



March 18, 2022

Dear Campus Community,

As we move to spring break, I am hopeful that your week is restful, productive, and safe. I also wanted to provide a financial update—including news from Moody's Investors Service that we hope will help position Henderson to refinance the bonds associated with our long-term debt and generate savings.

Moody's has assigned an A1 rating for \$42.2 million in bonds for Henderson State University and \$24.4 million in bonds for Arkansas State University that will be used to generate cost savings.

If successful, this refinancing could provide up to \$500,000 in savings for Henderson this fiscal year and as much as \$2.5 million in savings for 2022-2023.

Moody's issued a "stable outlook" for the ASU System that reflects "gradual recovery at Henderson, including improvement in financial performance and liquidity."

Prior to becoming a member of the ASU System in 2021, Henderson's current long-term bond financing was downgraded from A3 to Baa2 and given a "negative outlook" after the disclosure that capital reserves had been depleted in June 2019. The A1 rating is not only substantially stronger than the current Baa2, but also two levels higher than Henderson's prior A3 rating as a result of being part of the ASU System and financial restructuring efforts. Following the sale of the Series 2022 bonds, the previous rating for Henderson will be withdrawn.

"This is a strong, third-party validation by a very reputable global research firm that we are taking steps in the right direction financially with Henderson State," said Dr. Chuck Welch, president of the ASU System. "I'm proud of the work of our entire financial and leadership team at Henderson, our system office and A-State. They are working hard to get Henderson on sound financial footing.

"Our employees at Henderson are enduring painful furloughs and salary cuts right now," Welch added. "Chancellor Chuck Ambrose and I are grateful for their sacrifices as they continue to provide the best possible education and services for our students. The recovery will continue to take time, but I'm confident we're on the right path."

The sacrifices that we are making as a campus are not only beginning to generate savings as indicated on our modified cash budget for February but also have helped position us for potential savings from refinancing our long-term debt.

As we return for the remainder of the semester, we'll continue to improve our cash position and navigate the difficult task of restructuring our overall academic program. I am grateful for each of you and the work you are doing to serve our students and to support each other during this difficult time of transition. The efforts being made across our campus will provide a sustainable platform for our future.

Joining you in service,



Chuck Ambrose