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## University of Puerto Rico Ratings Lowered To 'CCC+' From 'B' On Downgrade Of Commonwealth

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DALLAS (Standard & Poor's) April 27, 2015--Standard & Poor's Ratings Services lowered its long-term rating and underlying rating (SPUR) to 'CCC+' from 'B' on the University of Puerto Rico's (UPR) existing university system revenue bonds. We also lowered the stand-alone credit profile (SACP) on the university to 'ccc+' from 'b'. At the same time, we are placing the ratings on CreditWatch with negative implications. Some of these bonds were issued by the Puerto Rico Industrial, Tourism, Educational, Medical, & Environmental Control Facilities Financing Authority.

"The downgrade reflects the lowering of the general obligation rating of the Commonwealth of Puerto Rico to CCC+/Watch Neg on April 24, 2015," said Standard & Poor's credit analyst Bianca Gaytan-Burrell. "Pursuant to our 'CCC' category rating definition, we believe that adverse economic conditions of the commonwealth would affect the size and stability of UPR's appropriations and operating liquidity, which, therefore, will not likely have the capacity to meet its financial commitment on a timely basis for its debt obligations," added Ms. Gaytan-Burrell.

The rating on the university has moved in tandem with the commonwealth rating given its significant dependence (about 68% of 2014 revenues). Although appropriations are not pledged to the bonds, they make up the largest portion of revenues available for operation. Any delay or reduction in appropriations could have a serious effect on its operations.

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For more information, see the article published Feb. 4, 2015 on RatingsDirect.

RELATED CRITERIA AND RESEARCH

Related Criteria

- Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, Dec. 9, 2010
- USPF Criteria: Higher Education, June 19, 2007

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