

**Rating Action: Moody's assigns A1 to Case Western Reserve University's (OH) revenue refunding bonds; outlook is stable**

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Global Credit Research - 19 Apr 2018

New York, April 19, 2018 -- Moody's Investors Service has assigned an A1 to Case Western Reserve University's (OH) proposed up to \$105 million Higher Educational Facility Revenue Refunding Bonds (Case Western Reserve University Project) Series 2018 (maturing in 2030) to be issued through the Ohio Higher Educational Facility Commission. Moody's also maintains the A1 long-term rating on approximately \$300 million of outstanding bonds and P-1 rating on up to \$30 million commercial paper, supported by self-liquidity. The outlook is stable.

**RATINGS RATIONALE**

The A1 reflects Case Western Reserve University's (CWRU) significant wealth and continued strong philanthropy, as well as modest debt for an institution of its size. Furthermore, the university's strengthening national reputation as a large, comprehensive research university is driving higher enrollment and solid net tuition growth, increasing an already sizeable revenue base. Offsetting challenges include limited financial flexibility, as a significant portion of CWRU's wealth is permanently restricted and available liquid reserves provide only moderate protection against unforeseen expenses. Other credit considerations include the university's consistent, albeit slightly lower than peers, operating performance, and competitive operating environment for students and federal research awards.

**RATING OUTLOOK**

The stable outlook reflects our expectation CWRU will enjoy continued donor support for strategic endeavors while generating at least balanced operating performance and no material deterioration of liquid reserves.

**FACTORS THAT COULD LEAD TO AN UPGRADE**

- Substantial growth in unrestricted balance sheet reserves and operating liquidity
- Sustained strengthening of operating cash flow

**FACTORS THAT COULD LEAD TO A DOWNGRADE**

- Material contraction of liquidity
- Multi-year weakening of operating performance

**LEGAL SECURITY**

All of CWRU's outstanding bonds and commercial paper, including the proposed Series 2018 bonds, are on parity and are unsecured general obligations of the university.

**USE OF PROCEEDS**

Proceeds from the Series 2018 bonds will be used to refund Series 2015B bonds and outstanding commercial paper.

**PROFILE**

Case Western Reserve University is the largest comprehensive private research university in Ohio, with sizeable operations of nearly \$880 million and enrollment of almost 11,000 FTEs. The university is located in University Circle, a 550-acre concentration of more than 50 educational, medical, cultural, religious, and social service institutions at the eastern edge of Cleveland.

**METHODOLOGY**

The principal methodology used in this rating was Higher Education published in December 2017. Please see the Rating Methodologies page on [www.moody.com](http://www.moody.com) for a copy of this methodology.

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