



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

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NEWS RELEASE**

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**SMMUSD Receives Highest Credit Rating
from One Agency, an Upgrade from Another**
Savings to Taxpayers could be near \$10 million

The Santa Monica-Malibu Unified School District recently had their 'Aaa' rating affirmed from Moody's Investors Service ("Moody's") for the second consecutive year (the highest rating assigned by Moody's), and received an upgraded rating from S & P Global to 'AA+', on existing general obligation bonds. Taxpayers will save close to \$10 million over the life of the bonds through lower borrowing costs associated with high ratings.

"We are so pleased to receive the strong ratings from both Moody's and S & P," School Board President Dr. Richard Tahvildaran-Jesswein said. "S & P highlighted the district's good management practices, and they were impressed with our long-term financial planning. It's great to hear from the credit agencies that we are doing a good job."

The S & P report states, "The positive rating action reflects our view of the district's recent transition to basic-aid status, whereby it is less reliant on volatile state revenue, and a tax base that grew by half over the past decade."

The S & P rating also reflects:

- Extremely strong and resilient local tax base, with very strong incomes, focused in one of Southern California's main economic centers
- Substantial, diverse array of supplemental revenue streams not common to most school districts in the state, such as the ability to realize property tax revenue above what is constitutionally allowed under the California funding formula
- Good financial management practices

Moody's included in their rationale the following strengths:

- exceptionally large, diverse, and growing tax base with high resident wealth levels
- very strong financial position bolstered by increasing local revenues and its recent transition into Community Funded (Basic Aid) status
- average debt burden, manageable pension and OPEB liabilities, and conservative management

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The district's ratings were updated as part of its successful \$120 million Measure ES general obligation bond issuance last week to fund planned modernization projects in Santa Monica and Malibu schools. "We are very pleased with the investor response to the SMMUSD sale," municipal advisor to the district Jon Isom of Isom Advisors said.

The district's senior managing banker at Raymond James John R. Baracy also commented, "We were able to successfully pre-market this transaction and garner \$700 million in orders for the \$120 million of general obligation bonds offered. The district was able to see almost a 10 basis point reduction in interest rates from the pre-pricing discussion to the final sale."

The SMMUSD Board of Education has approved a school improvement funding measure to be placed on November 2018 ballots, with a \$485 million bond for Santa Monica schools and \$195 million bond for Malibu schools. Learn more about school repairs and upgrades needed to meet [21st-century education standards](#).

"We are thrilled with the results of the rating meetings and the upgrade from S & P," Superintendent Dr. Ben Drati said. "Especially knowing that the upgrade could save taxpayers up to \$10 million."

Report links:

[S & P Global Rating Report](#)– 08/08/18

[Moody's Credit Report](#) - 08/07/18

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