



**Moody's Investors Service**

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August 21, 2006

Ms. Vivian Pitts, Treasurer  
Town of Foxborough, MA  
Town Hall  
Foxborough, MA 02035

Dear Ms. Pitts:

We wish to inform you that on August 17, 2006, Moody's Rating Committee reviewed and assigned a rating of **Aa3** to the Town of Foxborough MA's General Obligation Bonds.

In order for us to maintain the currency of our ratings, we request that you provide ongoing disclosure, including annual financial and statistical information.

Moody's will monitor this rating and reserves the right, at its sole discretion, to revise or withdraw this rating at any time in the future.

The rating, as well as any revisions or withdrawals thereof, will be publicly disseminated by Moody's through normal print and electronic media and in response to verbal requests to Moody's ratings desk.

Should you have any questions regarding the above, please do not hesitate to contact me or the analyst assigned to this transaction, Erin Daugherty, at 212-553-4534.

Sincerely,

Edith F. Behr  
Vice President/Senior Analyst

cc:

Mr. Peter Frazier  
First Southwest Company  
54 Canal Street, 3rd Floor  
Boston, MA 02114



New Issue: Foxborough (Town of) MA

**MOODY'S ASSIGNS Aa3 RATING TO THE TOWN OF FOXBOROUGH'S (MA) \$4.5 MILLION GENERAL OBLIGATION BONDS**

**Total of \$28.6 Million Rated Debt, Including Current Issue**

Municipality  
MA

**Moody's Rating**

<b>ISSUE</b>	<b>RATING</b>
General Obligation Bonds	Aa3
<b>Sale Amount</b>	\$4,515,000
<b>Expected Sale Date</b>	08/22/06
<b>Rating Description</b>	General Obligation Unlimited Tax

**Opinion**

NEW YORK, Aug 17, 2006 -- Moody's Investors Service has assigned a Aa3 rating to the Town of Foxborough's \$4.5 million General Obligation Bonds, and has concurrently affirmed the Aa3 rating on the town's \$24.1 million outstanding general obligation debt. Proceeds from this issue will finance final construction costs for a public safety building. Security is provided by the town's general obligation unlimited tax pledge as the town has voted to exclude debt service from the tax levy limitations of Proposition 2 1/2. The Aa3 rating reflects the town's stable financial position with sound reserve levels, moderately growing tax base, and manageable debt burden. The Aa3 further incorporates Moody's expectation that the town will maintain satisfactory levels of reserves.

**STABLE FINANCIAL POSITION ENHANCED BY HEALTHY RESERVE LEVELS**

Moody's anticipates that Foxborough will maintain solid financial operations due to a conservative approach to budgeting, satisfactory reserve levels, and anticipated medium-term tax base growth. After recording three consecutive operating deficits in fiscal 2001, 2002 and 2003, fiscal 2004 operations were balanced and produced a modest surplus of \$439,000 after replenishing the \$1.8 million of certified free cash appropriated to balance the budget. The town also uses prudent revenue assumptions that annually record sizeable positive variances, especially in the areas of tax revenues and stadium receipts. The town has a ticket sales revenue-sharing agreement with the state, valued at nearly \$1 million annually. The fiscal 2004 surplus raised Foxborough's overall general fund balance to \$6.2 million, a satisfactory 15.6% of general fund revenues. In fiscal 2005, the town appropriated \$2.15 million of free cash, which it replenished through positive revenue variances in all categories, despite snow removal expenditures exceeding budget by more than \$350,000. Foxborough closed the year with a modest surplus of \$178,000 increasing general fund balance on an absolute basis although on a percentage basis, reserves declined slightly to 14.9% of revenues. The town maintains a separate stabilization fund of \$2.28 million, bringing available reserves (unreserved fund balance plus stabilization fund) to \$7.26 million, or a comfortable 16.9% of revenues.

The fiscal 2006 budget reflects a modest 0.8% increase, funded in part through free cash of \$1.25 million for operations. Additionally, the town utilized \$1.05 million of free cash for capital projects, demonstrating management's commitment to pay for a majority of the town's capital needs on a pay-as-you-go basis. Moody's believes that this practice provides some financial flexibility, as the town could finance these projects through debt issuance. Due to conservative revenue estimation and over \$500,000 in unspent education appropriations management projects full replenishment of free cash and a slight increase in general fund balance to \$6.7 million, with undesignated unreserved portion rising \$200,000 to \$3 million. The fiscal 2007 budget includes a 3.1% increase in General Fund appropriations, which management expects to fund through new growth revenues, a \$1.6 million net increase in state aid, \$1.1 million of free cash for operations and \$912,000 of free cash for capital projects. Management predicts that the town will replenish this free cash appropriation through continued conservative estimates of revenue sources. While Moody's expects Foxborough to maintain adequate reserve levels in the near-term, continued appropriation of free cash presents a vulnerability to fund balance levels should revenues decline unexpectedly. Future rating reviews will incorporate management's ability to maintain balanced operations.

**PRIMARILY RESIDENTIAL COMMUNITY WITH CONTINUED GROWTH OPPORTUNITIES**

Although Moody's believes the town's future growth will proceed at a more moderate pace than in recent years, the town retains favorable growth prospects leveraging both the proximity to regional employment sectors, multimodal transportation access, as well as a sizeable amount of developable land. Located almost equidistant between Boston (rated Aa1/stable outlook) and Providence (rated A3) along Route 1, Foxborough is home to Gillette Stadium and the New England Patriots. The town is primarily residential but tax base diversity is provided by a sizeable and increasing commercial presence (15.3% of the tax base) and manufacturing firms (3.3%). Growth over the last five years has been solid at 12.5% per annum, reflecting in part the very strong residential market appreciation experienced throughout the region. Town officials report new commercial development in preliminary planning phases, particularly along Route 1 adjacent to the new, \$300 million stadium that has been completed. Foxborough anticipates that this project, expected to be completed over the medium term will increase tax base diversity, increasing the town's commercial/industrial sector to approximately 25% of assessed values. A former state hospital recently auctioned to a developer is slated to be converted to mixed-use development including housing, retail, and commercial over the next three to five years. The town continues to demonstrate an above-average socioeconomic profile as residential wealth levels exceed Commonwealth norms by approximately 25% and equalized value per capita is a significant \$165,909.

#### MANAGEABLE DEBT POSITION DUE TO SIGNIFICANT PAY-AS-YOU-GO CAPITAL PROGRAM

Moody's expects the town's debt position to remain favorable given expected Commonwealth construction grants for the large school project and limited future borrowing needs. The town's debt position is a low 1.4% after adjusting for the 68% reimbursement of a \$25 million school project. The debt burden has also lessened due to strong growth in the tax base, resulting from continued value appreciation. Debt is retired at an average rate of 59.4% in 10 years. Although budget constraints in fiscal 2003 and 2004 led the town to curtail its capital pay-as-you-go program, management has returned to a more aggressive schedule, following an improved cash position in fiscal 2005. Debt service currently claims a modest 3.7% of expenditures, thus providing flexibility for future borrowing if necessary. Management reports that the town's infrastructure is prepared for additional growth; plans for near-term borrowings are currently limited to a \$4.37 million authorization for a well project, which it plans to finance through the Massachusetts Water Pollution Abatement Trust (rated Aaa) in the summer of 2007. Following the completion of the public safety building in fiscal 2007, management expects to renovate the town hall with pay-as-you go appropriations and out-year plans consist of expansion and renovation of the library, to be funded through grant proceeds and town funds, with the municipal portion currently estimated at \$6.3 million.

#### KEY STATISTICS

2000 Population: 16,246

2007 Equalized Valuation: \$2.7 billion

2007 Equalized Value Per Capita: \$165,909

Overall Debt Burden: 1.4%

Adjusted Debt Burden: 1.3%

Amortization of Principal (10 years): 59.4%

Per capita income (1999): \$32,294 (124.4% of the Commonwealth median)

Median family income (1999): \$ 78,881 (127.8% of the Commonwealth median)

FY05 General Fund Balance: \$6.4 million (17.9% of General Fund revenues)

FY05 Stabilization Fund Balance: \$2.28 million (additional 5.3% of General Fund revenues)

Post-sale General Obligation debt outstanding: \$28.6 million

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