

Rating Action: Moody's assigns Aaa to Madison, WI's GO bonds and notes; outlook stable

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New York, August 29, 2022 -- Moody's Investors Service has assigned Aaa ratings to the City of Madison, WI's \$72.4 million General Obligation Promissory Notes, Series 2022-A, \$20.2 million Taxable General Obligation Promissory Notes, Series 2022-B, and \$21.4 million General Obligation Refunding Bonds, Series 2022-C. We maintain the Aaa rating on the city's outstanding general obligation unlimited tax (GOULT) debt. Following the sale, the city will have \$557.6 million GOULT debt outstanding. The outlook is stable.

RATINGS RATIONALE

The Aaa rating reflects the city's sizeable tax base which benefits from a strong, diverse economy with significant institutional presence and above-average resident income. The financial position is solid. These positive attributes are balanced against limited revenue raising flexibility and elevated fixed costs.

RATING OUTLOOK

The stable outlook reflects the expectation that credit quality will remain sound, supported by continued economic growth and long-standing government and higher education presences within the city. It also reflects the expectation of financial stability due to conservative fiscal management.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Deterioration of the city's tax base and resident wealth and income
- Material narrowing of operating reserves or liquidity
- Increased leverage

LEGAL SECURITY

The city's outstanding GOULT debt, including the current issuance, is supported by its full faith and credit pledge. Debt service is payable from a designated property tax levy that is unlimited as to rate or amount.

USE OF PROCEEDS

The Series 2022-A notes will finance capital projects for various city departments.

The Series 2022-B notes will finance various economic development and tax increment projects within the city.

The Series 2022-C bonds will refund the January 1, 2023 through January 1, 2033 maturities of the City's Water Utility Revenue Bonds, Series 2012, dated December 19, 2012 and the January 1, 2023 through January 1, 2034 maturities of the City's Water Utility Revenue Bonds, Series 2013, dated December 18, 2013. The bonds were originally issued for miscellaneous utility improvement projects.

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 just under 260,000.

METHODOLOGY

The principal methodology used in these ratings was US Local Government General Obligation Debt published in January 2021 and available at <https://ratings.moodys.com/api/rmc-documents/70015>. 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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