

Rating Action: Moody's affirms Nova Southeastern University's (FL) Baa1; outlook stable

Global Credit Research - 07 Dec 2017

New York, December 07, 2017 -- Summary Rating Rationale

Moody's Investors Service has affirmed Nova Southeastern University, FL's (NSU) Baa1 rating. The Baa1 rating incorporates NSU's role as a large comprehensive university located in a demographically vibrant state, flexible expense structure which enables it to programmatically adjust to changes in demand, and track record of strong positive operating performance. The rating also considers relatively thin spendable cash and investments relative to debt and expenses, heavy reliance on student charges, and ongoing programmatic growth strategy that consumes considerable resources.

Rating Outlook

The stable outlook incorporates our expectations that the university will continue to maintain healthy student demand, generate positive operating cash flows, and will gradually build financial reserves.

Factors that Could Lead to an Upgrade

Material growth in flexible reserves relative to debt and expenses

Factors that Could Lead to a Downgrade

Decline in liquidity, given comparatively thin levels

Sustained weakening of operating performance

Legal Security

Rated bonds are a general obligation of the university, secured by a pledge of and first lien on pledged revenues, which include tuition, fees, and dormitory revenues. The Series 2011 Bonds are further secured by debt service reserve funds which totaled approximately \$3.2 million in fiscal 2017.

Use of Proceeds

Not applicable

Obligor Profile

Nova Southeastern University is a large comprehensive private university in Davie, Florida. The university consists of 18 colleges and schools offering over 150 programs of study. NSU enrolled approximately 17,300 FTE students in fall 2017 and generated around \$630 million of revenue in fiscal 2017.

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's.com for a copy of this methodology.

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