Global Credit Research - 06 Oct 2011

APPROXIMATELY $390 MILLION IN DEBT AFFECTED

New York, October 06, 2011 -- Moody's Rating

Issue: 2011 Taxable Refunding Bonds; Rating: A1; Sale Amount: $65,000,000; Expected Sale Date: 10/15/2011; Rating Description: Refunding Bonds

Opinion

Moody's Investors Service has assigned an A1 rating to the Peralta Community College District's 2011 Taxable Refunding Bonds. We have also downgraded to Aa3 from Aa2 the rating on the district's outstanding general obligation bonds and to A1 from Aa3 the rating on the outstanding OPEB bonds.

RATING RATIONALE

The ratings reflect the district's narrow fiscal position amid management challenges that will likely result in the district maintaining its stable but lower than typical fiscal profile for a Moody's-rated community college district. The rating assignment also results from the district's debt position, which includes a restructuring extending the term of the current bonds, higher than average debt levels and a very large San Francisco Bay area tax base. The bonds are secured by the district's pledge to budget and appropriate debt service payments from any legally available funds.

STRENGTHS

Very large San Francisco Bay area tax base

Strengthened management team

WEAKNESSES

Narrow general fund balance

High peak general fund debt burden

Uncertain funding environment for California community college districts

Uncertain outcome of accreditation process

WHAT COULD CHANGE THE RATING UP

Material and sustained improvement in the district fiscal position

Removal of warning status for district's accreditation

Stabilization of the local economy

WHAT COULD CHANGE THE RATING DOWN

Further diminishment of the district's fiscal position

Loss of accreditation

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 for a copy of this methodology.

REGULATORY DISCLOSURES

The Global Scale Credit Ratings on this press release that are issued by one of Moody's affiliates outside the EU are considered EU Qualified by Extension and therefore available for regulatory use in the EU. Further information on the EU endorsement status and on the Moody's office that has issued a particular Credit Rating is available on www.moodys.com.

For ratings issued on a program, series or category/class of debt, this announcement provides relevant regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides relevant regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider’s credit rating. For provisional ratings, this announcement provides relevant regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings lab on the issuer/entity page for the respective issuer on www.moodys.com.
Information sources used to prepare the credit rating are the following: parties involved in the ratings, public information, and confidential and proprietary Moody's Investors Service information.

Moody's considers the quality of information available on the rated entity, obligation or credit satisfactory for the purposes of issuing a rating.

Moody's adopts all necessary measures so that the information it uses in assigning a rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

Please see Moody's Rating Symbols and Definitions on the Rating Process page on www.moodys.com for further information on the meaning of each rating category and the definition of default and recovery.

Please see ratings tab on the issuer/entity page on www.moodys.com for the last rating action and the rating history.

The date on which some ratings were first released goes back to a time before Moody’s ratings were fully digitized and accurate data may not be available. Consequently, Moody's provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website www.moodys.com for further information.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Michael Wertz
Analyst
Public Finance Group
Moody's FIS Domestic Sales Office - San Francisco CA
One Sansome St. Suite 3100
San Francisco, CA 94104
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Dari Barzel
VP - Senior Credit Officer
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

© 2011 Moody's Investors Service, Inc. and/or its licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ARE MOODY'S INVESTORS SERVICE, INC.'S ("MIS") CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, DISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. ALL INFORMATION CONTAINED HEREIN IS OBTAINED BY MOODY'S FROM SOURCES BELIEVED BY IT TO BE ACCURATE AND RELIABLE. BECAUSE OF THE POSSIBILITY OF HUMAN OR MECHANICAL ERROR AS WELL AS OTHER FACTORS, HOWEVER, ALL INFORMATION CONTAINED HEREIN IS PROVIDED "AS IS" WITHOUT WARRANTY OF ANY KIND. MOODY'S ADOPTS ALL NECESSARY MEASURES SO THAT THE INFORMATION IT USES IN ASSIGNING A CREDIT RATING IS OF SUFFICIENT QUALITY AND FROM SOURCES MOODY'S CONSIDERS TO BE RELIABLE, INCLUDING, WHEN
appropriate, independent third-party sources. However, MOODY’S is not an auditor and cannot in every instance
independently verify or validate information received in the rating process. Under no circumstances shall MOODY’S have
any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to,
any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY’S or any
of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis,
interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special,
consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if
MOODY’S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such
information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the
information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or
recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its
own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS
OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY
PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY
MOODY’S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody’s Corporation ("MCO"), hereby discloses that most issuers
of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred
stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services
rendered by it fees ranging from $1,500 to approximately $2,500,000. MCO and MIS also maintain policies and
procedures to address the independence of MIS’s ratings and rating processes. Information regarding certain affiliations
that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have
also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at
www.moodys.com under the heading “Shareholder Relations — Corporate Governance — Director and Shareholder
Affiliation Policy.”

Any publication into Australia of this document is by MOODY’S affiliate, Moody’s Investors Service Pty Limited ABN 61
003 399 657, which holds Australian Financial Services License no. 336969. This document is intended to be provided
only to “wholesale clients” within the meaning of section 761G of the Corporations Act 2001. By continuing to access this
document from within Australia, you represent to MOODY’S that you are, or are accessing the document as a
representative of, a “wholesale client” and that neither you nor the entity you represent will directly or indirectly
disseminate this document or its contents to “retail clients” within the meaning of section 761G of the Corporations

Notwithstanding the foregoing, credit ratings assigned on and after October 1, 2010 by Moody’s Japan K.K. (“MJKK”) are
MJKK’s current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. In
such a case, “MIS” in the foregoing statements shall be deemed to be replaced with “MJKK”. MJKK is a wholly-owned
credit rating agency subsidiary of Moody’s Group Japan G.K., which is wholly owned by Moody’s Overseas Holdings Inc.,
a wholly-owned subsidiary of MCO.

This credit rating is an opinion as to the creditworthiness or a debt obligation of the issuer, not on the equity securities of
the issuer or any form of security that is available to retail investors. It would be dangerous for retail investors to make
any investment decision based on this credit rating. If in doubt you should contact your financial or other professional
adviser.