

Rating Action: Moody's assigns Aa2 to Framingham MA's GOLT Bonds

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New York, November 09, 2018 -- Moody's Investors Service has assigned a Aa2 rating to the City of Framingham, MA's \$32.5 million General Obligation Municipal Purpose Loan of 2018 Bonds. We maintain the Aa2 rating on the city's outstanding general obligation limited tax (GOLT) bonds and the Aa2 issuer rating. The issuer rating is equivalent to the city's hypothetical general obligation unlimited tax rating; there is no debt associated with this security.

RATINGS RATIONALE

The Aa2 issuer rating reflects the stable financial position, sizeable tax base with a large local economy, above average but manageable debt burden, and average unfunded pension liability.

The bonds are considered GOLT because of limitations under Massachusetts law on property tax levy increases referred to as Proposition 2.5. The lack of distinction between the GOLT rating and the issuer rating reflects the town's ability to override the property tax cap. Additionally, all general obligation debt issued by local governments in Massachusetts is backed by a pledge of the full faith and credit of the issuer.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE

- Material growth in reserves and liquidity
- Significant decline in the debt burden
- Sustained trend of higher resident income levels

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Continued growth in the debt burden
- Multi-year trend of operating deficits resulting in a decline in reserves

LEGAL SECURITY

The bonds are secured by the city's general obligation limited tax pledge as debt service has not been excluded from the tax levy limits of Proposition 2.5.

USE OF PROCEEDS (FOR NEW ISSUES)

Proceeds will fund various capital projects of the city.

PROFILE

Framingham has a population of 70,743 and is primarily residential with a large commercial presence. The city is located in Middlesex County, approximately 20 miles west of Boston.

METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on www.moody's.com for a copy of these methodologies.

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