

June 22, 2009

Summary:
University Of Washington; CP

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Credit Profile

University of Washington CP Program Notes due 06/30/2036

Short Term Rating

A-1+

Affirmed

Rationale

Standard & Poor's Ratings Services affirmed its 'A-1+' short-term rating on the University of Washington's (UW) \$250 million commercial paper (CP) program, based on the self-liquidity provided by the university. Standard & Poor's affirmed its 'AA+' underlying rating (SPUR) on the university's outstanding general revenue debt on June 2, 2009.

The 'A-1+' short-term rating reflects the adequate liquidity and sufficiency of the assets pledged by the university and the unsecured general obligation pledge of the university to guarantee the full and timely purchase of any failed rollovers of the CP. Management has established clear, detailed procedures to meet liquidity demands on a timely basis. Standard & Poor's will monitor the credit quality, liquidity, and sufficiency of the assets pledged by the university on a monthly basis. The university's strong credit profile reflects the stringent standards established by management. Ample liquidity is provided through funds held in cash, high-quality fixed-income securities, and other same-day available funds.

The University Board of Regents' CP program is authorized in an aggregate principal amount not to exceed \$250 million. Currently, there is \$30 million in CP outstanding. The university does not anticipate issuing a significant amount of CP in the near future. Payment for principal and interest is payable from general revenues of the university. While liquidity support has been historically provided through a liquidity facility with KBC Bank, the university plans to cancel the facility in July 2009, and future support of the CP program will be provided solely by the university itself.

General revenues are composed of all non-appropriated revenue excluding appropriations, grant direct costs, restricted gifts, and some fees. General revenue totaled more than \$806 million in fiscal 2008, including student tuition and fees (\$365.9 million), grant indirect cost recovery (\$197 million), sales and services revenue (\$111 million), and investment income (\$76 million). Beginning in fiscal 2009, the university has added auxiliary revenues to its general revenue pledge, including the medical center. The outstanding revenue bond obligations of the auxiliary operations (approximately \$92 million) will have a prior claim on net auxiliary revenues.

For additional information on the university, please refer to, "University Of Washington; Lease; Public Coll/Univ - Unlimited Student Fees," published June 2, 2009, on RatingsDirect.

Related Research

- USPF Criteria: "Higher Education," June 19, 2007
- USPF Criteria: "Commercial Paper, VRDO, And Self-Liquidity," July 3, 2007

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