

## EXHIBIT D

# MOODY'S

## INVESTORS SERVICE

### **Rating Action: Moody's assigns A1 to University of Akron's (OH) proposed Series 2019A and Series 2019B; outlook stable**

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08 Oct 2019

New York, October 08, 2019 -- Moody's Investors Service has assigned A1 ratings to University of Akron's proposed \$60 million of General Receipts Bonds, Series 2019A and \$12 million of Taxable General Receipts Bonds, Series 2019B. The bonds are expected to mature in 2030 and 2038, respectively. We also maintain A1 ratings on approximately \$342 million of outstanding debt. The outlook is stable.

#### RATINGS RATIONALE

The A1 reflects University of Akron's favorable operating performance, healthy liquidity, and substantial scale. It has a regionally important role as a large provider of public higher education with distinctive academic programs, serving more than 20,000 headcount students. In addition, the university has close ties to the Aa1-rated state of Ohio, which provides about 27% of total operating revenue and regular capital support as well as oversight through its Board of Trustees, appointed by the governor. We expect the university to sustain its strong operating performance through effective budget management, even as revenue challenges persist. Based on draft fiscal 2019 financials, the university's operating cash flow margin will exceed its already strong 21.6% margin in fiscal 2018. Furthermore, the university reports no additional debt plans and is steadily paying down its existing debt obligations. As a result, it will maintain very good debt affordability, and balance sheet leverage will continue to improve from healthy spendable cash and investments to debt of 0.8x in fiscal 2018.

The rating is tempered by the university's heightened student demand challenges, which will continue to result in enrollment losses and revenue declines through fiscal 2020. While its operating revenue of \$388 million is substantial at the A1 rating, it is down a significant 16% from fiscal 2014. In addition, the university is subject to state-imposed tuition pricing restrictions that will limit its ability to adjust its structure according to market conditions. It also has outsized exposure to postretirement benefit obligations, reflected by its high total adjusted debt to operating revenue of 3.5x in fiscal 2018.

#### RATING OUTLOOK

The stable outlook reflects our expectations that the university will continue to adjust expenses to sustain its strong operating performance and very good debt affordability given expectations of continued revenue challenges. It also incorporates expectations of no additional debt plans and steady absolute liquidity.

#### FACTORS THAT COULD LEAD TO AN UPGRADE

- Material improvement in strategic positioning, reflected in growth in operating revenue, donor support, and funded research
- Substantial increase in flexible reserves to better support high amount of total adjusted debt

#### FACTORS THAT COULD LEAD TO A DOWNGRADE

- Inability to stabilize net tuition revenue, leading to a deterioration in operating performance and debt affordability
- Material decline in financial reserves or liquidity
- Disruption or sustained decline in state funding

#### LEGAL SECURITY

All general receipts bonds are payable from and secured by a first pledge of and lien on the general receipts of the university. General receipts consist of all monies received by the university for student charges, all unrestricted grants, gifts, donations and pledges, and other legally available revenues. Specifically excluded from general receipts are state appropriations (unless authorized by law) and any restricted funds. In fiscal 2018, general receipts totaled \$308.5 million and covered debt service on general receipts bonds by

approximately 10x on a gross basis. There are no debt service reserve funds.

For the 2011 Lease Revenue Bonds, the university's obligation to make lease payments is absolute and unconditional, under all circumstances. The university's lease obligations are not subject to annual appropriation.

#### USE OF PROCEEDS

Proceeds from the proposed Series 2019A and Series 2019B bonds will be used to refund outstanding Series 2010A and Series 2011 bonds and pay issuance costs. There will be no extension in the final maturity of the bonds, and the savings associated with the refundings will be an estimated \$14.6 million.

#### PROFILE

The University of Akron is a large public university located in northeast Ohio. It offers comprehensive academic programming and served more than 20,000 headcount students in fall 2018. In fiscal 2018, the university generated total operating revenue of over \$388 million.

#### METHODOLOGY

The principal methodology used in these ratings was Higher Education published in May 2019. Please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

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