

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's Upgrades Marin Community College District, CA's GO Bonds to Aaa

Global Credit Research - 13 Nov 2017

New York, November 13, 2017 -- Issue: 2017 General Obligation Refunding Bonds; Rating: Aaa; Rating Type: Underlying LT; Sale Amount: \$50,000,000; Expected Sale Date: 11/16/2017; Rating Description: General Obligation;

Summary Rating Rationale

Moody's Investors Service has assigned an Aaa rating to the Marin Community College District, CA's 2017 General Obligation Refunding Bonds. The bonds have an expected par value of \$50 million. We have also upgraded the rating on district's outstanding \$310 million of general obligation bonds to Aaa from Aa1. The outlook is stable.

The upgrade reflects the district's exceptionally large assessed valuation, very strong resident wealth and the likely continuance of these factors as credit strengths. The rating also incorporates the district's stable fiscal position inclusive of somewhat below average general fund cash and reserves. This is offset by the district's deep entrenchment into basic aid status, the district's history of conservatively managing its budget and the robustness of monies outside of the general fund. The district's moderate debt and pension levels are also incorporated into the rating.

The rating also captures the strength of the GO pledge. The general obligation offering is secured by an unlimited property tax pledge of all taxable property within the district boundaries. Debt service on the rated debt 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.

Rating Outlook

The outlook encompasses our expectation that the district's financial profile will remain stable while the tax base and economy continue to be well above average.

Factors that Could Lead to an Upgrade

- N/A

Factors that Could Lead to a Downgrade

- Loss of basic aid status
- Significant and sustained deterioration of the tax base
- Material weakening of resident wealth
- Significant decline of cash and reserves

Legal Security

The general obligation offering is secured by an unlimited property tax pledge of all taxable property within the district boundaries. Debt service on the rated debt 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.

Use of Proceeds

The proceeds of the Bonds will be used to refund a portion of the district's outstanding Election of 2004 General Obligation Bonds, Series C.

Obligor Profile

The district is largely co-terminous with, but does not encompass all of Marin County, California (Aaa, stable). The district currently maintains one comprehensive community college, College of Marin, with campuses in Kentfield and Novato. The District has been a Basic Aid district since fiscal 2001. FTES for the district is 3,715.

Methodology

The principal methodology used in this rating was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

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