

MOODY'S

INVESTORS SERVICE

Rating Action: **Moody's assigns MIG 1 short-term rating to Town of Framingham's (MA) \$13.1 million G.O. Bond Anticipation Notes**

Global Credit Research - 11 Jun 2013

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

New York, June 11, 2013 --

Moody's Rating

Issue: General Obligation Bond Anticipation Notes; Rating: MIG 1; Sale Amount: \$13,100,000; Expected Sale Date: 06/13/2013; Rating Description: Note: Bond Anticipation

Opinion

Moody's Investors Service has assigned a MIG 1 short-term rating to the Town of Framingham's (MA) \$13.1 million General Obligation Bond Anticipation Notes. 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 on the town's aging water and sewer system infrastructures to increase flow and comply with state and federal clean water regulations.

SUMMARY RATING 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 above average 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 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

RATING METHODOLOGIES

The principal methodology used for the long term rating was General Obligation Bonds Issued by US Local Governments published in April 2013. The principal methodology used for 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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