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# Monrovia, CA Issuer Credit Rating Raised To 'AA+' From 'AA' On Economic Growth; Outlook Is Stable

DALLAS (S&P Global Ratings) June 23, 2022--S&P Global Ratings raised its issuer credit rating (ICR) to 'AA+' from 'AA' on the City of Monrovia, Calif. At the same time, we raised our long-term rating to 'AA+' from 'AA' on the city's pension obligation bonds (POBs) outstanding. Lastly, we raised our long-term and underlying rating (SPUR) to 'AA' from 'AA-' on the city's lease revenue bonds outstanding. The outlook is stable.

"The upgrades reflect our view of the city's financial resilience and trajectory through the COVID-19 pandemic, with available general fund increasing to what we consider a very strong 21% at fiscal year-end 2021, supported by the city's well-integrated fiscal management practices and policies, and growing and diverse economic base," said S&P Global Ratings credit analyst Daniel Golliday.

The city's POBs are payable from any source of legally available funds. In addition, the city pledged its retirement tax revenues to pay for debt service on the bonds. We rate the POBs to be on par with the city's general creditworthiness, based on our view that the city's ability to pay the obligation is closely tied to its operations, and the revenue used to secure the POBs is not limited in scope and is not distinct or separate from its general fund.

The city's lease revenue bonds outstanding are secured by revenue from the Monrovia Financing Authority, which consists of an interest in base rental payments made by the city. Base rental payments are made from general revenue of the city pursuant to the facility leases and are subject to annual appropriation. Consistent with our "**Issue Credit Ratings Linked To U.S. Public Finance Obligors'**

Creditworthiness" criteria published Nov. 20, 2019, we rate the lease revenue bonds one notch below our view of the city's general creditworthiness to reflect our view of the risk of non-appropriation inherent to the lease structure.

The city's local economy demonstrated consistent growth during the past several years, illustrated by year-over-year increases in assessed value, partially due to continued residential and commercial property development within the city boundaries.

All else equal, we could raise the rating if the city's economy continues to expand and diversify, resulting in wealth and income metrics like those of higher-rated peers, coupled with meaningful debt reduction while strengthening its reserves to levels commensurate with those of peers.

We could lower the rating if the city experiences financial pressure that leads to a material decline in available fund balance to levels that are no longer comparable with those of similarly rated peers.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

**European Endorsement Status**
Global-scale credit rating(s) have been endorsed in Europe in accordance with the relevant CRA regulations. Note: Endorsements for U.S. Public Finance global-scale credit ratings are done per request. To review the endorsement status by credit rating, visit the spglobal.com/ratings website and search for the rated entity.

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