



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

18 Sep 2023

New York, September 18, 2023 -- Moody's Investors Service has assigned Aaa ratings to the City of Madison, WI's General Obligation Promissory Notes, Series 2023-A and General Obligation Promissory Notes, Series 2023-B (Green Notes) with expected par amounts of \$74.4 million and \$42 million, respectively. Moody's maintains the city's Aaa issuer rating and Aaa rating on the outstanding general obligation unlimited tax (GOULT) bonds. Following the sale, the city will have about \$613 million in GOULT debt outstanding. The outlook is stable.

RATINGS RATIONALE

The Aaa issuer rating reflects the strong, diverse economy with significant institutional presence and above-average resident income. The financial position is consistently solid. These positive attributes offset the limited revenue raising flexibility and slightly elevated long-term leverage.

The Aaa GOULT rating is equivalent to the Aaa 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 reserves or liquidity
- Notable growth in long-term leverage

LEGAL SECURITY

The upcoming sale and outstanding GOULT debt is backed by the city's full faith and credit pledge and the authority to levy a dedicated property tax unlimited as to rate and amount.

USE OF PROCEEDS

Proceeds from the Series 2023-A notes will finance capital projects for various city departments.

Proceeds from the Series 2023-B 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 just under 266,000.

METHODOLOGY

The principal methodology used in these ratings was US Cities and Counties Methodology published in November 2022 and available at <https://ratings.moodys.com/rmc-documents/386953>. 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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