Madison Metropolitan Sewerage District  
Commission Policy Statement  
Debt Financing Policy

POLICY OBJECTIVE:  
The district’s capital project financing policy related to the incurrence of debt obligations is intended to ensure an appropriate balancing of the use of district equity (e.g., cash, pay-as-you-go) and various forms of debt obligations to minimize rate increases while ensuring strong financial performance and the ability to obtain debt on favorable terms.

POLICY STATEMENT:
I. The district will generally employ the State of Wisconsin’s Clean Water Fund Loan Program to finance eligible capital projects.
   
   A. The district will incur other debt obligations to finance capital projects (or portions thereof) for which no other funding source is available.

II. All debt-financed capital projects must render capital assets with expected service lives that equal or exceed the term of the associated debt obligations.

III. In the event that debt obligations are employed, the district will consider use of alternative forms of debt to limit financial risks and mitigate potential rate impacts.

IV. The district will target current revenue or capital fund balance financing of recurring capital projects (e.g., annual pipeline replacements) to the extent that equity financing will not impose rate increase requirements (that may be deferred through use of debt).

None of the specific provisions of this statement shall be interpreted to require actions that will frustrate accomplishment of the stated policy objective.

Adopted by commission action June 13, 2013