

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns Aaa to Wellesley, MA GOs

06 May 2024

New York, May 06, 2024 -- Moody's Ratings (Moody's) has assigned a Aaa rating to the town of Wellesley, Massachusetts's \$19 million General Obligation School Bonds. Moody's maintains the Aaa issuer rating and Aaa rating on the town's outstanding rated general obligation unlimited tax (GOULT) and general obligation limited tax (GOLT) bonds. The town has approximately \$190 million in debt outstanding. The outlook is stable.

RATINGS RATIONALE

The Aaa issuer rating reflects the town's very affluent tax base with institutional presence, strong fiscal management with stable operations although reserves as a percent of revenue are below the national median for the highest rating category. The rating also incorporates a recent increase to the debt burden that is expected to remain manageable and strong funding commitment towards unfunded pension and OPEB liabilities.

The absence of distinction between the GOLT, GOULT, and issuer ratings reflects the town's ability to override the property tax cap and its pledge of its full faith and credit.

RATINGS OUTLOOK

The stable outlook reflects the town's conservative budgeting and adherence to formalized financial policies that will support balanced operations in the future. The outlook also incorporates the additional financial flexibility provided by the strong tax base with voter approved debt exclusions to the tax levy limits of Proposition 2 1/2.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Decline in available reserves
- Material increase in the debt burden or unfunded pension and OPEB liabilities
- Large and sustained deterioration in the tax base valuation

LEGAL SECURITY

The bonds are backed by the town's full faith and credit general obligation unlimited tax pledge given that the entire amount of debt service has been voted by the town as excluded to the tax levy limit under Proposition 2 1/2.

USE OF PROCEEDS

Bond proceeds will finance construction of an elementary school.

PROFILE

Wellesley is located 15 miles west of Boston (Aaa stable) with a population of approximately 29,000. It is primarily residential in composition and is home to Wellesley College (Aa1 stable) and Babson College (A1 stable).

METHODOLOGY

The principal methodology used in this rating was US Cities and Counties Methodology published in November 2022 and available at <https://ratings.moodys.com/rmc-documents/386953>. Alternatively, please see the Rating Methodologies page on <https://ratings.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 on <https://ratings.moodys.com/rating-definitions>.

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Christopher Yared
Lead Analyst
REGIONAL_NE
Moody's Investors Service, Inc.
Zionsville
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Thomas Jacobs
Additional Contact
REGIONAL_NE
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

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