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## **MEMORANDUM**

Date: November 24, 2025

To: Mayor Satya Rhodes-Conway

City of Madison Common Council City of Madison Finance Committee

Water Utility Board

From: Krishna Kumar, General Manager

January Vang, Finance and Administration Manager

Subject: Issuing Water Utility Revenue Refunding Bonds,

Series 2026

## **BACKGROUND**

The City of Madison previously issued its \$38,420,000 Water Utility Revenue Refunding and Improvement Bonds, Series 2016, dated December 28, 2016 (**2016 Bonds**), pursuant to a resolution adopted by the Common Council on December 6, 2016. After the scheduled payment on January 1, 2026, the 2016 Bonds will be outstanding in the aggregate principal amount of \$18,835,000 with a final maturity date of January 1, 2037. The 2016 Bonds were issued to refund the then outstanding principal amount of the \$27,185,000 Water Utility Revenue Bonds, Series 2007 and to finance capital improvements for the Utility's capital projects included in the 2016 Capital Improvement Plans.

The 2016 Bonds maturing in 2027 and thereafter (**Callable Bonds**) are subject to optional redemption on any date beginning on January 1, 2026. Based on current market conditions, a refunding on or shortly after January 1, 2026 of the Callable Bonds can produce net present value debt service savings for the City of Madison Water Utility.

Attached is a draft resolution entitled "A Resolution Authorizing and Providing for the Issuance and Establishing Parameters for the Sale of Not to Exceed \$\_\_\_\_\_ Water Utility Revenue Refunding Bonds, Series 2026, and Certain Related Details". The City of Madison Water Revenue Refunding Bonds are expected to be issued in early calendar year 2026 to complete this pending refunding transaction (2026 Bonds).

The final form of this resolution will include the parameters for the City of Madison to complete the sale of the 2026 Bonds to complete the refunding for debt service savings of the Callable Bonds, authorize an authorized officer to award the 2026 Bonds to a purchaser to be determined by competitive bid, and complete the refunding transaction. If the parameters are not met the 2026 Bonds will not be sold or issued and the refunding will not occur.

Also attached is a summary of the pending refunding transaction and draft resolution as prepared by Baker Tilly Municipal Advisors, who is the municipal advisor to the City of Madison.

The legislative path for this item is shown below.

11/24/25 – Water Utility Board 11/25/25 - Common Council (introduction) 12/1/25 – Finance Committee 12/9/25 – Common Council (final action)