MOODY'S ASSIGNS Aa2 RATING TO $10.0 MILLION GENERAL OBLIGATION PROMISSORY NOTES

Aa2 RATING APPLIES TO $59.7 MILLION OF POST-SALE DEBT

Franklin (City of) WI
Municipality
Wisconsin

Moody's Rating

Issue	Rating
General Obligation Promissory Notes	Aa2
Sale Amount $10,000,000	
Expected Sale Date 08/05/08	
Rating Description General Obligation Unlimited Tax	

NEW YORK, July 28, 2008 -- Moody's Investors Service has assigned a Aa2 rating to the City of Franklin's (WI) $10.0 million General Obligation Promissory Notes. Secured by the city's general obligation unlimited tax pledge, the Notes will provide funds to the city's tax increment districts (TID) and finance projects according to the city's capital improvement plan. Concurrently, Moody's has affirmed the Aa2 rating on the city's outstanding general obligation debt, affecting $49.7 million. The high quality rating reflects the city's large and affluent tax base; history of sound financial operations characterized by conservative budgeting; and moderate debt burden with rapid amortization.

LARGE MILWAUKEE SUBURB CONTINUES TO EXPERIENCE GROWTH, PRIMARILY COMMERCIAL

Moody's expects the city's tax base will continue to benefit from its favorable location and available land for further development. Located in Milwaukee County (general obligation Aa3/negative outlook), the city is part of the Milwaukee (rated Aa2) metropolitan area. The city's large tax base, which currently stands at $3.7 billion, averaged a healthy 10.4% rate of growth over the last five years; however, this rate of growth appears to be slowing as evidenced by 6.0% growth from 2006 to 2007 compared to 14.9% from 2005 to 2006. City officials report ongoing development, most of which is commercial or retail. Current projects include an expansion to Northwestern Mutual's campus to provide space for 1,100 employees (both new positions and relocated), two hotels and a new Wheaton Franciscan medical center. A new retail center recently opened anchored by Target (senior unsecured A2) and Sendick's Food Market. Management projects that the 2008 full value will increase by approximately $100 million, with $55 million outside of the city's TIDs. Northwestern Mutual (Aaa insurance financial strength) is the city's largest taxpayer at 2.2% of assessed valuation. Complimenting the healthy tax base trends are positive demographic indices. Since 2000, the city's population has increased by 14.6% to 33,812. City residents have a favorable socio-economic profile, as evidenced by the high median family and per capita income compared to the state. In addition, the city's full value per capita is a very healthy $109,105.

SOUND FINANCIAL OPERATIONS CHARACTERIZED BY CONSERVATIVE BUDGETING AND HEALTHY RESERVES

Moody's believes the city's financial operations will remain sound due to prudent financial management and healthy reserves. The city closed fiscals 2003 through 2006 with General Fund surpluses, despite having annually applied between $500,000 and $1 million in fund balance to offset the tax levy. Similarly, the city planned the use of $1.0 million in fiscal 2007, but due to positive budget variances the city was able to transfer $935,000 to an other post-employment benefit (OPEB) special revenue fund and remain in line with the budget. This transfer is included in the General Fund deficit of $1.1 million in fiscal 2007, which brought reserves to $5.9 million, or a still healthy 27.3% of revenues. The fiscal 2008 budget includes the use of $950,000 in fund balance, but management reports expenditures may come in under budget by up to $650,000. Management anticipates that the fiscal 2009 budget will reflect another use of reserves, though note it will likely be less than $950,000. Officials full expect to remain in line with the city's General Fund balance policy of maintaining 20% to 25% of the subsequent year's budget.

In fiscal 2007, property taxes were the city's largest core revenue source (61.6%) followed by intergovernmental aid (11.0%), somewhat reducing the city's vulnerability to state aid cuts. The city's largest expenditures include public safety (54.5%), public works (16.2%), and general government (10.3%). Management reports an unfunded actuarial accrued OPEB liability of $8 million and expects to fully fund the annual required contribution going forward. At the close of fiscal 2007, the city's OPEB special revenue fund had a balance of $948,000.

MODERATE DEBT BURDEN; RAPID AMORTIZATION

Moody's believes the city's moderate debt burden will remain manageable due to limited future borrowing and rapid amortization. The city's debt burden of 4.1% of full valuation is slightly above the state's median, primarily due to overlapping entities as demonstrated by the city's average direct debt of 1.6%. Notably, almost half of the city's direct debt is supported by the city's TIDs. Principal amortization is rapid, with 93.7% of principal retired in ten years. Officials anticipate issuing approximately $2 million every other year in order to finance general city capital improvements.

KEY STATISTICS

2006 Census population: 33,2812 (14.6% increase since 2000)
2007 Full value: $3.7 billion
Full value per capita: $109,105
2000 median family income compared to state: 142.8%
2000 per capita income compared to state: 129.2%
Debt burden: 4.2% (1.7% direct)
Principal payout (10 years): 93.7%
FY2007 General Fund balance: $5.9 million (27.3% of revenues)
Post-sale general obligation debt outstanding: $59.7 million

ANALYSTS:
Beth A. Dougherty, Analyst, Public Finance Group, Moody's Investors Service
John Humphrey, Backup Analyst, Public Finance Group, Moody's Investors Service
Edward Damutz, Senior Credit Officer, Public Finance Group, Moody's Investors Service

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

Copyright 2008, Moody's Investors Service, Inc. and/or its licensors and affiliates including Moody's Assurance Company, Inc. (together, "MOODY'S"). All rights reserved.