



## **Rating Action: MOODY'S ASSIGNS Aaa RATING TO SAN MATEO COUNTY CCD (CA) 2012 GO REFUNDING BONDS; CONCURRENTLY AFFIRMS Aaa RATING TO OUTSTANDING GO BONDS**

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Global Credit Research - 10 Apr 2012

### **\$688.8 MILLION IN OUTSTANDING DEBT AFFECTED**

New York, April 10, 2012 -- Moody's Rating

Issue: General Obligation Refunding Bonds 2012; Rating: Aaa; Sale Amount: \$69,895,000; Expected Sale Date: 04/16/2012; Rating Description: General Obligation

#### Opinion

Moody's Investors Service has assigned an Aaa rating to San Mateo County Community College District's 2012 General Obligation(GO) Refunding Bonds, for approximately \$69.9 million. The bonds are secured by an unlimited property tax pledge of the district. At the same time, Moody's has affirmed the Aaa rating on the district's outstanding GO bonds. Proceeds from the bonds will be used to refund a portion of the outstanding principal amount of three outstanding series of general obligation bonds of the district.

#### RATING RATIONALE

The rating reflects the district's high resident income levels, continuing growth in the district's large-sized tax base, sound financial operations, and low debt burdens. The rating also incorporates the district's recent attainment of basic aid funding status, which will likely offset funding challenges attendant to state aid.

#### STRENGTHS

- High socioeconomic indicators
- Exceptionally large-sized Bay Area tax base
- Stable financial profile with recent attainment of basic aid funding status

#### CHALLENGES

- Funding challenges from state aid, experienced by all California community college districts
- Basic aid funding status adds budgeting challenges since operational revenue tied to AV growth or decline

#### WHAT COULD CHANGE THE RATING - DOWN

Structural imbalance resulting in continued erosion of financial flexibility

Revenue or tax base loss further limiting district's finances and reducing reserves

Protracted decline of assessed values

The principal methodology used in this rating was General Obligation Bonds Issued by U.S. Local Governments published in October 2009. Please see the Credit Policy page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

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