Moody's
INVESTORS SERVICE
Rating Action: Moody's assigns Aa1 to Palos Verdes Peninsula USD's (CA) G.O. bonds

Global Credit Research - 25 Jun 2015

$7.8M refunding debt affected; outstanding G.O. ratings affirmed

New York, June 25, 2015 --

Moody's Rating

Issue: General Obligation Refunding Bonds, Series 2015; Rating: Aa1; Sale Amount: $7,800,000; Expected Sale Date: 07/13/2015; Rating Description: General Obligation

Opinion

Moody's Investors Service has assigned an Aa1 rating to Palos Verdes Peninsula Unified School District's (CA) General Obligation Refunding Bonds, Series 2015 totaling approximately $7.8 million. We have also affirmed the Aa1 rating on the district's outstanding general obligation bonds totaling approximately $90.0 million.

SUMMARY RATING RATIONALE

The Aa1 rating reflects the strength of the district's sizeable, residential tax base that is poised for continued growth and the above-average socioeconomic profile of the district's residents. The district's reserves are below-average for the rating category, but we expect ongoing financial stability after a one-time dip in reserves in fiscal 2015. General fund liquidity has improved and benefits from additional funds held outside the general fund. The district has a low debt burden, a somewhat elevated pension burden, and a small OPEB obligation.

OUTLOOK

Outlooks are usually not assigned to local government credits with this amount of debt outstanding.

WHAT COULD MAKE THE RATING GO UP

• Trend of significant growth in assessed value and attainment of Basic Aid status
• Significant decrease in state funding uncertainty
• Significant improvement in the district's reserve levels

WHAT COULD MAKE THE RATING GO DOWN

• Deterioration of the district's financial profile, including reserve levels and liquidity
• Protracted decline in the district's assessed value

OBLIGOR PROFILE

Palos Verdes Peninsula Unified School District is located in Los Angeles County and provides educational services to students in the Cities of Palos Verdes Estates, Rancho Palos Verdes, Rolling Hills, and Rolling Hills Estates. The district is located approximately 26 miles south of downtown Los Angeles.

LEGAL SECURITY

The general obligation offering is secured by an unlimited property tax pledge of all taxable property within the district boundaries. Debt service on the rated debt is secured by the district's voter-approved unlimited property tax pledge. The county rather than the district will levy, collect, and disburse the district's property taxes, including the portion constitutionally restricted to pay debt service on general obligation bonds.
USE OF PROCEEDS

Proceeds from the current refunding will be used to partially refund the remaining General Obligation Refunding Bonds, Series 2005 on a current basis.

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2014. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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Christian Ward
Analyst
Public Finance Group
Moody’s Investors Service, Inc.
One Front Street
Suite 1900
San Francisco, CA 94111
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Patrick Liberatore
Analyst
Public Finance Group
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Releasing Office:
Moody’s Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
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