

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's takes various rating actions in conjunction with the publication of the updated higher education methodology

04 Aug 2021

New York, August 04, 2021 -- Moody's Investors Service has assigned Issuer Ratings to 468 combined 4-year public and private higher education institutions and community colleges/districts in conjunction with the publication on August 4, 2021 of a new methodology for assessing credit risk for higher education institutions. Moody's has also affirmed the existing public Issuer Ratings on 31 institutions. Issuer Ratings are opinions of the ability of entities to honor senior unsecured debt and debt like obligations. Concurrently, Moody's has also affirmed the associated debt instrument ratings of these higher education institutions as well as those of related support organizations. The outlook for each issuer and its debt instruments are unchanged from the outlook currently assigned.

Moody's has also placed debt ratings for 23 four year public and private colleges and community colleges/districts under review for downgrade and 1 under review for upgrade. The rating actions affect 42 securities across these 24 unique issuers.

Further, Moody's has revised the outlooks to "no outlook" for organizations that serve as additional obligors for certain debt instruments. In these cases, the outlooks for these obligor's debt instruments will reflect that of the affiliated parent organization, which is the organization that houses the Issuer Rating.

Moody's has also downgraded Austin Community College District's (TX) lease revenue bonds to Aa3 from Aa2. The outlook is stable. The rating action affects about \$299 million of debt.

Please click on this link http://www.moodys.com/viewresearchdoc.aspx?docid=PBM_PBM907291588 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and identifies each affected issuer.

RATINGS RATIONALE

The assignment or affirmation of Issuer Ratings reflects an evaluation of the key factors of the analysis for higher education institutions including scale, market profile, operating performance, financial resources and liquidity, leverage and coverage, financial policy and strategy, and other relevant considerations.

The affirmation of debt instrument ratings reflects the individual higher education institution's Issuer Rating and each debt instrument's security considerations.

The higher education ratings placed under review primarily reflect the instrument considerations of the institutions' debt relative to its Issuer Rating, as set forth in the updated higher education methodology. The reviews will focus on an evaluation of the key fundamental factors for higher education institutions combined with each debt instrument's security considerations. Placement of debt instrument ratings relative to issuer ratings will include evaluation of the security features, if the pledges are actively or passively managed, characteristics of the revenue base, debt service coverage, and other factors.

The outlooks for organizations that serve as additional obligors for certain debt instruments are being revised to "no outlook" to allow for outlook alignment with the affiliated parent organization. In these cases, the outlooks for these obligor's debt instruments will reflect that of the affiliated parent organization, which is the organization that houses the Issuer Rating.

The downgrade of Austin Community College District's lease revenue bonds reflects the debt instrument considerations and placement relative to the newly assigned Aa2 Issuer Rating under the updated higher education methodology.

Moody's has decided to withdraw 44 Issuer Ratings for community colleges/districts. Moody's has decided to withdraw the ratings for its own business reasons. Please refer to the Moody's Investors Service Policy for Withdrawal of Credit Ratings, available on its website, www.moodys.com. At the same time, Moody's has assigned Pledge-Specific Ratings at the same rating level to 42 of those issuers. The withdrawn Issuer Ratings

aligned with the definition for Issuer Ratings as applied to US local governments (outlined in Moody's Rating Symbols and Definitions, updated and published June 29, 2021), reflecting an unlimited general obligation pledge. With the publication of the updated higher education methodology, that definition no longer applies to community colleges/districts. Instead Issuer Ratings for community colleges/districts will reflect our opinion of the ability of entities to honor senior unsecured debt and debt-like obligations. The newly assigned Pledge-Specific Ratings reflect an entity's unlimited general obligation pledge.

RATING OUTLOOK

For the assigned and affirmed issuer and debt instrument ratings, the outlooks are unchanged from those currently assigned.

The stable outlook for Austin Community College District reflects its credit fundamentals and expectations around future performance.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- For issuer level ratings: Improvement in fundamental credit factors, including those related to scale, market profile, operating performance, financial resources and liquidity, leverage and coverage, financial policy and strategy, and other relevant considerations
- For debt instrument ratings: improvement in issuer level rating or strengthening of the structural and performance characteristics of individual debt securities

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- For issuer level ratings: deterioration of fundamental credit factors, including those related to scale, market profile, operating performance, financial resources and liquidity, leverage and coverage, financial policy and strategy, and other relevant considerations
- For debt instrument ratings: deterioration of the issuer level rating or weakening of the structural and performance characteristics of individual debt securities

METHODOLOGY

The principal methodology used in the non-pledge specific ratings (PSR) was Higher Education Methodology published in August 2021 and available at https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBM_1257002. The principal methodology used in the pledge specific ratings was US Local Government General Obligation Debt published in January 2021 and available at https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBM_1260094. Alternatively, please see the Rating Methodologies page on www.moody.com for a copy of these methodologies.

REGULATORY DISCLOSURES

The List of Affected Credit Ratings announced here are all solicited credit ratings. Additionally, the List of Affected Credit Ratings includes additional disclosures that vary with regard to some of the ratings. Please click on this link http://www.moody.com/viewresearchdoc.aspx?docid=PBM_PBM907291588 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

- Rating Solicitation
- Issuer Participation
- Participation: Access to Management
- Participation: Access to Internal Documents
- Disclosure to Rated Entity
- Endorsement
- State

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moody.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at http://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_1288435.

The below contact information is provided for information purposes only. Please see the ratings tab of the issuer page at www.moody.com, for each of the ratings covered, Moody's disclosures on the lead rating analyst and the Moody's legal entity that has issued the ratings.

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RATINGS	VIEW ALL
LONG TERM ISSUER RATING	
Aa2	
ISSUER RATING	
05 AUG 2021	
Not On Watch	
SENIORMOST REVENUE BACKED RATING	
Aa3	
LT SR REV UNDERLYING	
05 AUG 2021	
OUTLOOK	
Stable	
05 AUG 2021	

Source: Moody's Investors Service

Moody's Org Id	800030608
Market Segment	U.S. Public Finance
Sector	Community Colleges (Revenue-Backed)
State	Arizona