

Rating Action: Moody's assigns Aa2 to San Joaquin Delta CCD (CA) GO Bonds

Global Credit Research - 23 Sep 2015

Approximately \$139.2 million in debt affected

New York, September 23, 2015 --

Moody's Rating

Issue: 2015 General Obligation Refunding Bonds, Series A (2018 Crossover); Rating: Aa2; Sale Amount: \$5,500,000; Expected Sale Date: 10/7/2015; Rating Description: General Obligation

Issue: 2015 General Obligation Refunding Bonds, Series B; Rating: Aa2; Sale Amount: \$133,700,000; Expected Sale Date: 10/7/2015; Rating Description: General Obligation

OPINION

Moody's Investors Service has assigned an Aa2 rating to the San Joaquin Delta Community College District's 2015 General Obligation Refunding Bonds, Series A and Series B. The bonds have an expected par value \$139.2 million. Moody's maintains an Aa2 rating on the district's other outstanding general obligation bonds.

SUMMARY RATING RATIONALE

The rating assignment reflects the district's large and expanding assessed valuation that will continue expanding due to the growing local economy and the resumption of housing development. The district's fiscal position is satisfactory and will remain consistent. The district will likely continue its trend of producing small operating surpluses through expenditure savings captured during the course of the fiscal year. The district has a low debt burden that will remain small given future likely gains in assessed valuation and a moderate level of authorized but unissued general obligation bonds.

The assignment of the GO rating includes the nature of the GO pledge which is secured by the district's voter-approved unlimited property tax pledge. The county rather than the district will levy, collect, and disburse the district's property taxes, including the portion constitutionally restricted to pay debt service on general obligation bonds.

OUTLOOK

Outlooks are usually not assigned to local government credits with this amount of debt outstanding.

WHAT COULD MAKE THE RATING GO UP

- Significant strengthening of financial profile
- Material growth of the district's assessed valuation and wealth levels

WHAT COULD MAKE THE RATING GO DOWN

- Material weakening of financial profile
- Significant deterioration of tax base

OBLIGOR PROFILE

The San Joaquin Delta Community College encompasses an approximately 2,300 square miles, located primarily in San Joaquin County. The district serves local communities in Stockton, Lodi, Tracy, Manteca and adjacent unincorporated areas. The district operates San Joaquin Delta College, which provides instruction to over approximately 24,000 students.

LEGAL SECURITY

The Bonds are general obligation bonds of the District, payable solely from ad valorem property taxes.

USE OF PROCEEDS

The Refunding Bonds are being issued to advance refund the 2005 and 2008B general obligation bonds.

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2014. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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Michael Wertz
Asst Vice President - Analyst
Public Finance Group
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Alexandra J. Cimmiyotti
Vice President - Senior Analyst
Public Finance Group
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

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INVESTORS SERVICE

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