

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns Aa2 underlying rating to the Town of Framingham's (MA) \$29.8 million GO Municipal Purpose Loan of 2012, Series A Bds and \$6.6 million 2012 GO Refunding Bds, Series B; Assigns MIG 1 rating to \$24.8 million GO Bond Anticipation Notes

Global Credit Research - 29 Nov 2012

Affirmation of Aa2 underlying rating applies to \$82.4 million of previously-issued parity debt

New York, November 29, 2012 -- Moody's Rating

Issue: General Obligation Municipal Purpose Loan of 2012, Series A; Rating: Aa2; Sale Amount: \$29,758,000; Expected Sale Date: 12-12-2012; Rating Description: General Obligation

Issue: 2012 General Obligation Refunding Bonds, Series B; Rating: Aa2; Sale Amount: \$6,587,000; Expected Sale Date: 12-12-2012; Rating Description: General Obligation

Issue: General Obligation Bond Anticipation Notes; Rating: MIG 1; Sale Amount: \$24,809,365; Expected Sale Date: 12-12-2012; Rating Description: Note: Bond Anticipation

Opinion

Moody's Investors Service has assigned a Aa2 underlying rating to the Town of Framingham's (MA) \$29.8 million General Obligation Municipal Purpose Loan of 2012 Bonds, Series A and \$6.6 million 2012 General Obligation Refunding Bonds, Series B. Moody's affirms the Aa2 rating on the town's \$82.4 million previously-issued parity 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 & half. Proceeds of the Series A bonds, along with \$428,837 of reserve fund, will redeem \$29.5 million in bond anticipation notes that will expire on December 13, 2012 and be used to fund state water loans for townwide capital improvements. Proceeds of the Series B bonds will be used to refund a portion of the town's Series 2003, Series 2004, and Series 2005 General Obligation Bonds for an expected net present value savings of \$440,212, or 6.03% of refunded principal with no extension to maturity and savings taken over the life of the bonds. Moody's has also assigned a MIG 1 rating to the town's \$24.8 million 2012 General Obligation Bond Anticipation Notes. Proceeds from the notes will renew \$17.6 million of outstanding notes and provide \$7.2 million original financing for various townwide capital improvements.

SUMMARY RATING RATIONALE

The Aa2 underlying rating reflects the town's satisfactory financial position, sizeable tax base with above average wealth indicators, and above average debt profile.

The MIG 1 rating considers the town's long-term credit characteristics and demonstrated market access.

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

The principal methodologies used in this rating were General Obligation Bonds Issued by U.S. Local Governments published in October 2009 and 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 this methodology.

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