

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns MIG 1 rating to Town of Framingham's (MA) \$47.9 Million G.O. BANS

Global Credit Research - 29 May 2012

Aa2 long-term rating G.O. rating affirmed affecting \$94 million in outstanding debt

New York, May 29, 2012 --

Moody's Rating

Issue: General Obligation Bond Anticipation Notes; Rating: MIG 1; Sale Amount: \$47,935,807; Expected Sale Date: 06/07/2012; Rating Description: General Obligation

Opinion

Moody's Investors Service has assigned a MIG 1 rating to the Town of Framingham's (MA) \$47.9 million General Obligation Bond Anticipation Notes of 2012 (dated June 15, 2012 and payable December 14, 2012). Concurrently, Moody's has affirmed the Aa2 rating assigned to \$94 million of outstanding long-term general obligation debt. The BANS will finance ongoing water and sewer improvements. The notes are 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 & half.

SUMMARY RATING RATIONALE

The Aa2 rating reflects the town's stable financial position, sizeable and diverse tax base, and manageable debt profile. The MIG 1 rating incorporates the town's satisfactory long-term credit profile as well as its proven access to the capital markets.

STRENGTHS

- Sizeable tax base located on major transportation routes
- Structurally balanced operations over the last two fiscal years
- Improved reserve levels

CHALLENGES

- Town relies on annual free cash appropriations to supplement budget
- Elevated debt burden due to overlapping state debt

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 this rating was General Obligation Bonds Issued by U.S. Local Governments published in October 2009. Please see the Credit Policy page on www.moody's.com for a copy of this methodology.

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