

## S&P raises credit rating for Community Medical Centers

Credit-rating agency Standard & Poor's raised the credit rating on more than \$483 million in certificates of participation issued on behalf of Community Medical Centers in Fresno, boosting the rating from BBB to A-minus. The bonds were issued in 2007 and 2009 by the California Municipal Finance Authority for CMC.

An A-minus rating suggests that the issuing agency has a strong capacity to meet its financial obligations, while a BBB rating indicates that changing conditions could affect the borrower's ability to meet its commitment to creditors. In a statement, S&P said the upgraded long-term rating reflected a change in the criteria under which the rating service judges nonprofit hospitals as well as gradual improvement in Community's balance sheet, a track record of robust margins and its declining debt ratio.

A certificate of participation is a different type of debt from a bond. When an investor buys a bond, it's similar to a loan that is repaid with interest and secured by revenue from a given program. In a certificate of participation, according to Investopedia, the investor buys a share of the actual revenue stream itself.