

Rating Action: Moody's assigns Aaa to Brookline, MA's GO Bonds

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New York, March 01, 2023 -- Moody's Investors Service has assigned a Aaa rating to the Town of Brookline, MA's \$10.2 million General Obligation Municipal Purpose Loan of 2023 Bonds. Moody's maintains the Aaa ratings on the town's issuer rating, outstanding general obligation unlimited tax (GOULT) bonds, and general obligation limited tax (GOLT) bonds. The outlook is stable.

RATINGS RATIONALE

The Aaa issuer rating incorporates a sizeable and affluent tax base that benefits from surging property values and is neighbor to New England's largest employment center. The rating further incorporates a satisfactory and improving financial position that is bolstered by formal fiscal policies and strong management, an above average debt burden, which has increased significantly and will continue to increase due to large planned issuance activity, while pension and OPEB liabilities remain manageable. Key to the Aaa rating is the significant amount of debt that has been and is expected to be excluded from the levy limitations of Proposition 2 1/2 which allows the town the ability to finance the increase in debt service without having to make any associated revenue increases or expenditure cuts.

The Aaa GOULT and GOLT ratings are placed at the same level as the issuer rating because of the town's ability to override the property tax levy cap and its pledge of its full faith and credit.

RATING OUTLOOK

The stable outlook reflects the strong positive trend of the economy and tax base valuation that is expected to continue given its favorable location next to the city of Boston (Aaa stable). The outlook also incorporates the strong fiscal management that includes multi year budget forecast, capital planning and commitment to addressing long term liabilities.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

-Not Applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Decline in financial reserves
- Material tax base contraction
- Significant unfunded growth in long term liabilities

LEGAL SECURITY

The 2023 bonds are backed by the town's full faith and credit, general obligation limited tax pledge as not all of the debt service has been voted as excluded from the tax levy limits of Proposition 2 1/2.

USE OF PROCEEDS

Bond proceeds will finance a variety of projects including fire truck purchases and remediation work.

PROFILE

Brookline is a sizeable residential community with a population of 63,191 neighboring the City of Boston.

METHODOLOGY

The principal methodology used in this rating was US Cities and Counties Methodology published in November 2022 and available at <https://ratings.moodys.com/api/rmc-documents/386953>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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