

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's Assigns Aa2 to Bryn Mawr College, PA's Series 2017; Outlook Stable

Global Credit Research - 20 Apr 2017

New York, April 20, 2017 -- Issue: Bryn Mawr College Revenue Bonds, Series 2017; Rating: Aa2; Rating Type: Underlying LT; Sale Amount: \$22,170,000; Expected Sale Date: 04/27/2017; Rating Description: Revenue: 501c3 Unsecured General Obligation;

Summary Rating Rationale

Moody's Investors Service has assigned a Aa2 to Bryn Mawr College, PA's anticipated \$22 million Bryn Mawr College Revenue Bonds, Series 2017. The proposed bonds have an expected final maturity in 2037 and will be issued by the Montgomery County Industrial Development Authority. Concurrently, we have affirmed the Aa2 ratings on \$125 million of outstanding revenue bonds.

The rating reflects Bryn Mawr's robust financial reserves, excellent liquidity, and sound financial management, which enhance the college's financial flexibility. The rating also favorably incorporates the college's reputation as a selective women's liberal arts college with a strong history of fundraising. Offsetting factors include significant competition for students and modest revenue growth relative to peers, with limited growth opportunities given the college's small size and scope and commitment to affordability.

Rating Outlook

The stable outlook reflects our expectations of continued excellent liquidity and positive operating performance supported by steady student demand and healthy gift flow.

Factors that Could Lead to an Upgrade

- Substantial growth of wealth relative to peers
- Healthier debt service coverage and consistently higher gift revenue combined with strengthening of student demand

Factors that Could Lead to a Downgrade

- Material increase in debt without commensurate growth in financial resources and stronger operations
- Sustained deterioration in operating performance
- Weakening of student demand

Legal Security

The bonds are a general obligation of the college. Unlike each series of prior bonds, Series 2017 bonds are not secured by a lien on unrestricted revenues, as defined in each loan agreement executed in connection with prior bonds. The college does not intend to issue additional debt secured by a lien on unrestricted revenues. At this rating level, we have not differentiated ratings based on the different security pledges. However, should credit quality decline, different security pledges may carry different ratings.

Use of Proceeds

Funds will be used to refund Series 2007 bonds and to pay costs of issuance.

Obligor Profile

Bryn Mawr College is a private women's liberal arts college located in suburban Philadelphia. The college enrolled 1,674 students in fall 2016 and had operating revenue of \$129 million for FY 2016.

Methodology

The principal methodology used in this rating was Global Higher Education published in November 2015. Please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

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