

**Rating Action: MOODY'S ASSIGNS A1 RATING TO PERALTA CCD OPEB BONDS IN ESTIMATED AMOUNT OF \$65 MILLION; GO BONDS DOWNGRADED TO Aa3 FROM Aa2**

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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.moody's.com](http://www.moody's.com) for a copy of this methodology.

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