

**Rating Action: Moody's assigns Aa2 to Lindbergh Schools, MO's COPs, Series 2020**

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New York, July 07, 2020 -- Moody's Investors Service has assigned a Aa2 rating to Lindbergh Schools, MO's \$8.3 million Certificates of Participation, Series 2020. Moody's maintains the Aa2 rating on the district's outstanding appropriation debt issued for more essential purposes. Following the sale, the district will have \$186.6 million in outstanding GOULT debt and \$15.4 million in outstanding appropriation debt.

**RATINGS RATIONALE**

The Aa2 rating on the district's lease appropriation debt represents a one-notch distinction from the district's Aa1 GOULT rating and reflects the inherent underlying credit quality of the district, the risk of non-appropriation, and the more essential nature of the financed projects (energy conservation enhancements).

The district's Aa1 GOULT rating reflects a large tax base which benefits from its proximity to the City of St. Louis (Baa1 stable), above average resident income indices, and stable financial performance with maintenance of healthy reserves despite recent modest draws for one-time capital expenditures and debt defeasance. The rating also incorporates the district's elevated, but manageable, debt and pension burdens.

We regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety. The coronavirus crisis is not a key driver for this rating action given the district's healthy operating reserves and we do not see any material immediate coronavirus related credit risks for the district. However, the situation surrounding coronavirus is rapidly evolving and the longer term impact will depend on both the severity and duration of the crisis. If our view of the credit quality of the district changes, we will update the rating and/or outlook at that time.

**RATING OUTLOOK**

Moody's does not generally assign outlooks to local government credits with this amount of debt outstanding.

**FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING**

- Material decline in debt and pension burdens (GOULT)
- Trend of strong tax base growth that positively impacts the district's operations (GOULT)
- Upgrade of the district's GOULT rating (lease appropriation)

**FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING**

- Trend of operating imbalance or significant capital spend down resulting in weaker reserves (GOULT)
- Further leveraging of the tax base absent corresponding taxable value growth (GOULT)
- Downgrade of the district's GOULT rating (lease appropriation)

**LEGAL SECURITY**

The Series 2020 certificates evidence undivided ownership interests in the right to receive the basic rent payments paid by the district for the lease of the equipment pursuant to the lease and to the extent received by the trustee, interest earnings, proceeds of insurance and condemnation awards, and proceeds of any lease or sale of the trustee's interest in the equipment. The obligation of the district to pay basic rent payments on the Series 2020 certificates is limited to lawfully available revenues that are budgeted and appropriated by the district for payment of the certificates and represent a current expense of the district and do not obligate the district beyond the fiscal year during which the lease is in effect. The lease also provides the district will make basic rent payments at least five business days prior to the scheduled due date. To secure payment of all the district's obligations under the lease, the district has granted to the trustee a security interest in the equipment.

The district intends, but has not pledged, to satisfy its obligations to make basic rent payments primarily out of its capital projects fund.

#### USE OF PROCEEDS

Proceeds of the Series 2020 certificates will provide funds for a portion of the project which consists of acquiring and installing energy conservation improvements at various district facilities.

#### PROFILE

Lindbergh Schools encompasses 24 square miles in the southern section of St. Louis County (Aaa stable) and serves all of some of the municipalities of Crestwood, Fenton, Grantwood Village, Green Park, Kirkwood (Aa1), Lakeshire, and Sunset Hills. Enrollment was approximately 7,100 students for the fiscal 2020 school year.

#### METHODOLOGY

The principal methodology used in this rating was Lease, Appropriation, Moral Obligation and Comparable Debt of US State and Local Governments published in July 2018 and available at [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM\\_1102364](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1102364) . Alternatively, please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

#### REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_79004](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004).

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