

Moody's drops town rating

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Moody's, an investor service, has lowered its rating on \$37.7 million of previously-issued general obligation debt from AA3 to A1.

Moody's dropped the town's rating because the town has very little money in reserve, Finance Administrator Beth Klepeis told the Board of Selectmen Tuesday night.

The effect of the downgrade comes in the long term, Klepeis explained yesterday, when the town goes to sell bonds. With a lower rating, investors would be more concerned about the town's ability to repay a bond on time. That could mean fewer bidders, and not as good a rate for the town, she said.

In place of a stabilization fund, the town keeps money in free cash, according to

■ SEE BANS, PAGE 5

Moody's lowers rating; S&P holds

■ BANS, FROM PAGE 1

Selectman Matt Cummings, and its Sale of Real Estate Fund, Klepeis added. Town policy is to keep 5 percent of the budget in reserve, Klepeis said. The sale of the former town landfill was not completed as scheduled in June, she said, and the Sale of Real Estate fund is down from \$1.8 million to \$2,000.

At the same time that Moody's downgraded the town's rating, another investors' service, Standard & Poor's, retained the town's AA rating. Standard & Poor's does not use the same numerical subratings as Moody's, she said.

Standard & Poor's did the same analysis as Moody's, said Town Manager Peter Hechenbleikner, but reached a differ-

ent conclusion. Hechenbleikner said both firms attribute the town's financial strength to its financial management.

In their decisions, Moody's and Standard & Poor's both pointed to the town's limited reserves; but on the positive side of the ledger, both pointed to the town's assessed value, location and single family home prices.

In related action, the selectmen voted Tuesday to sell \$2.6 million in short-term Bond Anticipation Notes (BANS) to Fleet National Bank at a 1.24 net interest cost.

The selectmen voted 4-0 to sell the new BANS for three school construction projects, conservation land and water mains on Summer Avenue. Some of the money has been

rolled over from past borrowing; some is additional funds.

The notes were sold to fund several projects.

- Planning for the new elementary school: \$900,000, with \$800,000 rolled over and \$100,000 in new debt;

- Planning for the Barrows Elementary School renovations: \$450,000, with \$400,000 rolled over and \$50,000 new;

- Schematic designs for Reading Memorial High School: \$450,000; with \$400,000 rolled over;

- Water mains on Summer Avenue: \$600,000; and

- The acquisition of Marion Woods conservation land off Mill Street: \$235,000.

The new BANS are due on Jan. 8, 2004.