THE UNIVERSITY OF PUGET SOUND
FORM OF CONTINUING DISCLOSURE ANNUAL REPORT

WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY
REVENUE AND REFUNDING REVENUE BONDS
(THE UNIVERSITY OF PUGET SOUND PROJECT), SERIES 2012A

Report for Period Ending June 30, 2018

Please answer each of the following questions:

a) Has there been a change in the name and titles of officers since the last annual report? (Check one)
Yes ☒ No ☐

If yes, please indicate name and title.

A listing of current trustee and corporate officers is provided below. Changes in name and/or title from the previous reporting period are denoted with an asterisk (*).

Trustee Officers

Robert C. Pohlad, Chair
Guy N. Watanabe, Vice Chair
Janeen Solie McAninch, Treasurer
Isiaah Crawford, President

Non-Trustee Officers

* Kristine M. Bartanen, Provost
David R. Beers, Vice President for University Relations
* Uchenna I. Baker, Vice President for Student Affairs and Dean of Students
Mary Elizabeth Collins, Secretary of the Corporation and Director of the Office of the President
Janet S. Hallman, Associate Vice President for Financial Planning and Analysis
Laura E. Martin-Fedich, Vice President for Enrollment
Gayle R. McIntosh, Vice President for Communications and Chief of Staff
* Sherry B. Mondou, Executive Vice President and Chief Financial Officer
Lorin D. Seager, Associate Vice President for Finance

b) Has there been a change in accreditation since the last report? See description provided below. (Check one).
Yes ☐ No ☒

The university is accredited by the Northwest Commission on Colleges and Universities (NWCCU), an institutional accrediting body recognized by the US Department of Education.

In addition to institutional accreditation from the NWCCU, the following programs have specialized accreditation or status: The Bachelor of Science Degree in the Department of Chemistry is approved by the American Chemical Society; the School of Education meets the standards of the Washington State Professional Educator Standards Board (PESB) and programs leading to professional certification of teachers and counselors are approved by the PESB; the School of Music is an accredited institutional member of the National Association of Schools of Music; the Occupational Therapy Program is accredited by the Accreditation Council for Occupational Therapy Education; and the Physical Therapy program is accredited by the Commission on Accreditation in Physical Therapy Education.

c) Please describe any new litigation, or a material result in litigation since the date of the last report.

As of the date of this report, there is no litigation pending or, to the knowledge of the university, threatened which would have a material impact on the university's financial condition.

d) Please describe any significant sale, destruction or loss of real property or other material assets since the date of the last report.

There have been no material sales, destruction, or loss of real property or other material assets.

e) Please update for the most recent academic or fiscal year, as appropriate, the information provided under the following headings in Appendix A of the Official Statement:

Academic Departments and Programs

Undergraduate

African American Studies	English	Mathematics & Computer Science
Art & Art History	Environmental Policy & Decision Making	Music
Asian Languages & Cultures	Exercise Science	Natural Science
Asian Studies	French Studies	Neuroscience
Biochemistry & Molecular Biology	Gender & Queer Studies	Philosophy
Bioethics	Geology	Physical Education
Biology	German Studies	Physics
Business & Leadership	Global Development Studies	Politics & Government
Chemistry	Hispanic Studies	Psychology
Classics	History	Religious Studies
Communication Studies	Honors	Science, Technology & Society
Computer Science	Interdisciplinary Humanities Emphasis	Sociology & Anthropology
Economics	International Political Economy	Special Interdisciplinary Major
Education Studies	Latin American Studies	Theatre Arts
Engineering, Dual Degree	Latina/o Studies	

Graduate

School of Education	School of Occupational Therapy	School of Physical Therapy

Number of Degrees Awarded for Academic Year 2017-18:

Bachelor	592
Graduate	121

Graduate degrees include master and doctoral degrees

Faculty

	Fall 2018
Number of FTE Faculty*	264
Number of Full-time Faculty*	246
Number of Tenured Faculty*	149
*% FT faculty who are tenured**	60.6%

*Preliminary until final FTE enrollment figures are submitted to IPEDS in Spring 2019

Enrollment and Student Demand

Puget Sound is distinguished by an academically talented student body drawn from nearly every state in the nation and a number of foreign countries. Approximately 74.1% of the fall 2018 freshman class comes from high schools outside the state of Washington.

Fall 2018 semester enrollment data is provided below:

FTE Equivalent Enrollments*	2,619
Undergraduate*	2,354
Graduate*	265
Percent Undergraduate	89.9%
Freshman Applications	5,730
Freshman Acceptances	5,060
Acceptance Rate (%)	88.3%
Freshman Matriculants	653
Matriculation Rate (%)	12.9%
Freshman SAT Scores (average)	1268
Transfer Applications	245
Transfer Acceptances	138
Acceptance Rate (%)	56.3%
Transfer Matriculations	55
Matriculation Rate (%)	39.9%
Graduate Applications	918
Graduate Acceptances	341
Acceptance Rate (%)	37.1%
Graduate Matriculations	141
Matriculation Rate (%)	41.3%

Undergraduate Student Retention

	Percent of Entering Freshmen Returning			Percent of Graduates	
Fall Semester	2nd Year	3rd Year	4th Year	4 Years	by 5th Year
2008	85.9%	78.1%	78.3%	67.9%	74.7%
2009	86.1%	80.7%	78.7%	71.9%	77.1%
2010	88.0%	81.9%	80.5%	69.8%	78.1%
2011	86.6%	81.1%	79.1%	71.6%	77.2%
2012	86.7%	78.1%	75.9%	65.8%	74.8%
2013	87.3%	80.6%	75.8%	65.4%	74.9%
2014	86.3%	79.6%	77.1%	67.3%	N/A
2015	85.7%	76.1%	73.8%	N/A	N/A
2016	85.9%	79.7%	N/A	N/A	N/A
2017	80.6%	N/A	N/A	N/A	N/A

N/A = Not yet Available

Tuition and Fees; Room and Board

The university meets the cost of its operations primarily through tuition, fees, room and board charges, gifts, grants and endowment earnings. Approximately 77% of the university's annual operating revenues in fiscal year 2017-18 were obtained through net tuition and fees and student room and board.

Tuition and fees per full-time student per year	$48,090
Room and board per student per year	12,120
Total	$60,210

In 2017-18, approximately 68% of the university's full-time undergraduate students resided on campus, with the remainder typically living within one mile of the campus in the surrounding residential neighborhood. All residence hall students are required to purchase a meal plan. Consistent with the university's residential liberal arts mission and consistent with policies at comparable colleges, new students are required to live on campus for two years and many continue to choose to live on campus through graduation.

Financial Aid and Scholarships

The university awards financial assistance to students in the form of scholarships, grants, loans and on-campus employment. Approximately 99% of undergraduate students receive some form of financial assistance. During fiscal year 2017-18 the university awarded $76.7 million in institutional, federal and state aid based on such qualifications as academic performance, special talent, and financial need.

The following table shows summary information concerning financial aid for the 2017-18 fiscal year.

Source of Student Financial Aid	(Dollars in thousands)
Student Tuition and Fee Revenue	$123,314
Institutional Grant Aid	
Tuition-Funded Scholarships and Grants	$40,275
Endowment-Funded Scholarships and Grants	6,868
Gift-Funded Scholarships and Grants	187
Total Institutional Aid, excluding institutional match on federal and state programs	47,330
Federal & State Financial Aid	
Federal Aid	
Perkins Loans	2,315
Pell Grants	1,644
SEOG Grants	817
Federal Direct Loans	19,808
Total Federal Aid, including institutional match	24,584
State Aid	
Washington State Need Grant	688
Other Washington Grants	181
Total State Aid	869
Total Federal and State Aid, including institutional match	25,453
Student Work-Study	
Federal Work-Study, including institutional match	1,435
State Work-Study, including institutional match	539
Institutional Work-Study	1,897
Total Student Work-Study	3,871
Total Aid	$76,654
As % of Tuition and Fee Revenue	62.2%

Comprehensive Campaign

On June 30, 2015, the university concluded an eight-year comprehensive campaign raising a total of $131.6 million against a goal of $125 million. The university's next comprehensive campaign will follow completion of a strategic planning process.

Financial Information

A copy of the university's financial report for fiscal year ending June 30, 2018, can be accessed from the university's web site at www.pugetsound.edu/financialreports.

Investment Information

The purpose of the university's endowment is to support the educational mission of the university by providing a substantial, sustainable flow of funds for operations. The Board has delegated responsibility for the oversight of the endowment and the approval of its investment policy to the Finance and Facilities Committee of the Board and its implementation to the Investment Subcommittee. The committee has retained an external investment manager to advise the committee, subcommittee and Vice President for Finance and Administration on the development and implementation of the investment policy and to provide day-to-day management of the endowment on a discretionary basis within the confines of the policy.

The primary investment objective of the endowment is to provide a sustainable maximum level of return that is consistent with prudent risk levels. The specific investment objective is to attain an annual total real return of at least 5% over the long term. It is recognized that support for current operations must be consistent with the long-term growth of the endowment. While shorter-term investment results are monitored, adherence to a sound long-term investment policy, which balances short-term spending needs with preservation of the real (inflation-adjusted) value of assets, is crucial to the long-term success of the endowment. The endowment is invested in a diversified portfolio.

The pooled endowment spending rate is established annually each fall by the Finance and Facilities Committee of the Board for the subsequent fiscal year and is applied to a trailing 36-month average endowment market value (ending with the most recently closed fiscal year at the time the rate is set). For example, in determining endowment spending for 2017-18, the average market value was based on the period July 2013 through June 2016. While the endowment spending rate applied to the policy formula for fiscal year 2017-18 was 5.0%, the resulting effective spending rate (distribution divided by beginning of the year market value) was 4.2%. The average effective spending rate over the past 10 years was 4.5%

Information about the university's endowment market value, investment return, and asset allocation for the fiscal year ended June 30, 2018, can be obtained from the university's annual financial report at the link provided in the Financial Information section above. Endowment related information can be found in the Consolidated Supplemental Schedule of Changes in Endowment Investments and notes 3 and 4 in the Notes to Consolidated Financial Statements.

Liquidity

Set forth below is information regarding the university's liquidity as of June 30, 2018.

Endowment:		(Dollars in thousands)
Daily to weekly	22.0%	$ 81,336
Quarterly	40.7%	$ 150,097
Greater than annual	37.3%	$ 137,605
Total	100.0%	$ 369,038
Cash and Short-term investments:		
Daily to weekly	100.0 %	$ 56,455

The university has a $5 million unsecured line of credit with no outstanding balance at June 30, 2018.

Outstanding Indebtedness

Information about the university's outstanding debt for the fiscal year ended June 30, 2018, can be obtained from the university's annual financial report at the link provided in the Financial Information section above. Debt related information can be found in note 6 in the Notes to Consolidated Financial Statements.

Swap Agreements

A description of the university's swap agreements can be found in the university's annual financial report at the link provided in the Financial Information section above. Swap related information can be found in note 6 in the Notes to Consolidated Financial Statements.

The mark-to-market early termination cost to the university as of June 30, 2018, is shown below. The university is not required to post collateral for its swaps unless its credit rating drops below Baa2/BBB on the Societe Generale swap and Baa3/BBB- on the Bank of New York Mellon swaps.

Swap Counterparty	(Dollars in Thousands)
Societe Generale, New York Branch	$ 959
The Bank of New York Mellon	$ 1,768
The Bank of New York Mellon	$ 4,788

(f) Please attach copy of your most recent financial statements.

A copy of the university's financial report for fiscal year ending June 30, 2018, can be accessed from the university's web site at www.pugetsound.edu/financialreports.

(g) Please review Section 8.15(d)(4) of the Loan Agreement dated as of October 1, 2012 by and among the University, the Washington Higher Education Facilities Authority and U.S. Bank National Association and either confirm that to the university's knowledge no Listed Event has occurred or describe any Listed Event that has occurred since the date of the last report.

The university hereby certifies that, to its knowledge, no Listed Event, as defined in Section 8.15(d) (4) of the Loan Agreement, has occurred since the date of the last report.

The university hereby certifies that the financial and operating information contained herein is the information required by Section 8.15(d)(2) of the Loan Agreement.

THE UNIVERSITY OF PUGET SOUND

By _____

Sherry B. Mondou
Executive Vice President and Chief Financial Officer

12-12-2018