

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns an Aa2 rating to the City of Woburn's (MA) \$18.6 Million General Obligation Municipal Purpose Loan of 2013; Outlook revised to positive

Global Credit Research - 11 Mar 2013

Affirms Aa2 long term rating applies on \$80.7 million in general obligation parity debt; outlook revised to positive

New York, March 11, 2013 --

Moody's Rating

Issue: General Obligation Municipal Purpose Loan of 2013; Rating: Aa2; Sale Amount: \$18,661,000; Expected Sale Date: 03-20-2013; Rating Description: General Obligation

Opinion

Moody's Investors Service has assigned Aa2 rating to the City of Woburn's (MA) \$18.6 Million General Obligation Municipal Purpose Loan of 2013. Concurrently, Moody's has affirmed a Aa2 rating on approximately \$86.9 million of general obligation parity debt, including the current issue. The outlook has been revised to positive. A portion of the bond proceeds in the amount of \$12.5 million carries the city's general obligation unlimited tax pledge as the projects are exempted from the levy limitations of Proposition 2 & half, while the remaining portion, \$6.1 million has not been voted exempt. The current issue will refund \$12.5 million in Series 2005 bonds for estimated net present savings of \$1.4 million, or 7.2% of refunded par with no extension in maturity. In addition, the bond proceeds along with available funds will redeem \$6.24 million in bond anticipation notes that mature on May 3, 2013.

SUMMARY RATINGS RATIONALE

The Aa2 rating reflects the city's strong financial position reinforced by healthy stabilization fund reserves, a sizeable and diverse tax base, and a manageable debt burden. The positive outlook is based on the city's improved financial position driven by conservative budgeting and new growth within the local tax base.

STRENGTHS

- Sizeable and diverse tax base
- Structurally balanced financial operations
- Strong financial position with healthy reserves

CHALLENGES

- Above average long-term OPEB liabilities
- Recent declines in assessed valuation

OUTLOOK

The positive outlook reflects the city's improved financial position driven by conservative budgeting and new growth within the local economy.

WHAT COULD CHANGE THE RATING (UP):

- Significant growth in taxable assessed valuation due to new development
- Improved demographic profile

-Maintain General Fund reserves at current levels

WHAT COULD CHANGE THE RATING (DOWN):

- Material multi-year declines in fund balances and liquidity
- Substantial growth in the city's direct debt burden

RATING METHODOLOGY

The principal methodology used in this rating was General Obligation Bonds Issued by U.S. Local Governments published in October 2009. Please see the Credit Policy page on www.moody.com for a copy of this methodology.

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