

## Westwood, Massachusetts

<i>Credit Profile</i>		
US\$3.145 mil bond antic nts ser 2007 dtd 02/15/2007 due 09/13/2007		
<i>Short Term Rating</i>	SP-1+	New
Westwood GO		
<i>Long Term Rating</i>	AA+/Stable	Affirmed

### ***Rationale***

Standard & Poor's Rating Services assigned its 'SP-1+' short-term rating to Westwood, Mass.' series 2007 GO BANs and affirmed its 'AA+' standard long-term rating and Standard & Poor's underlying rating, with a stable outlook, on the town's GO debt.

The ratings reflect the town's:

- Location within the deep and diverse Boston, Mass. 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
- Moderate debt burden with manageable additional capital needs.

Westwood is an affluent, primarily residential community about 13 miles southwest of Boston. The town, with a current estimated population of 15,229, encompasses 11 square miles; population in 2000 was 12% higher than the population in 1990. Benefiting from its location near the deep and diverse Boston metropolitan area, the town's unemployment rate has historically been low while income levels have been very high. Median household effective buying income was equal to 201% of the national level, and per capita effective buying income was equal to 195% of the national level. A good transportation network, including commuter rail and Amtrak trains, facilitates transportation to and from Boston. The town's unemployment rates have historically been well below commonwealth and national rates;

***Primary Credit Analysts:***

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

***Secondary Credit Analysts:***

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

unemployment was 3.4% in 2005, which was significantly lower than the commonwealth's 4.7% rate and the nation's 5.2% rate. Within the town itself, NStar's — an electric and gas utility — headquarters is the leading employer with 1,100 employees. Additional leading employers include State Street Bank, a financial services provider, with 700 employees, and Meditech Inc., a provider of medical information, with 435.

Westwood is largely built out; but it has a very large \$1.5 billion mixed-use development that is currently in the planning stages, which would be called Westwood Station. The developer has assembled 137 acres and has submitted a master plan to the town; if town officials approve the project, permits should be issued in mid-2007. The project will be a mix of residential (1,000 rental or owner-occupied condominium units), retail, and office space. The town's fiscal 2007 assessed valuation is \$3.66 billion; it is primarily residential (86%). Market value is a very high \$240,500 per capita, further reflecting the town's high wealth.

Westwood's financial position is consistent and in-line with commonwealth peers. At fiscal year-end 2006, a small \$106,000 deficit brought the unreserved general fund balance to \$3.1 million, or 5.4% of expenditures. The stabilization fund adds another \$904,000 of reserves, or 1.6%. If the Westwood Station project proceeds as planned, town officials expect to receive \$4 million-\$5 million of building permit fees — some of which management would use for the expense of issuing the permits and some of which might flow into fund balance. Annual net tax revenues from the project's first phase are an estimated \$3 million-\$5 million.

Westwood's management practices are considered good under Standard & Poor's financial management assessment (FMA). An FMA of good indicates that financial practices exist in most areas but that not all practices might be formalized or that governance officials might not monitor them regularly. Highlights of management practices include the town's:

- Monthly budget and investment monitoring reports that management presents to the board of selectmen,
- Preparation of a formal 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 moderate. Excluding self-supporting sewer-related debt and giving support for state grants for school construction, overall net debt is an average \$1,730 per capita but a below-average 0.7% of market value. GO debt, including this issuance, amortizes at a 71% rate over 10 years and a 100% rate over 20 years. Debt service carrying charges were an average 11% of fiscal 2006 expenditures. The town does not have significant additional debt needs.

### ***Outlook***

The stable outlook on the long-term rating and SPUR reflects the expectation that the town's property tax base will remain a stable source of property tax revenues, which will allow management to maintain a sound financial position. Due to a lack of significant capital needs, the debt burden is expected to remain average.

**Ratings Detail (As Of 25-Jan-2007)**

Westwood bond antic nts ser 2007 dtd 02/15/2007 due 09/13/2007

<b>Short Term Rating</b>	SP-1+	New Rating
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Westwood GO

<b>Unenhanced Rating</b>	AA+(SPUR)/Stable	Affirmed
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Many issues are enhanced by bond insurance.

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