

**Rating Action: Moody's assigns Aaa to Belmont, MA's GO refunding bonds**

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**11 Apr 2019**

New York, April 11, 2019 -- Moody's Investors Service has assigned a Aaa rating to the town of Belmont, Massachusetts's \$19.9 million General Obligation Refunding Bonds. Moody's maintains the Aaa rating on the town's outstanding general obligation limited tax bond and general obligation unlimited tax 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 property taxes 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 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 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 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 unlimited tax pledge as debt service has been voted exempt from the tax levy limits of Proposition 2 1/2.

**USE OF PROCEEDS**

The bonds will refund the town's outstanding dated 2009 and 2010 bonds for an estimated net present value savings of \$2 million or 9% of refunded principal with no extension of maturity.

**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 the rating was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on [www.moody.com](http://www.moody.com) for a copy of this methodology.

**REGULATORY DISCLOSURES**

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