

July 30, 2008

**Summary:**

# Westwood, Massachusetts; General Obligation

**Primary Credit Analyst:**

Henry W Henderson, Boston (1) 617-530-8314; henry\_henderson@standardandpoors.com

**Secondary Credit Analyst:**

Robin Prunty, New York (1) 212-438-2081; robin\_prunty@standardandpoors.com

## Table Of Contents

---

Rationale

Outlook

## Summary:

# Westwood, Massachusetts; General Obligation

Credit Profile		
US\$3.83 mil GO mun purp loan of 2008 bnds dtd 08/01/2008 due 02/01/2023		
Long Term Rating	AAA/Stable	New
Westwood GO		
Long Term Rating	AAA/Stable	Upgraded
<b>Westwood GO</b>		
Unenhanced Rating	AAA(SPUR)/Stable	Upgraded

Many issues are enhanced by bond insurance.

## Rationale

Standard & Poor's Ratings Services raised its long-term rating on Westwood, Mass.' outstanding general obligation (GO) debt to 'AAA' from 'AA+'. We also assigned a 'AAA' rating to the town's 2008 GO debt issue. The outlook is stable.

The upgrade reflects the town's strong economy and good financial position, coupled with demonstrated voter support for tax levy-limit overrides. The rating also reflects the town's:

- Proximity to the deep and diverse Boston metropolitan area;
- High wealth and income levels, with income double the national average;
- Sound financial performance and position;
- Relatively large and predominantly residential property tax base, coupled with a very high per capita market value; and
- Low debt burden with manageable additional capital needs.

Westwood is an affluent residential community about 13 miles southwest of Boston. The town has about 13,800 residents and encompasses 11 square miles. The town benefits from its proximity to the Boston area, which has resulted in extremely high income levels and low unemployment. Median household effective buying income is 187% of the national level, and per capita effective buying income is 212%. The town's 2007 unemployment rate was 3.1%, significantly lower than the commonwealth's 4.5% rate and the nation's 4.6% rate.

A good transportation network, including commuter rail, Amtrak trains, and Interstate 95 and Route 128, facilitates transportation to and from Boston. Within the town, the headquarters of NStar (an electric and gas utility) is the leading employer with 1,100 employees. Other large employers include State Street Bank, a financial services provider with 700 employees, and Meditech Inc., a provider of medical information with 435 workers.

The town's fiscal 2008 assessed valuation is \$3.69 billion, a 1% increase over the prior year, and is primarily residential (86%). Market value is a very high \$267,700 per capita, further reflecting the Westwood's affluence.

While Westwood is largely built out, a \$1.5 billion mixed-use, 4.6 million-square-foot development is in the preliminary construction stage. The Westwood Station project will be a mix of residential (1,000 rental or

owner-occupied condominium units), retail, and office space. The master plan for the project has been approved, and final approval has been received for the first half of Phase 1 of the project. Approval for the second half of Phase 1 is expected within a month. The developer expects to file for building permits and begin construction by early fall 2008. The first phase will develop 2.2 million square feet of space, including all of the retail and half of the residential properties.

Although the town had general fund deficits in fiscals 2005 through 2007, officials estimate a surplus for fiscal 2008. Even after the deficits through 2007, the financial position remains good. At fiscal year-end 2007, a \$477,000 deficit brought the unreserved general fund balance to \$2.4 million, or 4% of expenditure, and the stabilization fund added \$969,000 of reserves, or 1.6%. Officials estimate a surplus of \$600,000 for fiscal 2008, along with a slight increase in the stabilization fund. Town voters approved by a 60% margin a \$2.7 million override for the Proposition 2 1/2 levy limit for fiscal 2008 and future years. The fiscal 2009 budget is balanced.

If the Westwood Station project proceeds as planned, town officials expect to receive \$11.5 million in one-time mitigation payments in fiscal 2010 and 2011, \$8 million of permit fees in 2009, and guaranteed developer payments above the taxes owed in the amounts of \$1.75 million in fiscal 2009 and \$2.75 million in fiscal 2010. In addition, officials project the town will receive about \$7.5 million of additional net revenue a year upon completion of the first phase of the project, in addition to the payments dedicated to a tax increment financing district.

Westwood's management practices are considered "good" under Standard & Poor's Financial Management Assessment. This indicates that financial practices exist in most areas, although not all practices might be formalized or that governance officials might not monitor them regularly. Highlights of management practices include:

- Monthly budget and investment monitoring reports that management presents to the board of selectmen;
- Preparation of a five-year operating budget in conjunction with a long-range planning committee, and;
- Five-year capital improvement plan that identifies funding sources for all projects.

The town's debt burden is low. Excluding self-supporting sewer-related debt and giving support for state grants for school construction, overall net debt is very low compared to market value at 0.6% and low per capita at \$1,550. GO debt, including this issuance, amortizes rapidly, with 76% retired over 10 years and a 100% in 15 years. Debt service carrying charges in 2007 were moderate at 10% of expenditures. The town's remaining capital needs include funding for the completion of a middle school and, possibly, a new library.

## Outlook

The stable outlook reflects Standard & Poor's expectation that the town's property tax base will remain a reliable source of revenue, enabling Westwood to maintain a sound financial position. In addition, the debt burden is expected to remain low because of the lack of significant capital needs.

Complete ratings information is available to subscribers of RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at [www.ratingsdirect.com](http://www.ratingsdirect.com). All ratings affected by this rating action can be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com); under Credit Ratings in the left navigation bar, select Find a Rating, then Credit Ratings Search.

Copyright © 2008 Standard & Poor's, a division of The McGraw-Hill Companies, Inc. (S&P). S&P and/or its third party licensors have exclusive proprietary rights in the data or information provided herein. This data/information may only be used internally for business purposes and shall not be used for any unlawful or unauthorized purposes. Dissemination, distribution or reproduction of this data/information in any form is strictly prohibited except with the prior written permission of S&P. Because of the possibility of human or mechanical error by S&P, its affiliates or its third party licensors, S&P, its affiliates and its third party licensors do not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. S&P GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall S&P, its affiliates and its third party licensors be liable for any direct, indirect, special or consequential damages in connection with subscriber's or others use of the data/information contained herein. Access to the data or information contained herein is subject to termination in the event any agreement with a third-party of information or software is terminated.

Analytic services provided by Standard & Poor's Ratings Services (Ratings Services) are the result of separate activities designed to preserve the independence and objectivity of ratings opinions. The credit ratings and observations contained herein are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. Accordingly, any user of the information contained herein should not rely on any credit rating or other opinion contained herein in making any investment decision. Ratings are based on information received by Ratings Services. Other divisions of Standard & Poor's may have information that is not available to Ratings Services. Standard & Poor's has established policies and procedures to maintain the confidentiality of non-public information received during the ratings process.

Ratings Services receives compensation for its ratings. Such compensation is normally paid either by the issuers of such securities or third parties participating in marketing the securities. While Standard & Poor's reserves the right to disseminate the rating, it receives no payment for doing so, except for subscriptions to its publications. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

Any Passwords/user IDs issued by S&P to users are single user-dedicated and may ONLY be used by the individual to whom they have been assigned. No sharing of passwords/user IDs and no simultaneous access via the same password/user ID is permitted. To reprint, translate, or use the data or information other than as provided herein, contact Client Services, 55 Water Street, New York, NY 10041; (1)212.438.9823 or by e-mail to: [research\\_request@standardandpoors.com](mailto:research_request@standardandpoors.com).