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**S&P Global**

Ratings

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**University of Cincinnati, OH**  
**2017A-B Bonds Rated 'AA-'**

19-Apr-2017 18:31 EDT

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CENTENNIAL (S&P Global Ratings) April 19, 2017--S&P Global Ratings assigned its 'AA-' long-term rating to the University of Cincinnati (UC), Ohio's \$90.73 million series 2017A and \$21.73 million series 2017B tax-exempt general receipts bonds.

In addition, S&P Global Ratings affirmed its 'AA-' long-term rating and underlying rating (SPUR) on various series of the university's existing general receipt bonds (including the 2014C green bonds), which are secured by an unlimited student-fee pledge, and affirmed its 'A+' long-term rating and SPUR on the university's series 2015 King Highland Community Urban Redevelopment Corporation (KHCURC) bonds and series 2010 Stratford Heights bonds. The one-notch rating differential from the general receipt bonds reflects the more-limited nature of the pledged security for these issues. At fiscal year-end June 30, 2016, UC's total outstanding long-term debt, including capitalized leases and notes payable, is \$1.08 billion and post issuance of the series 2017 general receipts bonds including a planned unrated \$50.23 million series 2017C taxable direct placement obligation total long term-debt is estimated at \$1.22 billion.

The outlook on the long-term ratings is stable.

"The 'AA-' long-term ratings reflect our view that UC's enterprise is very strong," said S&P Global Ratings credit analyst Ken Rodgers. Its financial profile is strong leading to an initial indicative stand-alone credit profile rating of 'a+'. As our criteria indicate, the final rating can be within one notch of the indicative credit level. "In our opinion, the 'AA-' rating on the university's bonds better reflects UC's rising enrollment and freshman applications, low tuition discount rate and very healthy endowment per full-time equivalent student compared with medians and peers offset to some degree by a higher-than-average debt burden and lower adjusted unrestricted net assets to pro forma debt," added Mr. Rodgers.

All series 2017A, 2017B, and 2017C obligations are to be secured by the university's general receipts pledge on parity with its outstanding debt. We consider this a broad pledge in that it includes auxiliary fees, student fees, tuition, the recovery of indirect research expenses and department sales revenue. General receipts in fiscal 2016 totaled \$717 million. State operating appropriations and restricted revenues are specifically excluded from the pledge. We also understand the terms for the direct placement series 2017C obligation are expected to be the same as the terms for other rated debt issues.

The stable outlook reflects our view that UC's enrollment will likely grow slowly over the next two years while other student demand metrics show gradual improvement. We also anticipate UC generating continued positive financial

operations on a full-accrual basis while further strengthening its financial resources and managing additional debt needs with an eye toward maintaining its rating.

Credit factors that could lead to a lower rating include a sharp decline in enrollment, unanticipated losses on a full accrual basis, declining financial resources or a spike upward in the debt burden from additional debt issuance.

While not anticipated due to UC's high debt burden and superior financial resources that nevertheless are lower than medians for adjusted unrestricted net assets to debt, a positive rating action could be considered if financial resource ratios relative to debt exceeded medians for the rating category while all other factors continued to improve.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.globalcreditportal.com](http://www.globalcreditportal.com) and at [www.spcapitaliq.com](http://www.spcapitaliq.com). All ratings affected by this rating action can be found on the S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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