

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns MIG 1 to Framingham's (MA) \$27.5M G.O. BANs; Aa2 to \$23.3M G.O. bonds, Series 2013

Global Credit Research - 27 Nov 2013

Affirms Aa2 rating on \$82.4 million of G.O. debt outstanding

New York, November 27, 2013 --

Moody's Rating

Issue: General Obligation Bond Anticipation Notes; Rating: MIG 1; Sale Amount: \$27,478,989; Expected Sale Date: 12-03-2013; Rating Description: Note: Bond Anticipation

Issue: General Obligation Municipal Purpose Loan of 2013 Bonds; Rating: Aa2; Sale Amount: \$23,354,000; Expected Sale Date: 12-03-2013; Rating Description: General Obligation

Opinion

Moody's Investors Service has assigned a MIG 1 short-term rating to the Town of Framingham's (MA) \$27.5 million General Obligation Bond Anticipation Notes and a Aa2 long-term rating to the town's \$23.3 million G.O. Bonds, Series 2013. Concurrently, we have affirmed the Aa2 rating on \$82.4 million of the town's previously-issued general obligation (G.O.) debt. The current issue is secured by the town's limited general obligation tax pledge, as debt service has not been voted exempt from the levy limitations of Proposition 2 ½. Proceeds will be used to fund capital improvements focused primarily on the town's water and sewer system infrastructure to comply with state and federal clean water regulations.

SUMMARY RATINGS RATIONALE

The MIG 1 rating reflects the town's strong fundamental credit characteristics, as mirrored in its long-term rating, and demonstrated history of market access.

The Aa2 underlying rating reflects the town's satisfactory financial position, improving cash balances, sizeable tax base with above average wealth indicators, and elevated debt profile.

STRENGTHS

- Sizeable tax base located on major transportation routes
- Improved reserve levels
- Above average wealth indices
- Demonstrated market access

CHALLENGES

- Reliance on annual free cash appropriation to supplement budget
- Elevated debt burden due to W&S system projects

WHAT COULD CHANGE THE RATING UP

- Maintenance of structurally balanced operations and increased reserve levels
- Significant tax base growth

WHAT COULD CHANGE THE RATING DOWN

- Reduction of General Fund Balance and free cash

- Deterioration of the town's tax base
- Failure to address long term pension and OPEB obligations

The principal methodology used in the long term rating was General Obligation Bonds Issued by US Local Governments published in April 2013. The principal methodology used in the short term rating was Bond Anticipation Notes and Other Short-Term Capital Financings published in May 2007. Please see the Credit Policy page on www.moodys.com for a copy of these methodologies.

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