

Rating Action: Moody's assigns Aa2 to Franklin, WI's GO bonds

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New York, February 01, 2019 -- Moody's Investors Service assigns a Aa2 rating to the City of Franklin, WI's \$13.9 million Taxable General Obligation Corporate Purpose Bonds, Series 2019A and \$6.6 million General Obligation Community Development Bonds, Series 2019B. We maintain the Aa2 rating on the city's outstanding general obligation unlimited tax (GOULT) debt. Following the sale, the city will have \$46.8 million of GOULT debt and \$13.5 million of note anticipation notes (NANs) outstanding.

RATINGS RATIONALE

The Aa2 rating reflects the city's expanding, wealthy tax base; healthy operating reserves and liquidity; and modest pension burden. Also incorporated are the district's moderate debt burden which is expected to grow given borrowings associated with economic development.

RATING OUTLOOK

Outlooks are typically not assigned to issuers with this amount of debt.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Sustained increases in available operating reserves
- Substantial appreciation in tax base or socioeconomic measures

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Weakening of the city's tax base and resident income levels
- Narrowing of operating reserves or liquidity
- Significant increases in leverage

LEGAL SECURITY

Debt service is secured by the city's GOULT pledge which benefits from a designated property tax levy that is unlimited as to rate or amount. The security does not benefit from a lock box structure or a statutory lien.

USE OF PROCEEDS

Proceeds from the Series 2019A bonds will provide financial assistance to community development projects within Tax Increment District No. 3 and refund a portion of the city's outstanding Series 2018A NANs.

Proceeds from the Series 2019B bonds will finance capital improvement projects within Tax Increment District No. 6.

PROFILE

The City of Franklin encompasses 35 square miles in Milwaukee County (Aa2 stable), 10 miles south of the City of Milwaukee (A1 stable). It provides a full range of municipal services to roughly 36,000 residents.

METHODOLOGY

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

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