

March 29, 2011

Summary:

Oakland Joint Powers Financing Authority, California; Special Assessments

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Credit Profile

Oakland Jt Pwrs Fing Auth reassess rev bnds ser 1999 (reasmt dist 99-1)

Long Term Rating

A/Stable

Upgraded

Rationale

Standard & Poor's Ratings Services raised its rating on Oakland Joint Powers Financing Authority, Calif.'s series 1999 reassessment revenue bonds to 'A' from 'A-' based on our opinion of:

- A moderately sized and affluent residential district, which has been substantially rebuilt following a fire in October 1991;
- The district's good historical tax collections and currently adequate coverage of future maximum annual debt service (MADS) based on fiscal 2010 collections; and
- A fully funded debt service reserve to protect against annual delinquencies.

The preceding credit strengths are offset in part by our view of the fixed nature of the assessment tax and adequate though not high coverage of annual debt service.

The bonds were issued pursuant to California's 1915 Bond Act and are secured by annual property assessments levied against property within the Oakland Reassessment District No. 99-1. The district is located in Oakland, Calif. and consists primarily of single-family homes on 1,600 acres. Each household is responsible for a total assessment of approximately \$290 annually through 2024.

The district was formed to facilitate the refunding of debt originally issued by Oakland's Fire Utility Underground Assessment District No. 1994-1 and Oakland Assessment District No. 1994-2 to fund the cost of installing underground utilities that were destroyed in the Oakland Hills fire of 1991.

The city reported that the debt service reserve is currently fully funded. The reserve requirement is defined under the bond documents as the least of 100% of MADS on the bonds, 125% of average annual debt service on the bonds, 10% of the principal amount of the then-outstanding bonds, or 10% of the net proceeds of the bonds.

The city reported that debt service for fiscal 2011 (payments were due on Sept. 2, 2010, and March 2, 2011) have been made. Based on collections totaling \$588,547 for fiscal 2010, coverage of future MADS, which occurs in 2014, would be 1.19x. The delinquency rate for fiscal 2010 was about 4%. The city reported that none of the top 10 assessment payers have outstanding delinquent assessments. In addition, we understand that the city has no plans to issue additional parity debt.

Outlook

The stable outlook reflects our opinion of the adequate coverage, which provides adequate cushion given current delinquency rates. However, based on current coverage levels, we do not expect to raise the rating within the two-year outlook period.

Related Criteria And Research

USPF Criteria: Special-Purpose Districts, June 14, 2007

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