

Press Release

Moody's assigns Aa1 to Mt. San Antonio

CCD's (CA) Election of 2008 GO Bonds, Series 2020D & Election of 2018 GO Bonds, Series 2020B; outlook is stable

Moody's Investors Service has assigned Aa1 ratings to Mt. San Antonio Community College District's (CA) Election of 2008 General Obligation Bonds Series 2020D (Federally Taxable) and Election of 2018 General Obligation Bonds Series 2020B (Federally Taxable) with par amounts of \$59.6 million and \$30.4 million, respectively. We maintain Aa1 ratings on the district's outstanding parity debt affecting \$ 720.2 million. The outlook is stable.

RATINGS RATIONALE

The Aa1 rating incorporates the district's large and diverse tax base that is poised for moderate growth although at a slower rate due to the sharp decline in the economy because of coronavirus, and growth will primarily be supported by turnover in housing. District residents' average income levels are also incorporated in the rating. The rating also reflects the district's solid financial position supported by healthy reserves and liquidity. Fiscal 2020 reserves are projected to remain in-line with the prior year and the district's tentative fiscal 2021 budget is based on conservative assumptions, which positions the district well to maintain a stable financial position. The district's debt, pension and OPEB burdens all remain manageable. The district's strong management team and stable enrollment are also factored into the rating. The rating further incorporates the above-average legal strength of GO bonds for California community college districts.

We regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety. The coronavirus crisis is not a key driver for this rating action. We do not see any material immediate credit risks for Mt. San Antonio Community College District.

As a result of the coronavirus crisis, management moved all course offerings to online through the end of the spring semester and has since made the decision to continue online instruction through the fall semester. District officials report that the transition to virtual instruction proceeded relatively seamlessly, and enrollment for the summer semester increased over the prior year, as students confronted a weak job market, with the potential for somewhat higher enrollment levels this fall.

RATING OUTLOOK

The stable outlook reflects the district's large and primarily residential tax base poised for additional moderate growth and healthy financial position supported by stable reserves and liquidity.

FACTORS THAT COULD LEAD TO AN UPGRADE

- ☐ Transition into Community Funded status
- ☐ Sizeable increase in reserves
- ☐ Significant reduction in unfunded pension and OPEB liabilities

FACTORS THAT COULD LEAD TO A DOWNGRADE

- ☐ Significant declines in reserves and liquidity

☐ Substantial growth in debt or pension liabilities

LEGAL SECURITY

The general obligation bonds are secured by the district's voter-approved unlimited property tax pledge. Los Angeles County (Aa1 stable) rather than the district will levy, collect, and disburse the district's property taxes, including the portion constitutionally restricted to pay debt service on GO bonds.

USE OF PROCEEDS

The bond proceeds will be used to pay-off the district's outstanding 2017 Bond Anticipation

ROFILE
Mt. San Antonio Community College District is the state's largest single-campus community college and is located in Los Angeles County serving an estimated 32, 991 full time equivalent students (fiscal 2021). The district is governed by a seven-member board of trustees, and the day-to-day operations are managed by the board-appointed President & CEO.

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