

SESSION THREE

Ratings and Credit Enhancement



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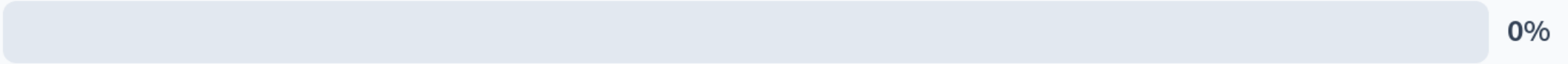
DEBRA WAGNER SAUNDERS
*Consultant, BondLink
Consultant, U.S. Department
of Energy*



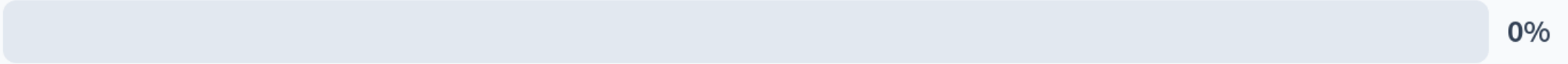
GRAHAM SCHNAARS
*Director, U.S. Public Finance
Fitch Ratings*

When was YOUR last rating agency interaction (new rating or review)?

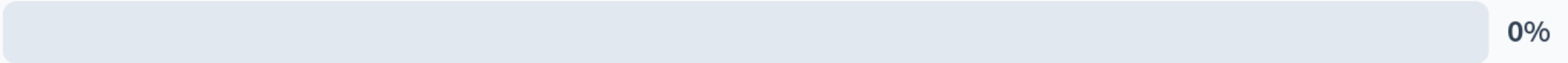
1-3 years



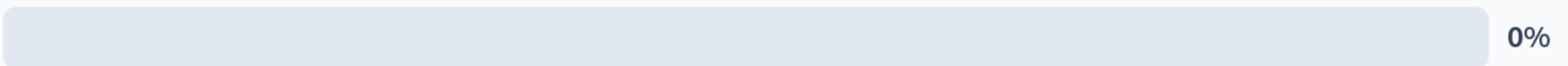
3-6 years



More than 6 years



Never



Which statement best describes your experience:

Excellent, our finance team prepared us well and we knew exactly what to expect.

0%

Good, we've been through the process before but there were some surprises.

0%

Fair, a little choppy but the rating agency analyst helped us through.

0%

Poor, we were blindsided by the approach.

0%

N/A, but we have a rating meeting coming up and we are nervous; we only issue insured or unrated bond...

0%

Ratings and their Role in Bond Issuance

FACTORS THAT INFORM PRICING:

- Sector and security
 - Other transaction in the market
 - Demand for munis in general
 - Structure/maturity
 - Secondary market liquidity
 - Credit enhancement
 - BOND RATINGS

TYPES OF SALE/THE RATING PROCESS:

- Negotiated sales:
 - MA, underwriter or issuer manages the process
- Competitive:
 - MA or Issuer

BOND RATINGS ARE...

- An analysis as of a point in time
- An opinion (subject to change) based on verifiable facts presented to the rating agencies
- Subject to revision based on
 - Changes in criteria
 - Changes in circumstances
 - Changes within your control/changes outside your control

BOND RATINGS ARE NOT...

- A confirmation of management's skills
- A political endorsement
- Negotiable
- A guaranty of repayment or liquidity



Questions for Rating Agencies

- **REGULATORY OVERSIGHT**

- How has the regulatory climate changed for rating agencies?
- How have rating agencies addressed regulations?
 - What information can a rating agency rely on (e.g., third party verifiable information)?
 - Are periodic reviews required?
 - What is the purpose of providing separate issuer and security ratings?
- Metrics and subfactors (the nuts and bolts of ratings) - how are they used in ultimate rating?

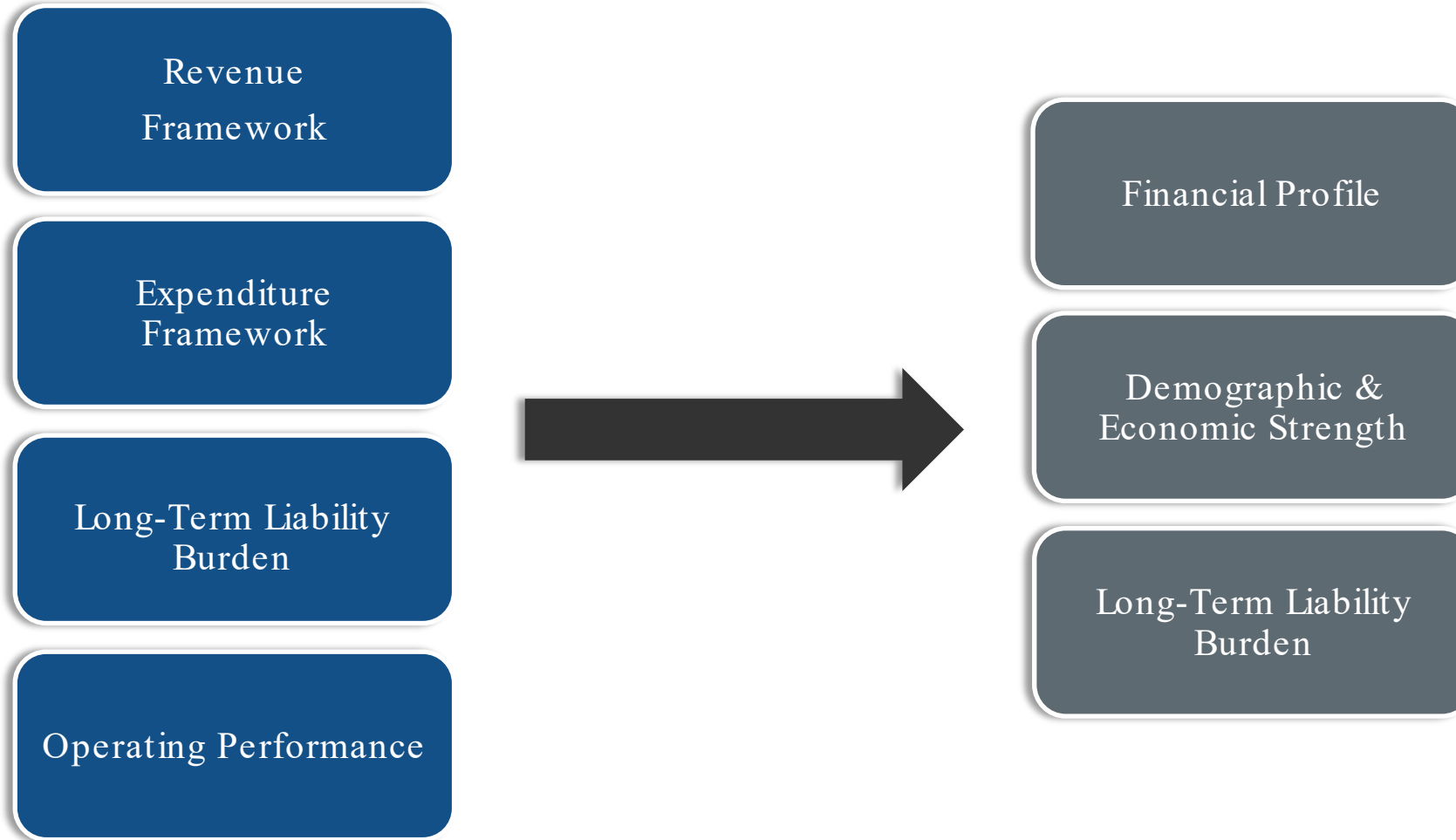
- **IF IT'S BEEN FIVE YEARS SINCE OUR LAST RATING...**

- Will there be different areas of focus? YES

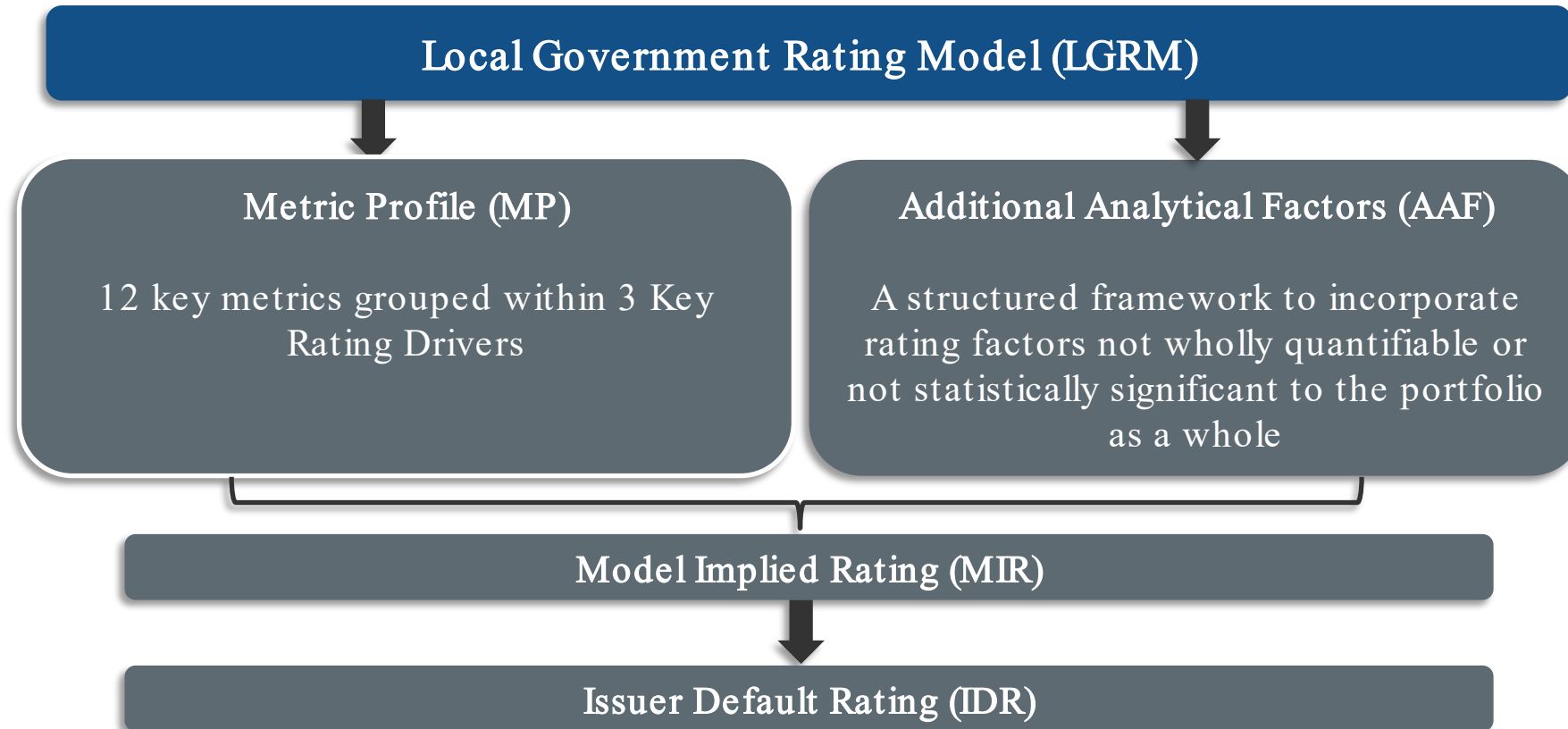
- **ONLINE RESOURCES AND TOOLS TO SELF-EDUCATE**

U.S. Public Finance Local Government Rating Criteria

Previous Criteria → Current Criteria Key Rating Drivers (KRDs)



Local Government Criteria Rating Framework



Main Enhancements From The New Criteria

- Fixed metric weightings provide greater rating clarity
- Creates a ranking of the credit quality of each individual issuer in the Fitch local government rating portfolio
 - All Fitch's local government ratings are ranked together
- Notch-specific ratings communicated numerically supporting analysis of "headroom" to the next higher or lower rating

Metric Profile and Model Implied Rating Correspondence Table

IDR	Numerical Value
AAA	10
AA+	9
AA	8
AA-	7
A+	6
A	5
A-	4
BBB+	3
BBB	2
BBB- and Below	1

Source: Fitch Ratings

Issuer Position Within AA Rating



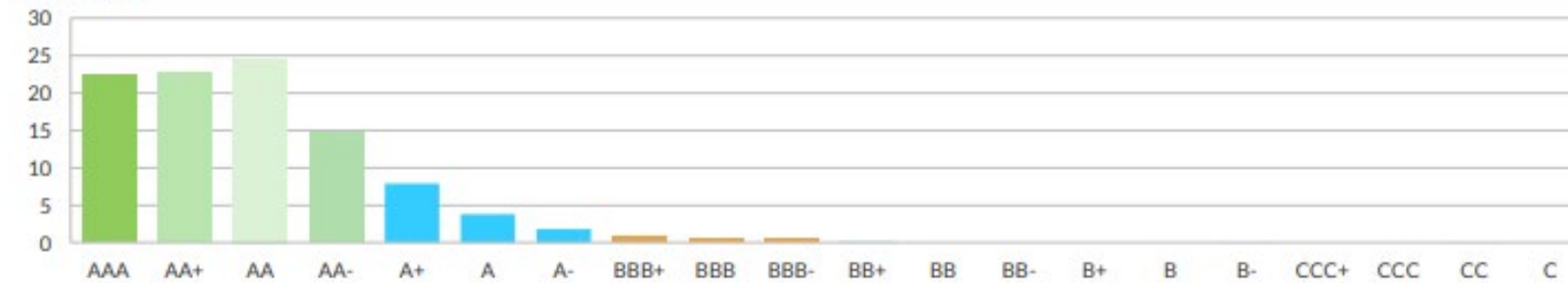
Fitch's U.S. Public Finance Tax Supported Rating Distribution

Tax-Supported Distribution

Rating Distribution (%)

As of July 1, 2024

(Issuer ratings)



Source: Fitch Ratings

Why The Change In Criteria?

- Quantify the relationship between credit metrics and ratings
- Leverage technology to provide a more quantitative, objective and consistent rating approach
- Allowing market participants to model financial inputs and observe potential rating impact
- Improve the ability to evaluate the portfolio through different economic cycles
- Enhance rating transparency and consistency
- Differentiate credits within a compressed rating portfolio
- Explicitly communicate rating headroom and sensitivity analysis
- Improve the ability to triage and screen the portfolio

3 Key Rating Drivers (KRDs) with 11 Metrics

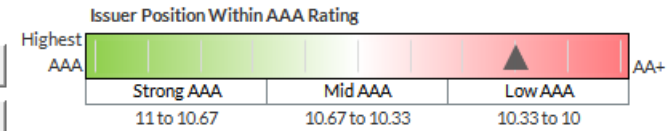
Key Rating Driver (Implied KRD Weight %)	Metrics	Implied Metric Weight (%)
Financial Profile (35%)	Financial Resilience	35
	Revenue Volatility	-
Demographic and Economic Strength (44%)	Population Trend	8
	Unemployment Rate	9
	% of Population w. Bachelor's Degree and Higher	9
	MHI as a % of Portfolio Median	9
	Population Size	4.5
	Economic Concentration	4.5
Long-Term Liability Burden (20%)	Liabilities (Overall)/ Personal Income	7
	Liabilities (Direct)/ Governmental Revenues	5
	Carrying Costs/ Governmental Expenditures	8

- The sum of the implied composite weights does not add up to 100% due to rounding
- The weights shown are indicative only to provide context as to relative factor importance, but are inputs into a regression analysis
- The weights for the individual subfactors are combined into composites for purposes of the model

LGRM External Model

Issuer	Sample City	Financial Profile	-1
Fiscal Year	2022	Demographic & Economic Stre	1
		Long-Term Liability Burden	1
		AAF Notching Total	1
Metric Profile	9.20	Model Implied Rating	10.20
Metric Profile Mapping	AA+	Model Implied Rating Mapping	AAA

Run Model
Clear Input



Metric	Level / CAGR ⁽¹⁾	Percentile	Weight	Percentile / Value	Assessment	Weight	Metric Profile
Financial Profile							
Financial Resilience Components							
Available Reserves (FB/Expenditures: 5-Year Low) (%)	25.9						
Revenue Control Assessment	Low			5	aaa	38%	
Expenditure Control Assessment	Midrange						
Budgetary Flexibility	Limited						
Financial Resilience	aaa	N/A	100%				
Lowest Cumulative 3 Year Revenue Performance (+/-) since 2008 (%)							
Revenue Volatility ⁽¹⁾	-10.0			10	Weak	N/A	
Demographic & Economic Strength							
Trend							
Population (CAGR) ⁽²⁾ (%)	-0.2	8%	60%	9%	Weakest	10%	AA+
Employment (CAGR) (%)	-0.7	9%	40%				
Level							
Unemployment Rate (Annual) ⁽³⁾ (%)	3.5	84%	33%	83%	Strongest	24%	
% Population w/ Bachelor's Degree and Higher ⁽²⁾	60.0	95%	33%				
MHI as a % of the Portfolio Median	120.7	71%	33%				
Concentration & Size							
Population Size ⁽²⁾⁽³⁾	58,000	100%	50%	100%	Strongest	7%	
Economic Concentration ⁽³⁾ (%)	33.8	100%	50%				
Long-Term Liability Burden							
Liabilities (Overall)/Personal Income (%)	6.8	66%	40%				
Liabilities (Direct)/Governmental Revenues (%)	338	5%	20%	32%	Weak	20%	
Carrying Costs/Governmental Expenditures (%)	21.9	12%	40%				

Analytical Judgment and Expertise

- Importance of analytical judgment remains vital within the proposed criteria and model
- There are opportunities at every step for the analyst and rating committee to incorporate issuer specific considerations
- Some examples of analytical adjustments include:
 - Historical data anomalies
 - Forward-looking performance shifts
 - Nonrecurring events
 - Scenario analysis
- Additional Analytical Factors (AAF)

Additional Analytical Factors (AAF)

- Additional Analytical Factors (AAF) draw upon analytical expertise and experience to incorporate rating factors that **are not wholly quantifiable**, such as management and governance, or *are measurable* but not statistically significant to the portfolio as a whole
- Common risk assessment metrics chosen for the model do not fully capture all relevant influences on credit quality
- Additional Analytical Factors (AAF) are grouped by Key Rating Driver (KRD), similar to the model metrics
- Maximum of +2/-2 AAF per KRD and total of +3/-3 overall

Key Rating Driver (KRD)	Additional Analytical Factors (AAF)
Financial Profile	Fiscal Oversight Revenue Capacity Contingent Risk Nonrecurring Support or Spending Deferrals Political Risk Management Practices
Demographic and Economic Strength	Economic and Institutional Strength Concentration Risk School District Enrollment
Long-Term Liability Burden	Pension Assumptions Pension Contributions OPEB Contributions Debt Structure Capital Demands

ESG Factors for Non-Tax-Supported U.S. Public Finance

Sector-Specific ESG Factors for Major U.S. Public Finance Sectors (Non-Tax-Supported)

Environmental Factors	Public Power	Water & Sewer	Hospitals	Higher Education	Housing (Master Revenue, HFA GO, Other) ^a
GHG Emissions and Air Quality	Emissions from operations				N.A.
Energy Management	Fuel used to generate energy	Energy use in operations			N.A.
Water and Wastewater Management	Water use by hydroelectric or other generating plants; effluent management	Water use in operations		Water use, consumption, resource availability	N.A.
Waste and Hazardous Materials Management; Ecological Impacts	Waste from operations	Impact of waste including pollution; discharge compliance	Management of medical waste	Land planning and development; construction	Environmental site risk; remediation and liability; sustainable building
Exposure to Environmental Impacts	Plant and network exposure to extreme weather events	Exposure to extreme weather events	Business disruption from climate change; impacts that change human health needs	Exposure to extreme weather events that disrupt operations	Asset, operations and/or cash flow exposure to extreme weather events and other catastrophe risk
Social Factors					
Human Rights, Community Relations, Access and Affordability	Product affordability and access		Low-income patient access	Relationships with local communities; access and affordability	Low-income resident access; housing affordability
Customer Welfare – Fair Messaging, Privacy and Data Security	Quality and safety of products and services; data security		Data privacy; care quality and safety outcomes; controlled substance management; pricing transparency	Data security and privacy; fair marketing of costs and educational outcomes	Quality and safety of products and services; data security
Labor Relations and Practices	Impact of labor negotiations and employee (dis)satisfaction		Impact of labor negotiations and employee (dis)satisfaction; recruitment and retention of skilled healthcare workers	Impact of labor negotiations and employee (dis)satisfaction; employee recruitment and retention; workforce diversity	Impact of labor negotiations and employee (dis)satisfaction; recruitment and retention of skilled workers
Employee Wellbeing					
Exposure to Social Impacts	Social resistance to major projects that leads to delays and cost increases	Social resistance to major projects that leads to delays and cost increases and/or unfavorable regulatory regimes	Social pressure to contain healthcare spending growth; sensitive political environment with impactful legislative changes	Social or consumer-driven changes impacting demand and/or public support	Macroeconomic factors and a sustained structural shift in secular preferences affecting consumer behavior and underlying mortgages and/or mortgage availability
Governance Factors					
Management Strategy	Strategy development and implementation			Management effectiveness in executing strategy and mission components; ability to manage through an economic cycle	Strategy development and implementation
Governance Structure	Governing body independence and effectiveness; degree of political or external influence	Board independence and effectiveness; ownership concentration		Board independence and effectiveness in fiduciary and strategic efforts; ownership concentration; span of control	Governing body independence and effectiveness; degree of political or external influence
Group Structure	Complexity, transparency and related-party transactions				Complexity, transparency and related counterparty risk
Financial Transparency	Quality and timing of financial disclosure			Quality, timing, frequency, reliability, level of detail and scope of financial disclosure	Quality and timing of financial disclosure

^aThe CDSL group maintains three ESG Housing Navigators: Master Revenue, HFA GO and Other; Military Housing and Affordable Housing; and HFA Loan Program Master.
HFA – Housing finance agency. N.A. – Not applicable.
Source: Fitch Ratings.

ESG Factors for State and Local Governments

Sector-Specific ESG Factors for U.S. Public Finance Tax-Supported Issuers (State and Local Governments)

Environmental Factors	
GHG Emissions and Air Quality	Emissions and air pollution as constraints on economy and revenue growth; enforcement/compliance with governmental/regulatory standards
Energy Management	Impact of energy resources management on economy and governmental operations, including enforcement/compliance with governmental/regulatory standards
Water Resources Management	Water resource availability impacts on economy and governmental operations, including enforcement of governmental/regulatory standards
Biodiversity and Natural Resources Management	Impact of natural resources management on economy and governmental operations
Natural Disasters and Climate Change	Impact of extreme weather events and climate change on economy, governmental operations and policy related to natural disasters treatment
Social Factors	
Human Rights and Political Freedoms	Policy framework on social stability and human rights protection
Human Development, Health and Education	Impact of health and education on economic resources and governmental operations
Labor Relations and Practices	Impact of labor negotiations and employee (dis)satisfaction
Public Safety and Security	Impact of public safety and security (including cybersecurity) on business environment and/or economic performance
Demographic Trends	Impact on economic strength and stability (labor force supply, household income, population and aging, etc.)
Governance Factors	
Political Stability and Rights	Impact of political pressure or instability on operations; tendency toward unpredictable policy shifts
Rule of Law, Institutional and Regulatory Quality, Control of Corruption	Governmental effectiveness; control of corruption; regulatory quality; management practices and their effectiveness; respect for property rights
International Relations and Trade	Trade agreements and impact on economy and revenue growth
Creditor Rights	Willingness to service and repay debt; exposure to outstanding or pending litigation
Data Quality and Transparency	Limitations on quality and timeliness of financial data, including transparency of public debt and contingent liabilities

Source: Fitch Ratings.

MOODY'S

RATINGS

Ratings and Research - San Francisco, CA

- Alexandra Cimmiyotti, VP- Senior Credit Officer

- Public Finance Group

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Who we are and what we do

FACTS & FIGURES

Full Year 2023

33,200+

Rated Organizations and Structured Deals

4,800+
Non-Financial
Corporates



2,300+
Financial
Institutions



980+
Insurance
Organizations



14,700+
US Public
Finance Issuers



8,900+
Structured
Finance Deals



1,000+
Infrastructure &
Project Finance
Issuers



370+
Sub-Sovereigns



144
Sovereigns*

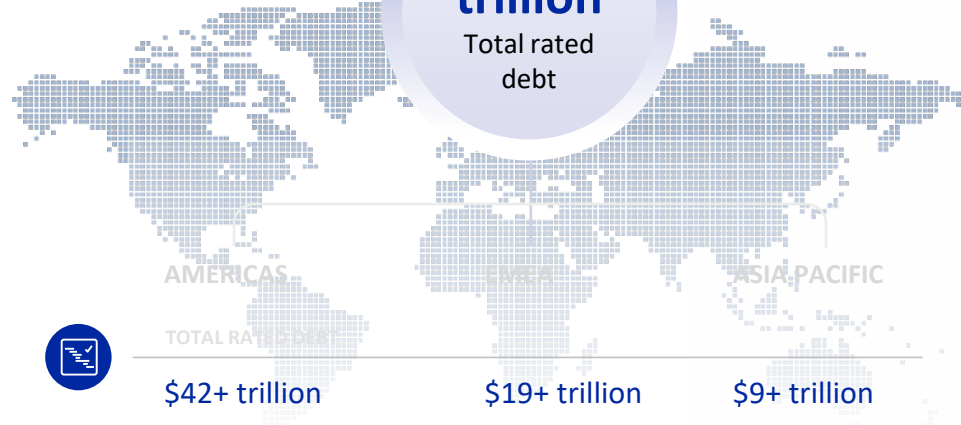


47
Supranational
Institutions*



\$73+
trillion

Total rated
debt



TOTAL RATED DEBT



RATED ORGANIZATIONS AND STRUCTURED DEALS

26,600+

4,500+

2,100+



PUBLICATIONS

13,900+

4,700+

6,100+



26,400+ Publications globally

19,300+
Issuer
Research

2,200+
Sector
Research

4,800+
Other
Reports

190+
Rating
Methodologies

Source: Moody's Investors Service as of 02 January 2024
Research and Events data covers the period 01 January 2023 to 31 December 2023
For the 'Total Rated Debt' section, the regional breakdown displayed excludes figures related to Supranational Institutions
All numbers are rounded other than those marked *



PEOPLE

13,500+
MCO employees

1,700+
Analysts

40+
Countries/Regions



EVENTS

540+
Global events

≈58,000
Global participants



AWARDS &
RECOGNITION

Award-winning expertise in credit ratings, research and risk analysis. For more information, visit awards.moody.io

What is a Moody's Credit Rating?

Provide investors with a simple system of gradation by which future relative creditworthiness of securities may be gauged

Rating	Description
Aaa	Highest quality, with lowest level of credit risk
Aa	High quality and subject to very low credit risk
A	Upper-medium grade and subject to low credit risk
Baa	Medium grade, moderate credit risk, and may possess certain speculative characteristics
Ba	Speculative and subject to substantial credit risk
B	Speculative and subject to high credit risk
Caa	Speculative of poor standing and subject to very high credit risk
Ca	Highly speculative and likely in, or very near, default, with some prospect of recovery of principal and interest
C	Typically in default, with little prospect for recovery of principal or interest

Moody's Rating Methodology



Published rating methodologies ensure **a consistent approach**

Methodologies include **a rating grid**: a summary of the main qualitative and quantitative factors considered



Methodology grids provide **transparency for issuers and investors** to understand the rating outcome



It is **not an exhaustive treatment** of all factors reflected in Moody's ratings: the indicated outcome from the grid can and does often differ from the actual rating assigned

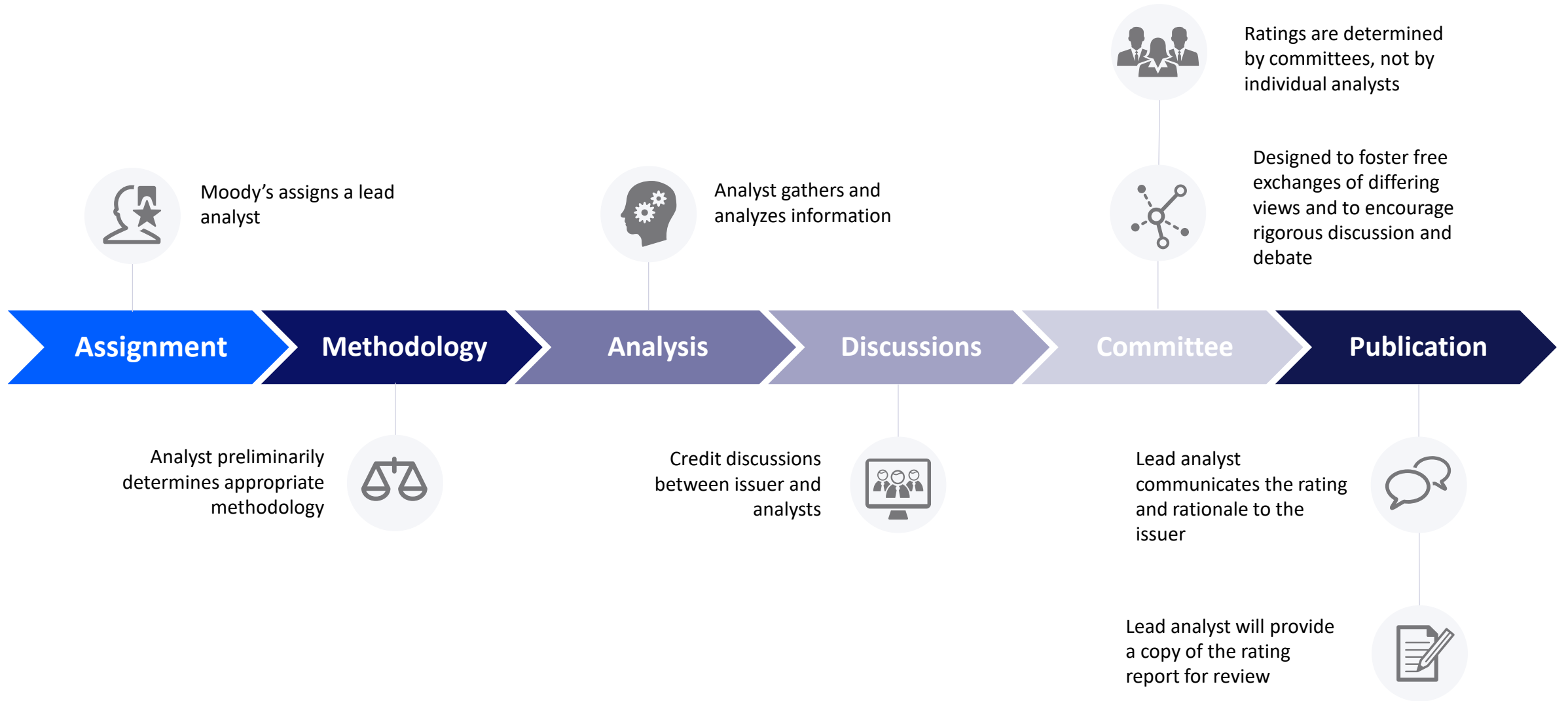


All financial ratios are adjusted using **Moody's Global Standard Adjustments**

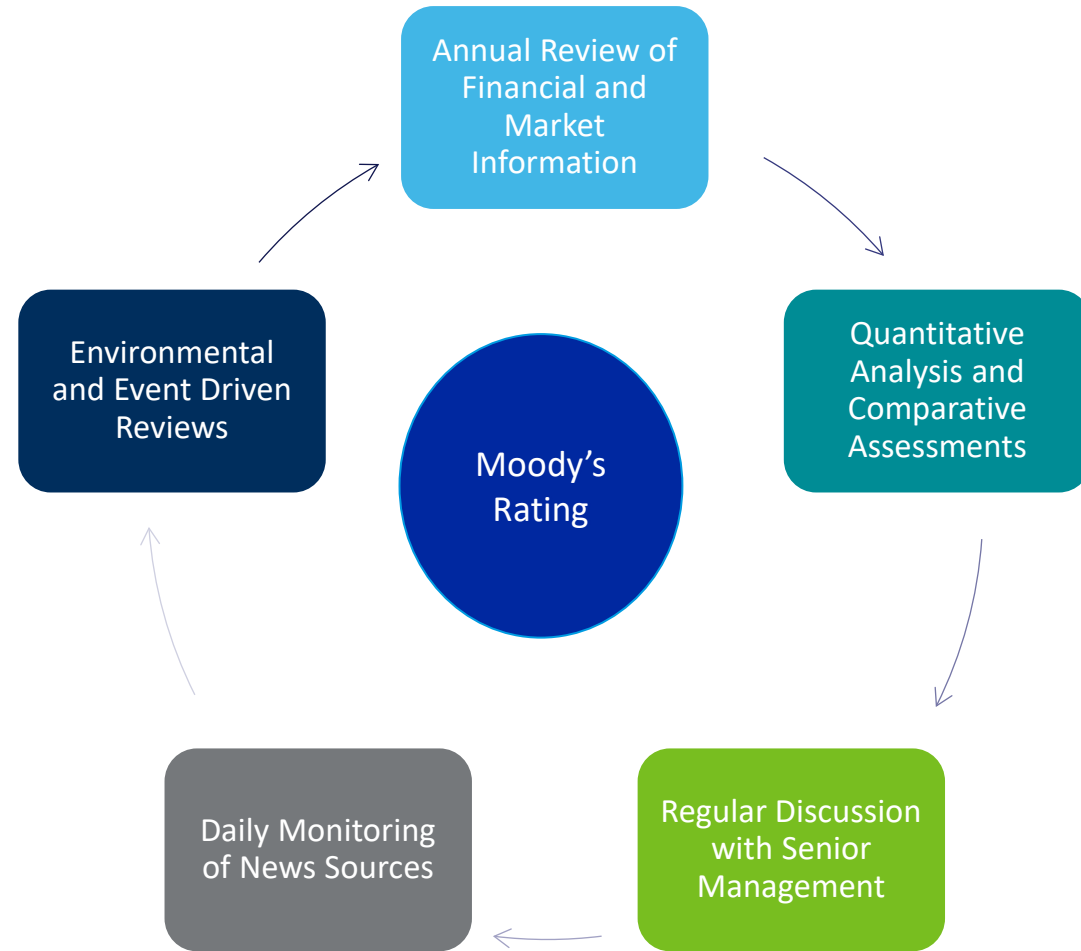


Rating assignments/changes are made by rating committees, taking into account a wide range of factors, which are not restricted to credit metrics or the methodology

The Rating Process – Six Steps



Long-term rating relationship with regular monitoring



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Cities and Counties

Cities and Counties Methodology

Transition of cities and counties from security-based to sector-based approach

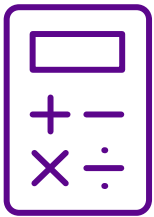


Arriving at the issuer rating



Arriving at the issuer rating – Step 1

Scorecard Factors



Step 1

Economy

- Resident Income 10%
- Full Value Per Capita 10%
- Economic Growth 10%

Financial Performance

- Available Fund Balance Ratio 20%
- Liquidity Ratio 10%

Institutional Framework

Assesses the control governments have over their revenues and expenditures, and what limitations are placed on that flexibility 10%

Leverage

- Long-term Liabilities Ratio 20%
- Fixed-Costs Ratio 10%

City & County Methodology (City of ABC)

	WEIGHTS	INPUT	SCORE	Aaa	Aa	A	Baa	Ba	B	Caa	Ca
Economy											
Resident Income (MHI Adjusted for RPP / US MHI)	10.0%	81.0%	0.74	>=120%	100 - 120%	80 - 100%	65 - 80%	50 - 65%	35 - 50%	20 - 35%	<20%
Full value per capita (full valuation of the tax base / population)	10.0%	\$38,692	0.77	>=\$180,000	\$100,000 - \$180,000	\$60,000 - \$100,000	\$40,000 - \$60,000	\$25,000 - \$40,000	\$15,000 - \$25,000	\$9,000 - \$15,000	<\$9,000
Economic Growth (5-year CAGR real GDP - 5-year CAGR US real GDP)	10.0%	0.5%	0.13	>=0%	(1) - 0%	(2.5) - (1.5)%	(4.5) - (2.5)%	(7) - (4.5)%	(10) - (7)%	(15) - (10)%	<(15)%
Financial Performance											
Available Fund Balance Ratio (Available Fund Balance + Net Current Assets / Revenue)	20.0%	33.5%	0.39	>=35%	25 - 35%	15 - 25%	5 - 15%	0 - 5%	(5) - 0%	(10) - (5)%	<(10)%
Liquidity Ratio (Unrestricted Cash / Revenue)	10.0%	31.5%	0.40	>=40%	30 - 40%	20 - 30%	12.5 - 20%	5 - 12.5%	0 - 5%	(5) - 0%	<(5)%
Institutional Framework											
Institutional Framework	10.0%	Aa	0.30	Aaa	Aa	A	Baa	Ba	B	Not applicable.	Not applicable.
Leverage											
Long-term Liabilities Ratio ((Debt + ANPL + Adjusted Net OPES + Other Long-Term Liabilities) / Revenue)	20.0%	480.4%	2.02	<=100%	100 - 200%	200 - 350%	350 - 500%	500 - 700%	700 - 900%	900 - 1100%	>1100%
Fixed-Costs Ratio (Adjusted Fixed Costs / Revenue)	10.0%	18.4%	0.66	<=10%	10 - 15%	15 - 20%	20 - 25%	25 - 35%	35 - 45%	45 - 55%	>55%
Notching factors											
Additional strength in local resources		0.0	0 to +2								
Limited Scale of Operations		0.0	-1 to 0								
Financial Disclosures		0.0	-2 to 0								
Potential Cost Shift to or from the State		0.0	-1 to +1								
Potential for Significant Change in Leverage		0.0	-2 to +1.5								
Total Factor Notching		0.0									

Scorecard Indicated Outcome: **A1**

Sources: US Census Bureau,

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Arriving at the issuer rating – Step 2



1. Additional strength in local resources
2. Limited scale of operations
3. Financial disclosures
4. Potential cost shift to or from the state
5. Potential for significant change in leverage

Notching Factors


Notching factors are quantitative

Notching Factor	Notching Range
Additional Strength in Local Resources	0 to +2
Limited Scale of Operations	-1 to 0
Financial Disclosures	-2 to 0
Potential Cost Shift to or from the State	-1 to +1
Potential for Significant Change in Leverage	-2 to +1.5

Source: Moody's Investors Service

Arriving at the issuer rating – Step 3

Other Considerations



Step 3

Examples of qualitative Other Considerations:



Environmental, Social and Governance

Exposure to natural disaster risk may influence credit strength. The risk of teacher strikes are an example of a social consideration. Weak or opaque governance can negatively affect school performance.



Competitive Considerations

Academic performance measures may result in competitive strength. The risk of future enrollment losses to charter schools or other open-enrollment public schools may not already be reflected in the scorecard.




Extraordinary State Support

State may provide meaningful financial or managerial support, bolstering a weak fundamental credit profile.

Arriving at the issuer rating – Step 3

**Other
Considerations**



Step 3

Examples of qualitative other considerations (not an exhaustive list):

- Fund-specific financial considerations
- Competitive enterprise risk in governmental or business-type activities
- Likelihood of receiving extraordinary or ongoing support
- Strengths or weaknesses related to economic concentration
- Unusual risk or benefit posed by long-term liabilities

Other Considerations

These considerations are qualitative and only relevant to certain issuers

- Environmental, Social and Governance Considerations
- Event risk
- Strengths or weaknesses related to economic concentration
- Unusual strengths or weaknesses related to budgets or liquidity
- Fund specific financial considerations
- Competitive enterprise risk in governmental or business-type activities
- Strengths or weakness associated with component units or other related entities
- Related local governments
- Likelihood of receiving extraordinary or ongoing support
- Financial controls
- Unusual Risk or Benefit Posed by Long-Term Liabilities
- History or likelihood of impaired liquidity or market access or missed debt service payments
- Expected decline or improvement in instrument-level credit quality
- Considerations specific to US Native American Tribal Nations
- Additional metrics

Moody's Investors Service ESG Scores Explained

Our scores are **NOT** an opinion about an issuer's sustainability performance or ESG disclosures

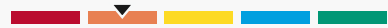
Credit Impact Score (CIS)

Reflects the impact of ESG on the credit rating
NOT a combination of E, S and G-IPS

Example of Score:

CIS-4

Highly Negative



- Indicates the extent to which the credit rating would have been different in the absence of ESG issues
- Places ESG in the context of other rating considerations
- CIS-1 (Positive) assigned only if the credit rating is better because of ESG factors

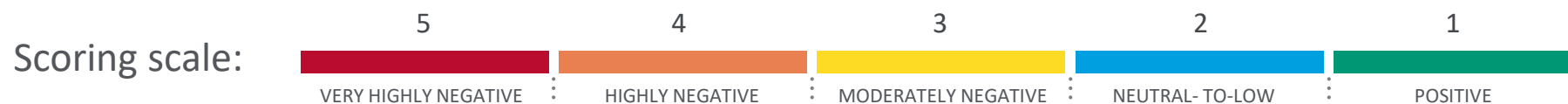
Issuer Profile Scores (IPS)

IPS is our assessment of the issuer's exposure to Environmental (E), Social (S) or Governance (G) risks / benefits material to credit risk including relevant mitigants

Example of Scores:



- Scores are global and comparable across sectors
- Incorporate management's action/mitigants
- E-1, S-1 or G-1 (Positive) assigned only when considerations have material credit benefits



ESG Classification System Incorporates Credit Relevant Considerations



Environmental

Physical climate risks
Carbon transition
Water management
Waste and pollution
Natural capital



Social

Private sector	Public sector
Customer relations	Access to basic services
Demographic and societal trends	Demographics
Human capital	Education
Health and safety	Health and safety
Responsible production	Housing
	Labor and income



Governance

Private sector	Public sector
Financial strategy & risk management	Institutional structure
Management credibility & track record	Policy credibility and effectiveness
Organizational structure	Budget management
Board structure, policies & procedures	Transparency and disclosure
Compliance & reporting	

ESG Integration into Credit Analysis

Our rating analysis considers all material credit considerations, including ESG

SECTOR-SPECIFIC METHODOLOGIES

Methodology Scorecard / Model

Other Considerations

ESG CROSS-SECTOR METHODOLOGY

CREDIT RATING

ESG CREDIT IMPACT SCORE*

CIS-1 Positive

CIS-2 Neutral-to-low

CIS-3 Moderately Negative

CIS-4 Highly Negative

CIS-5 Very Highly Negative

Environmental IPS



- Carbon transition
- Physical climate risks
- Water management
- Waste and pollution
- Natural capital

ISSUER PROFILE SCORES

Social IPS



- Customer relations
- Human capital
- Demographic and societal trends
- Health and safety
- Responsible production

Governance IPS



- Financial strategy & risk management
- Management credibility & track record
- Organizational structure
- Compliance & reporting
- Board structure, policies & procedures

The ESG credit impact score (CIS) is an output of the rating process that more transparently communicates the impact of ESG considerations on the credit rating of an issuer or transaction.

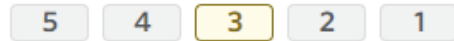
ESG Credit Impact Score

ENVIRONMENTAL

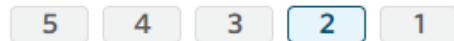
E-3
Moderately Negative

Risk Categories

Physical Climate Risks



Carbon Transition



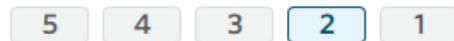
Water Management



Natural Capital



Waste and Pollution



SOCIAL

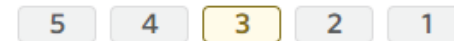
S-3
Moderately Negative

Risk Categories

Demographics



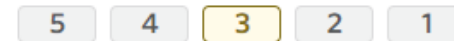
Labor and Income



Education



Housing



Health and Safety



Access to Basic Services

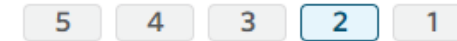


GOVERNANCE

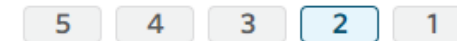
G-2
Neutral-to-Low

Risk Categories

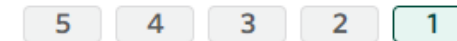
Institutional Structure



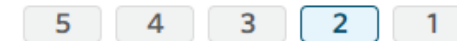
Policy Credibility & Effectiveness



Budget Management



Transparency and Disclosure



CIS-2

Neutral-to-Low

Analyst Commentary

Los Angeles' ESG Credit Impact Score is neutral-to-low (CIS-2), reflecting moderately negative environmental risks, strong governance, and moderately negative exposure to social risks.

Physical Climate Risks

Climate Hazard Risk: from Moody's ESG Solutions			
Hazard	Risk Level		Score
Floods	LOW		16
Heat Stress	MEDIUM		48
Hurricanes & Typhoons	NONE		0
Sea Level Rise	LOW		10
Water Stress	HIGH		78
Wildfires	HIGH		82

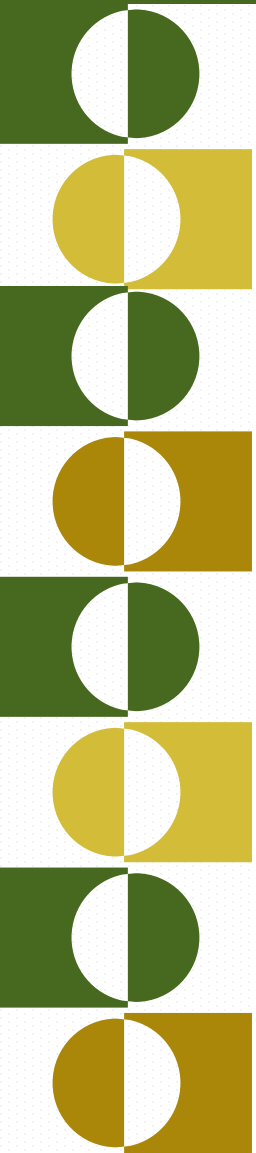
Los Angeles, California



Source: Moody's ESG Solutions

[Methodology](#)

THE RATING PRESENTATION

- 
- Information
 - Presentation
 - Advisors and Bankers – use their experience
 - In Person
 - Virtual
 - Site Visits

FRAME THE DISCUSSION

- Factor/subfactor as guidance
- Outliers/special factors to consider
- Consistency vs. TMI
- Historic and forecasts
- ESG?
- Making the Case

QUESTIONS?



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