

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns A1 to Lake Tahoe CCD's 2018 GO Bonds, Election of 2014, Series B; outlook is positive

Global Credit Research - 30 Jan 2018

The district's outstanding GO debt totals \$32M, post issuance

New York, January 30, 2018 -- Moody's Investors Service has assigned an A1 rating to Lake Tahoe Community College District, CA's \$15 million 2018 General Obligation Bonds, Election of 2014, Series B. Concurrently, we affirmed the district's A1 rating on its outstanding parity debt as well as assigned a positive outlook.

RATINGS RATIONALE

The A1 rating reflects the district's sizeable and primarily residential tax base poised for additional moderate growth, sound financial position that is expected to remain stable and low debt burden. The rating also incorporates the district's strong management team as well as its low OPEB and moderate pensions burdens.

The rating further incorporates the above average strengths for the security and collection of California community college districts' general obligation bonds.

RATING OUTLOOK

The positive outlook reflects the district's sizeable and diverse tax base that will continue to experience moderate growth, and recently improved financial position supported by strong reserves and liquidity that we expect to remain stable for at least the next two to three years.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Continued strong operating performance and maintenance of reserves and liquidity within current levels
- Continued moderated growth in assessed value
- Stable to growing full time equivalent students (FTES)
- Considerable progress in fully funding OPEB

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Sizeable decline in reserves and liquidity
- Material contraction in assessed value
- Significant decline in FTES
- Inability to manage retirement costs

LEGAL SECURITY

The bonds are secured by the levy of ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the district. The portion of the levy restricted for debt service is collected, held and transferred directly to the paying agent by the county on behalf of the district.

USE OF PROCEEDS

The bonds will finance various capital projects, including an Early Learning Center and various technology upgrades.

PROFILE

Lake Tahoe Community College District is located in South Lake Tahoe and includes one campus, Lake Tahoe Community College. Lake Tahoe Community College is a two-year, public institution offering associate degrees, certificates, career education, and continuing education programs. The district is governed by a five member Board of Trustees and its full time equivalent students for fiscal 2018 are projected at 1,739.

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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