University Fiscal Health Advisory Committee  
Lighty 405 Conference Room  
June 10, 2019  
3:00 to 4:30pm

AGENDA

1. Budget Vision and Process Timeline (Stacy and Kelley)
3. Next Steps
Budget Vision and Process Timeline

**Big Vision = Imagine the future**
- Annual process to align budget with strategic plan based on these principles
  - Budgets should require accountability
  - Resources are limited, demands are unlimited
  - Strategic budgeting requires hard choices
  - Allocations should:
    - advance institutional goals,
    - maintain assets,
    - facilitate efficiency,
    - foster confidence & cooperation
  - Process should include a request phase, evaluation & prioritization, and funding decisions based on defined criteria
    - Include space needs as part of process

- **Stable central reserves & restored fiscal health**
  - Targets $120M total reserves = 10% annual operating budget
  - $60M central goal (Desired reserves: enrollment, provost, president, emergency, strategic etc.)
  - Establish other financial targets v. peers (e.g. cash/debt service, cash/operating costs)

- **Modern systems for budget tracking**
  - Phase I Workday
    - Budget checking to monitor & control overspending
    - Budget v. Actual tracking & reporting
  - Phase 2 Workday
    - Implement planning system
    - Multi-year projection and automated budget submission
    - Full accrual / all fund budget

**Start Small = Short term goals (1-3 year goals)**
- **FY20 Year three of recovery**
  - No more deficit spending (annual revenue = > annual expense)
    - Some areas will not make this goal in FY-2020
  - Continued and monitored recovery for units with deficit spending or reserves

- **Establish a FY20 Budget process**
  - Preparatory step for annual budget process required for Workday implementation
  - Budget office templates provided for areas to prepare FY-20 budgets (this was completed for (most) areas this week)
  - Preliminary area budgets in place July 1
- Revise preliminary FY-20 budget during first quarter
  - Adjust for enacted state budget
  - Consider impacts of final recovery results for FY19
    - Should targets be revised?

- Publish FY-20 budget by area
  - Continue to refine the process based on preliminary results & feedback

- Develop a formal process for request of additional funding after the budget is established
  - Form to require justification, funding partners, formal approval process.
  - Initially for short-term /temporary/ start-up funding, pending availability of amounts to fund such requests.

- Coordination around State supplemental (and biennial) budget requests
  - Supplemental due early October 2019
  - Biennial due early September 2020

- Gather information to inform consideration of future budget models
  - Provide space data to areas to raise awareness of the cost of facilities
  - Document and communicate enrollment funding arrangements
  - Spokane Health Science Campus allocations centralized in Area 57 (Spokane campus)

- Anticipate Impacts of modernization
  - Budget development process for FY-2021 will need to start sooner (January)
  - Workday modifies our foundational data model (FDM) – the backbone for transaction processing and reporting. Therefore, budgets for FY-21 must be developed with the new data structure in mind.
    - Custom templates will be built (Excel) to capture data needed to load budgets into Workday
    - FDM is not fully developed yet
  - Workday will budget at the ‘cost center’ level – loosely equal to ‘department’ in our current environment.
    - FY-2021 budgets will need to be developed at a lower level than the area level process implemented for FY-20.
  - Budgets loaded for all core, auxiliary, and other funds.
  - Analysis of potential policy changes under workday (pooled benefits / accruals / position budgeting)

- Consider ways to begin to restore central reserves
  - Enrollment management / tuition policy resulting in new uncommitted tuition revenue
  - Give priority to new revenue generating proposals
  - Increased & targeted fundraising (e.g. general scholarships)
  - Internal reallocations (e.g. Grand Challenge funds after 5 years)
  - Evaluate area level carryforward policy
Intermediate steps (3-5 year goals)

- Annual leadership summit to discuss strategic goals, opportunities & coordinate around the budget process including planning for the unexpected (enrollment declines, recession, etc.)
  
  - Analysis, evaluation, implementation of new budget models & policies
    - Consideration of landscape changes since last big look at budget allocations
      - Changes in State funding
        - State used to fund per FTE
        - Tuition used to be appropriated
        - Used to receive inflation funding
        - Great recession / shift in who bears the cost of education from state to tuition
      - Institutional changes
        - New campuses
        - Increases in faculty / staff / students
        - Leadership changes
        - International students and INTO program
    - New campus models
      - Spokane Health Sciences / organizational changes
      - Everett campus model
    - Tuition funding models
      - Revisit EBB
      - Professional programs tuition
      - Online funding model
    - Evaluation of efficiency of organizational structure / administrative costs / space
      - Modernization may help with this?

- Consider central and departmental staffing needs to achieve these goals
Washington State University, WA

Update to credit analysis

Summary
Washington State University's (Aa3 stable) credit profile reflects its excellent strategic positioning including its role as the land-grant university of an economically vibrant and growing state and its sizable research portfolio. The university has received rising support for both capital and operations from the State of Washington (Aa1 stable). Improved operating performance reflects an expense containment initiative following a period of rising expenses which supported strategic initiatives, including the opening of a medical school. Enrollment continues to rise, with further growth expected for fall 2019. However tuition pricing limits for in-state undergraduates, WSU’s primary student population, constrains revenue growth prospects. While WSU’s overall wealth is sizable, the majority of the university’s nearly $1.3 billion in total cash and investments is permanently restricted that provides a modest cushion of spendable cash and investments to debt and operations.

Credit strengths
» Favorable market position as the state’s land grant research university with rising enrollment
» Growing state appropriations and healthy capital support from the Aa1-rated State of Washington
» Solid overall wealth, with nearly $1.3 billion of total cash and investments
» Sizable research portfolio, with nearly $200 million of research expenditures in fiscal 2018

Credit challenges
» Comprehensively low liquidity with ongoing need to carefully manage expenses to achieve operating balance
» State-imposed tuition pricing constraints for in-state undergraduate students limits pricing flexibility and suppressing revenue growth
» Elevated leverage with modest spendable cash and investments relative to debt and operations
» Subdued growth in overall wealth in recent years, lagging that of peers
Rating outlook
The stable outlook reflects our expectations of continued strong student demand and steady improvement in operating performance. It also reflects our expectations of an improving liquidity profile beginning in fiscal 2020 and no material increases in debt.

Factors that could lead to an upgrade
- Sizable growth in flexible reserves relative to debt and operations
- Stronger revenue growth at a pace exceeding expense growth
- Sustained improvement in operating cash flows

Factors that could lead to a downgrade
- Inability to stabilize and gradually build unrestricted liquidity
- Deterioration in operating performance or debt service coverage
- Significant additional debt issuance absent growth of spendable cash and investments

Key indicators

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total FTE Enrollment</td>
<td>26,567</td>
<td>27,389</td>
<td>27,897</td>
<td>28,428</td>
<td>29,353</td>
</tr>
<tr>
<td>Operating Revenue ($000)</td>
<td>926,066</td>
<td>952,513</td>
<td>989,431</td>
<td>1,032,317</td>
<td>1,045,481</td>
</tr>
<tr>
<td>Annual Change in Operating Revenue (%)</td>
<td>3.3</td>
<td>2.9</td>
<td>3.9</td>
<td>4.3</td>
<td>1.3</td>
</tr>
<tr>
<td>Total Cash &amp; Investments ($000)</td>
<td>1,174,866</td>
<td>1,162,422</td>
<td>1,160,702</td>
<td>1,190,061</td>
<td>1,284,299</td>
</tr>
<tr>
<td>Total Debt ($000)</td>
<td>580,330</td>
<td>642,072</td>
<td>647,044</td>
<td>622,587</td>
<td>599,727</td>
</tr>
<tr>
<td>Spendable Cash &amp; Investments to Total Debt (x)</td>
<td>0.7</td>
<td>0.5</td>
<td>0.4</td>
<td>0.4</td>
<td>0.5</td>
</tr>
<tr>
<td>Spendable Cash &amp; Investments to Operating Expenses (x)</td>
<td>0.4</td>
<td>0.3</td>
<td>0.2</td>
<td>0.2</td>
<td>0.3</td>
</tr>
<tr>
<td>Monthly Days Cash on Hand (x)</td>
<td>126</td>
<td>119</td>
<td>97</td>
<td>88</td>
<td>93</td>
</tr>
<tr>
<td>Operating Cash Flow Margin (%)</td>
<td>9.8</td>
<td>5.8</td>
<td>2.6</td>
<td>9.4</td>
<td>9.5</td>
</tr>
<tr>
<td>Total Debt to Cash Flow (x)</td>
<td>6.4</td>
<td>11.6</td>
<td>25.4</td>
<td>6.4</td>
<td>6.1</td>
</tr>
<tr>
<td>Annual Debt Service Coverage (x)</td>
<td>2.1</td>
<td>1.3</td>
<td>0.6</td>
<td>1.9</td>
<td>1.8</td>
</tr>
</tbody>
</table>

Fiscal year ending June 30
Source: Moody’s Investors Service

Profile
Washington State University is the state’s land grant university with five campuses, a growing online presence and a network of cooperative extensions across the state. The main and largest campus is in Pullman, while the Spokane campus is the university’s health sciences and research campus, and includes the college of medicine. WSU is a member of the Pacific Athletic Conference (PAC-12). The university has over 31,000 headcount students and sizable operating revenues of over $1 billion.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.
Detailed credit considerations

Market profile: land grant university with growing enrollment and solid research profile
WSU will continue to benefit from sound student demand, steady enrollment growth and a stable research enterprise due to its importance as the state's land grant university. The university's broad variety of programs and campuses, including urban, regional and online, fuel healthy student demand and enrollment stability. This will expand further as the College of Medicine, located in Spokane, enrolled its inaugural class in fall 2017 and will grow to 80 students per cohort in fall 2019. Favorable regional demographics and programmatic investments have fueled enrollment growth of over 10% since fall 2014 to 29,353 full-time equivalent (FTE) students in fall 2018, which is important given stagnating net tuition revenue. FTE enrollment rose 3.3% in fall 2018 alone with further growth expected in fall 2019.

WSU's notably stable research enterprise is an important credit strength and will likely grow slowly over the next few years as the university delays some investment in efforts to reign in expense growth. State capital support however, remains healthy, with additional appropriations recently approved for the College of Medicine. Diversity of funding, with roughly half of grant funding from federal agencies in fiscal 2018, helps cushion the university from federal funding pressures. Areas of research include food and agriculture, global animal health, clean technology, energy, engineering and information technology, environmental research and human health.

Operating performance: operating deficits minimizing with stronger fiscal discipline
Operating performance will continue to slowly improve through fiscal 2020 as the university makes progress with an expense reduction initiative. WSU's expenses rose over 20% from fiscal 2013-16 driven by programmatic investments and athletics costs. After years of budget imbalances, management has embarked on a plan to improve run-rate operating performance for its academic and auxiliary units by 2.5% annually for three years beginning in fiscal 2018. Expense growth will continue to wane through fiscal 2020 as the university focuses on improving its fiscal health by delaying capital projects, deferring hires, re-evaluating programmatic offerings, and leveraging efficiencies across units. Operating performance continues to trend higher with a fiscal 2018 cash flow margin of 9.5% in fiscal 2018 and further improvement expected in fiscal 2019.

Net tuition revenue has declined nearly 3% since fiscal 2015 resulting from losing tuition setting authority and the state legislature mandating cuts in resident undergraduate tuition rates of 5% for fall 2015 and 10% for fall 2016. These tuition cuts were backfilled in those years with increased state appropriations, which grew over 30% since fiscal 2015 to $233 million in fiscal 2018. State operating support will increase over 12% in the upcoming 2019-2021 biennium, further bolstering the university’s operating performance. Also, the state legislature will allow a 2.0% resident undergraduate tuition increase for fall 2019 and a 2.4% increase for fall 2020. Continued strong state support and prudent budgetary oversight will help WSU return to balanced operating performance.

Wealth and liquidity: flexible reserves thin relative to peers but improving
WSU's financial reserves will gradually grow driven by gift revenue, investment performance, and higher retained cash flow. Total cash and investments grew by 9% since fiscal 2014 to $1.3 billion. However spendable cash and investments declined 23% over the same period due to strategic investments, which include the new medical school, the Everett campus, a museum of art, classroom facilities and athletics. Only 23% or $301 million of the university's total cash and investments is spendable due to the spending and WSU's considerable permanent fund of nearly $517 million (fiscal end 2018). This results in a thin 0.3x cushion of spendable cash and investments operating expenses which is low relative to the median for Aa3-rated public universities of 0.7x.

The university's endowment investments achieve returns on par with similarly sized endowments (8.0% for the foundation and 4.4% for the land grant endowment funds for the year ending June 30, 2018) and are managed by the Washington State University Foundation and the Washington State Investment Board. WSU's fundraising is sound, with three-year average gifts per student of $1,670 higher than the Aa3-rated public university median of $1,185. The university’s last fundraising campaign was completed in 2015 and raised $1.065 billion. It is in the early stages of planning its next campaign with hopes to launch within the next few years.
Liquidity
WSU’s relatively weak but improving liquidity profile will remain an ongoing credit challenge through fiscal 2020 given continued, although smaller, operating deficits. In fiscal 2018, unrestricted monthly liquidity of $249 million provided just 93 monthly days cash on hand, up from 88 days in fiscal 2017. This remains down from the 126 monthly days cash on hand in fiscal 2014 and materially weaker relative to a median of 148 for Aa3-rated public universities. Potential capital calls are manageable, particularly given WSU’s all fixed rate debt structure.

Leverage: elevated leverage profile however no plans for material additional debt
Despite healthy state capital support, WSU will remain highly leveraged relative to peers. While total direct debt has remained relatively stable, fiscal 2018 spendable cash and investments of $301 million covered debt by just 0.5x, below the 1.4x median for Aa3 public university peers. WSU’s near-term capital plans will primarily be funded via state capital support and fundraising. The university plans to partially refund Trust and Building Fee Revenue Bonds, Series 2009B for debt service savings in fiscal 2020.

Debt structure
Favorably, all of the university’s debt is fixed rate with relatively level amortization, providing predictability for budgeting.

Legal security
Trust and Building Fee Revenue (TBFR) bonds are secured by a mandatory student building fee, distributions from WSU’s permanent endowment and income from lease agreement on trust lands. All trust land revenues and one half of the university’s annual building fee revenues are deposited into the university’s bond retirement account, Fund 347, which is pledged to the bonds. In the event that there is insufficient amount in Fund 347, WSU is required to deposit the remaining half of the building fee revenues from the university’s building account into Fund 347. There is currently a reserve requirement to maintain at least three years of debt service within Fund 347. Should the state relax this requirement in the future, WSU has covenanted to maintain funds to support current fiscal year’s debt service.

As of May 1, 2019, the university has nearly $121 million of Trust and Building Fee Revenue bonds outstanding including Series 2012B General Revenue Bonds and $16 million of Series 2014 General Revenue bonds which are both secured by Trust and Building Fee revenues. Fiscal 2018 pledged revenues provided roughly 3.4x coverage of maximum annual debt service.

General Revenue Bonds are payable from general revenues of the university, defined as all non-appropriated income, revenues, including available system revenues. Available system revenues includes all revenues of the various systems, less operating expenses and net of debt service payments on outstanding system obligations to which revenues have been pledged. In fiscal 2018, general revenues available for debt service totaled $356 million.

Fiscal 2018 debt service coverage (on a net basis) for each of the outstanding legal securities were as follows:

» Housing and Dining System Revenue Bonds: 2.9x

» Student Fee Revenue Bonds (Wilson Compton Union – CUB): 1.5x

» Trust and Building Fee Revenue Bonds: 3.4x

Debt-related derivatives
The university has no debt-related derivatives.

Pensions and OPEB
WSU’s retirement contributions and liabilities related to pensions and post-retirement health benefits (OPEB) are growing but remain manageable within the scope of its operations and on par with peers. The plans are largely controlled by state statute. Employees participate in one of the state-administered cost sharing, multi-employer defined benefit pension plans (Public Employees Retirement System, the Washington State Teachers Retirement System (TRS), the Law Enforcement Officers’ and Firefighters’ Retirement System (LEOFF) or WSU’s single employer defined contribution retirement plan, depending on employee classification. Both WSU and the employees are required to contribute to the retirement plan in both type of plans. In fiscal 2018, WSU contributed $45 million to all pension plans, representing a manageable 4% of total operating expenses.
Moody’s three-year adjusted net pension liability (ANPL) of $448 million is moderate to low relative to peers, making WSU’s leverage position with total adjusted debt more in line with medians. Fiscal 2018 total adjusted debt (including the ANPL and capitalized operating leases) to operating revenue was 1.0x, in line with the Aa3-public university medians of 1.1x.

Post-retirement health benefits are administered through the Washington State Health Care Authority (HCA). Contributions are relatively stable and are currently subsidized by the state, but the legislature is permitted to increase the system’s contribution requirements in the future.

Management and governance: increasingly prudent and transparent fiscal oversight
WSU’s increasingly prudent fiscal oversight is evident by its fiscal health initiative which was rolled out in 2017. After years of running strategic operating deficits, the university’s campuses, colleges and central units are working to reduce spending levels. Leadership is transparent regarding the budgetary pressures the university is facing, providing regularly updates to the WSU community both online through a dedicated fiscal health website and in university town halls. The university recently announced a strategic plan to become one of the nation’s top 25 public research universities by 2030 and will continue to fund specific research programs and delay funding for others.
MOODY'S INVESTORS SERVICE

MOODY'S INVESTORS SERVICE, INC. AND ITS RATINGS AFFILIATES ("MIS") ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MOODY'S PUBLICATIONS MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OblIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OblIGATIONS ADDRESSED BY MOODY'S RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK; MARKET VALUE RISK; OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS OR MOODY'S PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER. ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the Moody's publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MOODY'S Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any rating, agreed to pay to Moody's Investors Service, Inc. for ratings opinions and services rendered by it fees ranging from $1,000 to approximately $2,700,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and Moody's Group companies is available at www.moodys.com

Additional terms for Japan only: Any publication into Japan of this document is pursuant to the Japanese Financial Services Act and the Japanese Financial Instruments and Exchange Law and is provided "AS IS" without any warranties from Moody's Japan K.K. and/or its licensors. Moody's Japan K.K. and/or its licensors disclaim all guarantees of any kind, whether express or implied, for use of and reliance on the information contained herein. The information contained herein is provided as is and MOODY'S MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. You are solely responsible for evaluation of the information provided herein and use of such information.

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Japan Group Japan K.K. which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's K.K. ("MSF") is a wholly-owned credit rating agency subsidiary of MJKK. MSF is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSF are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSF are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK and MSF (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSF (as applicable) have, prior to assignment of any rating, agreed to pay to MJKK or MSF (as applicable) for ratings opinions and services rendered by it fees ranging from JPY125,000 to approximately JPY250,000,000.

MJKK and MSF also maintain policies and procedures to address Japanese regulatory requirements.

© 2019 Moody’s Corporation, Moody’s Investors Service, Inc., Moody’s Analytics, Inc. and/or their licensors and affiliates (collectively, “MOODY’S”). All rights reserved.
Washington State University, WA: Update to credit analysis