

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns Aaa to Madison, WI's Series 2024B, 2024C and 2024D GO notes; outlook stable

07 Aug 2024

New York, August 07, 2024 -- Moody's Ratings (Moody's) has assigned a Aaa rating to Madison, WI's General Obligation Promissory Notes, Series 2024-B; General Obligation Promissory Notes, Series 2024-C (Green Notes); and Taxable General Obligation Promissory Notes, Series 2024-D with proposed par amounts of \$81.8 million, \$18.2 million, and \$6.4 million, respectively. We maintain the city's Aaa issuer rating and the Aaa rating on outstanding general obligation unlimited tax (GOULT) debt. Following the sale, the city will have roughly \$934 million in total debt outstanding, inclusive of \$197 million in utility revenue debt associated with the city's water and sewer utilities. The outlook is stable.

RATINGS RATIONALE

The Aaa rating reflects the strong, diverse economy with significant institutional presence and solid financial position. The fiscal 2024 budget (year-end December 31) includes a planned \$9.2 million use of fund balance, however the city's available fund balance ratio will remain solidly above 30%. Post-sale leverage will be roughly 215% of operating revenue and fixed costs will likely remain near 10%.

The Aaa GOULT rating is the same as the issuer rating because of the city's full faith and credit pledge and authorization to levy a dedicated property tax that is unlimited as to rate or amount.

RATING OUTLOOK

The stable outlook reflects the expectation that the credit quality will remain strong, supported by continued economic growth, long-standing government and higher education presences within the city and continued financial stability.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Material narrowing of available fund balance to levels below 25%
- Increase in the long-term liabilities ratio to levels nearing 300%

LEGAL SECURITY

The city's GOULT debt is backed by its full faith and credit pledge and authority to levy ad valorem taxes unlimited as to rate or amount.

USE OF PROCEEDS

Proceeds from all three series of notes will finance capital projects throughout the city.

Proceeds from the Series 2024-C notes will finance capital projects that are expected to provide environmental benefit.

PROFILE

Madison is the state capital of Wisconsin (Aa1 stable) and is home to the flagship campus of the University of Wisconsin. It is the state's second largest city with an estimated population of about 287,000.

METHODOLOGY

The principal methodology used in these ratings was US Cities and Counties published in July 2024 and available at <https://ratings.moodys.com/rmc-documents/425429>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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