

November 2, 2021

Pre-Sale Report for

City of West Allis, Wisconsin

\$10,505,000 General Obligation Promissory
Notes, Series 2021B



Prepared by:

Ehlers
N21W23350 Ridgeview Parkway West,
Suite 100
Waukesha, WI 53188

Advisors:

David Ferris, CPA, Senior Municipal Advisor

Todd Taves, Senior Municipal Advisor

BUILDING COMMUNITIES. IT'S WHAT WE DO.

EXECUTIVE SUMMARY OF PROPOSED DEBT

Proposed Issue:

\$10,505,000 General Obligation Promissory Notes, Series 2021B

Purposes:

The proposed issue includes financing for the following purposes:

- Finance the 2021 Capital Projects, including Street Improvements and Street Lighting Improvements. Debt service will be paid from ad valorem property taxes.
- Current Refund the 2012B General Obligation Bonds. Debt service will be paid from ad valorem property taxes and user fees from the Water and Sewer Utilities.
- Current Refund the 2013A General Obligation Bonds. Debt service will be paid from ad valorem property taxes and user fees from the Water and Sewer Utilities.
- Current Refund the 2013B General Obligation Bonds. Debt service will be paid from user fees from the Water, Sewer and Storm Sewer Utilities.
- Current Refund the 2014A General Obligation Bonds. Debt service will be paid from ad valorem property taxes and user fees from the Water and Sewer Utilities.

Authority:

The Notes are being issued pursuant to Wisconsin Statute(s):

- 67.12(12)

The Notes will be general obligations of the City for which its full faith, credit and taxing powers are pledged.

The Notes count against the City's General Obligation Debt Capacity Limit of 5% of total City Equalized Valuation. Following issuance of the Notes, the City's total General Obligation debt principal outstanding will be \$69,401,762, which is 29% of its limit. Remaining General Obligation Borrowing Capacity will be approximately \$169,613,498.

Term/Call Feature:

The Notes are being issued for a term of 10 years. Principal on the Notes will be due on April 1 in the years 2022 through 2031. Interest is payable every six months beginning April 1, 2022.

The Notes will be subject to prepayment at the discretion of the City on April 1, 2029 or any date thereafter.

Bank Qualification:

Because the City is issuing, or expects to issue, more than \$10,000,000 in tax-exempt obligations during the calendar year, the City will be not able to designate the Notes as “bank qualified” obligations.

Rating:

The City’s most recent bond issues were rated by Moody’s Investors Service. The current ratings on those bonds are “Aa2”. The City will request a new rating for the Notes.

If the winning bidder on the Notes elects to purchase bond insurance, the rating for the issue may be higher than the City’s bond rating in the event that the bond rating of the insurer is higher than that of the City.

Basis for Recommendation:

Based on our knowledge of your situation, your objectives communicated to us, our advisory relationship as well as characteristics of various municipal financing options, we are recommending the issuance of Notes as a suitable option based on:

- The expectation this form of financing will provide the overall lowest cost of funds while also meeting the City’s objectives for term, structure and optional redemption.
- The City having adequate General Obligation debt capacity to undertake this financing and anticipating any potential rating impacts.

Method of Sale/Placement:

We will solicit competitive bids for the purchase of the Notes from underwriters and banks.

We will include an allowance for discount bidding in the terms of the issue. The discount is treated as an interest item and provides the underwriter with all or a portion of their compensation in the transaction.

If the Notes are purchased at a price greater than the minimum bid amount (maximum discount), the unused allowance may be used to reduce your borrowing amount.

Premium Pricing:

In some cases, investors in municipal bonds prefer “premium” pricing structures. A premium is achieved when the coupon for any maturity (the interest rate paid by the issuer) exceeds the yield to the investor, resulting in a price paid that is greater than the face value of the bonds. The sum of the amounts paid in excess of face value is considered “reoffering premium.” The underwriter of the bonds will retain a portion of this reoffering premium as their compensation (or “discount”) but will pay the remainder of the premium to the City.

Any premium amount received for that portion of the Note being issued for the purpose of refunding existing debt will be used to reduce the issue size. Any premium amount received for the remainder of the Notes that is in excess of the underwriting discount and any

capitalized interest amounts must be placed in the debt service fund and used to pay a portion of the interest payments due on the Notes. These adjustments may slightly change the true interest cost of the original bid, either up or down.

The amount of premium allowed can be restricted in the bid specifications. Restrictions on premium may result in fewer bids, but may also eliminate large adjustments on the day of sale and unintended results with respect to debt service payment impacts. Ehlers will identify appropriate premium restrictions for the Notes intended to achieve the City's objectives for this financing.

Other Considerations:

The Notes will be offered with the option of the successful bidder utilizing a term bond structure. By offering underwriters the option to "term up" some of the maturities at the time of the sale, it gives them more flexibility in finding a market for your Notes. This makes your issue more marketable, which can result in lower borrowing costs. In the event that the successful bidder utilizes a term bond structure, we recommend the City retain a paying agent to handle responsibility for processing mandatory redemption/call notices associated with term bonds.

Review of Existing Debt:

We have reviewed all outstanding indebtedness for the City and find that there are no refunding opportunities at this time.

We will continue to monitor the market and the call dates for the City's outstanding debt and will alert you to any future refunding opportunities.

Continuing Disclosure:

Because the City has more than \$10,000,000 in outstanding debt (including this issue) and this issue is over \$1,000,000, the City will be agreeing to provide certain updated Annual Financial Information and its Audited Financial Statement annually, as well as providing notices of the occurrence of certain reportable events to the Municipal Securities Rulemaking Board (the "MSRB"), as required by rules of the Securities and Exchange Commission (SEC). The City is already obligated to provide such reports for its existing bonds, and has contracted with Ehlers to prepare and file the reports.

Arbitrage Monitoring:

The City must ensure compliance with certain sections of the Internal Revenue Code and Treasury Regulations ("Arbitrage Rules") throughout the life of the issue to maintain the tax-exempt status of the Notes. These Arbitrage Rules apply to amounts held in construction, escrow, reserve, debt service account(s), etc., along with related investment income on each fund/account.

IRS audits will verify compliance with rebate, yield restriction and records retention requirements within the Arbitrage Rules. The City's specific arbitrage responsibilities will be

detailed in the Tax Exemption Certificate (the “Tax Compliance Document”) prepared by your Bond Attorney and provided at closing.

The Notes may qualify for one or more exception(s) to the Arbitrage Rules by meeting 1) small issuer exception, 2) spend down requirements, 3) bona fide debt service fund limits, 4) reasonable reserve requirements, 5) expenditure within an available period limitations, 6) investments yield restrictions, 7) de minimis rules, or; 8) borrower limited requirements.

We recommend that the City review its specific responsibilities related to the Notes with an arbitrage expert in order to utilize one or more of the exceptions listed above.

Investment of Note Proceeds:

Ehlers can assist the City in developing a strategy to invest your Note proceeds until the funds are needed to pay project costs and to redeem the refunded obligations.

Risk Factors:

GO with Planned Abatement: The City expects to abate a portion of the City debt service with water utility revenues, sewer utility revenues and storm sewer utility revenues. In the event these revenues are not available, the City is obligated to levy property taxes in an amount sufficient to make all debt payments.

Other Service Providers:

This debt issuance will require the engagement of other public finance service providers. This section identifies those other service providers, so Ehlers can coordinate their engagement on your behalf. Where you have previously used a particular firm to provide a service, we have assumed that you will continue that relationship. For services you have not previously required, we have identified a service provider. Fees charged by these service providers will be paid from proceeds of the obligation, unless you notify us that you wish to pay them from other sources. Our pre-sale bond sizing includes a good faith estimate of these fees, but the final fees may vary. If you have any questions pertaining to the identified service providers or their role, or if you would like to use a different service provider for any of the listed services please contact us.

Bond Counsel: Quarles & Brady LLP.

Paying Agent: Bond Trust Services Corporation.

Rating Agency: Moody's Investors Service, Inc.

PROPOSED DEBT ISSUANCE SCHEDULE

Pre-Sale Review by Administration & Finance Committee	October 25, 2021
Pre-Sale Review and Adopt Parameters by Common Council to Award Sale of Bonds:	November 2, 2021
Due Diligence Call to review Official Statement:	Week of November 29, 2021
Distribute Official Statement:	Week of November 29, 2021
Conference with Rating Agency:	Week of November 29, 2021
Designated Officials Award Sale of the Bonds:	December 8, 2021
Estimated Closing Date:	December 30, 2021

Attachments

Estimated Sources and Uses of Funds

Estimated Proposed Debt Service Schedule/Tax Impact

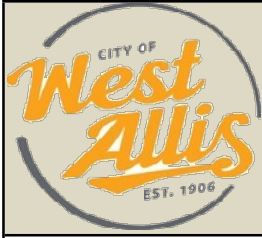
Refunding Analysis

Parameters Sale Information

Bond Buyer Index

EHLERS' CONTACTS

David Ferris, Senior Municipal Advisor	(262) 796-6194
Todd Taves, Senior Municipal Advisor	(262) 796-6173
Sue Porter, Senior Public Finance Analyst/Marketing Coordinator	(262) 796-6167
Kathy Myers, Senior Financial Analyst	(262) 796-6177



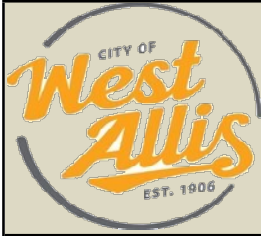
Financing Plan / Issue Sizing

	GO Notes 2021	Tax GO Bonds 2021
Projects		
Levy - Streets	2,600,000	0
Levy - Street Lights	1,200,000	0
TID 14	0	1,770,974
Refunding		
General		
2012B General Obligation Bonds - Streets		
Principal	275,000	0
Interest	1,753	0
Less: Available Funds	(276,753)	0
2013A General Obligation Bonds - Streets		
Principal	550,000	0
Interest	3,117	0
Less: Available Funds	(281,801)	0
2014A General Obligation Bonds - Streets		
Principal	825,000	0
Interest	5,259	0
Less: Available Funds	(287,894)	0
2014A General Obligation Bonds - Police		
Principal	150,000	0
Interest	956	0
Less: Available Funds	(52,344)	0
Water		
2012B General Obligation Bonds		
Principal	600,000	0
Interest	4,463	0
Less: Available Funds	(111,595)	0
2013A General Obligation Bonds		
Principal	700,000	0
Interest	4,604	0
Less: Available Funds	(111,319)	0
2013B General Obligation Bonds		
Principal	630,000	0
Interest	5,254	0
Less: Available Funds	(114,117)	0
2014A General Obligation Bonds		
Principal	800,000	0
Interest	5,950	0
Less: Available Funds	(115,096)	0



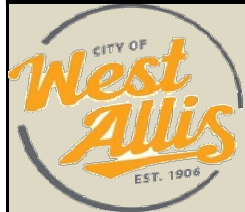
Financing Plan / Issue Sizing

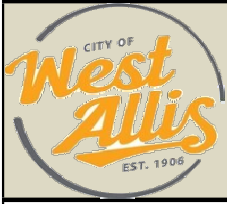
	GO Notes 2021	Tax GO Bonds 2021
Sewer		
2012B General Obligation Bonds		
Principal	810,000	0
Interest	6,024	0
Less: Available Funds	(150,656)	0
2013A General Obligation Bonds		
Principal	700,000	0
Interest	4,604	0
Less: Available Funds	(111,319)	0
2013B General Obligation Bonds		
Principal	380,000	0
Interest	3,115	0
Less: Available Funds	(73,414)	0
2014A General Obligation Bonds		
Principal	1,080,000	0
Interest	8,033	0
Less: Available Funds	(155,357)	0
Storm Sewer		
2013B General Obligation Bonds		
Principal	900,000	0
Interest	7,985	0
Less: Available Funds	(105,920)	0
TID 7		
2012A General Obligation Bonds		
Principal	0	675,000
Interest	0	6,446
Less: Available Funds	0	(681,446)
TID 9		
2012A General Obligation Bonds		
Principal	0	320,000
Interest	0	3,120
Less: Available Funds	0	(323,120)
TID 10		
2012A General Obligation Bonds		
Principal	0	800,000
Interest	0	8,291
Less: Available Funds	0	(110,944)



Financing Plan / Issue Sizing

	GO Notes 2021	Tax GO Bonds 2021
TID 11		
2012A General Obligation Bonds		
Principal	0	455,000
Interest	0	4,521
Less: Available Funds	0	(81,513)
2018 State Trust Fund Loan		
Principal	0	4,785,000
Interest	0	159,413
Less: Available Funds	0	(349,194)
TID 14		
2019 State Trust Fund Loan		
Principal	0	547,387
Interest	0	20,516
Less: Available Funds	0	(39,162)
Project Needs	10,313,531	7,970,288
Issuance Expenses (Estimates)		
Municipal Advisor	31,150	24,500
Bond Counsel	18,000	17,000
Disclosure Counsel	10,800	10,200
Rating	24,000	18,000
Paying Agent If terms	850	850
Underwriter Fees	105,050	101,875
Total Funds Needed	10,503,381	8,142,713
Rounding	1,619	7,287
Size of Issue	10,505,000	8,150,000

																								
Projected Impact of Proposed Projects																								
Existing Debt Payments							Projected Debt Service																	
	Equalized Value Projection	Change in Value	Total of All Obligations	Total Abatement Sources	Net Debt Service Levy	Debt Service Tax Rate		General Obligation Notes, 2021 \$10,505,000				Taxable General Obligation Bonds, 2021 \$8,150,000				Less Abatements				Total Projected Debt Service Less Abatements	Net Debt Service Levy	Levy Change	Debt Service Tax Rate	
								Dated 12-30-21				Dated 12-30-21				CR Water Utility	CR Sewer Utility	CR Stormwater Utility	Total Abatements					
YEAR							YEAR	Prin (4/1)	Rate	Interest	Total	Prin (4/1)	Rates	Interest	Total									YEAR
2021	4,105,300,600	6.73%	11,921,893	(7,774,244)	4,147,650	1.01	2021																2021	
2022	4,510,670,100	9.87%	11,250,802	(7,340,414)	3,910,387	0.87	2022	390,000	0.65%	71,325	461,325			105,383	105,383	(15,092)	(16,459)	(6,242)	(143,177)	423,532	4,333,919	186,270	0.96	2022
2023	4,555,776,801	1.00%	8,082,117	(5,076,486)	3,005,631	0.66	2023	1,980,000	0.70%	86,969	2,066,969	590,000	0.80%	137,633	727,633	(438,579)	(490,220)	(107,943)	(1,764,376)	1,030,225	4,035,856	(298,064)	0.89	2023
2024	4,601,334,569	1.00%	6,984,912	(4,830,500)	2,154,412	0.47	2024	1,685,000	0.71%	74,057	1,759,057	600,000	1.00%	132,273	732,273	(430,636)	(476,942)	(102,255)	(1,742,107)	749,223	2,903,635	(1,132,221)	0.63	2024
2025	4,647,347,915	1.00%	5,433,186	(3,301,249)	2,131,937	0.46	2025	1,360,000	0.75%	62,975	1,422,975	600,000	1.15%	125,823	725,823	(427,606)	(468,603)	(106,543)	(1,728,575)	420,223	2,552,160	(351,475)	0.55	2025
2026	4,693,821,394	1.00%	5,109,489	(3,269,014)	1,840,475	0.39	2026	1,345,000	0.87%	52,024	1,397,024	620,000	1.30%	118,343	738,343	(414,288)	(459,939)	(105,733)	(1,718,304)	417,064	2,257,539	(294,621)	0.48	2026
2027	4,740,759,608	1.00%	4,520,106	(2,978,919)	1,541,187	0.33	2027	1,255,000	1.01%	39,836	1,294,836	625,000	1.45%	109,781	734,781	(405,507)	(371,138)	(109,768)	(1,621,194)	408,423	1,949,610	(307,929)	0.41	2027
2028	4,788,167,204	1.00%	4,173,724	(2,908,524)	1,265,200	0.26	2028	910,000	1.17%	28,175	938,175	560,000	1.60%	100,770	660,770	(192,375)	(227,979)	(113,594)	(1,194,719)	404,226	1,669,426	(280,184)	0.35	2028
2029	4,836,048,876	1.00%	3,224,618	(2,289,393)	935,225	0.19	2029	710,000	1.33%	18,130	728,130	570,000	1.70%	91,445	661,445	(95,632)	(125,831)	(107,252)	(990,161)	399,414	1,334,639	(334,787)	0.28	2029
2030	4,884,409,365	1.00%	2,751,665	(2,121,215)	630,450	0.13	2030	490,000	1.48%	9,782	499,782	475,000	1.80%	82,325	557,325			(105,777)	(663,103)	394,004	1,024,454	(310,185)	0.21	2030
2031	4,933,253,458	1.00%	1,892,490	(1,767,615)	124,875	0.03	2031	380,000	1.62%	3,078	383,078	485,000	1.95%	73,321	558,321				(558,321)	383,078	507,953	(516,501)	0.10	2031
2032	4,982,585,993	1.00%	1,639,165	(1,517,515)	121,650	0.02	2032					500,000	2.00%	63,593	563,593				(563,593)		121,650	(386,303)	0.02	2032
2033	5,032,411,853	1.00%	1,279,253	(1,279,253)		0.00	2033					510,000	2.10%	53,238	563,238				(563,238)			(121,650)	0.00	2033
2034	5,082,735,971	1.00%	977,733	(977,733)		0.00	2034					525,000	2.20%	42,108	567,108				(567,108)				0.00	2034
2035	5,133,563,331	1.00%	728,224	(728,224)		0.00	2035					540,000	2.35%	29,988	569,988				(569,988)				0.00	2035
2036	5,184,898,964	1.00%	427,945	(427,945)		0.00	2036					555,000	2.45%	16,844	571,844				(571,844)				0.00	2036
2037	5,236,747,954	1.00%	429,128	(429,128)		0.00	2037					225,000	2.50%	7,233	232,233				(232,233)				0.00	2037
2038	5,289,115,434	1.00%	429,781	(429,781)		0.00	2038					170,000	2.60%	2,210	172,210				(172,210)				0.00	2038
TOTALS			71,256,230	(49,447,150)	21,809,079		TOTALS	10,505,000		446,350	10,951,350	8,150,000		1,292,307	9,442,307	(2,419,715)	(2,637,111)	(865,107)	(15,364,251)	5,029,412	26,838,491			TOTALS
NOTES							Rates based upon Non-Bank Qualified Sale on 9/22/2021																	
							Rates based upon Non-Bank Qualified Sale on 9/22/2021																	



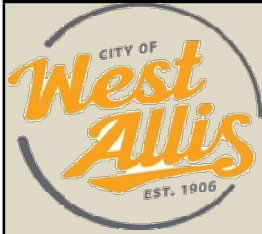
Refunding Analysis

2021B General Obligation Corporate Purpose Bonds

	Cash Flow Savings / (Loss)	Net Present Savings / (Loss)	Description
2012B General Obligation			
<u>Purpose</u>			1. This issue provides more in savings to the Water and Sewer Utilities and a small savings for the levy funded payments. The savings to the Utilities is significant to warrant refunding the issues listed.
General Levy - Streets	\$ 1,341	\$ 1,341	
Water Utility	24,830	23,155	
Sewer Utility	33,546	31,297	
Total	59,716	55,792	
2013A General Obligation			
<u>Purpose</u>			
General Levy - Streets	\$ 1,788	\$ 190	
Water Utility	22,311	20,570	
Sewer Utility	22,347	20,533	
Total	46,445	41,293	
2013B General Obligation			
<u>Purpose</u>			
Water Utility	\$ 30,916	\$ 29,051	
Sewer Utility	14,912	13,913	
Storm Sewer Utility	70,282	64,606	
Total	116,109	107,570	
2014A General Obligation			
<u>Purpose</u>			
General Levy - Streets	\$ 9,515	\$ 7,940	
General Levy - Police	1,730	1,444	
Water Utility	39,979	36,776	
Sewer Utility	50,608	46,606	
Total	101,831	92,765	
Total Refunding	324,101	297,420	

2021C Taxable General Obligation Community Development Bonds

	Cash Flow Savings / (Loss)	Net Present Savings / (Loss)	Description
2012A Taxable General Obligation Community Development Bonds			
<u>Purpose</u>			1. This issue provides significant savings for each TID involved. The refunding of these issues will provide positive cash flow impacts and assist the TIDs in becoming successful.
TID 7	41,544	41,544	
TID 9	26,231	26,231	
TID 10	63,705	57,832	
TID 11	19,165	17,395	
Total			
2018 State Trust Fund Loan			
<u>Purpose</u>			
TID 11	698,296	586,445	
2019 State Trust Fund Loan			
<u>Purpose</u>			
TID 14	105,338	87,139	
Total Refunding	954,279	816,586	

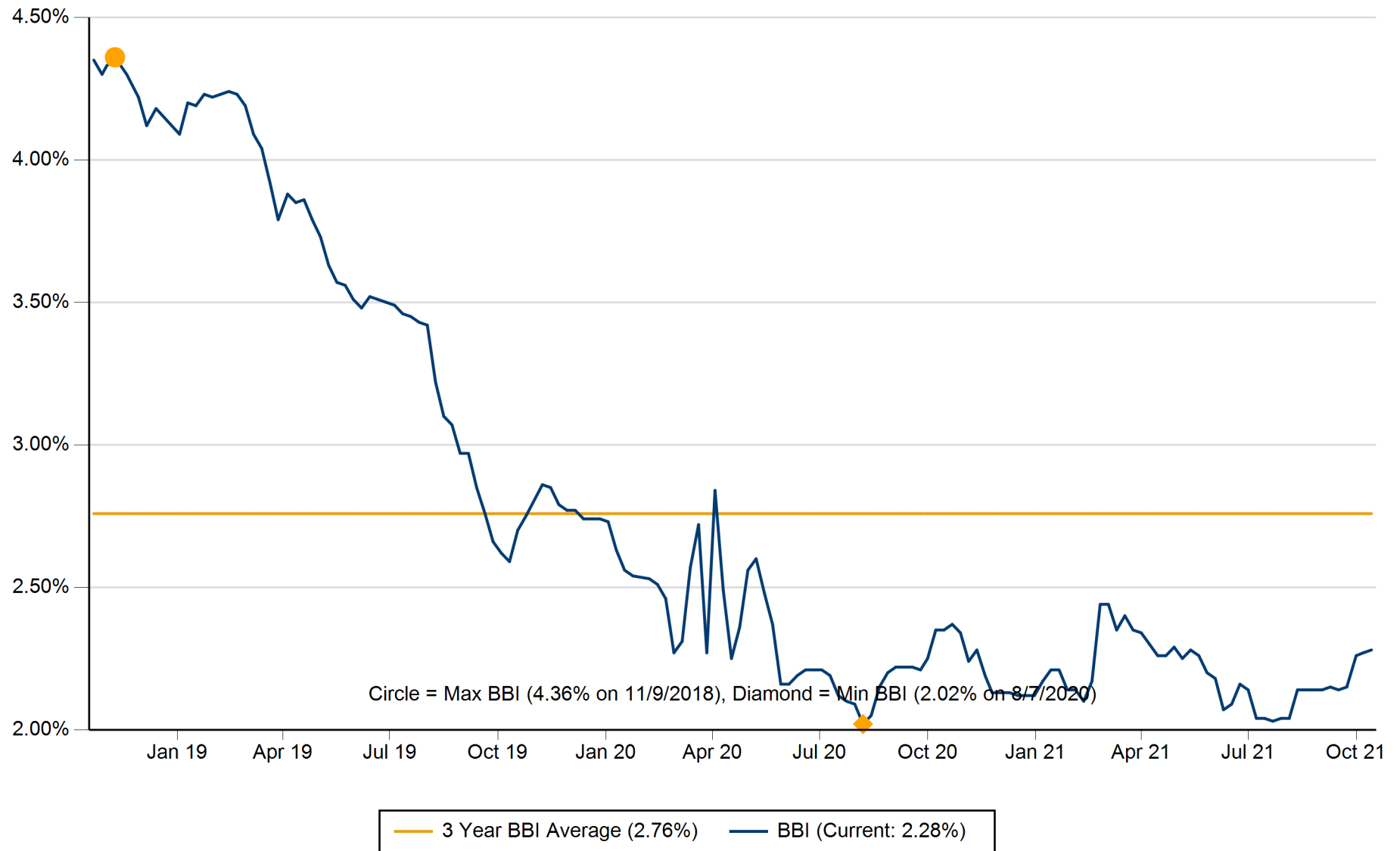


Parameters Sale Information

1. The City is considering selling the 2021B General Obligation Corporate Purpose Bonds and 2021C Taxable General Obligation Community Development Bonds using the parameters method of selling. What does this mean?
 - a. The sale occurs just like it would on any sale day. Bids are taken, evaluated and the lowest True Interest Cost bidder is awarded.
 - b. Underwriters bidding on the City's Bonds need to bid within the parameters set ahead of time to be considered for the bid.
 - c. The biggest difference is instead of the City Council approving the resolution to award the bid, the resolution authorizes typically two individuals to sign off on the lowest bid, as long as all the established parameters are met. Usually the signers are Mayors, Administrators or Finance Directors.
 - d. A sale day report is still prepared and distributed to the City and for review after sale day and if desired, Ehlers can review it with you at the next City Council meeting.
2. Why would the City use this type of a process?
 - a. It gives the City flexibility to sell on a non-City Council day. Some reasons that this is helpful is as follows:
 - i. At times of the year, Mondays and Tuesdays can be busy selling days. If the sale were to be moved to another day it could lead to greater interest in the issue.
 - ii. The City wants to take advantage of low interest rates and a parameters sale could cut off time before the next City Council meeting.
 - iii. The City would like to have funds on hand by a certain date. In this case, the City would like to have funds prior to year end.
 - b. If an event occurs that causes unexpected shifts in the market, this type of sale allows the City to be flexible as to when to sell. (i.e. last year's COVID shut down)
 - c. The City used this method in 2021 for 2021A issue and is familiar with this concept.

3 YEAR TREND IN MUNICIPAL BOND INDICES

Weekly Rates October, 2018 - October, 2021



The Bond Buyer "20 Bond Index" (BBI) shows average yields on a group of municipal bonds that mature in 20 years and have an average rating equivalent to Moody's Aa2 and S&P's AA.

Source: The Bond Buyer