

Return To:
K&L GATES LLP
925 Fourth Avenue, Suite 2900
Seattle, WA 98104-1158
Attn: Cynthia Weed



201212050050
Skagit County Auditor

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CHICAGO TITLE
020017079

Name of Document: CUSTODIAL AGENCY AGREEMENT

Grantor: Skagit Valley College Foundation

Grantee: The Bank of New York Mellon

Legal Description:

Abbreviated form:

Ptn. NW1/4, NW1/4, Sec. 16, TWP34N, R4E, WM, Skagit County, WA.

Additional legal description on page A-1 of document

Assessor's Property Tax Parcel Account Number(s): 340416-2-007-0007

Reference number(s) of related/assigned/released/document(s):

References to documents appears on page 1 of document

CUSTODIAL AGENCY AGREEMENT

This Custodial Agency Agreement, dated as of December 6, 2012, is hereby made by the Skagit Valley College Foundation to The Bank of New York Mellon, in its capacity as fiscal agent for the State of Washington, as custodial agent (together, with any successor thereto, the "Custodial Agent").

FOR VALUE RECEIVED, the undersigned hereby grants, conveys, assigns and transfers to THE BANK OF NEW YORK MELLON, New York, New York, fiscal agent for the State of Washington, in the capacity of custodial agent (the "Custodial Agent"), whose address is 101 Barclay Street, 7 West, New York, NY 10286, the following:

(i) Deed of Trust, Security Agreement, Assignment of Leases and Rents, and Fixture Filing recorded on December 5, 2012 under Skagit County Recording No. 201212050050; and

(ii) A resolution of the Board of Governors of the Foundation adopted on September 19, 2012;

(iii) Lease Agreement, dated July 16, 1998, as amended, between the Foundation and Skagit Valley College (the "College"); and

(iv) A resolution of the Board of Trustees of the College adopted on October 4, 2012.

The Custodial Agent shall not be deemed be a trustee or standby trustee for the Registered Owners of Certificates. The Custodial Agent's shall be only a custodial agent pending the appointment of an Owners' Trustee for the benefit of Registered Owners. The sole duties and responsibilities of the Custodial Agent shall be as set forth in the following paragraphs.

1. Upon receipt of notice from the Owners' Trustee of its appointment pursuant to the terms of the Assignment of Payments, the Custodial Agent shall immediately assign all of its right, title and interest in this Custodial Agency Agreement to the Owners' Trustee for the benefit of the Registered Owners of the Bonds;

- or -

2. Upon receipt of notice from the Fiscal Agent and the Foundation, the Custodial Agent shall (i) execute a Request for Conveyance with respect to the Deed of



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Trust substantially the form attached hereto as Exhibit B, with only those changes requested thereon by the Foundation (who shall be responsible for recording and/or delivery of the same to the College) and (ii) deliver the Deed to the College.

This Custodial Agency Agreement shall inure to the benefit of any successor fiscal agent for the State of Washington, pursuant to Ch. 43.80 RCW, and upon any such appointment by the State Finance Committee of the State of Washington, such successor fiscal agent shall succeed to the rights, duties and responsibilities of the Custodial Agent hereunder.

Capitalized terms used in this Custodial Agency Agreement shall have the meaning given such terms in Part I of Appendix 1. This Custodial Agency Agreement shall be construed in accordance with the Rules of Construction set forth in Part II of Appendix 1. Any authority or duty imposed upon the Foundation hereunder may be undertaken and performed by the Authorized Foundation Representative. The miscellaneous provisions set forth in Part III of Appendix 1 shall be incorporated into this Custodial Agency Agreement. This Custodial Agency Agreement may be supplemented and amended from time to time in accordance with Part IV of Appendix 1.

SKAGIT VALLEY COLLEGE
FOUNDATION

By *Kathryn A. Bennett*
President, Board of Governors

By *Marysue W. O'Byrne*
Secretary, Board of Governors

THE BANK OF NEW YORK MELLON,
as Custodial Agent

By _____
Its _____


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SKAGIT VALLEY COLLEGE
FOUNDATION

By _____
President, Board of Governors

By _____
Secretary, Board of Governors

THE BANK OF NEW YORK MELLON,
as Custodial Agent

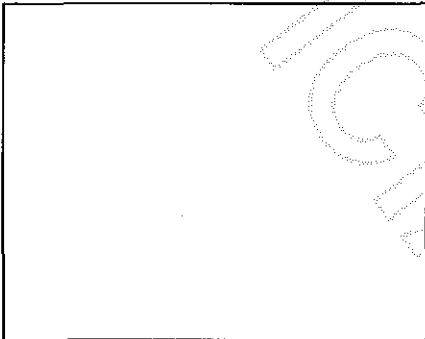
By Edward L. Luter
Its Assistant Vice President



STATE OF NEW YORK)
) ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the _____ of THE BANK OF NEW YORK MELLON to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____, 2012



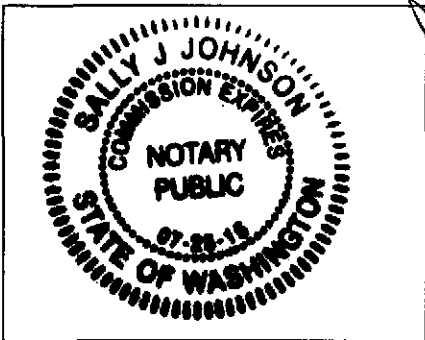
(Use this space for notarial stamp/seal)

Notary Public
Print Name _____
My commission expires _____

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that Kathryn A. Bennett and Megan Scott O'Bryan are the persons who appeared before me, and said person acknowledged that they signed this instrument, on oath stated that they were authorized to execute the instrument and acknowledged it as the PRESIDENT and SECRETARY, respectively, of the Board of Governors of the SKAGIT VALLEY COLLEGE FOUNDATION to be the free and voluntary act of such parties for the uses and purposes mentioned in the instrument.

Dated: December 3rd 2012



(Use this space for notarial stamp/seal)

Sally J. Johnson
Notary Public
Print Name Sally J. Johnson
My commission expires 7-25-15



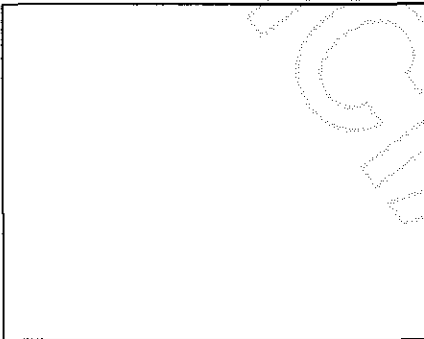
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STATE OF NEW YORK)
) ss.
COUNTY OF Queens)

I certify that I know or have satisfactory evidence that Edward Souter is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the ~~Assistant Vice Pres~~ of THE BANK OF NEW YORK MELLON to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: Dec 6, 2012, 2012



(Use this space for notarial stamp/seal)

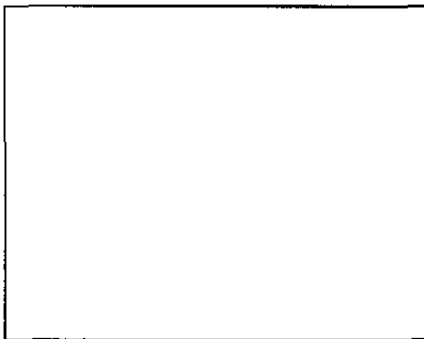
Christine S Conway
Notary Public
Print Name _____
My commission expires _____

CHRISTINE S CONWAY
Notary Public State of New York
No. 01CO-4774419
Qualified in Queens County
Commission Expires 3/30/2014

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that Kathryn A. Bennett and Megan Scott O'Bryan are the persons who appeared before me, and said person acknowledged that they signed this instrument, on oath stated that they were authorized to execute the instrument and acknowledged it as the PRESIDENT and SECRETARY, respectively, of the Board of Governors of the SKAGIT VALLEY COLLEGE FOUNDATION to be the free and voluntary act of such parties for the uses and purposes mentioned in the instrument.

Dated: _____, 2012



(Use this space for notarial stamp/seal)

Notary Public
Print Name _____
My commission expires _____



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List of Exhibits:

- Exhibit A: Legal Description of Land
- Exhibit B: Request for Reconveyance
- Appendix 1: Definitions



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EXHIBIT A

LEGAL DESCRIPTION

The following real property situated in Skagit County, Washington and more particularly described as follows:

That portion of the Northwest 1/4 of the Northwest 1/4 of Section 16, Township 34 North, Range 4 East W.M., described as follows:

Beginning at the Southwest corner of said subdivision; thence North 165 feet; thence East to the East line of said subdivision; thence South 165 feet; thence West to the point of beginning; EXCEPT the following described tract:

The road right-of-way known as LaVenture Road along the West line thereof.

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EXHIBIT B-1

REQUEST FOR FULL RECONVEYANCE

To: WASHINGTON ADMINISTRATIVE SERVICES, INC., Trustee

The undersigned beneficiary is the Custodial Agent and holder of the Skagit Valley College Foundation Student Housing Revenue and Refunding Bonds, 1998 (the "Bonds") securing the payment of all indebtedness and other obligations by that certain Deed of Trust dated July 15, 1998 in which Skagit Valley College Foundation is the grantor and the Bank of New York is Fiscal Agent and Custodial Agent, and you are the trustee or successor trustee, filed for record on August 12, 1998 as Auditor's File No. 9808120122, records of Skagit County, Washington.

YOU ARE HEREBY DIRECTED, on payment to you of any sums owing to you under the terms of said Deed of Trust pursuant to statute, to reconvey, without warranty, to the party or parties entitled thereto by the terms of said Deed of Trust, the estate now held by you under the same.

The Bonds and all obligations and other indebtedness secured by said Deed of Trust have been fully paid and satisfied, the Bonds and Deed of Trust are herewith surrendered to you for cancellation and reconveyance.

Dated: _____, ____.

Beneficiary:

THE BANK OF NEW YORK MELLON,
successor by merger to The Bank of New
York

By _____
Its Authorized Representative

(Print Name)

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APPENDIX 1
to
Deed of Trust
Custodial Agency Agreement
(each, a “Document”)

Part I. **Definitions.** The following capitalized terms have the following meanings, when used in the above referenced Documents.

Acquired Obligations means the “Government Obligations,” as that term is now or hereafter defined in Chapter 39.53 RCW, or any successor statute thereto, now or hereafter acquired by the Foundation to effect the refunding of the 1998 Bonds.

Authorized Denomination means \$5,000 or any integral amount thereof within a maturity.

Authorized Foundation Representative means the President of the Board of Governors, the Secretary of the Board of Governors, the Executive Director and shall include any other officer appointed by the foregoing.

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

Board means the governing body of the Foundation.

Bond Counsel means K&L Gates LLP or such other nationally recognized bond counsel firm designated by the Authorized Foundation Representative.

Bond Default means the failure to pay the principal of and/or interest on the Bonds when due.

Bond Purchase Contract means the purchase contract for the Bonds between the Underwriter and the Foundation.

Bond Register means the registration books maintained by the Bond Registrar for the purpose of complying with the registration requirements of the Code.

Bond Reserve Account means the Bond Reserve Account created and maintained pursuant to the Deed of Trust.

Bonds means Skagit Valley College Foundation (the “Foundation”) Student Housing Revenue Refunding Bonds, 2012 issued pursuant to the Resolution.

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Business Day means a day of the year which is not a Saturday or Sunday or a day on which banking institutions located in the State are required or authorized to remain closed or on which the Fiscal Agent or the New York Stock Exchange is closed.

Closing Date means the date on which the Bonds are delivered to the Underwriter upon receipt of the purchase price thereof.

Closing Conditions means:

- (a) the Fiscal Agent shall have received each of the following:
 - (1) An original executed or conformed copy of each document identified in the Custodial Agency Agreement;
 - (2) Evidence of recording the Deed of Trust;
 - (3) A lender's policy of title insurance, ALTA form 2006 with respect to the Property; and
 - (4) An opinion of Bond Counsel stating in the opinion of such Counsel that under existing law, the interest on the Bonds is exempt from federal income taxation, except under certain conditions to be more fully expressed in such opinion.
- (b) The Underwriter shall have received all of the items required under the Bond Purchase Contract.

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

College means Skagit Valley College, a community college of the State.

Costs of Issuance means administrative expenses, legal, accounting, financial and printing expenses, and all other expenses incurred in connection with the issuance and sale of Bonds, a portion of which is to be funded with the proceeds of the Bonds in an amount of \$28,000.

Debt Service Account means the account of that name created in the Revenue Bond Fund.



Deed of Trust means the Deed of Trust, Security Agreement, Assignment of Leases and rents and Fixture Filing, dated as of December 6, 2012, with respect to the Financed Facilities.

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds.

Environmental Laws shall mean any federal, state or local law, statute, ordinance, or regulation pertaining to health, industrial hygiene, or the environmental conditions on, under or about the Real Property, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), 42 U.S.C. Section 9601 et seq., as amended by the Superfund Amendments and Reauthorization Act of 1986 (PL 99-499), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Toxic Substance Control Act, 15 U.S.C. Section 2601, the Toxic Substance Control Act, 15 U.S.C. Section 2601, et seq., and the Resource Conservation and Recovery Act of 1976, as amended ("RCRA"), 42 U.S.C. Section 6901, et seq.

Executive Director means the duly appointed and acting Executive Director of the Foundation.

Financed Facilities means the student housing project and the other property defined with further particularity in the Deed of Trust.

Fiscal Agency Agreement means the Agreement of that name dated as of February 1, 2011, as amended to date, between and among the State Finance Committee of the State and The Bank of New York Mellon. Upon the appointment of any successor fiscal agent under Chapter 43.80 RCW, the term "Fiscal Agency Agreement" shall refer to the agreement between the State Finance Committee and the successor Fiscal Agent.

Fiscal Agent or Bond Registrar or Beneficiary means the fiscal agency of the State of Washington, currently The Bank of New York Mellon, pursuant to the Fiscal Agency Agreement. Upon any appointment of a successor fiscal agent by the State Finance Committee, such successor fiscal agent shall automatically succeed to the responsibilities of the Fiscal Agent.

Foundation means the Skagit Valley College Foundation, a Washington nonprofit corporation, qualified as a 501(c)(3) organization under the Code.

Government Obligations has the meaning given such term in Chapter 39.53 RCW, as amended from time to time.



Gross Revenues means all income, receipts and donations received by the Foundation, from any source whatsoever, including from the ownership or operation of the Financed Facilities, all lease payments, insurance and condemnation proceeds and proceeds resulting from foreclosure of the Deed of Trust and all Investment Earnings.

Hazardous Substance shall include without limitation:

(a) Those substances included within the definitions of "hazardous substances," "hazardous materials," "toxic substances," or "solid waste" in CERCLA, RCRA, the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., and the Toxic Substance Control Act, 15 U.S.C. Section 2601 et seq., and in the regulations promulgated pursuant to said laws;

(b) Those substances defined as "dangerous wastes," "hazardous wastes" or as "hazardous substances" under the Water Pollution Control Act, RCW 90.48.010 et seq., the Hazardous Waste Management Statute, RCW 70.105.010 et seq., the Washington Toxic Substance Control Act RCW 70.105B.010 et seq., the Washington Model Toxics Control Act, RCW 70.105D.010 et seq., and the Toxic Substance Control Act, 15 U.S.C. Section 2601 et seq., and in the regulations promulgated pursuant to said laws;

(c) Those substances listed in the United States Department of Transportation Table (49 C.F.R. 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 C.F.R. Part 302 and amendments thereto);

(d) Storm water discharge regulated under any federal, state or local law, ordinance or regulation relating to storm water drains, including, but not limited to, Section 402(p) of the Clean Water Act, 33 U.S.C. Section 1342 and the regulations promulgated thereunder.

(e) Such other substances, materials and wastes which are or become regulated under applicable local, state or federal law, or the United States government, or which are classified as hazardous or toxic under federal, state or local laws or regulations; and

(f) Any material, waste or substance which is (A) petroleum, (B) asbestos, (C) polychlorinated biphenyls, (D) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. Section 1251, et seq. (33 U.S.C. Section 1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. Section 1317); (E) flammable explosives; or (F) radioactive materials.

Improvements means all fixtures now or hereafter affixed to such Land, including all buildings, structures and improvements of every kind and description now or hereafter erected or placed thereon, and any and all machinery, boilers, equipment (including, without



limitation, all equipment for the generation or distribution of air, water, heat, electricity, light, fuel or refrigeration or for ventilating or air-conditioning purposes or for sanitary or drainage purposes or for the removal of dust, refuse or garbage), partitions, appliances, furniture, furnishings, dishwashers, microwave ovens, cabinets, laundry equipment, ranges, refrigerators, radios, televisions, awnings, window shades, venetian blinds, drapes and drapery rods and brackets, screens, carpeting and other floor coverings, lobby furnishings, games and recreational equipment, incinerators, trash compactors and other property of every kind and description now or hereafter placed, attached, affixed or installed in such buildings, structures or improvements, and all replacements, repairs, additions, accessions or substitutions or proceeds thereto or therefor; all of such fixtures, whether now or hereafter placed thereon, being hereby declared to be real property.

Insurance Proceeds means the proceeds of insurance.

Interest Payment Date means each May 1 and November 1, commencing on May 1, 2013.

Land means the real property described on Exhibit A to the Deed of Trust.

Letter of Representations means the letter of representations from the Foundation to DTC.

Mandatory Redemption Provisions

The Bonds maturing on November 1, 2023 are subject to mandatory redemption at a price of par plus accrued interest to the date of redemption on November 1 of the following years in the following principal amounts:

<u>Redemption Years</u>	<u>Redemption Amounts</u>
2015	\$ 130,000
2016	135,000
2017	140,000
2018	145,000
2019	155,000
2020	160,000
2021	165,000
2022	170,000
2023*	180,000

*Final Maturity.



Maturity Schedule means, with respect to the Bonds:

Due	Principal	Interest Rate	Price
November 1, 2013	\$ 130,000	1.25%	100%
November 1, 2014	130,000	1.50	100
November 1, 2023	1,380,000	4.10	100

Minimum Authorized Denomination means \$5,000.

MSRB means the Municipal Securities Rulemaking Board or any successor to its functions.

Net Insurance Proceeds means Insurance Proceeds (less the cost, if any, to Beneficiary of recovering and paying out such proceeds (including, without limitation, attorneys' fees and expenses, adjuster's fees, and fees incurred in Beneficiary's performance of its obligations hereunder)).

Net Proceeds means, when used with reference to the Bonds, the face amount of the Bonds, plus accrued interest and original issue premium, if any, and less original issue discount, if any.

Net Revenues or Pledged Revenues means Gross Revenues, less Operations and Maintenance Costs less Restricted Revenues.

1998 Bonds means the Foundation's Student Housing Revenue and Refunding Bonds, 1998, currently outstanding in the principal amount of \$1,720,000.

Official Statement means any official statement, offering circular, private placement memorandum or other disclosure document pursuant to which the Bonds are initially sold or remarketed.

Operation and Maintenance Costs means all necessary costs to the Foundation of operating and maintaining the Project, including but not limited to administrative and general expenses, costs of insurance (including reasonable contributions for self-insurance reserves, if any), consulting technical services and repairs and replacements (to the extent not properly classifiable as capital costs) and reasonable reserves therefor, but excluding depreciation (or reserves therefor), amortization of intangibles or other bookkeeping entries of a similar nature and debt service on the Bonds.

Opinion of Counsel means a written opinion of nationally recognized bond counsel selected by the Foundation and acceptable to the Trustee.



Optional Redemption Provisions: The Bonds are not subject to optional redemption prior to their stated maturities.

Outstanding means, in connection with the Bonds as of the time in question, all Bonds executed and delivered under the Deed of Trust, except:

- (a) Bonds theretofore canceled or required to be canceled under the Deed of Trust;
- (b) Bonds that have been defeased in accordance with Section 4.19 of the Deed of Trust; and
- (c) Bonds in substitution for which other Bonds have been executed and delivered pursuant to Article IV of the Deed of Trust.

Owner or Bond Owner, whenever used herein with respect to a Bond, means the person in whose name such Bond is registered on the Bond Register.

Payment Date means each date on which a payment of principal of and/or interest on the Bonds is due, whether by maturity, redemption or acceleration in advance of maturity.

Permitted Investments means, to the extent they are legal investments under applicable law, any of the following obligations or securities on which neither the Foundation nor any of its affiliates is the obligor:

- (a) Government Obligations, including obligations of any of the federal agencies set forth in clause (c) below to the extent unconditionally guaranteed by the United States of America;
- (b) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state or of any agency or instrumentality of any such local governmental unit
 - (i) which shall be rated at least "Aa" by Moody's Investors Service and at least "AA" by Standard & Poor's Ratings Service,
 - (ii) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions,



(iii) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) hereof which fund may be applied only to the payments of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (ii) of this clause (b), as appropriate,

(iv) as to which the principal of and interest on the bonds and obligations of the character described in clause (a) hereof which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (b) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (ii) of this clause (b), as appropriate, and

(v) which bonds, obligations and cash are held by a bank or trust company organized under any laws of any state of the United States of America or any national banking association, in a fiduciary payment;

(c) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; senior debt obligations of the Federal Home Loan Banks; debentures of the Federal Housing Administration; guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Association; guaranteed Title XI financing of the United States Maritime Administration; mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association; and participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation;

(d) direct and general obligations of the State of Washington the payment of the principal and interest on which the full faith and credit of the State is pledged, or any bonds or other obligations the payment of the principal and interest on which are unconditionally guaranteed by the State of Washington;

(e) certificates that evidence ownership of the right to payments of principal or interest on obligations described in clause (a), provided that such obligations shall be held in trust by a bank or trust company or a national banking association meeting the requirements for a successor Trustee;

(f) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances of any bank, which are rated not lower than the third highest rating category by Moody's Investors Service and Standard & Poor's Investors Service;



(g) commercial paper, other than that issued by bank holding companies, rated in the highest rating category by Moody's Investors Service and by Standard & Poor's Investors Service;

(h) repurchase agreements collateralized by any one or more of the securities described in clause (a) and (c) above, with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated "Prime-1" or "A3" or better by Moody's Investors Service and "A-1" or "A-" or better by Standard & Poor's Ratings Service, provided:

(i) a master repurchase agreement or specific written, repurchase agreement governs the transaction; and

(ii) the securities are held free and clear of any lien by an independent third party, and such third party is (a) a Federal Reserve Bank, or (b) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25 million, and the Foundation shall have received written confirmation from such third party that it holds such securities, free of any lien; and

(iii) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the Trustee; and

(iv) the repurchase agreement has a term of 30 days or less; and

(v) the repurchase agreement matures at least 10 days (or other appropriate liquidation period) prior to an Interest Payment Date, and

(vi) the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 100%; and

(i) taxable or nontaxable government money market portfolios or securities of or other interest in open-end or closed-end management-type investment companies or investment trusts registered under the federal investment company act of 1940, if such portfolios or investment companies or trusts are restricted to obligations with maturities of one year or less issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States of America and repurchase agreements fully collateralized by such obligations;

(j) A contract with an insurance company that provides for the return of the deposit made under the contract, plus interest, and which is issued by an insurance

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company whose claims paying ability is rated "AAA" by Standard & Poor's Ratings Service and/or "Aaa" by Moody's Investors Service; and

(k) A contract with a bank having capital, surplus and undivided profits or reserves of \$50,000,000 or more.

Personal Property means all of the property assigned or transferred or intended to be assigned or transferred to Beneficiary in paragraph B of the Deed of Trust.

Pledged Revenues means Gross Revenues, less Operation and Maintenance Costs and less Restricted Revenues.

Private Person means any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

Private Person Use means the use of property in a trade or business by a private person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the private person as well as other arrangements that transfer to the private person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the private person apart from the general public. Use of property as a member of the general public includes attendance by the private person at municipal meetings or business rental of property to the private person on a day-to-day basis if the rental paid by such private person is the same as the rental paid by any private person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a de minimis fee to cover custodial expense.

Projects means the acquisition and construction of five four-unit student housing projects and two eight-unit housing projects located at 2410 Sigmar Lane in Mount Vernon, Skagit County, Washington for use by students of Skagit Valley College, and known as Campus View Village financed by the original bonds.

Property means all of the Real Property and the Personal Property.

Qualified Credit Facility means (a) any irrevocable letter of credit issued by a bank, or (b) any other irrevocable instrument issued by a financial institution serving the same purpose which letter of credit or other instrument and which bank or other financial institution meets the following requirements: (i) such bank or other financial institution shall have a long term credit rating on its senior unsecured debt in one of the three highest rating categories of any rating agency, and the obligations of such bank or other financial



institution under such letter of credit or other instrument shall rank on a parity with the senior unsecured debt of such bank or institution, and (ii) such letter of credit or other instrument is issued in the name of the Fiscal Agent, permits successive transfers to any successor trustees hereunder, has a term of least one year, permits either multiple drawings thereunder in an aggregate amount of not less than the stated amount thereof or a single drawing in the full stated amount thereof (regardless of whether such amount exceeds the amount of funds then required by the Fiscal Agent to make payments hereunder) on demand of the Fiscal Agent on any date on which a payment in respect of the Bonds is required be made hereunder in the face amount of such drawing and without the payment of fees, penalties, breakage costs or other charges to the Fiscal Agent, directs a full drawing of all amounts remaining available thereunder within not less than 60 days prior to the expiration thereof if such letter of credit or instrument expires earlier than the 15th day following the maturity date of the Bonds and the Fiscal Agent has not received a replacement Qualified Credit Facility or substitute cash for deposit into the Bond Reserve Account in a manner satisfying the conditions for such substitution set forth in Section 4.09 of the Deed of Trust, and otherwise having administrative and procedural provisions and in form satisfactory to the Fiscal Agent. Notwithstanding the preceding sentence, any Qualified Credit Facility may be furnished only at the direction of the Foundation.

Rate Covenant has the meaning given such term in Section 4.17 of the Deed of Trust.

Real Property means all of the property conveyed or intended to be conveyed to Trustee in Paragraph A of the Deed of Trust.

Record Date means the 15th day of the month immediately preceding each Interest Payment Date.

Registered Owner means the person named as the registered owner of a Bond in the Bond Register.

Request for Payment Grantor's written request for payment.

Reserve Requirement means the least of (i) 10% of the principal amount of each series of Bonds; (ii) maximum annual debt service with respect to all Outstanding Bonds; or (iii) 125% of average annual debt service with respect to all Outstanding Bonds.

Resolution means a resolution adopted by the Board on September 19, 2012.

Restoration has the meaning given such term in Section 1.07 of the Deed of Trust.



Restricted Revenues means gifts or donations to the Foundation, the use and application of which has been restricted by the donor.

Revenue Bond Fund shall have the meaning given such term in the Deed of Trust.

Revenue Fund means the special fund of the Foundation, into which the Foundation shall deposit and maintain all Pledged Revenues.

Revenues means all amounts received by the Foundation or by the Trustee for the account of the Foundation pursuant or with respect to the Deed of Trust, including, without limiting the generality of the foregoing, payments to be made by the Foundation (including both timely and delinquent payments and any late charges, paid from any source), prepayments, and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the Deed of Trust, but not including any administrative fees and expenses.

SEC means the Securities and Exchange Commission.

Underwriter means Seattle-Northwest Securities Corporation, Seattle, Washington.

Unrestricted Revenues means Gross Revenues, other than gifts, the donor of which has not encumbered with restriction(s) as to use.

Part II. **Rules of Construction.** The following rules of construction shall be applied to each Document.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of the respective agreement.

(d) In any agreement, the words "hereof," "herein," "hereto," "hereby" and "hereunder" (except in the form of Bond) refer to the entire Agreement.



(e) Every "request," "order," "demand," "application," "appointment," "notice," "statement," "certificate," "consent," "direction" or similar action hereunder by the Foundation shall, unless the form thereof is specifically provided, be in writing signed by the Authorized Foundation Representative.

Part III. **Miscellaneous Provisions.** The following provisions shall be applicable to each Document.

(a) *No Personal Recourse.* No recourse shall be had for any claim based on any Document or the Bonds, including but not limited to the payment of the principal or redemption price of, or interest on, the Agency Rent represented by Bonds, against any officer, agent or employee, past, present or future, of the Foundation, the State Treasurer, the Fiscal Agent, the Custodial Agent or the Trustee or of any successor body, as such, either directly or through any of the foregoing or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise.

(b) *Notices.* Any notice to or demand upon Foundation, the Fiscal Agent or the Custodial Agent shall be deemed to have been sufficiently given or served for all purposes by being sent by registered mail, by telegram or by telephone or telefax confirmed in writing, and addressed to the parties, respectively, or at such other address as may be filed in writing by such parties to the others as follows:

Address of the Custodial Agent and the Fiscal Agent: The Bank of New York Mellon
101 Barclay Street, 7 West
New York, NY 10286
Attention: Bond Trustee Services
Telephone: (212) 815-5085
Telefax: (212) 815-5595

Address of the Foundation: Skagit Valley College Foundation
2405 E. College Way
Mount Vernon, WA 98273
Attention: Executive Director
Telephone: (360) 416-7717
Telefax: (360) 416-7773

With a copy to: Skagit Valley College
2405 E. College Way
Mount Vernon, WA 98273
Attention: President
Telephone: (360) 416-7995
Telefax: (360) 416-7773



All notices shall be deemed effective upon receipt, refusal of delivery or attempted delivery.

(1) In the event of any strike or occurrence of another similar event which interrupts mail service, notices may be served personally upon an individual, partner or an officer or director of a corporation which is or is part of the party being served hereunder.

(2) Grantor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Grantor at the address set forth above.

(3) Unless otherwise provided by applicable law, Trustee shall be under no obligation to notify any party hereto of any action or proceeding of any kind in which Grantor, Beneficiary and/or Trustee shall be a party, unless brought by Trustee, or of any pending sale under any other deed of trust.

(c) *Waiver of Notice.* Except as otherwise provided herein, whenever in this Document the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

(d) *Successors and Assigns.* All the covenants, promises and agreements in this Deed of Trust contained by or on behalf of the Foundation, the Fiscal Agent or the Custodial Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

(e) *Headings for Convenience Only.* The descriptive headings in this Document are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

(f) *Counterparts.* This Document may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

(g) *Applicable Law.* Venue for any action brought under this Document shall be had in any Superior Court of Skagit County or the county in which the Land is situated, and the Parties do hereby stipulate to such jurisdiction and venue. This Document and the rights of the parties hereto shall be governed and construed in accordance with the laws of the State. Time is of the essence in the performance of the obligations under this Document.



(h) *Payments Due on Non-Business Days.* In any case where the date of maturity of interest on or principal of the Agency Rent represented by the Bonds or the date fixed for redemption of any or all of the Agency Rent represented by the Bonds shall not be a Business Day, then payment of interest or principal or redemption price need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest on such payment shall accrue for the period after such date.

(i) *Partial Invalidity.* If any term, covenant or condition of any Document or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of such Document, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of the Documents shall be valid and be enforced to the fullest extent permitted by law.

Part IV. **Supplemental Agreements.**

(a) *Amendments and Supplements Without Registered Owners' Consent.* Each Document may be amended or supplemented at any time and from time to time by a Supplemental Agreement, signed by the Parties thereto without notice to or the consent of the Registered Owners upon receipt by the Parties thereto and the Treasurer Representative of an opinion from Bond Counsel to the effect that (i) the terms of the Supplemental Agreement are not materially adverse to the interests of Registered Owners of the Bonds; and that such Supplemental Agreement shall not impair the tax-exempt status of the Bonds (if the Bonds have been designated initially as tax-exempt under federal tax law).

(b) *Amendments with Registered Owners' Consent.* In addition to the authority granted under (b), the Documents may be amended from time to time by a Supplemental Agreement approved by the Registered Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding; provided, that no amendment shall be made which affects the rights of some but fewer than all the Outstanding Bonds without the consent of the Registered Owners of Bonds so affected.

(c) *Fiscal Agent and Custodial Agent Authorized to Join in Amendments and Supplements; Reliance on Counsel.* The Fiscal Agent and Custodial Agent are each authorized to join with the Parties in the execution and delivery of any Supplemental Agreement as permitted by this Part and in so doing shall be fully protected by an opinion of counsel that such Supplemental Agreement or amendment is so permitted.



(d) *Effect of Supplement or Amendment.* Upon the execution and delivery of any Supplemental Agreement, the respective Document shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under such Document of the Parties with respect thereto and all Registered Owners shall thereafter be determined, exercised and enforced under such Document subject in all respects to such Supplemental Agreement.

Appendix 1-16



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Skagit County Auditor