

Rating Action: Moody's Assigns MIG 1 and Aa2 to Framingham MA's GO BANs and GOLT Bonds

Global Credit Research - 28 Nov 2016

New York, November 28, 2016 -- Issue: General Obligation Municipal Purpose Loan of 2016 Bonds; Rating: Aa2; Rating Type: Underlying LT; Sale Amount: \$28,643,000; Expected Sale Date: 11/29/2016; Rating Description: General Obligation Limited Tax;

Issue: General Obligation Bond Anticipation Notes; Rating: MIG 1; Rating Type: Underlying ST; Sale Amount: \$3,081,722; Expected Sale Date: 11/29/2016; Rating Description: Note: Bond Anticipation;

Summary Rating Rationale

Moody's Investors Service has assigned a MIG 1 rating to the Town of Framingham MA's \$3.1 million General Obligation Bond Anticipation Notes (BANs, dated December 9, 2016 and payable December 8, 2017) and an Aa2 rating to \$28.6 million General Obligation Municipal Purpose Loan of 2016 Bonds. Concurrently, Moody's has affirmed the Aa2 rating on the town's outstanding general obligation bonds.

The Aa2 long term rating reflects the stable financial position, sizeable and expanding tax base, above average but manageable debt burden, and average pension liability.

The MIG 1 rating reflects the strong long-term fundamental credit characteristics, ample liquidity, and satisfactory management of take-out risk mitigated by a demonstrated history of market access.

Rating Outlook

Outlooks are usually not assigned to local government credits with this amount of debt outstanding.

Factors that Could Lead to an Upgrade

Continued increase in reserve levels

Decline in the debt burden

Material rise of income levels

Factors that Could Lead to a Downgrade

Significant increase in the debt burden

Multi-year trend of operating deficits resulting in a decline in reserves

Sizeable decline in the tax base

Legal Security

Debt service on the BANs and bonds are secured by the town's general obligation limited tax pledge, as debt service has not been exempt from the tax levy limitations of Proposition 2 1/2.

Use of Proceeds

BAN proceeds will fund various capital projects of the town. Bond proceeds will redeem \$14.4 million in outstanding BANs, fund various capital projects, and refund two outstanding bond series. Proceeds in the amount of \$1.6 million will provide for a current refunding of bonds dated June 1, 2006 and \$2.5 million in bonds will provide for an advance refunding of bonds dated November 1, 2007 for an estimated net present value savings of \$319,000, or 6.9% of refunded principal, with no extension of maturity.

Obligor Profile

The town of Framingham is located in Middlesex County, approximately 20 miles west of Boston. As of the 2010 census, the town had an estimated population of 68,318.

Methodology

The principal methodology used in the long-term rating was US Local Government General Obligation Debt published in January 2014. 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.moodys.com for a copy of these methodologies.

Regulatory Disclosures

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