

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns A1 to Lake Tahoe Community College District's (CA) G.O. bonds

Global Credit Research - 22 Jun 2015

\$19.0M new debt affected; no outstanding Moody's ratings

New York, June 22, 2015 --

Moody's Rating

Issue: 2015 General Obligation Bonds Election of 2014, Series A; Rating: A1; Sale Amount: \$19,000,000; Expected Sale Date: 07/07/2015; Rating Description: General Obligation

Opinion

Moody's Investors Service has assigned an A1 rating to Lake Tahoe Community College District's (CA) 2015 General Obligation Bonds Election of 2014, Series A totaling approximately \$19.0 million.

SUMMARY RATING RATIONALE

The A1 rating reflects the district's relatively small tax base that is poised for additional growth in the near-term and should remain stable in the long-term. The rating reflects the below-average resident socioeconomic profile and the resort-oriented local economy of the district. The district has a healthy financial profile with metrics comparable to peers, but we anticipate stable financial performance given management's strong financial policies and long-term planning to minimize long-term obligations. We anticipate a low debt burden for the district and low long-term pension and OPEB obligations.

OUTLOOK

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

WHAT COULD MAKE THE RATING GO UP

- Substantial increase in the district's assessed value
- Sizeable increase in socioeconomic metrics
- Sustained and increased general fund reserve levels

WHAT COULD MAKE THE RATING GO DOWN

- Decline in financial position, including general fund reserves and liquidity
- Protracted decline in assessed value

OBLIGOR PROFILE

The District was established in 1974 and serves an area of approximately 196 square miles located in the eastern portion of El Dorado County, California. The currently operates one campus, Lake Tahoe Community College, located in South Lake Tahoe, California. South Lake Tahoe is located approximately 188 miles northeast of San Francisco near the California/Nevada border. Lake Tahoe Community College is fully accredited by the Western Association of Schools and Colleges, the recognized local accrediting agency for the western United States, affiliated with the Federation of Regional Accrediting Commissions of Higher Education. Lake Tahoe Community College is a two-year, public institution offering associate degrees, certificates, career education, and continuing education programs.

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

Proceeds from the current issuance will be used to finance the construction, renovation, and modernization of district facilities for long-term stability.

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.moody.com for a copy of this methodology.

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