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# **Los Angeles GO Bond Rating Raised to 'AA', Due To Resolution Of LADWP Litigation, Robust Economy, And Strong Management**

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SAN FRANCISCO (S&P Global Ratings) June 9, 2017--S&P Global Ratings raised its long-term rating on the city of Los Angeles, Calif.'s outstanding general obligation (GO) bonds to 'AA' from 'AA-' and raised its rating to 'AA-' from 'A+' on the city's outstanding lease revenue and judgment obligation bonds. At the same time, S&P Global Ratings assigned its 'AA' rating to the city's series 2017A and 2017B GO bonds. The outlook on all ratings is stable.

"The raised rating reflects the strong underlying economy that has recovered from recessionary lows, and management's continued ability to take the necessary actions to maintain budgetary balance and sound reserves," said S&P Global Ratings credit analyst Jenny Poree. "The outlook further reflects our expectation that the Los Angeles Department of Water and Power--or LADWP--settlement will be validated by a judge and will improve revenue certainty," Ms. Poree added.

The 2017A (taxable) GO bonds will be used for the permanent supportive housing loan program (bridge funding) and for the facilities program for to support access to mental healthcare, treatment, and other services. The 2017A bonds are the first series under the \$1.2 billion Prop. HHH. The city expects to issue debt annually for this program for 10 years. The 2017B bonds are refunding the city's existing series 2005-B, 2006-A, and 2008-A bonds for nearly 10% net present value, based on market conditions.

Los Angeles is the second-most populous in the U.S., with an estimated 2017 population of almost 4.04 million. The city's growth rate has been 6.1%, which is twice that of the county since 1990. The Los Angeles economy has stabilized since the Great Recession and has begun to demonstrate signs of strength. The metropolitan economy's employment base is broad and diverse, including primarily the entertainment, aerospace, international trade, tourism, and business services industries.

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