



**New Issue: "REVISED" CORRECTION TO HEADLINE AND TEXT, JUNE 1, 2011 RELEASE:  
MOODY'S ASSIGNS Aa2 RATING TO TOWN OF FRAMINGHAM'S (MA) \$34.3 MILLION G.O. BONDS  
AND MIG 1 RATING TO \$33.1 MILLION G.O. BANS**

---

Global Credit Research - 01 Jun 2011

**LONG-TERM Aa2 RATING AFFECTS \$111 MILLION OF OUTSTANDING G.O. DEBT, INCLUDING CURRENT ISSUE**

Municipality  
MA

**Moody's Rating  
ISSUE**

**RATING**

General Obligation Bond Anticipation Notes		MIG 1
<b>Sale Amount</b>	\$33,100,000	
<b>Expected Sale Date</b>	06/07/11	
<b>Rating Description</b>	Bond Anticipation Notes	
General Obligation Municipal Purpose Loan of 2011 Bonds		Aa2
<b>Sale Amount</b>	\$34,300,000	
<b>Expected Sale Date</b>	06/07/11	
<b>Rating Description</b>	General Obligation	

**Opinion**

NEW YORK, Jun 1, 2011 -- This press release corrects and replaces the press release issued on June 1, 2011. The par amounts for the Town of Framingham's General Obligation Municipal Purpose Loan of 2011 Bonds and General Obligation Bond Anticipation notes have been updated to reflect the correct amount issued. The revised press release follows below.

Moody's Investors Service has assigned a Aa2 rating to the Town of Framingham's \$34.3 million General Obligation Municipal Purpose Loan of 2011 Bonds and a MIG 1 rating to the town's \$33.1 million General Obligation Bond Anticipation Notes (dated June 17, 2011 and payable June 15, 2012). Concurrently, Moody's has affirmed the town's Aa2 long-term general obligation bond rating, affecting approximately \$111 million of outstanding long-term debt. The bonds and BANs, are secured by Framingham's limited general obligation tax pledge as debt service was not voted exempt from the limitations of Proposition 2 ½ by the town's voters. Proceeds from the issuance will be used to finance various town wide capital projects.

**SUMMARY RATING RATIONALE**

The MIG 1 rating incorporates the town's satisfactory history of access to the capital markets as well as its above-average long-term credit profile. Affirmation of the Aa2 rating reflects of the town's sizeable and diverse tax base, narrow financial position with limited flexibility, wealth characteristics above state and national medians and a satisfactory debt position.

**STRENGTHS**

- Sizable tax base.
- Favorable demographic profile.

**CHALLENGES**

- Declines in state aid.

**DETAILED CREDIT DISCUSSION**

**DEMONSTRATED MARKET ACCESS**

Framingham has demonstrated satisfactory access to the capital markets, having received four bids on its most recent note sale, dated June 18, 2010, seven bids on its previous note sale, dated December 17, 2009, and three bids each on its note and bond sales, each dated June 19, 2009. Bids were received from major local and regional financial institutions. Moody's believes that this history indicates the town's ability to refund this note issue, if necessary, at the June 2012 maturity.

**FINANCIAL POSITION MARKED BY SLIM RESERVES**

Moody's believes that although Framingham has maintained stable credit strength through the economic downturn, the town's financial strength will remain challenged in the medium term. Operations in fiscal 2009 produced an operating deficit of roughly \$797,000 and available reserves (unreserved General Fund and Stabilization Fund) dropped to a very slim \$6.9 million, or only 3.2% of annual General Fund revenues, down from a more satisfactory 5.9% in fiscal 2003. Favorably, layoffs and a town-wide hiring freeze, as well as other departmental expenditure reductions, have somewhat stabilized expenditure growth and in fiscal 2010 the town produced its first operating surplus (\$1.2 million) in six years. Available fund balance grew to \$9.1 million (4.1% of General Fund revenues) in fiscal 2010, the stabilization fund grew to \$5.8 million from

\$4.9 million and the town's free cash certification increased by \$200,000 to \$2.0 million.

The fiscal 2011 budget increased expenditures by a moderate 3.7% and is balanced by property tax increases as allowed under Proposition 2 ½ and a \$3.3 million increase in state aid due to a shift in the commonwealth's funding formula more favorable to Framingham's demographic profile. The budget also includes a free cash appropriation of \$1.5 million, the maximum allowed under the town's financial management policies, in support of the fiscal 2011 operating budget.

The town projects a \$1.4 million surplus in fiscal 2011 that will be appropriated to the stabilization fund. Moody's believes that the town will be pressured to fully replenish its reserve appropriation, as revenue and expenditure budgeting assumptions remain tight after years of fiscal stress.

Although Framingham recently adopted legislation mandating retiree participation in Medicare after reaching age 65, the town's OPEB liability, estimated at \$173 million (assuming an 8% discount rate) will continue to be an increasing burden on future budgets. Going forward, the town's credit strength will heavily weigh its progress towards maintaining balanced operations and replenishing reserves to levels equivalent to similarly-rated communities. The town does pay 100% of its ARC, at approximately \$2.5 million last year.

#### RECENT DECLINES IN TAX BASE

Moody's believes that Framingham's \$8.4 billion tax base will continue to benefit from its favorable location and healthy commercial and industrial presence but notes a weakened real estate market has depressed values. Despite relatively healthy new growth construction activity, the town's overall assessed valuation declined by 0.7% in fiscal 2010 due to slumping residential real estate values. Assessed values declined by 6% from fiscal 2010 to 2011, reflecting market values as of January 1, 2010, while new growth activity remains modest. While bank foreclosure activity has increased, current-year tax collections are holding steady and are projected to total at least 99% at fiscal year-end, which is consistent with prior years. Overall tax collections are healthy due to the sale of \$1.8 million in tax titles. The town's proximity to Boston (rated Aaa/stable outlook), with ample highway and rail access, lends stability and vibrancy to its tax base. The town is well-diversified with nearly 22% of the base in the commercial and industrial sectors. The town's large commercial component is centered on a regional shopping mall and big-box retail outlets where town officials report low vacancy rates.

Management expects development efforts to continue at a modest pace, primarily through redevelopment and expansion of existing commercial properties. Other significant developments either planned or underway include the Dennison Mill Rehabilitation, a mixed use development with 180 units of housing; The Villages at Danforth Farms, a mixed apartment and condominium development; and the expansion of Genzyme Corporation's research laboratory, a project expected to add nearly \$10 million in assessed value in the medium term. Also, contributing to the town's well diversified tax base is the stable corporate presence of Staples, Inc. (senior unsecured rated Baa2/stable), Bose Corporation, Tjx Companies Inc. (senior unsecured rated A3/stable outlook) and Gulf Oil/Cumberland Farms, employing approximately 9,700 employees combined.

Framingham's wealth indices have been declining, relative to state and national norms, throughout the last two decades. Currently the median family (MFI) and per capita incomes (PCI), as a percent of the nation, are 134% and 128%, respectively. Equalized value per capita is strong at \$130,182, reflecting the town's solid residential base and large commercial sector.

#### MODERATE DEBT PROFILE SUPPORTED BY SELF-SUPPORTING ENTERPRISES

Moody's expects that Framingham's 2.9% overall debt burden will remain manageable given both the continued self-support of the water and sewer obligations and the substantial funding of the school construction program through commonwealth grants. Adjustments for commonwealth construction aid and overlapping debt for regional water, sewer, transportation and vocational/technical education bring the town's adjusted debt burden to an affordable 2.7% of equalized value. Principal is retired at an above-average rate of 81.8% within 10 years. The town is updating its multi-year capital improvement plan, which is expected to conform to management's informal targeted goal of maintaining net debt service within 5% of expenditures. The town plans to issue roughly \$1.3 million in general fund debt within the next 18 months as well as additional debt to support water and sewer system improvements. Framingham has no exposure to variable or auction rate debt or derivative agreements.

#### KEY STATISTICS:

2008 Estimated Population: 64,885 (-3% since 2000 census)

2010 Equalized Value: \$8.4 billion

2010 Equalized Value Per Capita: \$130,182

1999 Per Capita Income: \$27,758 (107% of MA; 128% of US)

1999 Median Family Income: \$67,420 (109% of MA; 134% of US)

2010 General Fund Balance: \$6.2 Million (2.8 % of revenues)

2010 Undesignated Fund Balance: \$3.2 Million (1.5% of revenues)

2010 Available Reserves: \$9.1 Million (4.1% of revenues)

Adjusted Debt Burden: 2.7%

Principal Amortization within 10 years: 81.8%

Post-Sale General Obligation Long-Term Debt Outstanding: \$111 Million

#### PRINCIPAL METHODOLOGY USED

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

## REGULATORY DISCLOSURES

Information sources used to prepare the credit rating are the following: parties involved in the ratings, public information, and confidential and proprietary Moody's Investors Service information.

Moody's Investors Service considers the quality of information available on the credit satisfactory for the purposes of assigning a credit rating.

Moody's adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

Please see ratings tab on the issuer/entity page on Moodys.com for the last rating action and the rating history.

The date on which some Credit Ratings were first released goes back to a time before Moody's Investors Service's Credit Ratings were fully digitized and accurate data may not be available. Consequently, Moody's Investors Service provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website [www.moodys.com](http://www.moodys.com) for further information.

Please see the Credit Policy page on Moodys.com for the methodologies used in determining ratings, further information on the meaning of each rating category and the definition of default and recovery.

### Analysts

Tiphany J. Lee  
Analyst  
Public Finance Group  
Moody's Investors Service

Susan Kendall  
Backup Analyst  
Public Finance Group  
Moody's Investors Service

Geordie Thompson  
Senior Credit Officer  
Public Finance Group  
Moody's Investors Service

### Contacts

Journalists: (212) 553-0376  
Research Clients: (212) 553-1653

Moody's Investors Service, Inc.  
250 Greenwich Street  
New York, NY 10007  
USA



© 2011 Moody's Investors Service, Inc. and/or its licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

**CREDIT RATINGS ARE MOODY'S INVESTORS SERVICE, INC.'S ("MIS") CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.**

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN

CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable, including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [www.moody's.com](http://www.moody's.com) under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Any publication into Australia of this document is by MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657, which holds Australian Financial Services License no. 336969. This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001.

Notwithstanding the foregoing, credit ratings assigned on and after October 1, 2010 by Moody's Japan K.K. ("MJKK") are MJKK's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. In such a case, "MIS" in the foregoing statements shall be deemed to be replaced with "MJKK". MJKK is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO.

This credit rating is an opinion as to the creditworthiness or a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be dangerous for retail investors to make any investment decision based on this credit rating. If in doubt you should contact your financial or other professional adviser.