MOODY'S
INVESTORS SERVICE

Rating Action: Moody's affirms Colgate University's (NY) Aa3; outlook stable

Global Credit Research - 11 Aug 2017

New York, August 11, 2017 -- Summary

Moody's Investors Service has affirmed Colgate University's (NY) Aa3 ratings on approximately $217 million of outstanding rated debt. The bonds were issued by Madison County Capital Resources Corporation and the Dormitory Authority of the State of New York. The outlook is stable.

Colgate's Aa3 rating incorporates the university's excellent strategic positioning as a highly selective private liberal arts school with a robust market and sizeable financial resources. Very high financial leverage relative to size and cash flow are offset by Colgate's prudent fiscal oversight and healthy liquidity. The rating is further tempered by Colgate's high reliance on student charges relative to peers in a highly competitive student market.

Rating Outlook

The stable outlook reflects our expectations of continued healthy liquidity and cash flow supported by steady student demand and solid gift flow.

Factors that Could Lead to an Upgrade

Significantly increased wealth and enhanced revenue diversity, particulary through philanthropy

Improved cash flow to support growing debt, or decreased financial leverage relative to operations and peers

Factors that Could Lead to a Downgrade

Weaker debt service coverage or revenue stress, particulary from thinning of philanthropic support or stagnant net tuition revenue

Increased financial leverage without offsetting growth in financial resources or operating performance

Legal Security

Long-term debt is an unsecured general obligation of the university.

Use of Proceeds

Not applicable.

Obligor Profile

Colgate University is a highly selective, non-sectarian, private liberal arts university located in upstate New York. The university enrolled 2,877 students in fall 2016 and had operating revenue of $190 million in fiscal year 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.moodys.com for a copy of this methodology.

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