

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns Aa3 to Easton, MA's GO Bonds and MIG 1 to GO BANs; affirms Aa3 on outstanding GOs

26 Jul 2018

New York, July 26, 2018 -- Moody's Investors Service has assigned a Aa3 rating to Easton, Massachusetts' \$3 million General Obligation Municipal Purpose Loan of 2018 Bonds and a MIG 1 rating to the town's \$7.3 million General Obligation Bond Anticipation Notes (BANs, dated August 17, 2018 and payable August 16, 2019). Concurrently, we affirm the Aa3 rating on the town's outstanding GO bonds and issuer rating.

RATINGS RATIONALE

The Aa3 rating reflects the town's stable tax base and strong wealth metrics, consistent financial position, and location in the metro Boston area. The town's recent tax base growth and consistent operations reflect prudent management and a strong regional economy. Challenges include operating results that are slightly weaker than rating category operations, growing pension, and OPEB liabilities.

The MIG 1 short term rating reflects the strong long-term credit profile, sufficient takeout management, a history of strong market access and adequate liquidity.

RATING OUTLOOK

Moody's does not usually assign outlooks to local government credits with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Significant increase in reserves and liquidity
- Material tax base growth

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Deterioration of financial operations and reserves
- Contraction of tax base

LEGAL SECURITY

The bonds and notes are secured by the town's general obligation limited tax pledge as not all debt service has been voted exempt from the tax levy limitations of Proposition 2.5

USE OF PROCEEDS

The BAN and Bond proceeds will renew \$8.4 million in notes scheduled to mature and new money will provide funding for various municipal purposes.

PROFILE

The Town of Easton, MA is located 24 miles south of Boston (Aaa Stable) and has a population of 23,770. The town boasts a large historical district associated with the Ames Shovel Co.; additionally the town benefits from having Stonehill College (A3 Stable) , a small catholic liberal arts college located in the town.

METHODOLOGY

The principal methodology used in the long-term ratings was US Local Government General Obligation Debt published in December 2016. The principal methodology used in the short-term rating was US Bond Anticipation Notes published in April 2014. Please see the Rating Methodologies page on www.moody.com for a copy of these methodologies.

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