

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns MIG 1 to Town of Wellesley, MA BANs; affirms Aaa issuer rating

12 May 2025

New York, May 12, 2025 -- Moody's Ratings (Moody's) has assigned a MIG 1 rating to the town of Wellesley, Massachusetts's expected \$7.5 million General Obligation Bond Anticipation Notes. We have affirmed the town's outstanding Aaa issuer, general obligation limited tax (GOLT), and general obligation unlimited tax (GOULT) ratings. Post sale, the town will have approximately \$200 million in debt outstanding.

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.

The MIG 1 rating reflects the town's strong underlying credit quality, as evidenced by the Aaa long-term rating and established history of market access.

RATING OUTLOOK

We do not assign outlooks to local government credits with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Decline in available reserves below 25% of revenue
- Material increase in long term liabilities above 300% of revenue
- Large and sustained deterioration in the tax base valuation

LEGAL SECURITY

The notes are valid and binding general obligations of the town and are payable from taxes levied upon all taxable property within the town without limitation as to rate or amount.

USE OF PROCEEDS

Note proceeds will finalize financing for the new Hardy Elementary School, which opened to students in September 2024.

PROFILE

Wellesley is located 15 miles west of Boston (Aaa stable) with a population of approximately 30,000. 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 the issuer and long-term rating was US Cities and Counties published in July 2024 and available at <https://ratings.moodys.com/rmc-documents/425429>. The principal methodology used in the short-term rating was US Municipal Short-term Debt published in October 2024 and available at <https://ratings.moodys.com/rmc-documents/430699>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

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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