

June 12, 2009

Summary:

Westwood, Massachusetts; General Obligation

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Table Of Contents

Rationale

Outlook

Related Research

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Credit Profile		
US\$3.5 mil GO sch bnds ser 2009 dtd 06/15/2009 due 06/15/2010-2029		
Long Term Rating	AAA/Stable	New
Westwood GO		
Long Term Rating	AAA/Stable	Affirmed

Rationale

Standard & Poor's Ratings Services assigned its 'AAA' rating to Westwood, Mass.' \$3.5 million general obligation (GO) school bonds, series 2009. At the same time, Standard & Poor's affirmed its 'AAA' rating on the town's debt outstanding. The outlook is stable.

The 'AAA' reflects our opinion of the town's

- Strong economy aided by its proximity to the deep and diverse Boston metropolitan statistical area (MSA);
- Sizable and primarily residential property tax base, with very strong wealth and income levels;
- Sound financial performance and position; and
- Low debt burden with manageable capital needs.

The town's full faith and credit secures its GO debt. Proceeds of the 2009 bonds will finance improvements to the middle school.

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 local economy is stable and centers on services. The headquarters of NStar, an electric and gas utility, is within the town; the company is Westwood's leading employer with 1,100 employees. Other large employers include State Street Bank and Meditech Inc., a provider of medical information. Residents also have excellent access to the diverse Boston MSA via a good transportation network that includes commuter rail, Amtrak trains, and Interstate 95 and Route 128. Town unemployment increased to 5.8% in April 2009 from 3.7% in 2008, but continues to be well below state and national levels.

While Westwood is largely built out, a \$1.5 billion mixed-use, 4.6 million-square-foot development known as Westwood Station is in the preliminary construction stage. The project's master plan has been approved, and final approval has been received for Phase 1, which covers 2.2 million square feet of space, including all of the retail and half of the residential properties. However, due to current economic conditions, construction on Phase 1 has been delayed and officials expect just 550,000 square feet of development to finish by the end of 2009. But while the timetable for the project has been delayed, work continues.

The tax base increased a slight 1.1% in 2009 to \$3.7 billion. This is a market value of \$3.9 billion, or \$284,561 per capita, a level we consider very strong. We also consider wealth levels to be very strong, with median household and effective buying income at 187% and 213% of national levels, respectively.

Westwood's financial position remains sound, in our view. Fiscal 2008 closed with a \$500,000 operating surplus

due to better-than-expected local receipts. When considering unreserved general fund balance and stabilization funds, the year ended with available reserves of about \$4.1 million, or 6.5% of expenditures, which we consider good. Management expects fiscal 2009 to be a break-even year, despite a midyear cut in state aid. The town also received \$1.75 million in guaranteed developer fees from the Westwood Station project along with additional property tax revenues in fiscal 2009. The fiscal 2010 budget is balanced without using the fund balance and includes a 0% increase in both the municipal and school operating budgets and \$615,000 in guaranteed developer payments from Westwood Station.

We consider Westwood's management practices "good" under Standard & Poor's Financial Management Assessment. This indicates that financial practices exist in most areas, although governance officials might not formalize or monitor all practices regularly.

Net of self-supporting sewer debt and giving support for state grants for school construction, Westwood's overall net debt is \$1,266 per capita and 0.4% of market value, which we consider very low. In our opinion, the town's debt amortizes rapidly, with 76% retired over 10 years and 100% within 20. We also view carrying charges as moderate, at 8% of overall expenditures. The town's largest capital need is a new library; however, there are no plans to issue additional debt in the next 12 months.

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, we expect the debt burden to remain low because of the lack of significant capital needs.

Related Research

USPF Criteria: "GO Debt," Oct. 12, 2006

Ratings Detail (As Of June 12, 2009)		
Westwood GO		
<i>Unenhanced Rating</i>	AAA(SPUR)/Stable	Affirmed
Many issues are enhanced by bond insurance.		

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