

MOODY'S
INVESTORS SERVICE**Rating Action: Moody's assigns Aaa to Wayland, MA GOs**

27 Jan 2020

New York, January 27, 2020 -- Moody's Investors Service has assigned a Aaa rating to the town of Wayland, Massachusetts's \$17.8 million General Obligation Municipal Purpose Loan of 2020 Bonds. Moody's maintains the outstanding Aaa on the town's existing bonds. The outlook is stable.

The outstanding general obligation unlimited tax bonds (GOULT) 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 (GOLT) because not all of the debt service has been excluded under Proposition 2 1/2.

RATINGS RATIONALE

The Aaa rating reflects the town's stable tax base supported by very high resident wealth and incomes. While the town's financial position has been flat in recent years and is lower than the Aaa median, management eliminated the use of reserves for operations in its budgeting process, which is credit positive. Additionally, the town continues to aggressively fund its OPEB liability, and we expect both the debt burden and pension liability to remain manageable.

The absence of distinction between the GOLT rating and the GOULT rating reflects the town's ability to override the property tax levy cap and the pledge of its full faith and credit.

RATING OUTLOOK

The stable outlook reflects the town's commitment in addressing its long-term liabilities while maintaining a conservative approach to budgeting and expenditure management. The sizeable tax base with very high resident wealth and income levels with a history of taxpayer support for capital expenditures provides additional stability.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Lack of improvement in the available fund balance as a percent of revenues
- Inability to maintain structurally balanced budgets
- Sizeable debt issuance that is not excluded from the levy limitations of Proposition 2 1/2

LEGAL SECURITY

The bonds are secured by the town's full faith and credit, general obligation unlimited tax pledge as debt service has been voted excluded from the tax levy limitations of Proposition 2 1/2.

USE OF PROCEEDS

Bond proceeds will be partially used to refinance the outstanding Series 2009 and Series 2010 bonds as well as provide new money financing for various capital projects throughout the town.

PROFILE

Wayland is a primarily residential town with a population of 13,700. It is located 18 miles west of Boston (Aaa stable).

METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in September 2019. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

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