

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

10 Sep 2020

New York, September 10, 2020 -- Moody's Investors Service has assigned a Aaa rating to the city of Madison, WI's \$78.7 million General Obligation Promissory Notes, Series 2020-A, \$22.6 million General Obligation Corporate Purpose Bonds, Series 2020-B, and \$46.9 million Taxable General Obligation Refunding Bonds, Series 2020-C. We maintain the Aaa rating on the district's outstanding general obligation unlimited tax (GOULT) bonds. The outlook remains stable.

RATINGS RATIONALE

The Aaa GOULT rating reflects the city's sizeable tax base which continues to expand given a strong, diverse economy with significant institutional presence. Also incorporated are the city's healthy operating reserves and liquidity, limited revenue raising flexibility, and high fixed costs.

RATING OUTLOOK

The stable outlook reflects our expectation of continued economic and financial stability due to conservative fiscal management, coupled with long-standing government and higher education presences within the city.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

-Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

-Significant contraction of tax base coupled with weakened resident income levels

-Narrowing of operating reserves

-Increased leverage

-Weakened credit profile of the city's utilities

LEGAL SECURITY

Debt service on the city's bonds and notes is secured by its GOULT pledge which benefits from a designated property tax levy that is unlimited as to rate or amount.

USE OF PROCEEDS

The proceeds of the 2020-A notes will be used to finance capital projects for various city departments and refund the 2021 and 2022 maturities of the city's General Obligation Promissory Notes, Series 2012A.

The proceeds of the 2020-B bonds will finance street projects, relocation of a fleet facility and transit facility improvements.

The proceeds of the 2020-C refunding bonds will be used to refund the 2021 - 2024 maturities of the city's Taxable General Obligation Refunding Bonds, Series 2010C; 2023 - 2032 maturities of the General Obligation Corporate Purpose Bonds, Series 2012C; 2022 - 2023 maturities of the General Obligation Promissory Notes, Series 2013A; 2022 - 2024 maturities of the General Obligation Promissory Notes, Series 2014A; and 2022 - 2024 maturities of Taxable General Obligation Promissory Notes, Series 2014B.

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 252,090.

METHODOLOGY

The principal methodology used in these ratings was US Local Government General Obligation Debt published in July 2020 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1230443. Alternatively, please see the Rating Methodologies page on www.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 at: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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