



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

28 Feb 2019

New York, February 28, 2019 -- Moody's Investors Service has assigned a Aaa rating to the Town of Belmont, Massachusetts's \$108.1 million General Obligation Municipal Purpose Loan of 2019 Bonds. Moody's maintains the existing Aaa rating for the town's outstanding general obligation unlimited tax (GOULT) and general obligation limited tax (GOLT) debt. The outlook remains stable.

Moody's considers the 2019 bonds General Obligation Limited Tax (GOLT) because debt service has not been voted exempt from the tax levy limitations of Proposition 2 1/2.

RATINGS RATIONALE

The Aaa rating reflects the town's healthy financial operations and reserves, a moderately-sized tax base in close proximity to New England's largest employment center, strong resident wealth and income profile, and rising but manageable debt burden. The rating also incorporates the town's aggressive funding of its moderate pension liability.

The absence of distinction between the GOLT and GOULT ratings reflects the town's ability to override the limitations of proposition 2 1/2 and pledge of its full faith and credit to pay debt service.

RATING OUTLOOK

The stable outlook reflects our expectation that the financial position will remain stable over the near term and the tax base will continue to grow at a healthy pace.

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Failure to maintain financially balanced operations as debt service increases
- Deviation from planned funding of pension liability
- Unwillingness of voters to approve future debt exclusions and overrides

LEGAL SECURITY

The bonds are secured by the town's general obligation limited tax pledge as debt service has not been voted exempt from the tax levy limits of Proposition 2 1/2.

USE OF PROCEEDS

The vast majority of bonds proceeds will support the construction of a new high school building, with a small amount going toward a DPW/police station renovation project.

PROFILE

Belmont is a moderately sized residential community located just west of Boston (Aaa stable). The town has approximately 26,000 residents.

METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

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