

Rating Action: Moody's assigns Aa2 to San Joaquin Delta CCD, CA's 2021 GO Ref. Bonds

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New York, April 06, 2021 -- Moody's Investors Service has assigned an Aa2 rating to San Joaquin Delta Community College District, CA's \$69 million 2021 General Obligation Refunding Bonds (Federally Taxable). Moody's maintains the Aa2 rating on the district's outstanding GO bonds.

RATINGS RATIONALE

The Aa2 rating reflects the district's large and growing assessed value in the peripheral San Francisco Bay Area that will be benefit in the coming years from a substantial pipeline of future development. The district's fiscal position is stable, reserves are healthy, and local resident wealth and incomes are average. The rating additionally incorporates the district's manageable debt, pension and other post-employment benefit burdens.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

Material strengthening of financial position

Growth of assessed valuation coupled with strengthened local resident incomes

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

Meaningful erosion of financial position

Significant increase in leverage

LEGAL SECURITY

The general obligation bonds are secured by an unlimited property tax pledge of all taxable property within the district boundaries. The counties, 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.

USE OF PROCEEDS

Proceeds will refund portions of the district's 2015 GO Refunding Bonds, Series A for net present value savings.

PROFILE

The district encompasses an area of approximately 2,300 square miles, primarily in San Joaquin County, though the district also serves small sections of Sacramento, Calaveras, Solano and Alameda Counties. San Joaquin Delta College serves approximately 16,500 full-time equivalent students. San Joaquin Delta College is fully accredited by the Accrediting Commission for Community and Junior Colleges of the Western Association of Schools and Colleges.

METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2021 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1260094. Alternatively, please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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