

Rating Action: Moody's assigns Aa2 to Franklin, WI's Note Anticipation Notes

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New York, April 11, 2018 -- Moody's Investors Service has assigned a Aa2 rating to the City of Franklin, WI's \$23.5 million Taxable Note Anticipation Notes, Series 2018A. Moody's maintains the Aa2 rating on the city's outstanding general obligation unlimited tax (GOULT) debt. Following the sale, the city will have \$49.9 million of outstanding GOULT debt.

RATINGS RATIONALE

The Aa2 rating reflects the city's moderately-sized tax base with above average resident income levels, and a sound financial position despite limited revenue-raising ability and two consecutive deficits. The rating also reflects a manageable debt burden and moderate pension and other post-employment benefit liabilities.

RATING OUTLOOK

Outlooks are typically not assigned to local government credits with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Material increases in available reserves and/or liquidity

FACTORS THAT COULD LEAD TO AN DOWNGRADE

- Declines in tax base and deterioration of the city's demographic profile
- Narrowing of reserves and/or liquidity

LEGAL SECURITY

The note anticipation notes (NANs) are secured by the city's covenanted pledge to issue general obligation (GO) promissory notes to retire the NANs. The city's outstanding GO debt is secured by the city's general obligation unlimited tax (GOULT) pledge which benefits from a designated property tax levy that is unlimited as to rate or amount.

USE OF PROCEEDS

Proceeds will be used to finance various infrastructure projects in the city's Tax Incremental District No. 5.

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 this rating 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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