



# 2024 GO Borrowing

Overview

Parameters Resolution

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Finance Committee  
July 22, 2024

# GO Borrowing Overview

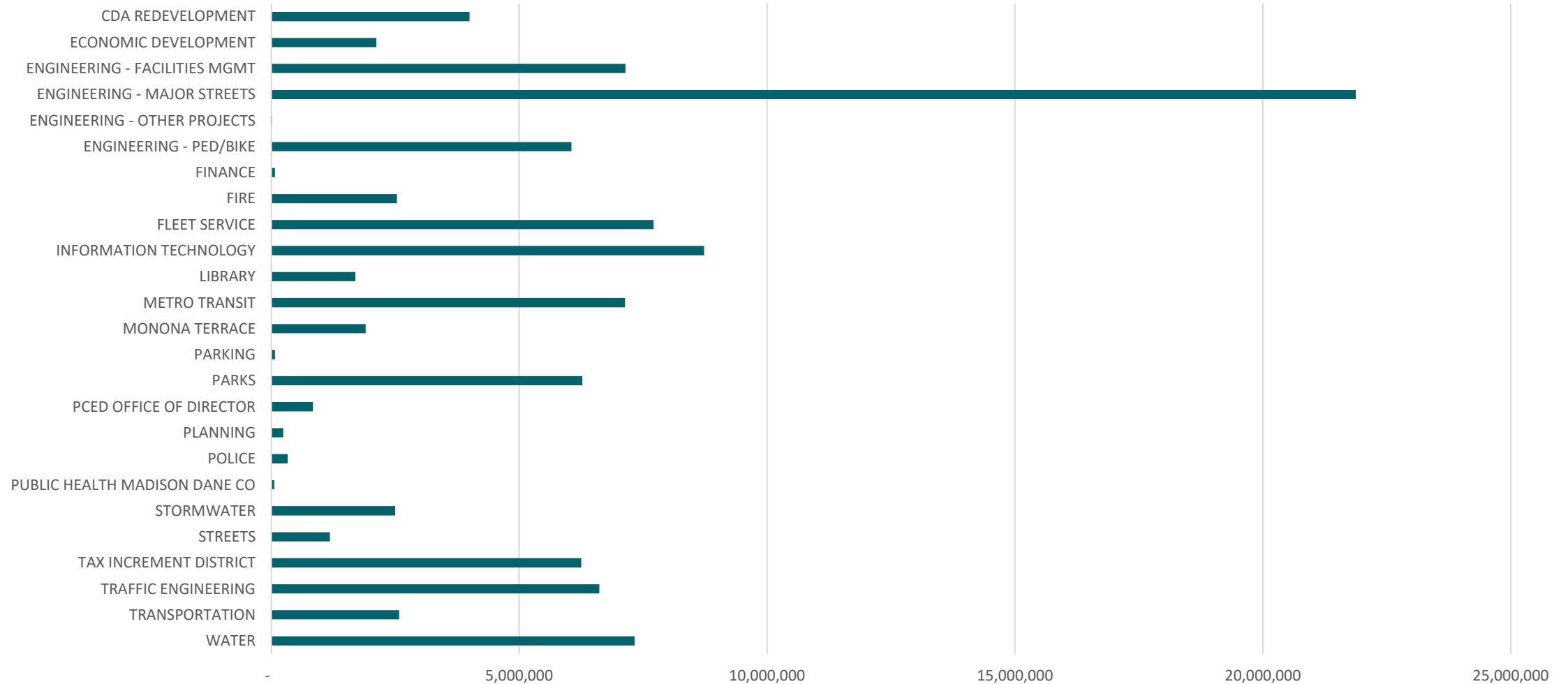
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# What is “GO Borrowing”?

- General obligation tax-exempt or taxable 10 year or 20 year promissory notes (“debt” or “borrowing”) are sold by the City to finance projects included in the 2024 adopted capital budget. Recent change to state law authorized issuance of promissory notes for up to a 20 year maturity.
- Both new and carryforward projects are included in the adopted capital budget and financed with this debt.
- The debt is a “general obligation” of the city – meaning the city has pledged its full faith and credit through authorizing an irrevocable property tax levy to repay the debt, with interest.
- The property tax levy to repay this debt will be first included in 2024 property taxes (levied in December 2024 and due in 2025).
- [Other city revenues](#) repay some of this debt, reducing the overall amount of property taxes needed.
- Issuing approximately 47% of authorized borrowing due to project timing, associated cash flow needs, and arbitrage considerations under federal tax law.

# Total Borrowing -- \$108m

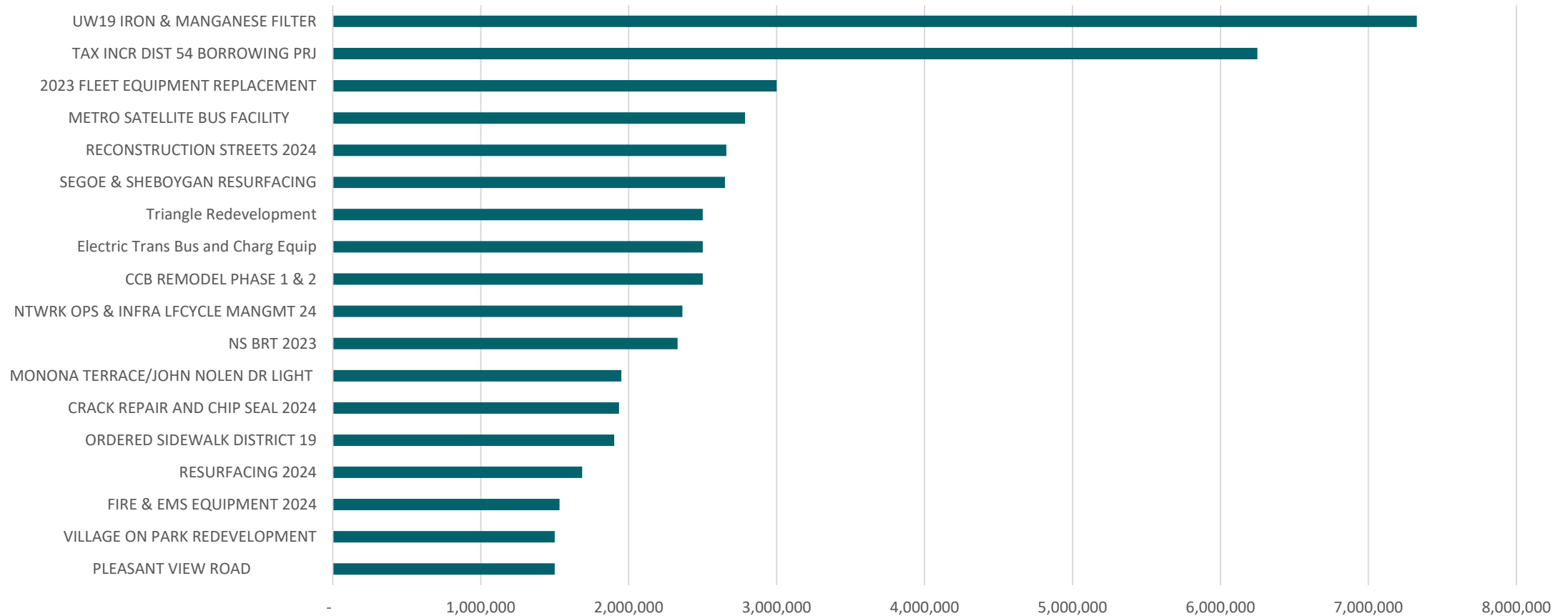
## Borrowing by Agency



# Borrowing by Project/Program

387 Projects/Programs

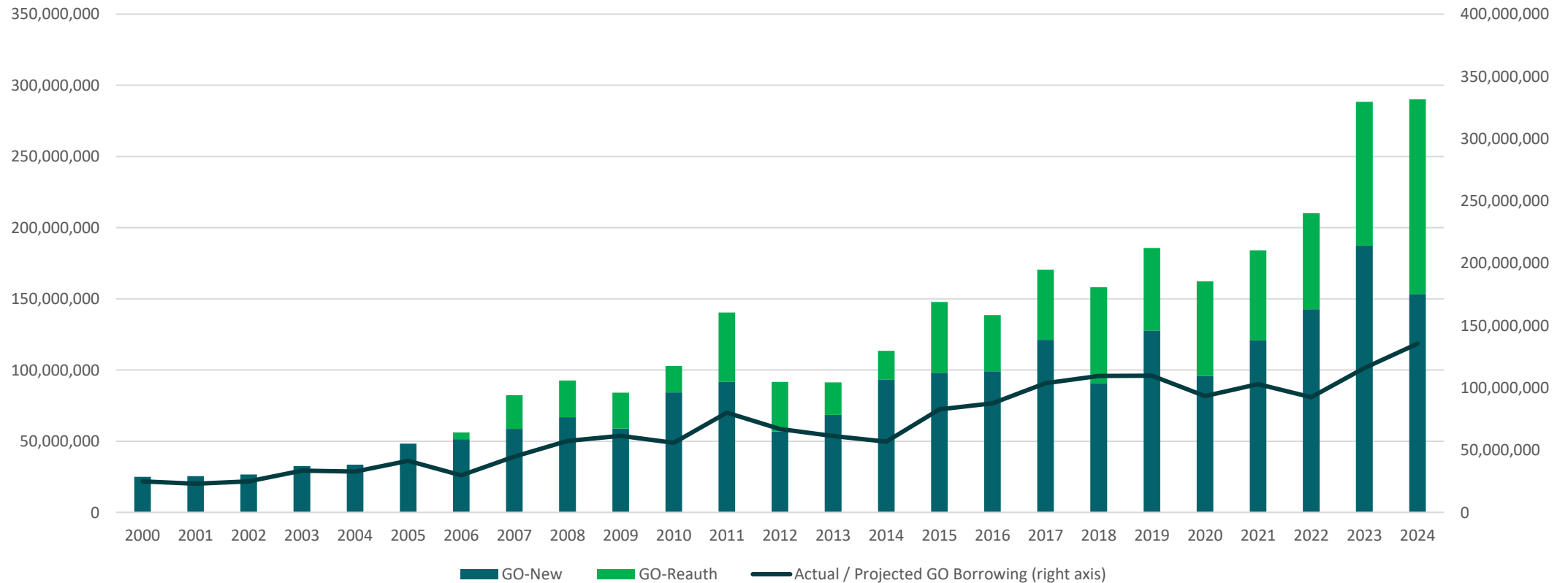
18 Projects/Programs over \$1.5m each – \$48m total



# Borrowing 47% of Authorized Level

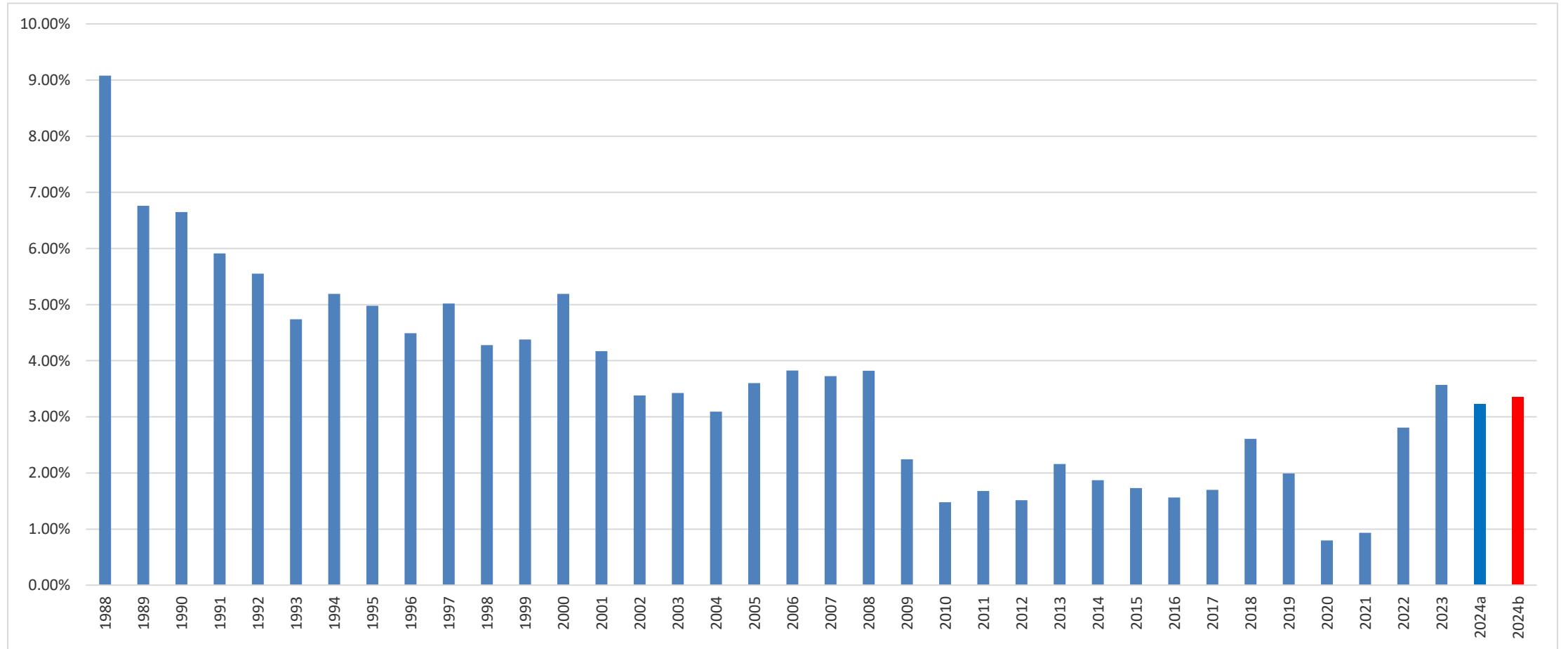
[2024 includes \$28.5m borrowed in January 2024 for State/Lake Street Garage Project]

Adopted / Proposed Capital Budgets  
2000 to 2024



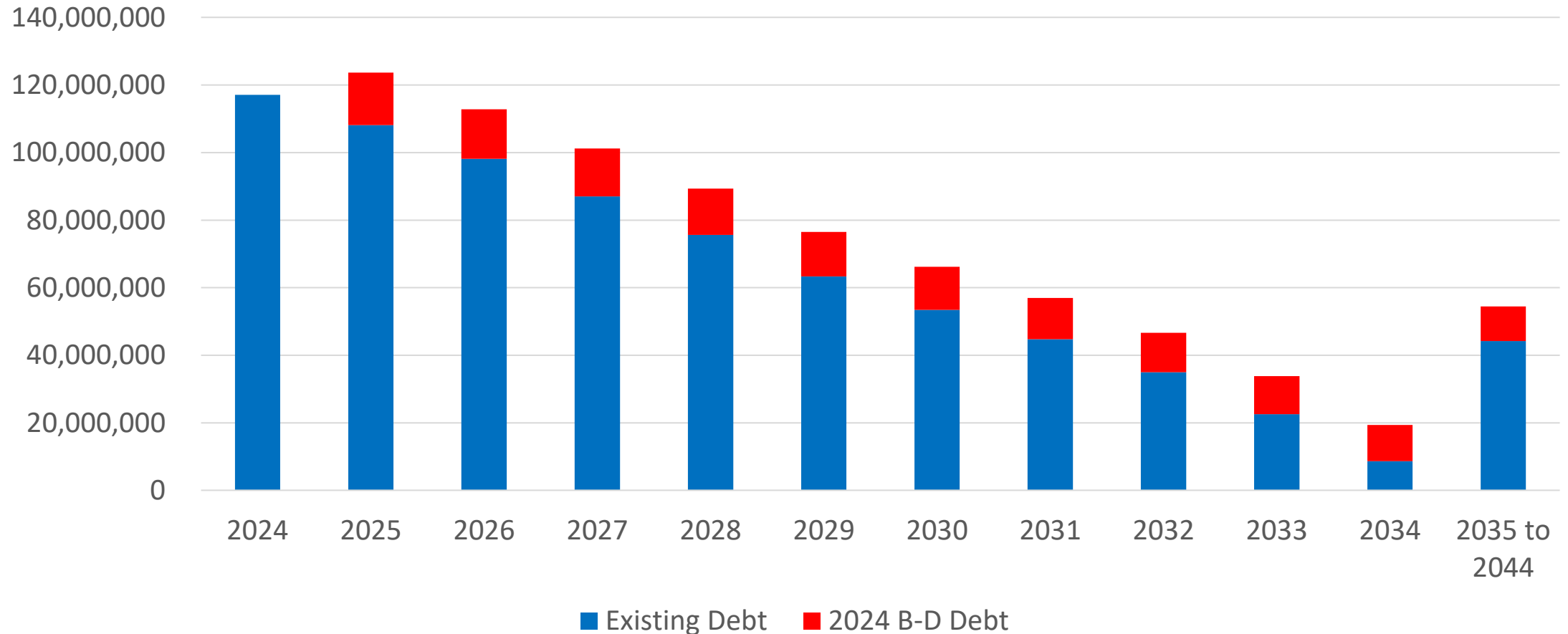
# Historical Interest Rates on City Debt

(2024a = State Street Campus Garage; 2024b = August issuance estimate)



# Existing Debt Service and New Debt Service from August 2024 Issuance

“Debt Service” = Annual principal and Interest payments made in operating budget





# Parameters Resolution

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# Parameters Resolution

- Starting with 2023 issuance, rather than requiring the sale of bonds to occur on a Common Council meeting date, the Council authorized a more flexible approach for the sale of bonds on a more optimal date.
- Parameters resolution allows the Finance Director to carry out the intent of the Common Council by determining the final terms and awarding the sale of bonds on any subsequent date ***provided the parameters included in the resolution are met.***
- This approach is used by many governmental entities.
- Parameters for Madison promissory notes include maximum par amount, maximum true interest cost (TIC) rate to the City, and maximum amount of cost of issuance paid with note proceeds.

# Parameters

- Maximum par amount -- \$108,005,000
  - Series B -- \$82.3 million (\$73.2m – 10 year; \$9.1m – 20 year)
  - Series C “Green Notes” -- \$18.3m (\$10.9m – 10 year; \$7.4m – 20 year)
  - Series D Taxable -- \$6.4m – 10 year
- Maximum True Interest Cost – 5.0 percent (tax-exempt); 6.5 percent (taxable)
- Maximum Cost of Issuance – \$375,000
  - Municipal advisory services, bond counsel, registration of notes
- Expiration of parameters authority – December 31, 2024
- Expected date of sale – August 15, 2024
- 2024 Water Utility Capital Budget Amendment – Shift funding sources so that Unit Well 19 project is GO debt supported; other projects are shifted from GO borrowing to reserves.