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KBRA Affirms City of Los Angeles, CA G.O. Bonds at AA and Municipal Improvement Corporation of Los Angeles (MICLA) Lease Revenue Bonds at AA-; Outlook Remains Negative

KBRA affirms the long-term rating for the City of Los Angeles, CA General Obligation Bonds at AA. The Outlook remains Negative.

Concurrently, KBRA affirms the long-term rating for the MICLA Lease Revenue Bonds at AA-. The Outlook remains Negative.

Maintenance of the Negative Outlook reflects the lack of resolution of structural pressures tied to last year's downgrade. Despite a technically balanced FY 2027 Proposed Budget ("Proposed Budget"), growth in recurring expenditures, cumulative reserve levels that remain below the City's target, ongoing exposure to wildfire-related and other liability claims, and federal funding risks continue to pose budgetary challenges over the outlook period. In addition, there is the potential for material downside risk to the General Fund associated with the 2028 Olympics.

Continue reading.

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