

**Rating Action: Moody's assigns Aaa to Concord MA's GO Bonds; outlook stable**

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21 May 2019

New York, May 21, 2019 -- Moody's Investors Service has assigned a Aaa rating to the Town of Concord, Massachusetts' \$6.4 million General Obligation Municipal Purpose Loan of 2019 Bonds. We maintain the Aaa rating on the town's outstanding general obligation limited tax bonds (GOLT) and general obligation unlimited tax bonds. The outlook is stable.

The outstanding general obligation unlimited tax bonds 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 and the current issue to be general obligation limited tax because not all of the debt service has been excluded under Proposition 2 1/2.

**RATINGS RATIONALE**

The Aaa rating reflects a healthy financial position supported by strong reserves and fiscal management. The rating also incorporates a sizable and affluent tax base, below average debt burden and well managed pension and OPEB liabilities.

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

**RATING OUTLOOK**

The stable outlook reflects our expectation that the town will continue to exercise sound fiscal management including multi-year forecasting. The outlook also incorporates the stable tax base valuation and continuing voter support when needed to approve debt exclusions and general overrides to the Proposition 2 1/2 tax levy limit.

**FACTORS THAT COULD LEAD TO A DOWNGRADE**

- Decline in reserves
- Lack of voter support for large operating and capital needs
- Material increase in the debt burden

**LEGAL SECURITY**

The bonds are secured by the town's general obligation limited tax pledge as debt service has not been voted excluded from the property tax levy limit of Proposition 2 1/2.

**USE OF PROCEEDS**

The bond proceeds will fund various capital projects of the town.

**PROFILE**

Concord is primarily a residential community with a population of 19,357 (2017 ACS). The town is located approximately 17 miles northwest of Boston.

**METHODOLOGY**

The principal methodology used in this rating was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on [www.moody.com](http://www.moody.com) for a copy of these methodologies.

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