

**Rating Action: Moody's assigns MIG 1 to Los Angeles County's (CA) 2020-21  
TRANS, Series A**

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26 Jun 2020

New York, June 26, 2020 -- Moody's Investors Service has assigned a MIG 1 rating to Los Angeles County, CA's 2020-21 Tax and Revenue Anticipation Notes, Series A. The expected par amount is \$1.2 billion.

**RATINGS RATIONALE**

The MIG 1 rating reflects the strong long-term credit quality of Los Angeles County (Aa1 stable), as well as healthy short-term credit metrics. The credit strength of the notes also benefits from the predictability of the county's revenues and timing of receipts for repayment, with note holder protections that include the segregation of repayment funds into a dedicated account as well as ample alternate funds available for note repayment. The rating incorporates the quality of cash flow management, as indicated by the accuracy of the county's past projections and reasonable future cash flow assumptions.

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 Los Angeles County, CA. The county has received close to \$1.1 billion from the CARES act, which will significantly help offset costs related to the coronavirus that the county has incurred.

**RATING OUTLOOK**

Outlooks are not assigned to short-term ratings.

**FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING**

-Not applicable

**FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING**

-Significant reduction in anticipated cash position

-Erosion of alternate sources of liquidity

-Significant lowering of the outstanding long-term rating

**LEGAL SECURITY**

The notes are secured by a pledge of unrestricted fiscal 2021 general fund receipts.

**USE OF PROCEEDS**

The notes are being issued to fund the county's fiscal 2021 cash flow needs.

**PROFILE**

Los Angeles County is the largest county in the nation both by assessed value (\$1.6 trillion) and population (10.3 million). Its large and diverse economy is larger than 45 states and all but 17 countries. The county is governed by a five-member Board of Supervisors and day-to-day operations are managed by the Chief Executive Officer.

**METHODOLOGY**

The principal methodology used in this rating was Short-Term Cash Flow Notes published in April 2013 and available at [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM\\_PBM142246](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_PBM142246). Alternatively, please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

## REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: [https://www.moody's.com/researchdocumentcontentpage.aspx?docid=PBC\\_79004](https://www.moody's.com/researchdocumentcontentpage.aspx?docid=PBC_79004).

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Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at [https://www.moody's.com/researchdocumentcontentpage.aspx?docid=PBC\\_1133569](https://www.moody's.com/researchdocumentcontentpage.aspx?docid=PBC_1133569).

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