

New Issue: [Massachusetts \(Commonwealth of\)](#)

MOODY'S ASSIGNS MIG 1 RATING TO \$325M COMMONWEALTH OF MASSACHUSETTS' G.O. BOND ANTICIPATION NOTES 2008 SERIES A

APPROXIMATELY \$16 BILLION OF OUTSTANDING G.O. DEBT RATED Aa2 WITH STABLE OUTLOOK

State
MA

Moody's Rating

ISSUE	RATING
General Obligation Bond Anticipation Notes 2008 Series A	MIG 1
Sale Amount \$325,000,000	
Expected Sale Date 12/10/08	
Rating Description General Obligation Bond Anticipation Notes	

Opinion

NEW YORK, Dec 9, 2008 -- Moody's Investors Service has assigned a MIG 1 rating to the Commonwealth of Massachusetts \$325 million General Obligation Bond Anticipation Notes 2008 Series A. Proceeds of the notes will be used for statewide capital projects and also to refund outstanding lease revenue bonds of the City of Chelsea with fixed rate general obligation bonds of the commonwealth. The bonds to be refunded are the City of Chelsea Commonwealth of Massachusetts Lease Revenue Bonds (Massachusetts Information Technology Center Project - 1993 Issue) Select Auction Variable Rate Securities (SAVRS) Series A (\$33.7 million) and Series B (\$33.55 million), which are guaranteed by the commonwealth.

Assignment of our highest quality short-term ratings reflects the state's financial strength (general obligation bonds rated Aa2 with a stable outlook) and well-established record of market access. Massachusetts plans to offer the bond anticipation notes on December 8. The notes mature on March 5, 2009 at which time the commonwealth can renew the notes as permitted for terms not exceeding three years or refinance the notes with long term debt.

Long term credit strengths are:

- *Effective management through period of fiscal strain during 2001-2002 recession.
- *Strong reserve levels, rapidly replenished following draws during recession.
- *Recent years of healthy revenue growth due to solid personal income tax gains that offset softening in sales tax performance.

Long term credit challenges are:

- *\$1.4 billion budget gap for fiscal 2009 as economic weakness dampens tax performance
- *Rising healthcare costs related to Medicaid, pensions, healthcare reform as well as OPEB add to budget pressures.
- *Despite employment gains, commonwealth's jobs remain below pre-recession peak.
- *Debt ratios, already among highest in the nation, likely to rise as commonwealth lends credit support to related entities such as the Massachusetts Turnpike Authority

Since our last report published November 17, 2008, there has been no new financial information.

The last rating action was on November 14, 2008 when Moody's assigned a Aa2 rating and stable outlook to

the Commonwealth of Massachusetts' General Obligation Refunding Bonds 2008 Series A.

The principal methodologies used in rating the Commonwealth of Massachusetts' General Obligation Refunding Bonds 2008 Series A were Bond Anticipation Notes and Other Short-Term Capital Financings (May 2007) and Methodology Update: Temporary Criteria Change for Bond Anticipation Note Ratings Due to Municipal Market Disruption (October 2008) which can be found at www.moodys.com in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Credit Policy & Methodologies directory.

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