

Rating Action: Moody's upgrades Woburn's (MA) GO debt to Aa1

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Affected debt totals \$61.4M

New York, September 11, 2014 -- Moody's Investors Service has upgraded the City of Woburn's (MA) general obligation bonds to Aa1 from Aa2 affecting \$61.4 million in rated debt. Concurrently, Moody's has removed the positive outlook. Of the city's debt, \$12.1 million is exempted from Proposition 2 ½ and secured by the city's unlimited tax pledge. The remaining bonds are secured by the city's general obligation limited tax pledge.

SUMMARY RATING RATIONALE

The rating primarily reflects Woburn's sizable, expanding tax base located in the Boston Metropolitan Statistical Area (MSA), healthy reserve and liquidity positions coupled with financial flexibility, and solid socio-economic indicators. The rating also incorporates the city's manageable debt burden inclusive of future borrowing plans.

STRENGTHS

- Sizable, expanding tax base
- Structurally balanced financial operations with a healthy reserve position

CHALLENGES

- Above average long-term OPEB liabilities
- Longer than average debt amortization

WHAT COULD MAKE THE RATING GO -- UP

- Significant growth in taxable assessed valuation due to new development
- Maintenance of General Fund reserves at current levels
- Significant improvement in resident wealth levels

WHAT COULD MAKE THE RATING GO -- DOWN

- Trend of deficit spending and deterioration of General Fund reserves
- Substantial debt burden growth

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2014. Please see the Credit Policy page on www.moody's.com for a copy of this methodology.

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