

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns Aa2 enhanced to Edison State Community College, OH; outlook stable

Global Credit Research - 31 Jul 2014

\$2.7M rated debt

New York, July 31, 2014 --

Moody's Rating

Issue: General Receipts Refunding Bonds, Series 2014; Rating: Aa2; Sale Amount: \$2,700,000; Expected Sale Date: 8/12/2014; Rating Description: Revenue: Public University Broad Pledge

Opinion

Moody's Investors Service assigns a Aa2 enhanced rating to Edison State Community College's ("ESCC") \$2.7 million of General Receipts Refunding Bonds, Series 2014 based upon support from the Ohio Board of Regents Community and Technical College Credit Enhancement Program ("Ohio Enhancement Program"). The outlook is stable.

SUMMARY RATING RATIONALE

The Aa2 enhanced rating and stable outlook is based on the Aa2 rating and stable outlook of the Ohio Enhancement Program as well as two financing level attributes, sufficiency of interceptable revenues and transaction structure, of individual financings. The Aa2 financing level rating is the same as the Aa2 programmatic rating because the majority of subfactors related to sufficiency of interceptable revenues and the transaction structure have strong or average scores.

STRENGTHS

*ESCC's debt service coverage, interceptable state aid relative to the largest amount of a debt service in any semi-annual period is robust at over 23 times.

*Debt service payments are not structured to occur during the first three months of the state's fiscal year or in the last month, mitigating any potential risks of late budget adoption or a delayed state appropriation payment late in the fiscal year.

*The law stipulates sufficient time and authority for the Chancellor of the Ohio Board of Regents, an officer of the state of Ohio (Aa1 stable), to intercept state appropriations on behalf of bondholders should payments from the college be insufficient.

CHALLENGES

*Ohio has reduced state operating appropriations to higher education during periods of fiscal stress and appropriates funding based on a performance based model. Though appropriations have been stable to slightly rising in recent fiscal years for ESCC, overall funding for higher education has been constrained.

Outlook

The stable outlook for the financing rating is based on the outlook assigned to the Ohio Board of Regents State Credit Enhancement Program for technical and community colleges.

WHAT COULD MAKE THE RATING GO UP

An upgrade of the financing level rating would likely occur with an upgrade to the state's G.O. rating or the programmatic intercept rating.

WHAT COULD MAKE THE RATING GO DOWN

A downgrade could result if the state's G.O. rating or the programmatic intercept rating is downgraded. Other rating triggers include failure of the intercept program to work as anticipated or significant weakening of debt service coverage from interceptable funds.

PRINCIPAL METHODOLOGY USED

The principal methodology used in this rating was State Aid Intercept Programs and Financings: Pre and Post Default published in July 2013. Please see the Credit Policy page on www.moody.com for a copy of this methodology.

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