 were related to faculty and staff compensation and benefits.

In 2020, expense associated with faculty and staff salaries increased $82 million, or 3%, primarily due to merit increases and the need to retain historical staffing levels despite a decrease in UW Medicine volumes as a result of the COVID-19 pandemic.

Benefits expense increased $68 million, or 8% in 2020. Pension-related benefit expenses increased $41 million, driven by amortization of UWSRP deferred outflows reflecting a lower discount rate that had an unfavorable impact on pension expense. OPEB expense decreased $16 million primarily due to lower service cost in 2020. All other benefit expenses, which fluctuate each year in relation to the change in total paid salaries, increased $43 million during 2020.

Supplies and materials expense increased $32 million, or 5%, in 2020 primarily driven by higher costs for pharmaceutical expenses associated with growth in contract pharmacy, as well as generally rising costs for pharmaceutical supplies.

Purchased services increased $70 million, or 8%, in 2020, primarily due to costs associated with information technology and management consulting, as well as contract medical personnel.

In 2019, expense associated with faculty and staff salaries increased $143 million, or 5% primarily due to merit increases and a 1% increase in University FTE's. Benefits expense decreased $71 million, or 8% in 2019. Pension-related benefit expenses decreased $42 million, driven by a reduction in the University's proportionate share of expense associated with the DRS plans, primarily due to better than expected earnings on plan assets and a decrease in the University's PERS 1 participation. OPEB expense decreased $49 million due to a favorable change in the actuarial assumptions regarding future growth in healthcare costs. These decreases were partially offset by a $20 million increase in all other benefit expenses, primarily due to growth in the underlying salaries and the number of FTE's.

Supplies and materials expense increased $43 million, or 7%, in 2019 primarily driven by greater costs for pharmaceutical and medical supplies due to increased patient care volumes and acuity.

Purchased services increased $40 million, or 5%, in 2019. The services of contract medical personnel, as well as information technology and management consulting, make up part of the increase, together with increased services purchased from Fred Hutchinson Cancer Research Center and Seattle Cancer Care Alliance.

Other operating expense increased $49 million, or 29%, in 2019 due, in part, to an increase in the self-insurance claims reserve resulting from two professional liability claims, together with higher rental expenses for University properties.

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 as defined in the Private Securities Litigation Reform Act of 1995. 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

Throughout 2020, the state of Washington, which provided approximately 6% of the University's total revenues in fiscal year 2020, continued to experience significant uncertainty in state tax collections due to the COVID-19 pandemic. In recent biennia, growth in state tax collections and new revenue have largely been consumed by court-mandated increases to K-12 education funding (McCleary v. Washington). As part of the 2019-21 compromise budget package, which was passed during the 2019 legislative session and is effective for fiscal years 2020 and 2021, the legislature approved HB 2158, which created a dedicated source of funding for higher education through an increase to Business and Occupation (B&O) taxes on professional services. In addition to funding foundational support allocations to public colleges and universities, this revenue will maintain the legislature's commitment to fully-fund the State Need Grant program (re-named the "Washington College Grant" program) by fiscal year 2021, and will make significant investments in science, technology, engineering and math (STEM) enrollments across all three University campuses.

Following the 2020 legislative session, the state was slated to pass a supplemental budget amending the 2019-21 biennial budget which provided modest additional increases to some programs. However, due to projected decreases in tax revenue as a result of the COVID-19 pandemic, many of these provisos were vetoed by the Governor.

Since then, the pandemic has severely impacted state revenues. The June 2020 revenue forecast projected a nearly $9 billion deficit over the current and upcoming biennia. As a result of this projected deficit, the University was asked to provide to the state Office of Financial Management a response to an exercise modeling a 15% reduction to state operating appropriations to the institution. The September 2020 revenue forecast updated projections in a positive direction, reducing the projected revenue deficit to $4.5 billion over the current and next biennia, $2.4 billion of which is attributed to the current biennium. It is possible that the legislature will convene in late 2020, but more likely that they will do so in early 2021 to explore options for reconciling the state budget for fiscal year 2021 and determining appropriation levels for fiscal years 2022 and 2023.

The University's fiscal year 2021 general operating appropriation from the state (excluding certain amounts appropriated for specific purposes) currently totals nearly $423 million. This amount is an increase from approximately $397 million in 2020 and $368 million in 2019. Recent increases are largely attributable to targeted investments in foundational support and STEM enrollments included in HB 2158. The University also received new appropriations for compensation, medical education, hospital and dental clinic safety net support, and targeted research investments. In light of the modeling exercise noted above, the University currently anticipates that actual appropriations could be less than the current $423 million amount. The University did not implement salary increases for faculty and professional staff consistent with other state agencies, and has already returned over $4 million in state general funding originally provided for that purpose. Further, given the risks identified above relating to state revenue collections, it is possible that this funding amount will be further reduced in a 2021 supplemental budget passed by the legislature in the upcoming session.

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. Under this current policy, the state has allowed resident undergraduate tuition to increase by just over 2% in each year. While the legislature can always modify its policy, it has so far chosen to maintain it through the 2019-21 biennium. The University's current expectation is that resident undergraduate tuition increases will continue to be limited to approximately 2% each year for 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 2019-21 biennial capital budget provided state bonding capacity or other funding for several critical capital projects that the University requested for the 2019-21 biennium. These include a health sciences education building, STEM-related buildings across all three campuses, and seismic upgrades. The state also provided significant funding for the University to expand mental health services in the state through a new behavioral health teaching facility. The 2020 supplemental capital budget added funding for pre-design of a multi-phased renovation of the Magnuson Health Sciences Center.

UW MEDICINE

The COVID-19 pandemic continues to evolve and the future impact on UW Medicine's operations and financial position will be driven by many factors, most of which are beyond UW Medicine's control and are difficult to predict. Such factors include, but are not limited to, the scope and duration of stay-at-home practices and business closures, government-imposed or recommended suspensions of non-urgent and elective procedures, continued declines in patient volumes for an indeterminable length of time, 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. While the future impact of COVID-19 is unknown, the pandemic may impact UW Medicine's patient population, cause volatility in future volumes and require additional changes in the delivery of patient care. Because of these factors and other uncertainties, including a potential fall and winter surge, management cannot estimate the length or severity of the impact of the pandemic on UW Medicine's business. UW Medicine continues to focus on reducing expenses and recovering lost revenues through all available sources.

The healthcare industry, in general, and the acute care hospital business, in particular, are experiencing considerable regulatory uncertainty based, in large part, on legislative efforts to significantly modify or repeal and potentially replace the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (ACA). It is difficult to predict the full impact of these actions on UW Medicine's future revenues and operations. Changes to the ACA could significantly impact UW Medicine.

The ability to increase profitability will depend, in part, on successfully executing UW Medicine strategies. In general, these strategies are intended to improve financial performance through the reduction of costs and streamlining how we provide clinical care, as well as mitigating the recent negative reimbursement trends being 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 the industry-wide migration to value-based payment models as government and private payers shift risk to providers, successfully managing costs and efficiently delivering care are paramount.

Destination: One

In July 2018, the University Board of Regents granted approval to proceed with the UW Medicine clinical transformation program, called Destination: One. This multi-year program will allow UW Medicine to improve patient engagement, physician and practitioner experience and is expected to achieve business and operating efficiencies through development of foundational systems and improved staffing workflows. Patient engagement will be enhanced through development of a single online patient portal for activities between the patient and UW Medicine. More online service opportunities and easy navigation will create additional opportunities for communication between the patient and their care team. UW Medicine will achieve business and operating efficiencies through simplification and standardization across operations and IT, resulting in revenue cycle improvements and optimized resource utilization. Total program costs are estimated to be $180 million, of which $129 million will be financed through the University's Internal Lending Program. Destination: One will be fully implemented in January, 2021.

Behavioral Health Teaching Facility at UWMC

During the fiscal year 2019 Washington State legislative session, UW Medicine was awarded new funding to expand behavioral health services. Specifically, the state awarded $33 million for the planning and design work necessary to build a new, first of its kind, Behavioral Health Teaching Facility at UWMC, which will be located on the Northwest Campus. Planning work is currently underway to design the facility using the initial capital funding appropriation in order to receive the second phase of capital funding of $192 million during the fiscal year 2021 legislative session.

OTHER

In December 2019, the UW Finance Transformation (UWFT) program received unanimous 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 ERP technology. Workday Financials has been chosen to support the business objectives for this transformation. The University expects three primary areas of program benefit: functional benefits in the form of new and improved system capabilities, cost avoidance of maintaining and upgrading existing systems, and efficiencies in new business processes and organization. This transformation will move the institution toward a single financial system of record, and is a top administrative priority for the University. Total program costs are estimated at $269 million, which includes all operating and capital costs for implementation and one year of stabilization. Go-live for UWFT is expected to be July 1, 2022.

Rising benefit costs, particularly for healthcare and pensions, continue to impact the University. The monthly employer base rate paid by the University for employee healthcare increased 3% during fiscal year 2020, and will be increasing 4% during fiscal year 2021, from $939 to $976 per month per active employee. Likewise, employer pension funding rates for the Public Employees Retirement System (PERS) pension plans increased 1% during fiscal year 2020, and will be increasing another 1% in fiscal year 2021. Both rates are likely to continue increasing over the next few years.

FINANCIAL STATEMENTS & NOTES

STATEMENTS OF NET POSITION

		UNIVERSITY OF WASHINGTON		DISCRETE COMPONENT UNIT VALLEY MEDICAL CENTER	
		June 30,		June 30,	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		**2020**	**2019**	**2020**	**2019**
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS (NOTE 3)		$ 143,195	$ 85,516	$ 114,880	$ 35,373
INVESTMENTS, CURRENT PORTION (NOTE 7)		999,750	616,484	74,035	67,198
ACCOUNTS RECEIVABLE (NET OF ALLOWANCE OF $23,896 and $21,673) (NOTE 6)		824,226	817,762	89,817	86,924
OTHER CURRENT ASSETS		61,868	54,675	31,829	24,246
TOTAL CURRENT ASSETS		2,029,039	1,574,437	310,561	213,741
NONCURRENT ASSETS:					
DEPOSIT WITH STATE OF WASHINGTON (NOTE 4)		78,673	72,843	—	—
INVESTMENTS, NET OF CURRENT PORTION (NOTE 7)		5,570,383	5,375,352	257	545
METROPOLITAN TRACT (NOTE 8)		182,970	168,292	—	—
STUDENT LOANS RECEIVABLE (NET OF ALLOWANCE OF $4,520 and $1,656) (NOTE 5)		48,945	60,737	—	—
OTHER NONCURRENT ASSETS		257,395	221,994	144,978	152,759
CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION OF $5,103,381 and $4,898,154) (NOTE 9)		4,971,660	4,935,336	393,772	385,901
TOTAL NONCURRENT ASSETS		11,110,026	10,834,554	539,007	539,205
TOTAL ASSETS		13,139,065	12,408,991	849,568	752,946
DEFERRED OUTFLOWS OF RESOURCES (NOTE 13)		639,368	414,063	15,112	16,119
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		**$ 13,778,433**	**$ 12,823,054**	**$ 864,680**	**$ 769,065**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
CURRENT LIABILITIES:					
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		$ 963,443	$ 750,853	$ 136,125	$ 124,460
UNEARNED REVENUES		362,911	188,702	82,186	—
OTHER CURRENT LIABILITIES		40,673	85,285	—	—
LONG-TERM LIABILITIES, CURRENT PORTION (NOTES 10-12)		161,269	141,368	10,570	10,550
TOTAL CURRENT LIABILITIES		1,528,296	1,166,208	228,881	135,010
NONCURRENT LIABILITIES:					
U.S. GOVERNMENT GRANTS REFUNDABLE		34,790	43,346	—	—
LONG-TERM LIABILITIES, NET OF CURRENT PORTION (NOTES 10-12)		2,719,287	2,644,445	328,062	338,374
PENSION LIABILITIES (NOTE 16)		1,198,088	1,143,483	—	—
OTHER POST-EMPLOYMENT BENEFITS (NOTE 17)		1,541,654	1,354,177	—	—
TOTAL NONCURRENT LIABILITIES		5,493,819	5,185,451	328,062	338,374
TOTAL LIABILITIES		7,022,115	6,351,659	556,943	473,384
DEFERRED INFLOWS OF RESOURCES (NOTE 13)		834,820	893,069	29,190	23,849
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		**7,856,935**	**7,244,728**	**586,133**	**497,233**
NET POSITION					
NET INVESTMENT IN CAPITAL ASSETS		2,531,666	2,489,083	118,350	102,937
RESTRICTED:					
NONEXPENDABLE		1,938,615	1,877,816	—	—
EXPENDABLE		2,243,384	2,192,163	856	3,525
UNRESTRICTED		(792,167)	(980,736)	159,341	165,370
TOTAL NET POSITION		5,921,498	5,578,326	278,547	271,832
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		**$ 13,778,433**	**$ 12,823,054**	**$ 864,680**	**$ 769,065**

See accompanying notes to financial statements

Dollars in thousands

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	UNIVERSITY OF WASHINGTON		DISCRETE COMPONENT UNIT VALLEY MEDICAL CENTER	
	Year ended June 30,		Year ended June 30,	
REVENUES	**2020**	**2019**	**2020**	**2019**
OPERATING REVENUES:				
STUDENT TUITION AND FEES (NET OF SCHOLARSHIP ALLOWANCE OF $198,769 and $159,390)	$ 1,058,271	$ 1,052,222	$ —	$ —
NET PATIENT SERVICE REVENUES (NET OF PROVISION FOR UNCOLLECTIBLE ACCOUNTS OF $17,238 and $29,140)	2,092,975	2,135,733	639,971	622,824
FEDERAL GRANTS AND CONTRACTS	1,081,880	1,041,103	—	—
STATE AND LOCAL GRANTS AND CONTRACTS	132,119	115,969	—	—
NONGOVERNMENTAL GRANTS AND CONTRACTS	277,624	268,449	—	—
SALES AND SERVICES OF EDUCATIONAL DEPARTMENTS	283,159	260,176	—	—
AUXILIARY ENTERPRISES:				
HOUSING AND FOOD SERVICES	114,726	152,965	—	—
SPORTS PROGRAMS (NET OF SCHOLARSHIP ALLOWANCE OF $8,143 and $8,014)	91,535	93,304	—	—
OTHER AUXILIARY ENTERPRISES	213,887	236,906	—	—
OTHER OPERATING REVENUE	165,275	128,391	67,063	55,033
TOTAL OPERATING REVENUES	**5,511,451**	**5,485,218**	**707,034**	**677,857**
EXPENSES				
OPERATING EXPENSES (NOTE 14):				
SALARIES	2,961,040	2,879,442	381,791	347,820
BENEFITS	920,605	852,888	93,547	84,177
SCHOLARSHIPS AND FELLOWSHIPS	161,972	155,158	—	—
UTILITIES	61,804	67,977	5,563	6,024
SUPPLIES AND MATERIALS	663,676	631,511	108,019	90,764
PURCHASED SERVICES	954,758	884,334	91,190	81,907
DEPRECIATION/AMORTIZATION	388,338	372,435	33,366	37,202
OTHER	239,361	220,485	33,495	33,429
TOTAL OPERATING EXPENSES	**6,351,554**	**6,064,230**	**746,971**	**681,323**
OPERATING LOSS	**(840,103)**	**(579,012)**	**(39,937)**	**(3,466)**
NONOPERATING REVENUES (EXPENSES)				
STATE APPROPRIATIONS	415,030	378,656	—	—
GIFTS	219,542	165,831	—	—
INVESTMENT INCOME (NET OF INVESTMENT EXPENSE OF $7,964 and $8,700)	207,993	339,878	8,786	7,787
INTEREST ON CAPITAL ASSET-RELATED DEBT	(92,739)	(88,498)	(13,961)	(14,853)
PELL GRANT REVENUE	51,719	51,790	—	—
PROPERTY TAX REVENUE	—	—	24,003	23,258
OTHER NONOPERATING REVENUES (EXPENSES)	114,118	8,363	27,824	(689)
NET NONOPERATING REVENUES	**915,663**	**856,020**	**46,652**	**15,503**
INCOME BEFORE OTHER REVENUES	**75,560**	**277,008**	**6,715**	**12,037**
CAPITAL APPROPRIATIONS	23,098	24,797	—	—
CAPITAL GRANTS, GIFTS AND OTHER	179,089	44,260	—	—
GIFTS TO PERMANENT ENDOWMENTS	65,425	135,484	—	—
TOTAL OTHER REVENUES	**267,612**	**204,541**	**—**	**—**
INCREASE IN NET POSITION	**343,172**	**481,549**	**6,715**	**12,037**
NET POSITION				
NET POSITION – BEGINNING OF YEAR (NOTE 1)	5,578,326	5,096,777	271,832	259,795
NET POSITION – END OF YEAR	**$ 5,921,498**	**$ 5,578,326**	**$ 278,547**	**$ 271,832**

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	**2020**	**2019**
STUDENT TUITION AND FEES	$ 1,013,436	$ 1,007,157
PATIENT SERVICES	2,105,973	2,097,521
GRANTS AND CONTRACTS	1,517,392	1,454,338
PAYMENTS TO SUPPLIERS	(675,574)	(661,940)
PAYMENTS FOR UTILITIES	(63,570)	(69,370)
PURCHASED SERVICES	(955,809)	(903,559)
OTHER OPERATING DISBURSEMENTS	(239,510)	(220,428)
PAYMENTS TO EMPLOYEES	(2,960,222)	(2,870,989)
PAYMENTS FOR BENEFITS	(850,441)	(858,285)
PAYMENTS FOR SCHOLARSHIPS AND FELLOWSHIPS	(161,972)	(155,158)
LOANS ISSUED TO STUDENTS	(3,805)	(16,009)
COLLECTION OF LOANS TO STUDENTS	15,597	16,624
AUXILIARY ENTERPRISE RECEIPTS	413,271	482,011
SALES AND SERVICES OF EDUCATIONAL DEPARTMENTS	267,153	248,804
RECEIPTS FROM OUTSIDE AFFILIATED AGENCIES	959,743	902,277
DISBURSEMENTS TO OUTSIDE AFFILIATED AGENCIES	(960,398)	(920,315)
OTHER RECEIPTS	257,236	109,276
NET CASH USED BY OPERATING ACTIVITIES	**(321,500)**	**(358,045)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
STATE APPROPRIATIONS	429,393	360,803
GIFTS AND GRANTS FOR OTHER THAN CAPITAL PURPOSES	51,719	51,790
PRIVATE GIFTS	165,422	130,496
PERMANENT ENDOWMENT RECEIPTS	65,425	135,484
DIRECT LENDING RECEIPTS	234,139	236,348
DIRECT LENDING DISBURSEMENTS	(219,568)	(233,837)
FEDERAL STIMULUS FUNDING	124,575	—
OTHER	26,740	8,897
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	**877,845**	**689,981**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
PROCEEDS FROM CAPITAL DEBT	172,136	184,003
STATE CAPITAL APPROPRIATIONS	20,346	23,704
CAPITAL GRANTS AND GIFTS RECEIVED	179,001	38,068
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(406,338)	(314,652)
PRINCIPAL PAYMENTS ON CAPITAL-RELATED DEBT AND LEASES	(151,988)	(225,447)
INTEREST PAYMENTS ON CAPITAL-RELATED DEBT AND LEASES	(91,221)	(89,443)
OTHER	(4,294)	(2,885)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	**(282,358)**	**(386,652)**

CASH FLOWS FROM INVESTING ACTIVITIES	UNIVERSITY OF WASHINGTON Year Ended June 30, 2020	2019
PROCEEDS FROM SALES OF INVESTMENTS	8,853,263	11,323,460
DISBURSEMENTS FOR PURCHASES OF INVESTMENTS	(9,157,311)	(11,425,292)
INVESTMENT INCOME	87,740	97,928
NET CASH USED BY INVESTING ACTIVITIES	**(216,308)**	**(3,904)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	57,679	(58,620)
CASH AND CASH EQUIVALENTS-BEGINNING OF THE YEAR	85,516	144,136
CASH AND CASH EQUIVALENTS-END OF THE YEAR	**$ 143,195**	**$ 85,516**
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
OPERATING LOSS	$ (840,103)	$ (579,012)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
DEPRECIATION/AMORTIZATION EXPENSE	388,338	372,435
CHANGES IN ASSETS, LIABILITIES AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES:		
RECEIVABLES	23,017	(31,151)
OTHER ASSETS	(42,594)	(28,711)
PENSION AND OPEB RELATED DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES	(284,066)	202,777
PENSION LIABILITIES	54,605	(41,368)
OPEB LIABILITY	187,477	(211,036)
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	1,983	(48,309)
UNEARNED REVENUE	142,319	625
OTHER LONG-TERM LIABILITIES	44,288	5,090
U.S. GOVERNMENTAL GRANTS REFUNDABLE	(8,556)	(2,189)
LOANS TO STUDENTS	11,792	2,804
NET CASH USED BY OPERATING ACTIVITIES	**(321,500)**	**(358,045)**
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
STOCK GIFTS	51,481	36,844
INCREASE IN INTEREST IN SEATTLE CANCER CARE ALLIANCE	25,062	24,231
NET UNREALIZED (LOSSES) GAINS	(82,418)	41,208
EXTERNALLY MANAGED TRUSTS	7,257	8,109
TOTAL NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	**$ 1,382**	**$ 110,392**

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 10-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 15).

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. Valley Medical Center is reported discretely since it has a separate board of directors, 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.

CHANGE IN REPORTING ENTITY

On Feb. 8, 2018 the University's Board of Regents approved the dissolution of Northwest Hospital & Medical Center (NWH), a Washington non-profit corporation, and integration of NWH and UWMC. The integration occurred on January 1, 2020, at which time NWH ceased operations and the University accepted the assets, liabilities, and remaining operations of the corporate entity. At the time of the integration, Northwest Hospital became the Northwest Campus of UWMC and ceased to be a blended component unit of the University. The integration was accounted for as a government merger and, as such, will be reflected in the University's consolidated financial statements as if the merger had occurred on July 1, 2019.

BLENDED COMPONENT UNITS

The following entities are presented as blended component units of the University. Financial information for these affiliated organizations is available from their respective administrative offices.

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 $354.8 million and $309.7 million for the years ended June 30, 2020 and 2019, respectively.

UW Medicine Neighborhood Clinics (Neighborhood Clinics)

Neighborhood Clinics 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. Neighborhood Clinics was organized to coordinate and develop patient care in a community clinical setting. Neighborhood Clinics enhances the academic environment of SOM by providing additional sites of primary care practice and training for faculty, residents and students. Neighborhood Clinics had operating revenues of $31.1 million and $32.0 million for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, these entities had net capital assets of $335.6 million and $348.5 million, respectively, and long-term debt of $338.1 million and $354.5 million, respectively. These amounts are reflected in the University's financial statements.

DISCRETELY PRESENTED COMPONENT UNIT

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 321-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.

JOINT VENTURES

The University, together with Seattle Children's Hospital and Fred Hutchinson Cancer Research Center, are members of the Seattle Cancer Care Alliance (SCCA). The SCCA integrates the cancer research, teaching and clinical cancer programs of all three institutions to provide state-of-the-art cancer care. Each member of the SCCA holds a one-third interest in the joint venture. The University accounts for its interest in the SCCA under the equity method of accounting. As of June 30, 2020 and 2019, the University's investment in the SCCA totaled $208.4 million and $183.4 million, respectively. The University's investment in the SCCA is included in other noncurrent assets in its Statements of Net Position. The University reported investment income of $25.1 million and $24.2 million for its share of the joint venture for the years ended June 30, 2020 and 2019, respectively.

The University and Seattle Children's Hospital 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 records revenue from CUMG based on the income distribution plan effective December 31, 2008. The University's patient services receivable (see note 6) as of June 30, 2020 and 2019 includes amounts due from CUMG of $17.8 million and $16.6 million, respectively.

In October 2018, the University became an equity member in PNWCIN, LLC dba Embright (Embright), a Limited Liability Company that was created in 2018. Embright 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 Triple Aim of improving the patient care experience and improving the health of populations while reducing costs. Together, the members represent 14 hospitals, more than 6,500 providers and over 600 outpatient sites of care. 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, 2020 and 2019, the University's ownership interest in Embright totaled $1.8 million and $1.0 million, respectively. The University's ownership interest in Embright is recorded in other noncurrent assets in the University's Statements of Net Position.

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 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, 2018, the University implemented GASB Statement No. 83, "*Certain Asset Retirement Obligations*." An Asset Retirement Obligation (ARO) is a legally enforceable liability associated with the retirement of a tangible capital asset. Governments that have a legal obligation to perform future tangible asset retirement activities are now required to recognize a liability and offsetting deferred outflow of resources when the obligation associated with these costs has been incurred and the costs are reasonably estimable. The basis of the estimate is the current value of the expected future outlays, and is adjusted annually for inflation and any changes in relevant factors. The deferral is recognized as expense in a systematic and rational manner over the life of the tangible capital asset. The liability is extinguished as retirement costs are paid. The University's 2015 Decommissioning Funding Plan, prepared in accordance with Washington Administrative Code 246-235-075, estimated disposal and clean-up costs related to all radioactive materials used for research, clinical applications, and education and was used as the basis for recording the initial ARO liability. These costs were updated based on information provided by vendors that the University is using to prepare its forthcoming Decommissioning Funding Plan report. Prior to implementing this Statement, the University's financial statements did not reflect any ARO liability or associated deferred outflow, and reported costs associated with these retirement activities as expense at the time of asset disposal. Implementation of this Statement resulted in the recognition of a liability of $8.2 million, deferred outflow of $4.3 million and amortization expense of $3.9 million in fiscal year 2019.

On July 1, 2018, the University implemented GASB Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*." This Statement requires that additional information related to debt be disclosed in the Notes to Financial Statements, including the amount of unused lines of credit, assets pledged as collateral, significant default and termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that currently existing disclosure requirements related to long-term liabilities be provided for direct borrowings and direct placements of debt separately from other debt disclosures. The Statement does not impact the recognition or measurement of liabilities, and has no impact on the University's net position. Implementation of this Statement did not have a material impact on the University's financial statements.

ACCOUNTING STANDARDS IMPACTING THE FUTURE

In May 2020, the GASB issued Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance,"* which was effective upon issuance. This Statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018. As a result, the University will postpone implementation of Statements No. 84, No. 87 and No. 89.

In January 2017, the GASB issued Statement No. 84, *"Fiduciary Activities,"* which will be effective for the fiscal year ending June 30, 2021, as amended by the issuance of Statement No. 95. This Statement establishes criteria for identifying and reporting fiduciary activities of all state and local governments. Governments with activities meeting the criteria are required to present a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. Custodial assets held for three months or less are exempt from the reporting requirements. The University will be required to report fiduciary activities that do not meet the exception criteria, primarily consisting of funds invested by other agencies and organizations in the Consolidated Endowment Fund.

In June 2017, the GASB issued Statement No. 87, *"Leases,"* which will be effective for the fiscal year ending June 30, 2022, as amended by the issuance of Statement No. 95. This Statement changes the current classification of lease arrangements as either operating or capital leases, and establishes 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 will be required to recognize a lease liability and an intangible right-to-use (ROU) lease asset, and lessors will be required to recognize a lease receivable and a deferred inflow of resources. The University expects that implementation of this Statement will have a material impact on its financial statements. While the University continues to assess all of the impacts of implementation, it currently believes the most significant impact relates to the recognition of new ROU assets and lease liabilities on its Statements of Net Position for its real estate and equipment leases. At the time of implementation, the University currently expects to recognize lease liabilities with corresponding ROU assets in the range of $600 million to $700 million. The University also expects to recognize lease receivables with corresponding deferred inflows of resources of approximately $275 million related to real estate agreements in which it is the lessor. The substantial majority of the approximately $275 million expected to be recognized for the University's lessor agreements relate to the University of Washington Metropolitan Tract (Metropolitan Tract). The estimates above are based on the University's existing lease agreements and its currently estimated incremental borrowing rate. The actual impact could differ materially from these estimates based on future leasing activities as well as any changes in the University's estimated incremental borrowing rate.

In June 2018, the GASB issued Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period,"* which will be effective for the fiscal year ending June 30, 2022, as amended by the issuance of Statement No. 95. This Statement requires that interest cost incurred before the end of a construction period be recognized as expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, these costs will no longer be included in the capitalized cost of capital assets reported by the University. This Statement will be applied on a prospective basis, and interest costs capitalized prior to implementation will continue to be recognized as those assets are depreciated. The University estimates that implementation of this Statement will result in approximately $7.0 million of additional interest expense being recognized annually.

In May 2019, the GASB issued Statement No. 91, *"Conduit Debt Obligations,"* which will be effective for the fiscal year ending June 30, 2022. This Statement provides a single method for reporting conduit debt obligations of issuers. The Statement clarifies the existing definition of a conduit debt obligation, creates standards for accounting for commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improves related financial statement disclosures. The Statement provides guidance for arrangements when capital assets are acquired with proceeds of conduit debt obligations used by a third party that is obligated to pay the debt service. The University has not issued conduit debt; therefore, implementation of this Statement will have no impact on the University's financial statements.

In January 2020, the GASB issued Statement No. 92, *"Omnibus 2020,"* which primarily will be effective for the fiscal year ending June 30, 2021. This Statement addresses a variety of topics, including specific provisions related to leases, certain intra-entity transfers between a primary government and a component unit's post-retirement benefit plan, reporting of post-employment plan assets accumulated outside of a qualified trust, certain requirements related to fiduciary activities' post-employment benefit arrangements, measurement of asset retirement obligations resulting from a government acquisition, public entity risk pools, fair value measurements, and derivative instrument terminology. While the University continues to assess the impact of implementation of this Statement, it does not currently expect implementation to have a material impact on the its financial statements.

In March 2020, the GASB issued Statement No. 93, *"Replacement of Interbank Offered Rates,"* which will be effective for the fiscal year ending June 30, 2022, as amended by Statement No. 95. This Statement addresses accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate. While the University continues to assess the impact of implementation of this Statement, it does not currently expect it to have a material impact on the University's financial statements.

In March 2020, the GASB issued Statement No. 94, *"Public-Private and Public-Public Partnerships and Availability Payment Arrangements,"* which will be effective for the fiscal year ending June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). 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 is currently assessing the impact of implementation of this Statement on its financial statements.

In May 2020, the GASB issued Statement No. 96, *"Subscription-Based Information Technology Arrangements,"* which will be effective for the fiscal year ending June 30, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement defines an SBITA, establishes that an SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments (including implementation costs of an SBITA), and requires note disclosures regarding an SBITA. The University is currently assessing the impact of implementation of this Statement on its financial statements.

In June 2020, the GASB issued Statement No. 97, *"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*." Some requirements of the statement related to defined contribution post-employment benefit plans and fiduciary defined benefit post-employment benefit plans are effective immediately. Management has concluded that these requirements have no material impact on the University. The remaining requirements are effective for the fiscal year ending June 30, 2022. This statement provides guidance intended to increase consistency and comparability related to reporting of fiduciary component units in situations where a potential component unit does not have a governing board and the primary government performs the duties that a governing board would typically perform. The Statement also intends to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other post-employment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements. Lastly, the Statement seeks to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan, and for benefits provided through those plans. While the University continues to assess the impact of implementation of this Statement, it does not currently expect implementation to have a material impact on the its financial statements.

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 10) 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 18) 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.

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 is 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. 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.

Capital assets that are financed by capital leases are depreciated in the same manner as other capital assets.

Interest incurred on capital asset-related debt was $94.2 million and $91.7 million for the years ended June 30, 2020 and 2019, respectively. The University capitalized $1.5 million and $3.2 million of this cost for the years ended June 30, 2020 and 2019, respectively.

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, unspent cash advances on certain grants and advance Medicare payments as described in note 2.

Asset Retirement Obligations. 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 10), 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 10 and 15 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). 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 is the yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average credit rating of AA/Aa or higher. 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. The measurement date for the total pension liability is the same as the Statements of Net Position date. Legislation passed by the state of Washington and effective beginning in fiscal year 2021 established a funding policy intended to pre-fund retiree benefits, and trust accounts that will be used to accumulate contributions and investment returns. Under this new structure the Supplemental Retirement Plan will report under GASB Statement No. 67/68, which will include setting a discount rate consistent with the expected long-term rate of return on plan assets, and applying the market value of the trust assets against the total pension liability.

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 ranging from 3.4% to

7.5%. 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, 2020 and 2019 was $170.2 million and $132.5 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, 2020 and 2019 was $54.7 million and $51.3 million, respectively, and is included in long-term liabilities (see note 10) in the University's Statements of Net Position.

Scholarship Allowances. Tuition and fees are reported net of scholarship allowances that are applied to students' accounts from external funds that have already been recognized as revenue by the University. Student aid paid directly to students is reported as scholarships and fellowships expense.

Net Patient Service Revenue. Patient service revenue is recorded 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 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. The estimated final settlements for open years are based on preliminary cost findings after giving consideration to interim payments that have been received on behalf of patients covered under these programs.

For more information about net patient service revenue, see the audited financial statements of the UW Medicine Clinical Enterprise - 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, 2020 and 2019 was $22.9 million and $21.9 million, respectively.

State Appropriations. The state of Washington appropriates funds to the University on both annual and biennial bases. 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 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.

Reclassifications. Certain amounts in the 2019 financial statement footnotes have have been reclassified for comparative purposes to conform to the presentation in the 2020 financial statements.

NOTE 2:

COVID-19 Pandemic

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) to be a pandemic. The COVID-19 pandemic has 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. The Federal Government and the state of Washington have implemented measures in an effort to contain the virus, including social distancing, travel restrictions, border closures, and limitations on public gatherings. In February 2020, the Governor of the state of Washington declared a state of emergency to ensure the swift deployment of resources necessary to address COVID-19 and in March 2020, mandated the postponement of all non-urgent and elective medical procedures. Elective and non-urgent medical procedures were later resumed in May 2020. In March 2020, the University announced that instruction would be offered remotely throughout spring quarter.

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 year ended June 30, 2020, the University received funds from the following sources as part of that response:

- *Medicare Advance Payment Program.* In order to increase cash flow to providers of services and suppliers impacted by the COVID-19 pandemic, the Centers for Medicare & Medicaid Services (CMS) temporarily expanded its Accelerated and Advance Payment Program. Inpatient acute care hospitals, children's hospitals, and certain cancer hospitals were able to request up to 100% of their Medicare payment amount for a six-month period. Amounts received by the University in April and May of 2020 under the Medicare Advance Payment Program constitute six months of advance Medicare payments that will be recovered by Medicare by offsetting paid claims until the full amount is recouped. As of June 30, 2020, recoveries by Medicare were set to commence 120 days after the date of the original advance. On September 30, 2020, this timeline was extended such that recoveries are now set to commence one year from the date of the original advance with full repayment to occur no later than twenty-nine months from the date of the original advance.

- *Coronavirus Aid, Relief and Economic Security Act (CARES Act) Provider Relief Fund*. The CARES Act Provider Relief Fund makes funding available to healthcare providers to assist with lost revenues associated with lower volumes and cancelled procedures and services due to COVID-19. Subsequent to June 30, 2020, the Department of Health and Human Services (HHS) published its Provider Reporting Guidelines. The guidelines include the reporting timing and deadlines and methodology for calculating lost revenues attributable to COVID-19. Since this information could not have been known at June 30, 2020, any change in the estimate of revenue to be recognized will be recorded in future periods. The University is currently assessing the impact of these reporting requirements.

- *Federal Emergency Management Agency (FEMA) Public Assistance Program.* The FEMA Public Assistance Program provides partial funding for costs related to emergency protective measures conducted as a result of the COVID-19 pandemic. Amounts received by the University under the FEMA Public Assistance Program represent expedited funding for estimated costs incurred by the University for the period from January through June 2020. Amounts unearned are currently expected to be recognized by the University as federal grant revenue when the claims are submitted in fiscal year 2021.

- *CARES Act Higher Education Emergency Relief Fund.* The CARES Act Higher Education Emergency Relief Fund makes funding available to colleges and universities to assist eligible students impacted by on-campus financial disruption (student aid) as well as to cover costs associated with significant changes to the delivery of instruction (institutional) due to COVID-19.

- *State Appropriations.* The state of Washington provided emergency funding for the purposes of mitigating the spread of COVID-19 primarily through expanding capacity for COVID-19 testing.

- *CARES Act Paycheck Protection Program.* The CARES Act Paycheck Protection Program is a loan program that allows eligible businesses to apply for a loan of up to 2.5 times the average monthly payroll expense of the business.

The table below summarizes amounts recorded by the University during the year ended June 30, 2020:

(Dollars in thousands)	University of Washington	Discrete Component Unit - Valley Medical Center
MEDICARE ADVANCE PAYMENT PROGRAM (1)	$ 125,300	$ 64,298
CARES ACT PROVIDER RELIEF FUND (2) (5)	65,553	47,929
FEMA PUBLIC ASSISTANCE PROGRAM (1)	31,890	—
CARES ACT HIGHER EDUCATION EMERGENCY RELIEF FUND - STUDENT AID (2)	17,601	
STATE APPROPRIATIONS (3)	7,629	—
CARES ACT PAYCHECK PROTECTION PROGRAM (PPP) (4)	5,293	—
CARES ACT HIGHER EDUCATION EMERGENCY RELIEF FUND - INSTITUTIONAL (2)	4,238	—
TOTAL	**$ 257,504**	**$ 112,227**

(1) Included in “unearned revenues” on the University’s Statements of Net Position

(2) Included in “other nonoperating revenues” on the University’s Statements of Revenues, Expenses and Changes in Net Position

(3) Included in “state appropriations” on the University’s Statements of Revenues, Expenses and Changes in Net Position

(4) Included in “long-term liabilities, net of current portion” on the University’s Statements of Net Position

(5) For the University’s discrete component unit, $30.0 million is included in “other nonoperating revenues” on the University’s Statements of Revenues, Expenses and Changes in Net Position and $17.9 million is included in “unearned revenues” on the University’s Statements of Net Position

The University and its discrete component unit have both elected to defer payment of the employer portion of social security taxes through December 31, 2020, as provided for under the CARES Act. As of June 30, 2020, amounts deferred of $30.7 million and $3.6 million, respectively, were included in long-term liabilities, net of current portion on the University’s Statements of Net Position.

NOTE 3:

Cash and Cash Equivalents

Cash includes cash on hand, petty cash and bank deposits. Cash equivalents includes treasury securities with maturities of less than 90 days and money market funds with remaining 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, 2020 and 2019, net student loans of $48.9 million and $60.7 million, respectively, consist of $34.8 million and $43.3 million, respectively, from federal programs, and $14.1 million and $17.4 million, respectively, from University programs. For the years ended June 30, 2020 and 2019, interest income from student loans was $1.6 million. 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, 2020 and 2019 are as follows:

(Dollars in thousands)	2020	2019
NET PATIENT SERVICES	$ 347,394	$ 360,301
GRANTS AND CONTRACTS	189,399	186,498
INVESTMENTS	127,105	86,013
SALES AND SERVICES	62,193	46,188
DUE FROM OTHER AGENCIES	61,196	94,723
STATE APPROPRIATIONS	15,024	26,635
TUITION	14,823	11,735
ROYALTIES	8,071	2,937
OTHER	22,917	24,405
SUBTOTAL	848,122	839,435
LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS	(23,896)	(21,673)
TOTAL	**$ 824,226**	**$ 817,762**

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)*

INVESTMENTS BY FAIR VALUE LEVEL	2020	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	$ 1,043,802	$ 15,660	$ 1,028,142	$ —
U.S. GOVERNMENT AGENCY	396,580	11,151	385,429	—
MORTGAGE BACKED	222,329	—	222,329	—
ASSET BACKED	213,099	—	213,099	—
CORPORATE AND OTHER	506,833	21,025	485,808	—
TOTAL FIXED INCOME SECURITIES	**2,382,643**	**47,836**	**2,334,807**	**—**
EQUITY SECURITIES				
GLOBAL EQUITY INVESTMENTS	535,298	532,623	2,675	—
PRIVATE EQUITY AND VENTURE CAPITAL FUNDS	324	—	—	324
REAL ESTATE	23,677	18,800	—	4,877
OTHER	7,546	—	—	7,546
TOTAL EQUITY SECURITIES	**566,845**	**551,423**	**2,675**	**12,747**
EXTERNALLY MANAGED TRUSTS	**123,539**	**—**	**—**	**123,539**
TOTAL INVESTMENTS BY FAIR VALUE LEVEL	**3,073,027**	**$ 599,259**	**$ 2,337,482**	**$ 136,286**

INVESTMENTS MEASURED USING NET ASSET VALUE (NAV)	
GLOBAL EQUITY INVESTMENTS	1,527,184
ABSOLUTE RETURN STRATEGY FUNDS	649,895
PRIVATE EQUITY AND VENTURE CAPITAL FUNDS	532,244
REAL ASSET FUNDS	147,283
OTHER	70,654
TOTAL INVESTMENTS MEASURED USING NAV	**2,927,260**
TOTAL INVESTMENTS MEASURED AT FAIR VALUE	6,000,287
CASH EQUIVALENTS AT AMORTIZED COST	569,846
TOTAL INVESTMENTS	**$ 6,570,133**

INVESTMENTS BY FAIR VALUE LEVEL		2019	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	$	948,192	$	26,758	$	921,434	$ —
U.S. GOVERNMENT AGENCY		388,414		11,068		377,346	—
MORTGAGE BACKED		247,486		—		247,486	—
ASSET BACKED		278,752		—		278,752	—
CORPORATE AND OTHER		449,450		76,355		373,095	—
TOTAL FIXED INCOME SECURITIES		**2,312,294**		**114,181**		**2,198,113**	**—**
EQUITY SECURITIES							
GLOBAL EQUITY INVESTMENTS		603,348		598,195		5,153	—
PRIVATE EQUITY AND VENTURE CAPITAL FUNDS		132		—		—	132
REAL ESTATE		10,268		4,311		—	5,957
OTHER		16,080		7,039		880	8,161
TOTAL EQUITY SECURITIES		**629,828**		**609,545**		**6,033**	**14,250**
EXTERNALLY MANAGED TRUSTS		**130,795**		**—**		**—**	**130,795**
TOTAL INVESTMENTS BY FAIR VALUE LEVEL		**3,072,917**	**$**	**723,726**	**$**	**2,204,146**	**$ 145,045**

INVESTMENTS MEASURED USING NET ASSET VALUE (NAV)		
GLOBAL EQUITY INVESTMENTS		1,495,365
ABSOLUTE RETURN STRATEGY FUNDS		651,054
PRIVATE EQUITY AND VENTURE CAPITAL FUNDS		451,191
REAL ASSET FUNDS		164,931
OTHER		69,189
TOTAL INVESTMENTS MEASURED USING NAV		**2,831,730**
TOTAL INVESTMENTS MEASURED AT FAIR VALUE		5,904,647
CASH EQUIVALENTS AT AMORTIZED COST		87,189
TOTAL INVESTMENTS	**$**	**5,991,836**

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)*

2020	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
GLOBAL EQUITY INVESTMENTS	$ 1,527,184	$ —	MONTHLY TO ANNUALLY	15-180 days
ABSOLUTE RETURN STRATEGY FUNDS	649,895	13,095	QUARTERLY TO ANNUALLY	30-90 days
PRIVATE EQUITY AND VENTURE CAPITAL FUNDS	532,244	370,381	N/A	—
REAL ASSETS FUNDS	147,283	58,753	N/A	—
OTHER	70,654	32,674	QUARTERLY TO ANNUALLY	30-95 days
TOTAL INVESTMENTS MEASURED USING NAV	**$ 2,927,260**			
2019	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency (if Currently Eligible)**	**Redemption Notice Period**
GLOBAL EQUITY INVESTMENTS	$ 1,495,365	$ 14,523	MONTHLY TO ANNUALLY	15-180 days
ABSOLUTE RETURN STRATEGY FUNDS	651,054	13,190	QUARTERLY TO ANNUALLY	30-90 days
PRIVATE EQUITY AND VENTURE CAPITAL FUNDS	451,191	387,288	N/A	—
REAL ASSETS FUNDS	164,931	67,229	N/A	—
OTHER	69,189	38,916	QUARTERLY TO ANNUALLY	30-95 days
TOTAL INVESTMENTS MEASURED USING NAV	**$ 2,831,730**			

1. **Global Equity:** This investment category includes public equity investments in separately managed accounts, long-only comingled funds, unconstrained limited partnerships, and passive market indices. As of June 30, 2020 and 2019, approximately 78% and 79%, respectively, of the value of the investments in this category can be redeemed within 90 days. As of June 30, 2020 and 2019, approximately 92% 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, 2020 and 2019, approximately 83% and 72%, 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 the majority of underlying assets of the funds will be liquidated over the next 7 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 the majority of underlying assets of the funds will be liquidated over the next 7 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, 2020 and 2019, approximately 25% 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 cash balances into the Invested Funds Pool. At June 30, 2020 and 2019, the Short-term and Intermediate-term Invested Funds Pools totaled $2.1 billion and $1.6 billion, respectively. The Invested Funds Pool also owns units in the Consolidated Endowment Fund (CEF) valued at $625.0 million and $649.0 million at June 30, 2020 and 2019, respectively. By 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 2020 and 2019. University Advancement received 3.0% of the average balances in endowment operating and gift accounts in fiscal years 2020 and 2019. 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. Quarterly distributions to programs are based on an annual percentage rate of 3.92%, applied to the five-year rolling average of the CEF's market value. Additionally, the policy allows for an administrative fee of 0.98% to support campus-wide fundraising and stewardship activities (0.784%) and to offset the internal cost of managing endowment assets (0.196%). The reduction to 4.5% will be in full effect for fiscal year 2022 and beyond.

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, the net deficiency from the original gift value was $5.5 million and $30 thousand at June 30, 2020 and 2019, respectively.

Net appreciation in the fair value of investments includes both realized and unrealized gains and losses on investments. The University realized net gains of $170.0 million and $169.0 million in fiscal years 2020 and 2019, 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 in the fair value of investments during the years ended June 30, 2020 and 2019 was $95.0 million and $220.7 million, respectively.

FUNDING COMMITMENTS

The University enters into contracts with investment managers to fund alternative investments. As of June 30, 2020 and 2019, the University had outstanding commitments to fund alternative investments of $474.9 million and $521.1 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.

DERIVATIVES

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.

Total return swaps involve commitments to pay interest in exchange for a market-linked return, both based on notional amounts. Derivative instruments are recorded on the contract date and are carried at fair value using listed price quotations or amounts that approximate fair value. The notional amount and fair value of investment derivative instruments outstanding as of June 30, 2020 and 2019, categorized by type, are as follows:

TABLE 3 – INVESTMENT DERIVATIVES *(Dollars in thousands)*

Notional Amount as of June 30			Fair Value as of June 30			Change in Fair Value		
DESCRIPTION	**2020**	**2019**	**ASSET CLASSIFICATION**	**2020**	**2019**	**INCOME CLASSIFICATION**	**2020**	**2019**
SWAPS FIXED INCOME - LONG	$ —	$113,705	INVESTMENTS	$ —	$113,705	INVESTMENT INCOME	$ —	$ —
SWAPS FIXED INCOME SHORT	—	(113,705)	INVESTMENTS	—	(115,748)	INVESTMENT INCOME	—	(2,043)

As of June 30, 2020 and 2019, the University had outstanding futures contracts with notional amounts totaling $65.1 million and $189.6 million, respectively. As of June 30, 2020 and 2019, accumulated unrealized gains on these contracts totaled $20 thousand and $0.9 million, respectively. These 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, 2020 or 2019. 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 1.99 years and 2.86 years at June 30, 2020 and 2019, 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 4 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, 2020 and 2019 exclude $32.3 million and $41.5 million, respectively, of fixed income securities held by component units. These amounts make up 1.36% and 1.79%, respectively, of the University's fixed income investments, and are not included in the duration figures detailed in Table 4.

The composition of fixed income securities at June 30, 2020 and 2019, along with credit quality and effective duration measures, is summarized as follows:

TABLE 4 – FIXED INCOME: CREDIT QUALITY AND EFFECTIVE DURATION *(Dollars in thousands)*

2020

Investments	U.S. Government	Investment Grade*	Non-Investment Grade	Not Rated	Total	Duration (In years)
U.S. TREASURY SECURITIES	$ 1,028,142	$ —	$ —	$ —	$ 1,028,142	2.25
U.S. GOVERNMENT AGENCY	391,240	—	—	—	391,240	3.02
MORTGAGE BACKED	—	177,087	14,037	31,205	222,329	1.78
ASSET BACKED	—	190,520	3,400	19,179	213,099	1.16
CORPORATE AND OTHER	—	427,629	22,703	45,199	495,531	1.06
TOTAL	**$ 1,419,382**	**$ 795,236**	**$ 40,140**	**$ 95,583**	**$ 2,350,341**	**1.99**

2019

Investments	U.S. Government	Investment Grade*	Non-Investment Grade	Not Rated	Total	Duration (In years)
U.S. TREASURY SECURITIES	$ 921,434	$ —	$ —	$ —	$ 921,434	3.11
U.S. GOVERNMENT AGENCY	382,739	—	—	—	382,739	2.99
MORTGAGE BACKED	—	198,360	37,698	11,428	247,486	3.52
ASSET BACKED	—	276,446	847	1,459	278,752	1.39
CORPORATE AND OTHER	—	358,195	24,205	58,020	440,420	2.11
TOTAL	**$ 1,304,173**	**$ 833,001**	**$ 62,750**	**$ 70,907**	**$ 2,270,831**	**2.86**

*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 $1.4 billion and $1.5 billion at June 30, 2020 and 2019, respectively.

TABLE 5 – INVESTMENTS DENOMINATED IN FOREIGN CURRENCY

(Dollars in thousands)		**2020**		**2019**
CHINESE RENMINBI (CNY)	$	299,324	$	270,614
JAPANESE YEN (JPY)		229,546		167,433
EURO (EUR)		150,466		206,129
INDIAN RUPEE (INR)		119,874		160,397
BRITISH POUND (GBP)		96,832		89,330
BRAZIL REAL (BRL)		79,831		88,404
CANADIAN DOLLAR (CAD)		54,539		59,636
SOUTH KOREAN WON (KRW)		53,471		42,714
HONG KONG DOLLAR (HKD)		47,526		41,264
AUSTRALIAN DOLLAR (AUD)		37,665		26,747
SWISS FRANC (CHF)		33,393		35,895
SWEDISH KRONA (SEK)		30,295		43,459
TAIWANESE DOLLAR (TWD)		29,441		30,491
SINGAPORE DOLLAR (SGD)		24,635		20,055
RUSSIAN RUBLE (RUB)		18,141		27,666
SOUTH AFRICAN RAND (ZAR)		14,154		12,421
REMAINING CURRENCIES		92,478		170,172
TOTAL	**$**	**1,411,611**	**$**	**1,492,827**

NOTE 8:

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 balances included on the Statements of Net Position as of June 30, 2020 and 2019 of $183.0 million and $168.3 million, respectively, represent the asset value net of operating liabilities and long-term debt on the property. The asset value is comprised primarily of land, buildings, building improvements and operating assets.

As of June 30, 2020 and 2019, total debt outstanding on the Metropolitan Tract was $29.8 million and $30.6 million, respectively. This debt will be repaid by income generated from the properties. The debt was issued in 2015 to refund commercial paper and to acquire the leasehold on the Cobb Building. These amounts are reflected in the balances for Metropolitan Tract on the Statements of Net Position, and are therefore not included in Note 10 or Note 12.

On September 12, 2017, the University executed a ground lease with a developer to construct a 58-story multi-use office tower (Rainier Square Tower). The Rainier Square Tower lease has an eighty-year term, requires completion of the building in four years, is unsubordinated, and provides minimum ground rent during construction and 8% of adjusted gross revenue to the University thereafter. Completion of the building will occur in late 2020.

On October 10, 2019, the University signed an additional ground lease with the same developer on the Rainier Square block authorizing the construction of an 11-story office building (400 University Building). The 400 University Building lease commenced on January 1, 2020 for a seventy-eight year term, requires completion of the building in three years, is unsubordinated, and provides minimum ground rent during construction and 10% of adjusted gross revenue to the University thereafter. Construction commenced in June 2020 and completion is scheduled for July 2021.

NOTE 9:

Capital Assets

Capital asset activity for the years ended June 30, 2020 and 2019 is summarized as follows:

(Dollars in thousands)	Balance as of July 1, 2018	Additions/ Transfers	Retirements	Balance as of June 30, 2019	Additions/ Transfers	Retirements	Balance as of June 30, 2020
LAND	$ 144,624	$ 1,694	$ —	$ 146,318	$ (227)	$ 2,854	$ 143,237
INFRASTRUCTURE	311,298	3,139	51	314,386	602	401	314,587
BUILDINGS	6,435,449	628,548	33,611	7,030,386	97,261	11,115	7,116,532
FURNITURE, FIXTURES AND EQUIPMENT	1,516,320	101,004	56,461	1,560,863	45,786	174,948	1,431,701
LIBRARY MATERIALS	376,755	16,656	2,060	391,351	14,808	2,143	404,016
CAPITALIZED COLLECTIONS	7,365	313	—	7,678	(67)	—	7,611
INTANGIBLE ASSETS	220,688	2,505	7,761	215,432	7,014	140	222,306
CONSTRUCTION IN PROGRESS	566,788	(430,200)	4,255	132,333	230,974	6,452	356,855
INTANGIBLES IN PROCESS	7,497	27,246	—	34,743	43,453	—	78,196
TOTAL COST	**9,586,784**	**350,905**	**104,199**	**9,833,490**	**439,604**	**198,053**	**10,075,041**
LESS ACCUMULATED DEPRECIATION/ AMORTIZATION:							
INFRASTRUCTURE	129,209	8,400	—	137,609	8,338	392	145,555
BUILDINGS	2,816,487	239,383	26,330	3,029,540	275,487	9,641	3,295,386
FURNITURE, FIXTURES AND EQUIPMENT	1,251,441	105,014	53,419	1,303,036	72,617	171,337	1,204,316
LIBRARY MATERIALS	285,790	12,559	1,585	296,764	13,423	1,671	308,516
INTANGIBLE ASSETS	124,126	7,079	—	131,205	18,473	70	149,608
TOTAL ACCUMULATED DEPRECIATION/ AMORTIZATION	**4,607,053**	**372,435**	**81,334**	**4,898,154**	**388,338**	**183,111**	**5,103,381**
CAPITAL ASSETS, NET	**$ 4,979,731**	**$ (21,530)**	**$ 22,865**	**$ 4,935,336**	**$ 51,266**	**$ 14,942**	**$ 4,971,660**

NOTE 10:

Long-Term Liabilities

UNIVERSITY OF WASHINGTON

Long-term liability activity for the years ended June 30, 2020 and 2019 is summarized as follows:

(Dollars in thousands)	Balance as of July 1, 2018	Additions	Reductions	Balance as of June 30, 2019	Additions	Reductions	Balance as of June 30, 2020	Current portion as of June 30, 2019	Current portion as of June 30, 2020
BONDS PAYABLE:									
GENERAL OBLIGATION BONDS PAYABLE (NOTE 12)	$ 95,309	$ —	$ 13,919	$ 81,390	$ 12,410	$ 24,215	$ 69,585	$ 10,275	$ 10,685
REVENUE BONDS PAYABLE (NOTE 12)	2,168,865	100,000	61,375	2,207,490	102,000	63,015	2,246,475	63,014	70,000
UNAMORTIZED PREMIUM ON BONDS	162,898	8,132	17,288	153,742	14,673	17,130	151,285	16,515	16,001
TOTAL BONDS PAYABLE	**2,427,072**	**108,132**	**92,582**	**2,442,622**	**129,083**	**104,360**	**2,467,345**	**89,804**	**96,686**
NOTES PAYABLE AND CAPITAL LEASES:									
NOTES PAYABLE & OTHER -CAPITAL ASSET RELATED (NOTE 12)	27,556	15,870	5,413	38,013	28,053	5,428	60,638	5,428	10,965
NOTES PAYABLE & OTHER – NONCAPITAL ASSET RELATED (NOTE 12)	1,431	153	90	1,494	114	100	1,508	1,458	1,508
CAPITAL LEASE OBLIGATIONS (NOTE 11)	10,102	—	2,451	7,651	—	2,200	5,451	2,214	1,964
TOTAL NOTES PAYABLE AND CAPITAL LEASES	**39,089**	**16,023**	**7,954**	**47,158**	**28,167**	**7,728**	**67,597**	**9,100**	**14,437**
OTHER LONG-TERM LIABILITIES:									
OBLIGATIONS UNDER SPLIT-INTEREST AGREEMENTS	57,185	6,290	5,839	57,636	3,301	5,978	54,959	5,840	5,978
SOCIAL SECURITY TAXES (NOTE 2)	—	—	—	—	30,683	—	30,683	—	—
REMEDIATION LIABILITIES (NOTE 1)	21,000	12,153	—	33,153	632	—	33,785	900	—
HMC ITS FUNDING (NOTE 15)	29,719	—	5,897	23,822	447	—	24,269	11,100	9,600
SICK LEAVE (NOTE 1)	49,635	5,151	3,514	51,272	18,251	14,834	54,689	3,358	9,174
SELF-INSURANCE (NOTE 18)	112,210	22,178	34,225	100,163	41,339	16,421	125,081	21,266	25,323
OTHER NONCURRENT LIABILITIES	21,194	8,793	—	29,987	5,858	13,697	22,148	—	71
TOTAL OTHER LONG-TERM LIABILITIES	**290,943**	**54,565**	**49,475**	**296,033**	**100,511**	**50,930**	**345,614**	**42,464**	**50,146**
TOTAL LONG-TERM LIABILITIES	**$2,757,104**	**$ 178,720**	**$ 150,011**	**$2,785,813**	**$ 257,761**	**$ 163,018**	**$2,880,556**	**$ 141,368**	**$ 161,269**

DISCRETE COMPONENT UNIT

Long-term liability activity for the years ended June 30, 2020 and 2019 is summarized as follows:

	Balance as of July 1, 2018	Additions	Reductions	Balance as of June 30, 2019	Additions	Reductions	Balance as of June 30, 2020	Current portion as of June 30, 2019	Current portion as of June 30, 2020
VALLEY MEDICAL CENTER *(Dollars in thousands)*									
LIMITED TAX GENERAL OBLIGATION BONDS	$ 229,850	$ 111,580	$ 10,235	$ 331,195	$ 6,680	$ 10,698	$ 327,177	$ 8,350	$ 10,271
REVENUE BONDS	12,593	—	1,820	10,773	—	10,773	—	1,960	—
BUILD AMERICA BONDS	61,155	—	61,155	—	—	—	—		—
NOTES PAYABLE & OTHER	5,872	1,402	318	6,956	4,781	282	11,455	240	299
TOTAL LONG-TERM LIABILITIES	**$ 309,470**	**$ 112,982**	**$ 73,528**	**$ 348,924**	**$ 11,461**	**$ 21,753**	**$ 338,632**	**$ 10,550**	**$ 10,570**

NOTE 11:

Leases

Future minimum lease payments under capital leases, and the present value of the net minimum lease payments as of June 30, 2020, are as follows:

CAPITAL LEASES

Year *(Dollars in thousands)*		**Future Payments**
2021	$	2,133
2022		1,896
2023		1,494
2024		120
TOTAL MINIMUM LEASE PAYMENTS		5,643
LESS: AMOUNT REPRESENTING INTEREST COSTS		192
PRESENT VALUE OF MINIMUM PAYMENTS	**$**	**5,451**

OPERATING LEASES

The University has entered into certain lease agreements that are considered to be operating leases, primarily for leased building space. For the years ended June 30, 2020 and 2019, the University recorded rent expense of $94.6 million and $89.9 million, respectively, for these leases.

Future lease payments as of June 30, 2020 are as follows:

Year *(Dollars in Thousands)*		
2021	$	83,471
2022		71,986
2023		67,280
2024		53,935
2025		50,066
2026-2030		123,444
2031-2035		83,776
2036-2040		95,392
2041-2045		110,427
2046-2050		127,840
2051-2055		148,001
2056-2060		171,255
2061-2065		113,994
TOTAL MINIMUM LEASE PAYMENTS	**$**	**1,300,867**

NOTE 12:

Bonds and Notes Payable

The bonds and notes payable at June 30, 2020 consist of state of Washington General Obligation and Refunding Bonds, University Revenue Bonds, and Notes Payable. These obligations have fixed interest rates ranging from 1.31% to 8.00%. As of

June 30, 2020, substantially all of the University's debt was public debt. Amounts from direct borrowings and direct placements were not material. Debt service requirements as of June 30, 2020 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**
2021	$ 10,685	$ 3,060	$ 70,000	$ 104,725	$ 12,473	$ 908
2022	11,675	2,729	73,125	101,474	9,392	743
2023	11,720	2,142	72,880	101,050	7,828	597
2024	12,230	1,542	72,585	97,746	7,885	514
2025	9,330	1,006	75,815	94,204	7,536	428
2026-2030	13,945	1,018	403,050	413,630	14,926	1,178
2031-2035	—	—	400,805	317,324	1,859	117
2036-2040	—	—	477,800	213,362	247	18
2041-2045	—	—	429,105	96,049	—	—
2046-2050	—	—	171,310	29,913	—	—
TOTAL PAYMENTS	**$ 69,585**	**$ 11,497**	**$ 2,246,475**	**$ 1,569,477**	**$ 62,146**	**$ 4,503**

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 ACTIVITY

On March 17, 2020, the University issued $102.0 million in General Revenue Bonds, 2020A&B, at a premium of $12.8 million. The proceeds were used to fund various projects such as the UW Medicine clinical transformation program ("Destination: One"), as well as construction of the Childbirth Center at UW Medical Center Northwest Campus and renovation of Kincaid Hall. Some of the proceeds were also used to pay off $40.0 million in commercial paper. The 2020A&B bonds have coupon rates ranging from 1.31% to 5.00% with an average coupon rate of 3.63%.

On February 27, 2020, the University entered into a Delayed Delivery Bond Purchase Agreement with BofA Securities, Inc. (the "Purchase Agreement") in relation to the sale of General Revenue Bonds, 2020C. In accordance with the Purchase Agreement, this transaction will be completed and the bonds delivered to the buyer on February 9, 2021 subject to certain standard closing conditions, some of which are out of the University's control. The 2020C bonds have a par value of $117.8 million and were issued at a premium of $26.4 million. The proceeds of the 2020C bonds will be used to refund existing debt. The 2020C bonds have a coupon rate of 5.00%. The average life of the 2020 A,B&C bonds is 13.9 years with final maturity on April 1, 2050.

On February 7, 2019, the University issued $100.0 million in General Revenue & Refunding Bonds, 2019A, at a premium of $8.1 million. The proceeds were used to fund various projects such as the Destination: One project, as well as construction of the Life Sciences building and the Northwest Hospital Childbirth Center. In addition, proceeds were used to pay off $100.0 million in commercial paper. The 2019A bonds have a coupon rate of 5.00% for the first three years, after which the bonds have to be remarketed. If the bonds are not remarketed by May 1, 2022, they are subject to the delayed remarketing rate of 8.00%. The 2019A bonds have an average coupon rate of 7.67%. The average life of the 2019A General Revenue bonds is 3.2 years if the bonds are remarketed. If not remarketed, the average life of the bonds is 29.2 years with final maturity on May 1, 2048.

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. As of June 30, 2019, the University had $25.0 million, in outstanding commercial paper. The University had no outstanding commercial paper as of June 30, 2020.

During fiscal year 2020, the University issued $15.0 million of commercial paper debt. The University refunded $40.0 million of commercial paper debt with General Revenue Bonds, series 2020A&B during the same period.

During fiscal year 2019, the University issued $60.0 million of commercial paper debt. The University refunded $100.0 million of commercial paper debt with General Revenue Bonds, series 2019A, and repaid $25.0 million of commercial paper debt with University funds during the same period.

SUBSEQUENT DEBT ACTIVITY

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 million to be used for providing additional liquidity and short-term emergency support for COVID-19 impacts. 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.

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 million to be used for providing additional liquidity and short-term emergency support for COVID-19 impacts. Borrowings for tax-exempt projects under the agreement bear interest at a fluctuating rate equal to 84% of the daily one-month LIBOR rate plus a margin of 1.22%; borrowings for taxable projects bear interest at a fluctuating rate equal to the daily one-month LIBOR rate plus a margin of 1.45%. 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 either of these agreements as of the financial statements issuance date.

CREDIT LINE

As of June 30, 2020 and 2019, the University had a master financing agreement with JPMorgan Chase Bank to serve as a non-revolving credit line (LOC) for the financing of short-term assets, including personal property, to be drawn on from time to time in an aggregate amount not to exceed $30.0 million. Outstanding borrowings on the credit line as of June 30, 2020 and 2019 totaled $25.0 million and $5.1 million, respectively.

NOTE 13:

Deferred Outflows and Deferred Inflows of Resources

The composition of deferred outflows and deferred inflows of resources as of June 30, 2020 and 2019 are summarized as follows:

DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES *(Dollars in thousands)*

2020	Pensions	OPEB	Split-Interest Agreements	Other	Total
DEFERRED OUTFLOWS OF RESOURCES	$ 450,491	$ 157,383	$ —	$ 31,494	$ 639,368
DEFERRED INFLOWS OF RESOURCES	321,859	469,116	43,845	—	834,820
2019	**Pensions**	**OPEB**	**Split-Interest Agreements**	**Other**	**Total**
DEFERRED OUTFLOWS OF RESOURCES	$ 310,096	$ 72,092	$ —	$ 31,875	$ 414,063
DEFERRED INFLOWS OF RESOURCES	311,507	535,079	46,483	—	893,069

NOTE 14:

Operating Expenses by Function

Operating expenses by functional classification for the years ended June 30, 2020 and 2019 are summarized as follows:

OPERATING EXPENSES *(Dollars in thousands)*	**2020**	**2019**
INSTRUCTION	$ 1,361,466	$ 1,320,209
RESEARCH	795,899	748,976
PUBLIC SERVICE	77,326	65,741
ACADEMIC SUPPORT	542,180	540,359
STUDENT SERVICES	55,446	54,351
INSTITUTIONAL SUPPORT	267,813	225,471
OPERATION & MAINTENANCE OF PLANT	280,683	252,024
SCHOLARSHIPS & FELLOWSHIPS	161,972	155,158
AUXILIARY ENTERPRISES	589,895	553,511
MEDICAL-RELATED	1,830,536	1,775,995
DEPRECIATION/AMORTIZATION	388,338	372,435
TOTAL OPERATING EXPENSES	**$ 6,351,554**	**$ 6,064,230**

Instruction

Instruction includes expenses for all activities that are part of an institution's instructional programs. Expenses for credit and noncredit courses; academic, vocational, and technical instruction; and tutorial instruction are included in this category. The University's professional and continuing education programs are also included.

Research

The research category includes all expenses for activities specifically organized to produce research, which are funded by federal, state, and private institutions.

Public Service

Public service includes activities conducted primarily to provide non-instructional services to individuals and groups other than the University and its students, such as community service programs, conferences, institutes and general advisory services.

The activities of the University's public radio stations, Center for Educational Leadership and clinical trials are included in this category.

Academic Support

Academic support includes expenses incurred to provide support services for the institution's primary missions: instruction, research, and public service. The activities of the University's academic administration, libraries, museums and galleries, and information technology support for academic activities are included in this category.

Student Services

The student services category includes the Offices of Admissions and the University Registrar. The activities of the Center for Undergraduate Advising, Diversity, and Student Success, and the operations of the Rubenstein Pharmacy in the student health center are also included in this category.

Institutional Support

The institutional support category includes central activities that manage long-range planning for the institution, such as planning and programming operations, legal services, fiscal operations, space management, procurement and activities concerned with community and alumni relations. The University's central administration departments and information technology support for non-academic activities are included in this category.

Operation and Maintenance of Plant

The operation and maintenance of plant category includes the administration, operation, maintenance, preservation, and protection of the institution's physical plant.

Scholarships and Fellowships

This category includes expenses for scholarships and fellowships and other financial aid not funded from existing University resources. Expenditure of amounts received from the Washington College Grant, Washington Higher Education Grant, and Pell grants are reflected in this manner. Financial aid funded from existing University resources are considered scholarship allowances, which are reflected as an offset to tuition revenues.

Auxiliary Enterprises

Auxiliary enterprises furnish goods or services to students, faculty, staff or the general public. These units charge a fee directly related to the cost of the goods or services. A distinguishing characteristic of an auxiliary enterprise is that it operates as a self-supporting activity. The activities of the University's Intercollegiate Athletics, UW Medicine Shared Services, Commuter Services and Housing and Food Services departments, among others, are included in this category.

Medical-related

The medical-related category includes all expenses associated with patient-care operations, including nursing and other professional services. The activities of UWMC, UWP, Airlift Northwest and Neighborhood Clinics are included in this category.

Depreciation/Amortization

Depreciation and amortization reflect a periodic expensing of the cost of capitalized assets such as buildings, equipment, software or other intangible assets, spread over their estimated useful lives.

NOTE 15:

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 of June 30, 2020, the University's financial statements included accounts receivable and long-term receivables from HMC of $27.7 million and $8.9 million, respectively, HMC investments of $4.2 million and current accrued liabilities and long-term liabilities of $38.1 million and $24.3 million, respectively, related to HMC. As of June 30, 2019, the University's financial statements included accounts receivable from HMC of $39.9 million, HMC investments of $4.1 million and current accrued liabilities and long-term liabilities of $39.9 million and $23.8 million, respectively, related to HMC.

Under an annual agreement, HMC provides strategic funding to Neighborhood Clinics. Funding from HMC to Neighborhood Clinics was $13.8 million and $12.4 million during fiscal years 2020 and 2019, 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 10) of $24.3 million and $23.8 million at June 30, 2020 and 2019, 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 2020 and 2019, the UWF transferred $175.9 million and $153.5 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 $4.4 million and $4.2 million from the University in support of its operations in fiscal years 2020 and 2019, respectively. These amounts were expensed by the University.

NOTE 16:

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, and is administered by the University.

As of June 30, 2020 and 2019, the University's share of the total unfunded liability associated with the defined-benefit pension plans administered by the DRS was $416.3 million and $549.4 million, respectively. As of June 30, 2020 and 2019, the liability associated with the defined benefit pension plan administered by the University was $781.8 million and $594.0 million, respectively, but does not reflect assets segregated in a separate investment account to pay future retiree benefits of $344.8 million and $327.7 million, respectively. For the years ended June 30, 2020 and 2019, total pension expense recorded by the University related to both the DRS and University plans was $91.3 million and $50.8 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.

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.

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 include duty and nonduty disability payments, an optional cost-of-living allowance, and a one-time duty-related death benefit, if the member is found eligible by the Washington State Department of Labor and Industries.

PERS Plan 2/3 and TRS Plan 2/3

PERS Plan 2/3 and TRS Plan 2/3 provide 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 duty and non-duty disability payments, a cost-of-living allowance (based on the Consumer Price Index) capped at 3% annually, and a one-time duty-related death benefit, if the member is found eligible by the Washington State Department of Labor and Industries.

LEOFF Plan 2

LEOFF Plan 2 provides retirement, disability and death benefits. 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.

Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the Consumer Price Index) capped at 3% annually, and a one-time duty-related death benefit if the member is found eligible by the Washington State Department of Labor and Industries.

FIDUCIARY NET POSITION

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 Comprehensive Annual 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/administration/annual-report/.

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 2020 pension liabilities are based on an OSA valuation performed as of June 30, 2018, with the results rolled forward to the measurement date of June 30, 2019. Likewise, the University's 2019 pension liabilities are based on a valuation performed as of June 30, 2017, with the results rolled forward to the measurement date of June 30, 2018. The following actuarial assumptions have been applied to all prior periods included in the measurement:

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 were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries' Retirement Plans Experience Committee (RPEC). As recommended by the RPEC, the OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetimes.

The actuarial assumptions used in the June 30, 2018 and 2017 valuations were based on the results of the 2007-2012 Experience Study Report and the 2017 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, but including inflation) are developed for each major asset class. Those expected returns make up one component of WSIB's Capital Market Assumptions (CMAs). 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 7.40% as of June 30, 2019 and 2018, 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:

	2020 (Measurement Date 2019)		2019 (Measurement Date 2018)	
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%	2.20%	20.00%	1.70%
TANGIBLE ASSETS	7.00%	5.10%	7.00%	4.90%
REAL ESTATE	18.00%	5.80%	18.00%	5.80%
GLOBAL EQUITY	32.00%	6.30%	32.00%	6.30%
PRIVATE EQUITY	23.00%	9.30%	23.00%	9.30%

The inflation component used to create the above table was 2.20% for both years, and represents WSIB's most recent long-term estimate of broad economic inflation.

DISCOUNT RATE

The discount rate used to measure the total pension liabilities as of June 30, 2020 and 2019 was 7.40%. 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 7.40% future investment rate of return on pension plan investments was assumed as of June 30, 2019 and 2018. 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 net pension liabilities and assets calculated using the discount rate of 7.40% as of June 30, 2019 and 2018, 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)*

	2020			2019		
Plan	1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
PERS 1	$ 387,806	$ 309,671	$ 241,878	$ 450,287	$ 366,403	$ 293,743
PERS 2/3	758,531	98,901	(442,369)	800,058	174,913	(337,635)
TRS 1	7,925	6,200	4,705	8,826	7,061	5,534
TRS 2/3	8,104	1,487	(3,893)	6,642	1,066	(3,464)
LEOFF 2	(998)	(5,365)	(8,930)	(610)	(4,590)	(7,837)

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, 2020 and 2019:

(Dollars in Thousands)	PERS 1	PERS 2/3[(a)]	TRS 1	TRS 2/3[(a)]	LEOFF 2
2020					
CONTRIBUTION RATE	12.83 %	12.83 %	15.41 %	15.41 %	8.93 %
CONTRIBUTIONS MADE	$ 59,236	$ 96,443	$ 1,483	$ 1,604	$ 435
2019					
CONTRIBUTION RATE	12.70 %	12.70 %	15.20 %	15.20 %	8.93 %
CONTRIBUTIONS MADE	$ 57,744	$ 83,159	$ 1,244	$ 1,290	$ 427

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 recorded by the University as of June 30, 2020 was June 30, 2019. Employer contributions received and processed by the DRS during the fiscal year ended June 30, 2019 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, 2019 Schedules of Employer and Nonemployer Allocations. Likewise, the measurement date for the net pension liabilities recorded by the University as of June 30, 2019 was June 30, 2018, with employer contributions received and processed by the DRS during the fiscal year ended June 30, 2018 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, 2020	8.05 %	10.18 %	0.25 %	0.25 %	0.23 %
YEAR ENDED JUNE 30, 2019	8.20 %	10.24 %	0.24 %	0.24 %	0.23 %

UNIVERSITY AGGREGATED BALANCES

The table below presents the University's aggregated balance of net pension liability and net pension asset as of June 30 2020 and 2019:

(Dollars in Thousands)	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	TOTAL
2020						
NET PENSION LIABILITY	$ 309,671	$ 98,901	$ 6,200	$ 1,487	$ —	$ 416,259
NET PENSION ASSET	—	—	—	—	5,365	5,365
2019						
NET PENSION LIABILITY	$ 366,403	$ 174,913	$ 7,061	$ 1,066	$ —	$ 549,443
NET PENSION ASSET	—	—	—	—	4,590	4,590

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, 2020	$ 7,139	$ 22,617	$ 557	$ 1,183	$ (217)	$ 31,279
YEAR ENDED JUNE 30, 2019	20,434	(830)	2,035	822	(455)	22,006

DEFERRED OUTFLOWS OF RESOURCES *(Dollars in Thousands)*						
2020	**PERS 1**	**PERS 2/3**	**TRS 1**	**TRS 2/3**	**LEOFF 2**	**TOTAL**
CHANGE IN ASSUMPTIONS	$ —	$ 2,533	$ —	$ 561	$ 9	$ 3,103
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	—	28,335	—	1,034	386	29,755
CHANGE IN UNIVERSITY'S PROPORTIONATE SHARE	—	—	—	927	—	927
UNIVERSITY CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT DATE OF THE COLLECTIVE NET PENSION LIABILITY [a]	59,236	96,443	1,483	1,604	435	159,201
TOTAL	**$ 59,236**	**$ 127,311**	**$ 1,483**	**$ 4,126**	**$ 830**	**$ 192,986**
2019						
CHANGE IN ASSUMPTIONS	$ —	$ 2,046	$ —	$ 18	$ 3	$ 2,067
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	—	21,440	—	501	246	22,187
CHANGE IN UNIVERSITY'S PROPORTIONATE SHARE	—	—	—	1,155	—	1,155
UNIVERSITY CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT DATE OF THE COLLECTIVE NET PENSION LIABILITY [b]	57,744	83,159	1,244	1,290	427	143,864
TOTAL	**$ 57,744**	**$ 106,645**	**$ 1,244**	**$ 2,964**	**$ 676**	**$ 169,273**

(a) Recognized as a reduction of the net pension liability as of June 30, 2021
(b) Recognized as a reduction of the net pension liability as of June 30, 2020

DEFERRED INFLOWS OF RESOURCES *(Dollars in Thousands)*												
2020		**PERS 1**		**PERS 2/3**		**TRS 1**		**TRS 2/3**		**LEOFF 2**		**TOTAL**
DIFFERENCE BETWEEN PROJECTED AND ACTUAL EARNINGS ON PLAN INVESTMENTS, NET	$	20,689	$	143,960	$	476	$	1,284	$	1,100	$	167,509
CHANGE IN ASSUMPTIONS		—		41,496		—		395		604		42,495
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE		—		21,263		—		48		96		21,407
CHANGE IN UNIVERSITY'S PROPORTIONATE SHARE		—		6,957		—		—		87		7,044
TOTAL	**$**	**20,689**	**$**	**213,676**	**$**	**476**	**$**	**1,727**	**$**	**1,887**	**$**	**238,455**
2019												
DIFFERENCE BETWEEN PROJECTED AND ACTUAL EARNINGS ON PLAN INVESTMENTS, NET	$	14,561	$	107,335	$	302	$	901	$	803	$	123,902
CHANGE IN ASSUMPTIONS		—		49,779		—		428		659		50,866
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE		—		30,624		—		79		107		30,810
CHANGE IN UNIVERSITY'S PROPORTIONATE SHARE		—		3,086		—		—		42		3,128
TOTAL	**$**	**14,561**	**$**	**190,824**	**$**	**302**	**$**	**1,408**	**$**	**1,611**	**$**	**208,706**

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**
2021	$	(4,567)	$	(45,029)	$	(98)	$	43	$	(331)	$	(49,982)
2022		(10,818)		(75,159)		(255)		(328)		(602)		(87,162)
2023		(3,861)		(34,041)		(90)		2		(246)		(38,236)
2024		(1,443)		(18,811)		(33)		134		(129)		(20,282)
2025		—		(9,772)		—		242		(41)		(9,571)
THEREAFTER		—		4		—		702		(143)		563
TOTAL	**$**	**(20,689)**	**$**	**(182,808)**	**$**	**(476)**	**$**	**795**	**$**	**(1,492)**	**$**	**(204,670)**

(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, 2020 and 2019 was 18,298 and 17,528, 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, 2020 and 2019 were $132.1 million and $126.0 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. The UWSRP was closed to new participants effective March 1, 2011. UWSRP membership requires participation in the UWRP. The table below shows the number of participants in the UWSRP as of June 30, 2020 and 2019:

NUMBER OF PARTICIPANTS	
ACTIVE EMPLOYEES	6,132
INACTIVE EMPLOYEES RECEIVING BENEFITS	853
INACTIVE EMPLOYEES ENTITLED TO, BUT NOT RECEIVING, BENEFITS	188

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, 2020 and 2019 were $8.3 million and $7.5 million, respectively.

TOTAL PENSION LIABILITY (TPL)

Assets set aside to pay UWSRP benefits are not held in a qualified trust as defined by GASB. A qualified trust requires that contributions from employers be irrevocable, dedicated to providing pension benefits to plan members, and are legally protected from creditors of the employer and plan administrator. As a result, the University reports the total UWSRP pension liability. This is different from the DRS plans (PERS, TRS, and LEOFF2), which have trusted assets and, therefore, are reported as a net pension liability. As of June 30, 2020 and 2019, the University had set aside $344.8 million and $327.7 million, respectively, to pay future UWSRP retiree benefits. These assets are physically segregated in a separate investment account, and included in investments, net of current portion on the Statements of Net Position.

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY (TPL) *(Dollars in thousands)*		
BALANCE AS OF JULY 1, 2018	**$**	**412,481**
SERVICE COST		11,823
INTEREST ON TPL		16,277
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE		102,713
CHANGE IN ASSUMPTIONS		58,228
BENEFIT PAYMENTS		(7,482)
BALANCE AS OF JUNE 30, 2019		**594,040**
SERVICE COST		16,698
INTEREST ON TPL		21,232
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE		31,426
CHANGE IN ASSUMPTIONS		126,749
BENEFIT PAYMENTS		(8,316)
BALANCE AS OF JUNE 30, 2020	**$**	**781,829**

The June 30, 2020 and 2019 TPL are based on an actuarial valuation performed as of June 30, 2018 using the entry age actuarial cost method. Update procedures performed by the Office of the State Actuary were used to roll forward the TPL to the measurement dates of June 30, 2020 and 2019, respectively.

UWSRP pension expense for the years ended June 30, 2020 and 2019 was $60.0 million and $28.8 million, respectively.

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 TPL as of June 30, 2020 and 2019:

SIGNIFICANT ASSUMPTIONS USED TO MEASURE THE TOTAL PENSION LIABILITY *(Dollars in thousands)*		
	2020	**2019**
INFLATION	2.75%	2.75%
SALARY CHANGES	4.25%	4.25%
SOURCE OF MORTALITY ASSUMPTIONS	RP-2000 COMBINED HEALTHY TABLE, WITH GENERATIONAL MORTALITY IMPROVEMENTS USING SCALE BB	RP-2000 COMBINED HEALTHY TABLE, WITH GENERATIONAL MORTALITY IMPROVEMENTS USING SCALE BB
DATE OF EXPERIENCE STUDY	APRIL 2016	APRIL 2016
DISCOUNT RATE	2.21%	3.50%
SOURCE OF DISCOUNT RATE	BOND BUYER'S 20 BOND INDEX AS OF 6/30/2020	BOND BUYER'S 20 BOND INDEX AS OF 6/30/2019
TPL MEASUREMENT AT DISCOUNT RATE	$781,829	$594,040
TPL DISCOUNT RATE INCREASED 1%	$678,878	$518,334
TPL DISCOUNT RATE DECREASED 1%	$906,918	$685,507

Material assumptions changes during the measurement periods ending June 30, 2020 and 2019 included updating the GASB 73 discount rate from 3.50% to 2.21% and from 3.87% to 3.50%, respectively, as well as updated investment assumptions ("Change in assumption" which increased the TPL for both periods). Additionally, actual returns for CREF investments, which are used in determining a member's "assumed income", were less than expected for the measurement periods ending June 30, 2020 and 2019 and salary growth exceeded expectations for the measurement period ending June 30, 2019 ("Difference between expected and actual experience" which also resulted in an increase in the the TPL for both periods).

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)*		
2020		
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	$	104,214
CHANGE IN ASSUMPTIONS		153,291
TOTAL	**$**	**257,505**
2019		
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	$	89,874
CHANGE IN ASSUMPTIONS		50,949
TOTAL	**$**	**140,823**

DEFERRED INFLOWS OF RESOURCES *(Dollars in thousands)*		
2020		
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	$	58,518
CHANGE IN ASSUMPTIONS		24,886
TOTAL	**$**	**83,404**
2019		
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	$	72,181
CHANGE IN ASSUMPTIONS		30,620
TOTAL	**$**	**102,801**

AMORTIZATION OF DEFERRED INFLOWS AND DEFERRED OUTFLOWS OF RESOURCES *(Dollars in thousands)*		
Year		
2021	$	22,096
2022		22,096
2023		22,096
2024		22,096
2025		35,676
THEREAFTER		50,041
TOTAL	**$**	**174,101**

NOTE 17:

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 annually. The dollar amount of the explicit subsidy increased to $183 per member per month beginning in calendar year 2020. The subsidy was $168 per member per month for the first half of fiscal year 2020. The subsidy increased to $168 per member per month beginning in calendar year 2019. It was set at $150 per member per month for the first half of fiscal year 2019.

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, 2020 and 2019:

NUMBER OF PARTICIPANTS	**2020** *(Measurement Date: 2019)*	**2019** *(Measurement Date: 2018)*
ACTIVE EMPLOYEES	33,289	33,070
INACTIVE EMPLOYEES RECEIVING BENEFITS	8,961	8,995
INACTIVE EMPLOYEES ENTITLED TO, BUT NOT RECEIVING, BENEFITS	1,594	1,600

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, 2020 and 2019:

SIGNIFICANT ASSUMPTIONS USED TO MEASURE THE TOTAL OPEB LIABILITY (TOL) *(Dollars in thousands)*

	2020	2019
INFLATION	2.75%	2.75%
HEALTHCARE COST TREND	TREND RATE ASSUMPTIONS VARY SLIGHTLY BY MEDICAL PLAN. INITIAL RATE IS APPROXIMATELY 8.00%, REACHING AN ULTIMATE RATE OF APPROXIMATELY 4.50% IN 2080.	TREND RATE ASSUMPTIONS VARY SLIGHTLY BY MEDICAL PLAN. INITIAL RATE IS APPROXIMATELY 8.00%, REACHING AN ULTIMATE RATE OF APPROXIMATELY 4.50% IN 2080.
SALARY INCREASE	3.50% PLUS SERVICE-BASED SALARY INCREASES	3.50% PLUS SERVICE-BASED SALARY INCREASES
SOURCE OF MORTALITY ASSUMPTIONS	RP-2000 COMBINED HEALTHY TABLE AND COMBINED DISABLED TABLE, WITH FUTURE IMPROVEMENTS IN MORTALITY PROJECTED USING 100 PERCENT SCALE BB AND UPDATED BASED ON RESULTS OF THE 2007-2012 EXPERIENCE STUDY REPORT	RP-2000 COMBINED HEALTHY TABLE AND COMBINED DISABLED TABLE, WITH FUTURE IMPROVEMENTS IN MORTALITY PROJECTED USING 100 PERCENT SCALE BB AND UPDATED BASED ON RESULTS OF THE 2007-2012 EXPERIENCE STUDY REPORT
DATE OF EXPERIENCE STUDY	2007-2012 EXPERIENCE STUDY REPORT	2007-2012 EXPERIENCE STUDY REPORT
DISCOUNT RATE	3.50%	3.87%
SOURCE OF DISCOUNT RATE	BOND BUYER GENERAL OBLIGATION 20-BOND MUNICIPAL BOND INDEX AS OF 6/30/19 (MEASUREMENT DATE)	BOND BUYER GENERAL OBLIGATION 20-BOND MUNICIPAL BOND INDEX AS OF 6/30/18 (MEASUREMENT DATE)
POST-RETIREMENT PARTICIPATION PERCENTAGE	65.00%	65.00%
TOL MEASUREMENT AT DISCOUNT RATE	$1,541,654	$1,354,177
TOL DISCOUNT RATE INCREASED 1%	$1,289,041	$1,136,776
TOL DISCOUNT RATE DECREASED 1%	$1,866,891	$1,632,819
TOL MEASUREMENT AT HEALTHCARE COST TREND RATE	$1,541,654	$1,354,177
TOL HEALTHCARE COST TREND RATE INCREASED 1%	$1,937,224	$1,676,694
TOL HEALTHCARE COST TREND RATE DECREASED 1%	$1,247,735	$1,111,648

Material assumption changes during the measurement period ending June 30, 2019 include updating the discount rate, as required by GASB 75. Material assumption changes during the measurement period ending June 30, 2018 include updating the forecasts of healthcare cost trends, as well as 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, 2020 was determined by an actuarial valuation, conducted by the OSA, using data as of June 30, 2018, with the results rolled forward to the measurement date of June 30, 2019. The TOL for the state of Washington as of June 30, 2019 was determined by an actuarial valuation, conducted by the OSA, using data as of June 30, 2018. The measurement date for the TOL as of June 30, 2019 was the same as the valuation date. 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 26.6% and 26.7% as of June 30, 2020 and 2019, 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 total OPEB liability.

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY (TOL) *(Dollars in thousands)*		
BALANCE AS OF JULY 1, 2018	**$**	**1,565,213**
SERVICE COST		84,665
INTEREST ON TOL		58,207
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE		53,132
CHANGE IN ASSUMPTIONS		(370,652)
BENEFIT PAYMENTS		(24,584)
CHANGE IN PROPORTIONATE SHARE		(11,804)
BALANCE AS OF JUNE 30, 2019		**1,354,177**
SERVICE COST		62,422
INTEREST ON TOL		54,148
CHANGE IN ASSUMPTIONS		100,838
BENEFIT PAYMENTS		(24,769)
CHANGE IN PROPORTIONATE SHARE		(5,162)
BALANCE AS OF JUNE 30, 2020	**$**	**1,541,654**

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, 2020	$	62,806
YEAR ENDED JUNE 30, 2019		78,429

DEFERRED OUTFLOWS OF RESOURCES *(Dollars in Thousands)*		
2020		
DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE IN THE MEASUREMENT OF THE TOTAL OPEB LIABILITY	$	41,167
CHANGE IN ASSUMPTIONS		89,633
UNIVERSITY CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT DATE OF THE COLLECTIVE TOTAL OPEB LIABILITY		26,583
TOTAL	**$**	**157,383**
2019		
DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE IN THE MEASUREMENT OF THE TOTAL OPEB LIABILITY	$	47,228
UNIVERSITY CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT DATE OF THE COLLECTIVE TOTAL OPEB LIABILITY		24,864
TOTAL	**$**	**72,092**

DEFERRED INFLOWS OF RESOURCES *(Dollars in Thousands)*		
2020		
CHANGE IN ASSUMPTIONS	$	446,992
CHANGE IN PROPORTIONATE SHARE		22,124
TOTAL	**$**	**469,116**
2019		
CHANGE IN ASSUMPTIONS	$	516,622
CHANGE IN PROPORTIONATE SHARE		18,457
TOTAL	**$**	**535,079**

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		
2021	$	(53,764)
2022		(53,764)
2023		(53,764)
2024		(53,764)
2025		(53,764)
THEREAFTER		(69,496)
TOTAL	**$**	**(338,316)**

(a) Negative amounts shown in the table above represent a reduction of expense

NOTE 18:

Commitments and Contingencies

Authorized expenditures for construction projects unexpended as of June 30, 2020 and 2019 were $173.6 million and $240.1 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, aviation 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, general, employment practices, automobile liability, and information security and privacy protection, the University maintains a program of self-insurance reserves and excess insurance coverage. The self-insurance reserve represents the estimated ultimate cost of settling 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, 2020 and 2019 are noted below:

(Dollars in thousands)		**2020**		**2019**
RESERVE AT BEGINNING OF FISCAL YEAR	$	100,163	$	112,210
INCURRED CLAIMS AND CHANGES IN ESTIMATES		41,339		22,178
CLAIM PAYMENTS		(16,421)		(34,225)
RESERVE AT END OF FISCAL YEAR	**$**	**125,081**	**$**	**100,163**

REGULATORY COMPLIANCE

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 maintains 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.

Between April 4 and April 12, 2018, the Washington State Department of Health, on behalf of CMS, conducted a survey at UW Medical Center. In a letter dated May 15, 2018, CMS informed UW Medical Center that based on the results of the survey, UW Medical Center was not in compliance with certain Medicare Conditions of Participation. The deficiencies identified within the survey relate primarily to UW Medical Center's relationship with the SCCA inpatient hospital located within the same building as UW Medical Center, including related policies, clinical areas, support services and personnel sharing between the two organizations. UW Medical Center submitted a Plan of Correction (the Plan) in response to the CMS survey findings, and CMS accepted the Plan on January 15, 2020. UW Medical Center and SCCA have implemented many components of their respective Plans and will continue implementation through August 2021, as approved by CMS. UW Medicine management will take necessary actions to comply with that Plan so UW Medical Center continues to participate in the Medicare program.

NOTE 19:

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, 2020**	**Combined Entities**	**Eliminations**	**University of Washington**	**Total Blended Component Units**	**Medical Entities**	**Real Estate Entities**
ASSETS						
TOTAL CURRENT ASSETS	$ 2,029,039	$ (33,910)	$ 1,913,298	$ 149,651	$ 144,623	$ 5,028
NONCURRENT ASSETS:						
TOTAL OTHER ASSETS	6,138,366	—	5,993,647	144,719	111,871	32,848
CAPITAL ASSETS, NET	4,971,660	—	4,622,937	348,723	13,172	335,551
TOTAL ASSETS	13,139,065	(33,910)	12,529,882	643,093	269,666	373,427
DEFERRED OUTFLOWS OF RESOURCES	639,368	—	639,368	—	—	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 13,778,433**	**$ (33,910)**	**$ 13,169,250**	**$ 643,093**	**$ 269,666**	**$ 373,427**
LIABILITIES						
TOTAL CURRENT LIABILITIES	$ 1,528,296	$ (3,083)	$ 1,433,433	$ 97,946	$ 73,449	$ 24,497
TOTAL NONCURRENT LIABILITIES	5,493,819	(14,294)	5,158,144	349,969	10,244	339,725
TOTAL LIABILITIES	7,022,115	(17,377)	6,591,577	447,915	83,693	364,222
DEFERRED INFLOWS OF RESOURCES	834,820	—	834,820	—	—	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	7,856,935	(17,377)	7,426,397	447,915	83,693	364,222
NET POSITION						
NET INVESTMENT IN CAPITAL ASSETS	2,531,666	—	2,521,560	10,106	12,607	(2,501)
RESTRICTED:						
NONEXPENDABLE	1,938,615	—	1,938,615	—	—	—
EXPENDABLE	2,243,384	—	2,243,384	—	—	—
UNRESTRICTED	(792,167)	(16,533)	(960,706)	185,072	173,366	11,706
TOTAL NET POSITION	5,921,498	(16,533)	5,742,853	195,178	185,973	9,205
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 13,778,433**	**$ (33,910)**	**$ 13,169,250**	**$ 643,093**	**$ 269,666**	**$ 373,427**

(Dollars in thousands) **Statements of Net Position – June 30, 2019**	**Combined Entities**	**Eliminations**	**University of Washington**	**Total Blended Component Units**	**Medical Entities (1)**	**Real Estate Entities**
ASSETS						
TOTAL CURRENT ASSETS	$ 1,574,437	$ (30,590)	$ 1,416,508	$ 188,519	$ 162,599	$ 25,920
NONCURRENT ASSETS:						
TOTAL OTHER ASSETS	5,899,218	(160,934)	5,878,493	181,659	161,037	20,622
CAPITAL ASSETS, NET	4,935,336	(2,168)	4,474,035	463,469	115,013	348,456
TOTAL ASSETS	12,408,991	(193,692)	11,769,036	833,647	438,649	394,998
DEFERRED OUTFLOWS OF RESOURCES	414,063	—	408,100	5,963	5,963	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 12,823,054**	**$ (193,692)**	**$ 12,177,136**	**$ 839,610**	**$ 444,612**	**$ 394,998**
LIABILITIES						
TOTAL CURRENT LIABILITIES	1,166,208	(6,956)	1,046,772	126,392	99,033	27,359
TOTAL NONCURRENT LIABILITIES	5,185,451	(175,686)	4,818,269	542,868	175,097	367,771
TOTAL LIABILITIES	6,351,659	(182,642)	5,865,041	669,260	274,130	395,130
DEFERRED INFLOWS OF RESOURCES	893,069	—	893,069	—	—	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	7,244,728	(182,642)	6,758,110	669,260	274,130	395,130
NET POSITION						
NET INVESTMENT IN CAPITAL ASSETS	2,489,083	—	2,377,810	111,273	107,648	3,625
RESTRICTED:						
NONEXPENDABLE	1,877,816	—	1,875,467	2,349	2,349	—
EXPENDABLE	2,192,163	—	2,191,489	674	674	—
UNRESTRICTED	(980,736)	(11,050)	(1,025,740)	56,054	59,811	(3,757)
TOTAL NET POSITION	5,578,326	(11,050)	5,419,026	170,350	170,482	(132)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 12,823,054**	**$ (193,692)**	**$ 12,177,136**	**$ 839,610**	**$ 444,612**	**$ 394,998**

(1) Includes Northwest Hospital

(Dollars in thousands) **Statements of Revenues, Expenses and Changes in Net Position - Year Ended June 30, 2020**	**Combined Entities**	**Eliminations**	**University of Washington**	**Total Blended Component Units**	**Medical Entities**	**Real Estate Entities**
REVENUES						
OPERATING REVENUES:						
STUDENT TUITION AND FEES	$ 1,058,271	$ —	$ 1,058,271	$ —	$ —	$ —
PATIENT SERVICES	2,092,975	(12,619)	1,736,904	368,690	368,690	—
GRANT REVENUE	1,491,623	—	1,491,623	—	—	—
OTHER OPERATING REVENUE	868,582	(112,077)	866,943	113,716	55,001	58,715
TOTAL OPERATING REVENUES	**5,511,451**	**(124,696)**	**5,153,741**	**482,406**	**423,691**	**58,715**
EXPENSES						
OPERATING EXPENSES:						
OTHER OPERATING EXPENSES	5,963,216	(82,518)	5,618,915	426,819	409,608	17,211
DEPRECIATION / AMORTIZATION	388,338	—	365,998	22,340	2,177	20,163
TOTAL OPERATING EXPENSES	**6,351,554**	**(82,518)**	**5,984,913**	**449,159**	**411,785**	**37,374**
OPERATING INCOME (LOSS)	**(840,103)**	**(42,178)**	**(831,172)**	**33,247**	**11,906**	**21,341**
NONOPERATING REVENUES (EXPENSES)						
STATE APPROPRIATIONS	415,030	—	415,030	—	—	—
GIFTS	219,542	—	218,955	587	587	—
INVESTMENT INCOME	207,993	—	206,927	1,066	1,066	—
OTHER NONOPERATING REVENUES (EXPENSES)	73,098	37,695	41,657	(6,254)	5,750	(12,004)
NET NONOPERATING REVENUES (EXPENSES)	**915,663**	**37,695**	**882,569**	**(4,601)**	**7,403**	**(12,004)**
INCOME BEFORE OTHER REVENUES	**75,560**	**(4,483)**	**51,397**	**28,646**	**19,309**	**9,337**
CAPITAL APPROPRIATIONS, GRANTS, GIFTS AND OTHER	202,187	(1,000)	201,937	1,250	1,250	—
GIFTS TO PERMANENT ENDOWMENTS	65,425	—	65,425	—	—	—
TOTAL OTHER REVENUES	**267,612**	**(1,000)**	**267,362**	**1,250**	**1,250**	**—**
INCREASE IN NET POSITION	**343,172**	**(5,483)**	**318,759**	**29,896**	**20,559**	**9,337**
NET POSITION						
NET POSITION – BEGINNING OF YEAR	5,578,326	(11,050)	5,424,094	165,282	165,414	(132)
NET POSITION – END OF YEAR	**$ 5,921,498**	**$ (16,533)**	**$ 5,742,853**	**$ 195,178**	**$ 185,973**	**$ 9,205**

(Dollars in thousands) **Statements of Revenues, Expenses and Changes in Net Position - Year Ended June 30, 2019**	**Combined Entities**	**Eliminations**	**University of Washington**	**Total Blended Component Units**	**Medical Entities (1)**	**Real Estate Entities**
REVENUES						
OPERATING REVENUES:						
STUDENT TUITION AND FEES	$ 1,052,222	$ —	$ 1,052,222	$ —	$ —	$ —
PATIENT SERVICES	2,135,733	(27,632)	1,475,975	687,390	687,390	—
GRANT REVENUE	1,425,521	—	1,425,521	—	—	—
OTHER OPERATING REVENUE	871,742	(114,732)	868,464	118,010	66,453	51,557
TOTAL OPERATING REVENUES	**5,485,218**	**(142,364)**	**4,822,182**	**805,400**	**753,843**	**51,557**
EXPENSES						
OPERATING EXPENSES:						
OTHER OPERATING EXPENSES	5,691,795	(107,027)	5,000,164	798,658	776,318	22,340
DEPRECIATION / AMORTIZATION	372,435	—	335,556	36,879	16,754	20,125
TOTAL OPERATING EXPENSES	**6,064,230**	**(107,027)**	**5,335,720**	**835,537**	**793,072**	**42,465**
OPERATING INCOME (LOSS)	**(579,012)**	**(35,337)**	**(513,538)**	**(30,137)**	**(39,229)**	**9,092**
NONOPERATING REVENUES (EXPENSES)						
STATE APPROPRIATIONS	378,656	—	378,656	—	—	—
GIFTS	165,831	—	165,204	627	627	—
INVESTMENT INCOME	339,878	(2,761)	335,087	7,552	7,552	—
OTHER NONOPERATING REVENUES (EXPENSES)	(28,345)	33,576	(47,132)	(14,789)	(962)	(13,827)
NET NONOPERATING REVENUES (EXPENSES)	**856,020**	**30,815**	**831,815**	**(6,610)**	**7,217**	**(13,827)**
INCOME BEFORE OTHER REVENUES	**277,008**	**(4,522)**	**318,277**	**(36,747)**	**(32,012)**	**(4,735)**
CAPITAL APPROPRIATIONS, GRANTS, GIFTS AND OTHER	69,057	(2,000)	68,156	2,901	2,901	—
GIFTS TO PERMANENT ENDOWMENTS	135,484	—	135,484	—	—	—
TOTAL OTHER REVENUES	**204,541**	**(2,000)**	**203,640**	**2,901**	**2,901**	**—**
INCREASE IN NET POSITION	**481,549**	**(6,522)**	**521,917**	**(33,846)**	**(29,111)**	**(4,735)**
NET POSITION						
NET POSITION – BEGINNING OF YEAR	5,096,777	(4,528)	4,897,109	204,196	199,593	4,603
NET POSITION – END OF YEAR	**$ 5,578,326**	**$ (11,050)**	**$ 5,419,026**	**$ 170,350**	**$ 170,482**	**$ (132)**

(1) Includes Northwest Hospital

(Dollars in thousands) **Statements of Cash Flows - Year Ended June 30, 2020**	**Combined Entities**	**Eliminations**	**University of Washington**	**Total Blended Component Units**	**Medical Entities**	**Real Estate Entities**
NET CASH PROVIDED (USED) BY:						
OPERATING ACTIVITIES	$ (321,500)	$ —	$ (338,156)	$ 16,656	$ 7,468	$ 9,188
NONCAPITAL FINANCING ACTIVITIES	877,845	—	867,442	10,403	10,403	—
CAPITAL AND RELATED FINANCING ACTIVITIES	(282,358)	—	(272,997)	(9,361)	5,534	(14,895)
INVESTING ACTIVITIES	(216,308)	—	(222,142)	5,834	(175)	6,009
NET INCREASE IN CASH AND CASH EQUIVALENTS	**57,679**	**—**	**34,147**	**23,532**	**23,230**	**302**
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR	85,516	—	53,642	31,874	29,550	2,324
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 143,195**	**$ —**	**$ 87,789**	**$ 55,406**	**$ 52,780**	**$ 2,626**

(Dollars in thousands) **Statements of Revenues, Expenses and Changes in Net Position - Year Ended June 30, 2019**	**Combined Entities**	**Eliminations**	**University of Washington**	**Total Blended Component Units**	**Medical Entities (1)**	**Real Estate Entities**
NET CASH PROVIDED (USED) BY:						
OPERATING ACTIVITIES	$ (358,045)	$ —	$ (403,400)	$ 45,355	$ 36,020	$ 9,335
NONCAPITAL FINANCING ACTIVITIES	689,981	—	714,786	(24,805)	(24,805)	—
CAPITAL AND RELATED FINANCING ACTIVITIES	(386,652)	—	(351,348)	(35,304)	(20,269)	(15,035)
INVESTING ACTIVITIES	(3,904)	—	(8,272)	4,368	2,894	1,474
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(58,620)**	**—**	**(48,234)**	**(10,386)**	**(6,160)**	**(4,226)**
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR	144,136	—	90,366	53,770	47,220	6,550
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 85,516**	**$ —**	**$ 42,132**	**$ 43,384**	**$ 41,060**	**$ 2,324**

(1) Includes Northwest Hospital

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

PERS 1- SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

(Dollars in thousands)	2020	2019	2018	2017	2016	2015
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	8.05%	8.20%	8.44%	8.46%	8.33%	8.28%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 309,671	$ 366,403	$ 400,426	$ 454,341	$ 435,853	$ 417,231
UNIVERSITY'S COVERED-EMPLOYEE PAYROLL	$ 1,116,298	$ 1,074,943	$ 1,043,335	$ 987,405	$ 927,002	$ 882,215
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	27.74%	34.09%	38.38%	46.01%	47.02%	47.29%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	67.12%	63.22%	61.24%	57.03%	59.10%	61.19%

(Amounts determined as of the measurement date)

PERS 1 - SCHEDULE OF CONTRIBUTIONS

(Dollars in thousands)	2020	2019	2018	2017	2016	2015
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 970	$ 1,231	$ 1,582	$ 1,788	$ 2,155	$ 2,058
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 971	$ 1,234	$ 1,578	$ 1,769	$ 2,155	$ 2,059
CONTRIBUTION DEFICIENCY (EXCESS)	$ (1)	$ (3)	$ 4	$ 19	$ —	$ (1)
UNIVERSITY'S COVERED-EMPLOYEE PAYROLL	$ 1,227,868	$ 1,116,298	$ 1,074,943	$ 1,043,335	$ 987,405	$ 927,002
CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	0.08%	0.11%	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)	2020	2019	2018	2017	2016	2015
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	10.18%	10.24%	10.48%	10.36%	10.20%	10.00%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 98,901	$ 174,913	$ 364,073	$ 521,777	$ 364,303	$ 202,225
UNIVERSITY'S COVERED-EMPLOYEE PAYROLL	$ 1,106,678	$ 1,062,415	$ 1,027,338	$ 967,955	$ 904,661	$ 856,839
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	8.94%	16.46%	35.44%	53.91%	40.27%	23.60%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	97.77%	95.77%	90.97%	85.82%	89.20%	93.29%

(Amounts determined as of the measurement date)

PERS 2/3 - SCHEDULE OF CONTRIBUTIONS

(Dollars in thousands)	2020	2019	2018	2017	2016	2015
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 156,919	$ 141,681	$ 134,239	$ 114,852	$ 107,424	$ 83,323
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 157,000	$ 141,618	$ 134,366	$ 114,968	$ 108,413	$ 83,342
CONTRIBUTION DEFICIENCY (EXCESS)	$ (81)	$ 63	$ (127)	$ (116)	$ (989)	$ (19)
UNIVERSITY'S COVERED-EMPLOYEE PAYROLL	$ 1,220,321	$ 1,106,678	$ 1,062,415	$ 1,027,338	$ 967,955	$ 904,661
CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	12.86%	12.80%	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)	2020	2019	2018	2017	2016	2015
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	0.25%	0.24%	0.20%	0.16%	0.13%	0.10%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 6,200	$ 7,061	$ 6,076	$ 5,463	$ 4,049	$ 2,881
UNIVERSITY'S COVERED-EMPLOYEE PAYROLL	$ 16,677	$ 13,986	$ 10,967	$ 7,813	$ 5,790	$ 3,905
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	37.18%	50.49%	55.40%	69.92%	69.93%	73.78%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	70.37%	66.52%	65.58%	62.07%	65.70%	68.77%

(Amounts determined as of the measurement date)

TRS 1 - SCHEDULE OF CONTRIBUTIONS

(Dollars in thousands)	2020	2019	2018	2017	2016	2015
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 55	$ 52	$ 48	$ 39	$ 38	$ 44
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 55	$ 52	$ 48	$ 40	$ 38	$ 42
CONTRIBUTION DEFICIENCY (EXCESS)	$ —	$ —	$ —	$ (1)	$ —	$ 2
UNIVERSITY'S COVERED-EMPLOYEE PAYROLL	$ 20,153	$ 16,677	$ 13,986	$ 10,967	$ 7,813	$ 5,790
CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	0.27%	0.31%	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)	2020	2019	2018	2017	2016	2015
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	0.25%	0.24%	0.19%	0.15%	0.12%	0.08%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 1,487	$ 1,066	$ 1,796	$ 2,077	$ 969	$ 252
UNIVERSITY'S COVERED-EMPLOYEE PAYROLL	$ 16,337	$ 13,664	$ 10,669	$ 7,507	$ 5,367	$ 3,391
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	9.10%	7.80%	16.83%	27.67%	18.05%	7.43%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	96.36%	96.88%	93.14%	88.72%	92.48%	96.81%

(Amounts determined as of the measurement date)

TRS 2/3 - SCHEDULE OF CONTRIBUTIONS

(Dollars in thousands)	2020	2019	2018	2017	2016	2015
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 3,068	$ 2,511	$ 2,036	$ 1,401	$ 956	$ 558
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 3,029	$ 2,470	$ 2,029	$ 1,410	$ 985	$ 555
CONTRIBUTION DEFICIENCY (EXCESS)	$ 39	$ 42	$ 7	$ (9)	$ (29)	$ 3
UNIVERSITY'S COVERED-EMPLOYEE PAYROLL	$ 19,800	$ 16,337	$ 13,664	$ 10,669	$ 7,507	$ 5,367
CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	15.49%	15.37%	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)	2020	2019	2018	2017	2016	2015
UNIVERSITY'S PROPORTION OF THE NET PENSION ASSET	0.23%	0.23%	0.22%	0.25%	0.20%	0.21%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET	$ 5,365	$ 4,590	$ 2,995	$ 1,430	$ 2,083	$ 2,844
UNIVERSITY'S COVERED-EMPLOYEE PAYROLL	$ 4,882	$ 4,487	$ 4,061	$ 4,474	$ 3,534	$ 3,581
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET AS A PERCENTAGE OF ITS COVERED-EMPLOYEE PAYROLL	109.91%	102.30%	73.74%	31.97%	58.94%	79.42%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION ASSET	119.43%	118.50%	113.36%	106.04%	111.67%	116.75%

(Amounts determined as of the measurement date)

LEOFF 2 - SCHEDULE OF CONTRIBUTIONS

(Dollars in thousands)	2020	2019	2018	2017	2016	2015
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 444	$ 436	$ 400	$ 348	$ 384	$ 303
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 446	$ 435	$ 403	$ 352	$ 384	$ 300
CONTRIBUTION DEFICIENCY (EXCESS)	$ (2)	$ 1	$ (3)	$ (4)	$ —	$ 3
UNIVERSITY'S COVERED-EMPLOYEE PAYROLL	$ 5,059	$ 4,882	$ 4,487	$ 4,061	$ 4,474	$ 3,534
CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	8.78%	8.93%	8.91%	8.57%	8.58%	8.57%

(Amounts determined as of the fiscal year end)

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%

Unaudited – see accompanying independent auditors' report

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY (TOL)			
(Dollars in thousands)	**2020**	**2019**	**2018**
TOTAL OPEB LIABILITY - BEGINNING	$ 1,354,177	$ 1,565,213	$ 1,685,909
SERVICE COST	62,422	84,665	106,112
INTEREST ON TOL	54,148	58,207	49,703
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	—	53,132	—
CHANGE IN ASSUMPTIONS	100,838	(370,652)	(242,454)
BENEFIT PAYMENTS	(24,769)	(24,584)	(25,330)
CHANGE IN PROPORTIONATE SHARE	(5,162)	(11,804)	(8,727)
TOTAL OPEB LIABILITY - ENDING	**$ 1,541,654**	**$ 1,354,177**	**$ 1,565,213**
OPEB COVERED-EMPLOYEE PAYROLL	$ 2,724,791	$ 2,493,991	$ 2,529,127
TOTAL OPEB LIABILITY AS PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	56.58%	54.30%	61.89%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

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, 2015, valuation date, completed in the fall of 2016, determines the ADC for the period beginning July 1, 2017, and ending June 30, 2019.

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 instance, for the period beginning July 1, 2017 and ending June 30, 2019, the contribution rates that the Pension Funding Council adopted, which the Legislature did not change, reflect a phasing in of the increase to contribution rates that resulted from a change to the mortality assumption. This is the second of three biennia over which this increase is expected to be phased-in for PERS 1, PERS 2/3, TRS 1, and TRS 2/3.

For cost-sharing plans, OSA calculates the contractually required contributions (CRC) using the same assumptions and methods as the ADC, except that the CRC reflect the adopted contribution rates for the time period shown. These might differ from the contribution rates produced for the ADC.

Plans administered by the University

The University of Washington Supplemental Retirement Plan has no assets accumulated in a trust that meets the criteria in GASB Statement No. 73, paragraph 4 to pay related benefits.

Material assumption changes during the fiscal year 2020 measurement period include updating the GASB 73 discount rate from 3.50% to 2.21% ("Change in assumption" which increased the TPL). Additionally, CREF investment experience during fiscal year 2020 was lower than expected (2.31 percent actual return). Lower investment experience than expected leads to an increase in the TPL. TIAA investment experience only slightly deviated from OSA's assumption.

Material assumption changes during the fiscal year 2019 measurement period include updating the GASB 73 discount rate from 3.87% to 3.50% ("Change in assumption" which increased the TPL). Additionally, CREF investment experience during fiscal year 2019 was slightly lower than expected (4.97 percent actual return). Lower investment experience than expected leads to an increase in the TPL. TIAA investment experience only slightly deviated from OSA's assumption. Based on input from TIAA, OSA modified the TIAA settlement rates, settlement mortality, and increased the CREF investment return assumptions ("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 2020 relate to a decrease in the Bond Buyer General Obligation 20-Bond Municipal Bond Index, from 3.87% for the June 30, 2018 measurement date, to 3.50% for the June 30, 2019 measurement date. This change resulted in an increase in the TOL.

Material assumption changes in fiscal year 2019 relate to an increase in the Bond Buyer General Obligation 20-Bond Municipal Bond Index, from 3.58% for the June 30, 2017 measurement date, to 3.87% for the June 30, 2018 measurement date. Other material assumption changes included lowering the forecast of future healthcare cost trends. Both of these resulted in a decrease in the TOL.

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The 2020 UW Financial Report and reports from previous years are available at annualreport.uw.edu

For more information, contact Financial Accounting at 206.221.7845 or accountg@uw.edu

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UNIVERSITY *of*
WASHINGTON

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APPENDIX C

FORMS OF BOND COUNSEL OPINIONS

2021A Bonds

March 4, 2021

University of Washington
Seattle, Washington

Goldman Sachs & Co. LLC
Seattle, Washington

Citigroup Global Markets Inc.
New York, New York

Backstrom McCarley Berry & Co.
San Francisco, California

Re: University of Washington, General Revenue and Refunding Bonds, 2021A - $77,435,000

Ladies and Gentlemen:

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 and Refunding Bonds, 2021A, in the aggregate principal amount of $77,435,000 (the "2021A Bonds"). The 2021A Bonds are issued pursuant to a resolution of the Board of Regents of the University adopted on September 10, 2020 (the "Resolution"). Capitalized terms used in this opinion which are not otherwise defined shall have the meanings given to such terms in the Resolution.

The 2021A Bonds are subject to redemption prior to their scheduled maturities as set forth in the Official Statement dated February 10, 2021. The University has not designated the 2021A 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 2021A 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 2021A Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors.

2. The 2021A Bonds are special fund obligations of the University. Both principal of and interest on the 2021A 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, 2021 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 2021A Bonds as the same become due. The 2021A 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 2021A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the University comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2021A 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 2021A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2021A Bonds.

Except as expressly stated above, we express no opinion regarding any tax consequences related to the ownership, sale or disposition of the 2021A Bonds, or the amount, accrual or receipt of interest on, the 2021A Bonds. Owners of the 2021A Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2021A 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 2021A 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

2021B Bonds

March 4, 2021

University of Washington
Seattle, Washington

Goldman Sachs & Co. LLC
Seattle, Washington

Citigroup Global Markets Inc.
New York, New York

Backstrom McCarley Berry & Co.
San Francisco, California

Re: University of Washington, General Revenue and Refunding Bonds, 2021B (Taxable) - $249,335,000

Ladies and Gentlemen:

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 and Refunding Bonds, 2021B (Taxable), in the aggregate principal amount of $249,335,000 (the "2021B Bonds"). The 2021B Bonds are issued pursuant to a resolution of the Board of Regents of the University adopted on September 10, 2020 (the "Resolution"). Capitalized terms used in this opinion which are not otherwise defined shall have the meanings given to such terms in the Resolution.

The 2021B Bonds are subject to redemption prior to their scheduled maturities as set forth in the Official Statement dated February 10, 2021.

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 2021B 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 2021B Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors.

2. The 2021B 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, 2021 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 2021B Bonds as the same become due. The 2021B 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 2021B Bonds is not intended to be excludable from gross income for federal income tax purposes.

We express no opinion regarding any tax consequences related to the ownership, sale or disposition of the 2021B Bonds, or the amount, accrual or receipt of interest on, the 2021B Bonds. Owners of the 2021B Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2021B 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 2021B 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 March 4, 2021, is hereby made by the University of Washington (the "University") in connection with the issuance of its General Revenue and Refunding Bonds, 2021A, and General Revenue and Refunding Bonds, 2021B (Taxable) (collectively the "Bonds") pursuant to a resolution of the University adopted on September 10, 2020 (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 dated February 10, 2021, with respect to 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, 2022, for the Fiscal Year ending June 30, 2021), 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 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 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 entitled "Student Housing and Dining Data."

- General Revenues and General Revenue components for that Fiscal Year, generally of the type provided in the table 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 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 titled "University Total Revenue by Source, Fiscal Year 2020."

- 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 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 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 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 shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the University shall give notice of such termination in the same manner as for a Notice Event.

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

UNIVERSITY OF WASHINGTON • GENERAL REVENUE AND REFUNDING BONDS, 2021A AND 2021B (TAXABLE)

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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