

Rating Action: Moody's assigns Aaa to Weston, MA's GO Bonds

13 Jan 2020

New York, January 13, 2020 -- Moody's Investors Service has assigned a Aaa rating to the Town of Weston, MA's \$30.4 million General Obligation Municipal Purpose Loan of 2020 Bonds. Concurrently, we have affirmed the Aaa ratings on the town's outstanding general obligation unlimited tax and general obligation limited tax (GOLT) bonds. The outlook is stable.

The outstanding general obligation unlimited tax bonds are considered unlimited tax because the entire amount of debt service has been voted excluded from restrictions under Massachusetts law on the town's ability to increase the property tax levy to pay debt service, referred to as Proposition 2 1/2. We consider the pledge supporting the outstanding limited tax bonds to be general obligation limited tax because not all of the debt service has been excluded under Proposition 2 1/2.

RATINGS RATIONALE

The Aaa rating incorporates a sizeable and wealthy tax base favorably located near Boston (Aaa stable). The rating also reflects the town's stable financial position, manageable debt burden and pension liability, and an aggressive OPEB funding policy.

The absence of distinction between the GOLT rating and the general obligation unlimited tax rating reflects the town's ability to override the property tax cap and its pledge of its full faith and credit.

RATING OUTLOOK

The stable outlook reflects our expectation that Weston will maintain a sound financial position bolstered by strong fiscal management. The outlook also incorporates the town's commitment to addressing its long-term liabilities while budgeting and managing expenditures conservatively. The sizeable tax base with very strong resident wealth and income profile, and a history of taxpayer support for capital expenditures, provide additional stability.

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Growing unfunded liabilities for pension and OPEB
- Trend of operating deficits leading to a decline in reserves and liquidity
- Significant deterioration in the tax base valuation or resident wealth and income

LEGAL SECURITY

The bonds are secured by the town's full faith and credit, general obligation limited tax pledge as not all debt service has been excluded from the tax levy limitation of Proposition 2 1/2.

USE OF PROCEEDS

Bond proceeds will redeem approximately \$17.45 million of outstanding bond anticipation notes scheduled to mature and provide new money for various capital projects of the town.

PROFILE

Weston is a primarily residential town with a population of 12,027 (2017 American Community Survey) and is located 12 miles west of Boston.

METHODOLOGY

The principal methodology used in these ratings was US Local Government General Obligation Debt published in September 2019. Please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

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