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Rating Action: Moody's assigns MIG 1 to Framingham, MA's GO BANs; affirms Aa2 GO

30 May 2019

New York, May 30, 2019 -- Moody's Investors Service has assigned a MIG 1 short term rating to the City of Framingham, Massachusetts' \$17.4 million General Obligation Bond Anticipation Notes (BANs) dated June 20, 2019 and payable December 6, 2019. Concurrently, we have affirmed the Aa2 long term issuer rating and Aa2 general obligation limited tax bond rating. The issuer rating is equivalent to the city's hypothetical general obligation unlimited tax rating; there is no debt associated with this security. We have also assigned a stable outlook.

The outstanding general obligation limited tax bonds (GOLT) are considered limited tax because the entire amount of debt service has not been excluded from restrictions under Massachusetts law on the city's ability to increase the property tax levy to pay debt service, referred to as Proposition 2 1/2.

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 absence of distinction between the GOLT rating and the issuer rating reflects the city's ability to override the property tax cap and its pledge of its full faith and credit.

The MIG 1 rating reflects the above-average long term credit fundamentals of the city, satisfactory management of refinancing risk and very healthy liquidity. The city is also a frequent market participant.

RATING OUTLOOK

The stable outlook reflects the healthy growth in the tax base that is expected to continue over the near term as well as expectations that the city will maintain the current financial position with no material changes in reserves or liquidity.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Material growth in reserves and liquidity (long term rating)
- Significant decline in the debt burden (long term rating)
- Sustained trend of higher resident income levels (long term rating)

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Continued growth in the debt burden (long term rating)
- Decline in reserves and liquidity (long term rating)
- Significant decline in the long term credit profile of the city (short term rating)

LEGAL SECURITY

The notes 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 1/2.

USE OF PROCEEDS

Note 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 the long-term ratings was US Local Government General Obligation Debt published in December 2016. The principal methodology used in the short-term rating was US Bond Anticipation Notes published in August 2018. Please see the Rating Methodologies page on www.moody's.com for a copy of these methodologies.

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