



EHLERS

LEADERS IN PUBLIC FINANCE

May 3, 2016

Sale Day Report for

City of West Allis, Wisconsin
\$6,250,000 General Obligation Corporate Purpose
Bonds, Series 2016A



Prepared by:

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and

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Sale Day Report – May 3, 2016

City of West Allis, Wisconsin

\$6,250,000 General Obligation Corporate Purpose Bonds, Series 2016A

Purpose: For the public purposes of financing sanitary sewer improvements, water system improvements and street improvement projects

Rating: Moody's Investor's Service "Aa2"
Standard & Poor's Credit Markets "AA"

Number of Bids: 9

Low Bidder: FTN Financial Capital Markets, Memphis, Tennessee

Comparison from Lowest to Highest Bid: (TIC as bid)	Low Bid	High Bid	Interest Difference
	1.6451%	1.9980%	\$172,088

Summary of Results:	Results of Sale
Principal Amount*:	\$6,250,000
Underwriter's Discount:	\$41,388
Reoffering Premium:	\$199,277
True Interest Cost:	1.6504%
Costs of Issuance:	\$40,804
Yield:	0.75% - 2.05%
Total Net P&I	\$7,111,136

Notes: Issue was downsized by \$45,000. Total issue costs \$148,822 lower than planning estimates.

Closing Date: May 25, 2016

City Council Action: Resolution authorizing issuance, awarding the sale, prescribing the form and details and providing for the payment of \$6,250,000 General Obligation Corporate Purpose Bonds, Series 2016A.

Attachments:

- Bid Tabulation
- Sources and Uses of Funds
- Updated Debt Service Allocation Schedules
- Tax Impact Schedule
- Rating Report
- BBI Graph





BID TABULATION

\$6,295,000* General Obligation Corporate Purpose Bonds, Series 2016A

City of West Allis, Wisconsin

SALE: May 3, 2016

AWARD: FTN FINANCIAL CAPITAL MARKETS

Ratings: Standard & Poor's Credit Markets "AA"
Moody's Investor's Service "Aa2"

Bank Qualified
BBI: 3.32%

NAME OF BIDDER	MATURITY (April 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
FTN FINANCIAL CAPITAL MARKETS				\$6,456,327.96	\$709,928.29	1.6451%
Memphis, Tennessee	2017	2.000%	0.750%			
	2018	2.000%	0.900%			
	2019	2.000%	0.950%			
	2020	2.000%	1.000%			
	2021	2.000%	1.050%			
	2022	2.000%	1.150%			
	2023	2.000%	1.300%			
	2024	2.000%	1.350%			
	2025	2.000%	1.450%			
	2026	2.000%	1.600%			
	2027	2.000%	1.700%			
	2028	2.000%	1.850%			
	2029	2.000%	1.900%			
	2030	2.250%	2.000%			
	2031	2.500%	2.050%			

* Subsequent to bid opening the issue size was decreased to \$6,250,000.

Adjusted Price - \$6,407,889.60

Adjusted Net Interest Cost - \$703,246.03

Adjusted TIC - 1.6504%



NAME OF BIDDER	MATURITY (April 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
BOSC, INC. Dallas, Texas	2017	2.000%		\$6,437,576.75	\$710,239.25	1.6511%
	2018	2.000%				
	2019	2.000%				
	2020	2.000%				
	2021	2.000%				
	2022	2.000%				
	2023	2.000%				
	2024	2.000%				
	2025	2.000%				
	2026	2.000%				
	2027	2.000%				
	2028	2.000%				
	2029	2.000%				
	2030	2.100%				
	2031	2.100%				
PIPER JAFFRAY & CO. Minneapolis, Minnesota	2017	2.000%		\$6,610,040.45	\$722,127.05	1.6567%
	2018	3.000%				
	2019	3.000%				
	2020	3.000%				
	2021	3.000%				
	2022	3.000%				
	2023	3.000%				
	2024	3.000%				
	2025	2.000%				
	2026	2.000%				
	2027	2.000%				
	2028	2.000%				
	2029	2.000%				
	2030	2.250%				
	2031	2.250%				
CITIGROUP GLOBAL MARKETS INC. Dallas, Texas	2017	2.000%		\$6,441,837.95	\$739,770.80	1.7157%
	2018	2.000%				
	2019	2.000%				
	2020	2.000%				
	2021	2.000%				
	2022	2.000%				
	2023	2.000%				
	2024	2.000%				
	2025	2.000%				
	2026	2.000%				
	2027	2.000%				
	2028	2.000%				
	2029	2.250%				
	2030	2.500%				
	2031	2.500%				



NAME OF BIDDER	MATURITY (April 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
BAIRD Milwaukee, Wisconsin	2017	2.000%		\$6,432,342.55	\$741,302.45	1.7218%
	2018	2.000%				
	2019	2.000%				
	2020	2.000%				
	2021	2.000%				
	2022	2.000%				
	2023	2.000%				
	2024	2.000%				
	2025	2.000%				
	2026	2.000%				
	2027	2.000%				
	2028	2.000%				
	2029	2.250%				
	2030	2.250%				
	2031	2.500%				
WELLS FARGO BANK, NATIONAL ASSOCIATION Charlotte, North Carolina	2017	3.000%		\$6,611,261.60	\$756,136.53	1.7325%
	2018	3.000%				
	2019	3.000%				
	2020	3.000%				
	2021	3.000%				
	2022	3.000%				
	2023	3.000%				
	2024	3.000%				
	2025	2.000%				
	2026	2.000%				
	2027	2.000%				
	2028	2.250%				
	2029	2.250%				
	2030	2.500%				
	2031	2.500%				
RAYMOND JAMES & ASSOCIATES, INC. Memphis, Tennessee	2017	2.000%		\$6,444,521.25	\$766,302.50	1.7766%
	2018	2.000%				
	2019	2.000%				
	2020	2.000%				
	2021	2.000%				
	2022	2.000%				
	2023	2.000%				
	2024	2.000%				
	2025	2.250%				
	2026	2.250%				
	2027	2.250%				
	2028	2.250%				
	2029	2.250%				
	2030	2.250%				
	2031	2.500%				



NAME OF BIDDER	MATURITY (April 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
FIFTH THIRD SECURITIES, INC. Cincinnati, Ohio	2017	3.000%		\$6,614,346.94	\$785,481.19	1.7959%
	2018	3.000%				
	2019	3.000%				
	2020	3.000%				
	2021	3.000%				
	2022	3.000%				
	2023	3.000%				
	2024	3.000%				
	2025	2.000%				
	2026	2.000%				
	2027	2.000%				
	2028	2.250%				
	2029	2.500%				
	2030	2.750%				
	2031	3.000%				
MESIROW FINANCIAL Chicago, Illinois	2017	2.000%		\$6,557,018.45	\$882,016.55	1.9980%
	2018	2.000%				
	2019	2.000%				
	2020	2.000%				
	2021	2.000%				
	2022	2.000%				
	2023	2.000%				
	2024	2.000%				
	2025	2.000%				
	2026	2.000%				
	2027	4.000%				
	2028	4.000%				
	2029	4.000%				
	2030	4.000%				
	2031	4.000%				



	preliminary				Final Sale			
	Tax-Exempt G.O. Bonds	Streets	Sanitary Sewer	Water	Tax-Exempt G.O. Bonds	Taxable G.O. Bonds	Taxable G.O. Bonds	
New Projects								
Streets	2,713,680	2,750,680			2,750,680			
Sanitary Sewer	2,500,000		2,500,000		2,500,000			
Water	1,000,000			1,000,000	1,000,000			
Refunding								
Advance Refund 2009 \$7,105,000 Taxable G.O. Bonds dated 3/27/09 (Years 2020-24)								
Est. Escrow Cost								
Less: Levied Funds available								
Advance Refund 2010 \$17,605,000 Taxable G.O. Bonds dated 3/29/10 (Years 2019-29)								
Est. Escrow Cost								
Less: Levied Funds available								
Total Amount Needed for Capital Projects & Refunding	6,213,680	2,750,680	2,500,000	1,000,000	6,250,680			
Issuance Expenses to be Paid by City excluding discount (New Money)	(60,675)	(17,954)	(16,322)	(6,529)	(40,804)			
Bid Premium Deposit to DS/Transfer		78,143	57,021	22,726	157,890			
Estimated Issuance Expenses								
Financial Advisor (2nd issue discount on smaller issue)								
Bond Counsel	14,000	6,160	5,600	2,240	14,000			21,500
Disclosure Counsel (If chosen)	15,000	6,600	6,000	2,400	15,000			18,000
Reoffering Premium (Built into Rates)	6,000	660	600	240	1,500			12,000
Underwriter's Discount		(96,353)	(73,576)	(29,348)	(199,277)			
Paying Agent (If terms)	78,688	18,211	16,555	6,622	41,388			78,242
Advance Refunding Fee	675	198	180	72	449			449
Escrow Agent	0	0	0	0	0			2,000
CPA Verification	0	0	0	0	0			2,500
OPM Bidding Agent Fee	0	0	0	0	0			3,000
Rating Fee (Moody's and S & P)	25,000	4,336	3,942	1,577	9,855			6,900
TOTAL TO BE FINANCED	6,292,368	2,750,680	2,500,000	1,000,000	6,250,680			16,440,924
Estimated Interest Earnings ¹	(1,553)	(683)	(621)	(248)	(1,553)			0
Rounding	4,186	3	621	248	873			2,859
NET BOND SIZE	6,295,000	2,750,000	2,500,000	1,000,000	6,250,000			16,570,000
								16,445,000

¹ Estimated interest earnings at .001



City of West Allis



2016A ISSUE PLANNING - Tax-Exempt G.O. Bonds - Bank Qualified

Sizing Worksheet - 2016 Issue

Final Sale Results

Streets \$2,750,000
 Sanitary Sewer \$2,500,000
 Water \$1,000,000
 Dated May 25, 2016 2715000
 \$6,250,000

Year	Streets			Sanitary Sewer			Water			TOTAL INTEREST	TOTAL PRINCIPAL	TOTAL Bid Premium Deposit to Debt Service	TOTAL NET DEBT SERVICE
	Principal 1-Apr	Rate	Interest	Principal 1-Apr	Rate	Interest	Principal 1-Apr	Rate	Interest				
2016	\$315,000	2.00%	\$19,250	\$200,000	2.00%	\$17,933	\$80,000	2.00%	\$7,184	\$0	\$44,367	\$0	
2017	\$270,000	2.00%	\$51,850	\$160,000	2.00%	\$49,238	\$65,000	2.00%	\$19,725	\$84,183	(\$44,367)	\$609,332	
2018	\$270,000	2.00%	\$46,000	\$160,000	2.00%	\$45,638	\$65,000	2.00%	\$18,275	\$83,275	(\$106,480)	\$597,870	
2019	\$270,000	2.00%	\$40,600	\$160,000	2.00%	\$42,438	\$65,000	2.00%	\$16,975	\$81,975	(\$7,043)	\$595,013	
2020	\$270,000	2.00%	\$35,200	\$165,000	2.00%	\$39,188	\$65,000	2.00%	\$15,675	\$80,675		\$590,063	
2021	\$270,000	2.00%	\$29,800	\$165,000	2.00%	\$35,888	\$65,000	2.00%	\$14,375	\$79,375		\$580,063	
2022	\$270,000	2.00%	\$24,400	\$165,000	2.00%	\$32,588	\$65,000	2.00%	\$13,075	\$78,075		\$570,063	
2023	\$270,000	2.00%	\$19,000	\$165,000	2.00%	\$29,288	\$65,000	2.00%	\$11,775	\$76,775		\$560,063	
2024	\$270,000	2.00%	\$13,600	\$165,000	2.00%	\$25,988	\$65,000	2.00%	\$10,475	\$75,475		\$550,063	
2025	\$270,000	2.00%	\$8,200	\$165,000	2.00%	\$22,688	\$65,000	2.00%	\$9,175	\$74,175		\$540,063	
2026	\$275,000	2.00%	\$2,750	\$165,000	2.00%	\$19,388	\$65,000	2.00%	\$7,875	\$72,875		\$535,013	
2027				\$165,000	2.00%	\$16,088	\$65,000	2.00%	\$6,575	\$71,575		\$522,663	
2028				\$165,000	2.00%	\$12,788	\$65,000	2.00%	\$5,275	\$70,275		\$248,063	
2029				\$165,000	2.00%	\$9,488	\$65,000	2.00%	\$3,975	\$68,975		\$243,463	
2030				\$165,000	2.25%	\$5,981	\$70,000	2.25%	\$2,538	\$70,538		\$243,519	
2031				\$165,000	2.50%	\$2,063	\$70,000	2.50%	\$875	\$70,875		\$237,938	
TOTALS	\$2,750,000		\$290,650	\$2,500,000		\$406,664	\$1,000,000		\$163,821	\$1,141,096	(\$157,890)	\$6,953,246	
Preliminary	\$ 2,750,000	\$ 252,942	\$ 2,988,047	\$ 2,535,000	\$ 398,006	\$ 2,907,258	\$ 1,010,000	\$ 156,121	\$ 1,159,881	\$ 807,068	\$ 7,102,068		
Difference	\$0	\$ (78,143)	\$ (25,540)	\$ (35,000)	\$ (8,658)	\$ (57,615)	\$ (10,000)	\$ (7,700)	\$ (18,785)	\$ (54,068)	(\$157,890)	(\$148,822)	



City of West Allis

Summary of 2016



Existing Debt Only Does NOT include issues to be refunded

	Equalized Value Projection	Change in EV	Annual P&I Payment	Less Non-Levy Sources	r A	Less TID 5 Rev 2016B	Less TID 6 Rev 2016B	Bid Premium Deposit Debt Service/adj to Levied Funds	Net Debt Service	New Rate Impact (Equalized)	YEAR
YEAR											YEAR
2016	3,660,116,000	0.95%	10,918,286	(7,151,412)		(71,597)	(11,724)	(16,549)	3,771,361	1.03	2016
2017	3,660,116,000	0.00%	9,562,993	(6,071,349)	33)	(428,719)	(58,404)		3,936,486	1.08	2017
2018	3,669,266,290	0.25%	9,212,746	(6,011,688)	75)	(426,750)	(58,185)		3,639,246	0.99	2018
2019	3,678,439,456	0.25%	7,028,931	(4,774,430)	75)	(931,399)	(137,456)		3,280,186	0.89	2019
2020	3,696,831,653	0.50%	5,745,177	(3,900,354)	75)	(1,513,195)	(151,043)		2,891,621	0.78	2020
2021	3,724,557,890	0.75%	4,877,523	(3,334,249)	75)	(1,671,760)	(154,201)		2,608,959	0.70	2021
2022	3,761,803,469	1.00%	4,158,780	(2,915,343)	75)	(1,799,734)	(161,989)		2,335,918	0.62	2022
2023	3,799,421,504	1.00%	3,691,405	(2,746,056)	75)	(1,793,265)	(159,458)		2,057,499	0.54	2023
2024	3,856,412,827	1.50%	3,118,265	(2,465,273)	75)	(1,842,284)	(156,656)		936,592	0.24	2024
2025	3,914,259,019	1.50%	2,548,904	(2,231,165)	75)	(542,453)	(148,710)		595,940	0.15	2025
2026	3,982,758,552	1.75%	2,026,004	(2,026,004)	75)	(515,761)	(165,378)		277,750	0.07	2026
2027	4,062,413,723	2.00%	1,572,303	(1,572,303)	75)	(488,710)	(181,330)		0	0.00	2027
2028	4,143,661,997	2.00%	1,110,487	(1,110,487)	75)	(456,300)	(171,810)		0	0.00	2028
2029	4,226,535,237	2.00%	819,092	(819,092)	75)		(152,250)		0	0.00	2029
2030	4,311,065,942	2.00%	457,194	(457,194)	38)				0	0.00	2030
2031	4,397,287,261	2.00%	0	0	75)				0	0.00	2031
TOTALS			66,848,089	(47,586,398)	36)	(12,481,926)	(1,868,593)	(16,549)	26,331,559		TOTALS

CREDIT OPINION

27 April 2016

New Issue

Rate this Research >>

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West Allis (City of), WI

New Issue - Moody's Assigns Aa2 to West Allis, WI's \$22.9M GO Bonds, Ser. 2016A&B

Summary Rating Rationale

Moody's Investors Service has assigned a Aa2 rating to the City of West Allis, WI's \$6.3 million General Obligation (GO) Corporate Purpose Bonds, Series 2016A and \$16.6 million Taxable GO Refunding Bonds, Series 2016B. Moody's also maintains the Aa2 rating on the city's outstanding GO debt. Post sale, the city will have \$72.7 million of GO debt outstanding.

The Aa2 rating reflects the city's large suburban tax base located just west of the City of Milwaukee (Aa3 stable) with a below average demographic profile, sound financial position supported by stable and healthy reserves, an above average debt burden supported by rapid principal amortization and a manageable pension burden.

Credit Strengths

- » Tax base favorably located in the Milwaukee metropolitan area provides residents with access to employment centers
- » Healthy operating reserves bolstered by consecutive operating surpluses

Credit Challenges

- » Lower resident income levels than similarly rated entities
- » Elevated overall debt burden

Rating Outlook

Outlooks are generally not assigned to local government credits with this amount of debt.

Factors that Could Lead to an Upgrade

- » Sustained growth to the city's tax base valuations
- » Improvement to the city's demographic profile
- » Moderation of the city's direct and overall debt burden

Factors that Could Lead to a Downgrade

- » Material declines in tax base valuation and/or weakening of the city's demographic profile

- » Sustained declines to the city's financial reserves and/or liquidity
- » Growth in the city's debt burden or unfunded pension/OPEB liabilities

Key Indicators

Exhibit 1

West Allis (City of) WI	2010	2011	2012	2013	2014
Economy/Tax Base					
Total Full Value (\$000)	\$ 4,112,422	\$ 3,906,288	\$ 3,738,931	\$ 3,701,354	\$ 3,712,641
Full Value Per Capita	\$ 68,074	\$ 64,423	\$ 62,005	\$ 61,382	\$ 61,167
Median Family Income (% of US Median)	93.8%	93.8%	94.2%	94.2%	94.2%
Finances					
Operating Revenue (\$000)	\$ 66,890	\$ 63,127	\$ 63,005	\$ 64,161	\$ 64,359
Fund Balance as a % of Revenues	N/A	49.7%	41.4%	47.3%	45.7%
Cash Balance as a % of Revenues	130.3%	142.8%	133.3%	146.2%	139.8%
Debt/Pensions					
Net Direct Debt (\$000)	\$ 79,300	\$ 55,779	\$ 54,116	\$ 76,649	\$ 75,248
Net Direct Debt / Operating Revenues (x)	1.2x	0.9x	0.9x	1.2x	1.2x
Net Direct Debt / Full Value (%)	1.9%	1.4%	1.4%	2.1%	2.0%
Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x)	N/A	N/A	0.4x	0.5x	0.7x
Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%)	N/A	N/A	0.7%	0.8%	1.3%

The above table reflects data through fiscal 2014. Post-sale net direct debt is \$72.7 million, net direct debt / operating revenues is 1.1 and net direct debt / full value is 1.9%.
Source: Audited Financial Statements, Moody's Investors Service, US Census Bureau

Recent Developments

Since our last report was published on May 12, 2015, the City of West Allis released its fiscal 2014 audited financial statements. The city closed fiscal 2014 with a General Fund operating surplus that increased the available General Fund balance to \$29.2 million, or a healthy 50.9% of revenues. While audited results are not yet available for fiscal 2015, management anticipates \$1.8 million growth to the General Fund reserve. For fiscal 2016, the operating levy was increased by a very modest 0.43% and balanced operations are anticipated due to changes to the city's health insurance plans that are expected to reduce costs.

Detailed Rating Considerations

Economy and Tax Base: Mature Suburban Tax Base West of Milwaukee

We believe that the city's tax base will continue to stabilize over the long-term, despite recent valuation declines, due primarily to its location in the suburban Milwaukee metro area that provides residents with access to significant employment opportunities. The mature and fully built out city is located in Milwaukee County (Aa2 stable) directly west of the City of Milwaukee. Over the last five years, the city's large \$3.7 billion tax base declined at an average annual rate of 1.9%. Favorably, the city's tax base grew modestly by 0.3% in 2014 and 0.8% in 2015, which may signal that valuations will begin to recover. The city is 63.4% residential but has a significant commercial base which makes up 31.7% of 2015 full value.

Future growth is heavily dependent on redevelopment efforts, primarily within the city's tax increment districts (TIDs). Several successful TID projects have added new office buildings and other commercial properties to the city's landscape. TID #3, which incorporated the Quad Graphics printing facility (approximately 600 employees), expired in 2013 helping to mitigate the tax base decline for the year. TID #7, Summit Place, is now the city's largest employment center with 98% of available space leased. Other large employers within the city's TIDs include Brookdale Senior Living and Children's Hospital of Wisconsin. As of December 2015, the city's unemployment rate was slightly above both the state's rate of 4.2% and the national rate of 4.8% during the same time period.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

The city's demographic profile is slightly below average. According to estimates from the US Census Bureau's American Community Survey (2008-2012) median family income stands at 94.2% of the national median. The city's population declined slightly by 1.4% to 60,411 as of the 2010 census from 2000 levels. Based on the city's 2010 population its estimated 2015 full value per capita was a moderate \$61,750.

Financial Operations and Reserves: Strong Financial Position Supported By Healthy Reserves

West Allis's financial profile will likely remain strong over the near to medium-term. Historically, the city consistently booked General Fund operating surpluses due to conservative budgeting and strong financial management. While the city has a formal policy of maintaining an undesignated General Fund balance and a separate contingency fund balance of at least 5% of expenditures, in practice the city has maintained a much healthier level of reserves to provide cushion against unforeseen budget events. At the close of fiscal 2014, the available General Fund reserve totaled \$29.2 million, or a healthy 50.9% of revenues. Across its operating funds (the General Fund and Debt Service Fund), the city holds \$29.4 million in available fund balance, equivalent to a healthy 45.7% of revenues. While audited results are not yet available for fiscal 2015, management anticipates \$1.8 million growth to the General Fund reserve. For fiscal 2016, the operating levy was increased by a very modest 0.43%. Balanced operations are anticipated due to changes to the city's health insurance plans that are expected to reduce costs.

Property taxes are the city's largest revenue source and accounted for 64.1% of operating fund revenues in fiscal 2014. While strict levy limits restrict the city's ability to increase its annual levy by more than the percentage of valuation change driven by net new construction, West Allis maintains some revenue raising margin as it services a portion of its GO debt from its operating levy rather than its debt service levy. If management chose to fully apply its debt service levy it would raise approximately \$2.9 million in additional revenue. Intergovernmental aid is the city's second largest revenue source and accounted for 18.8% of 2014 revenues.

LIQUIDITY

The city's cash position is strong but overstated as the city collects and holds property taxes on behalf of other local governments in the county. At year-end fiscal 2014 the city had \$94.5 million in cash across all governmental funds, of which \$90 was held in the General and Debt Service Funds. At the same time, the city owed \$65.5 million to other governmental units. Net of payables to other governments, operating fund cash totaled \$24.3 million represented a still strong 37.7% of operating revenues.

Debt and Pensions: Above Average Debt Burden Due to Borrowing By Overlapping Entities

At 1.9% of full value and 1.1 times operating revenues, the city's direct debt burden is manageable. Including debt issued by overlapping entities, such as Milwaukee County and the Milwaukee Metropolitan Sewer District (Aa1 stable), the city's overall debt burden is high at 5.3% of full value. We expect the city's debt burden will remain manageable given rapid principal amortization. Approximately two-thirds of the city's debt service expenditures are supported by non-levy revenues, including TID revenues and utility revenues. The city expects to borrow approximately \$5 million annually for various capital improvements.

DEBT STRUCTURE

All of the city's debt is long-term and fixed rate. Principal amortization is rapid with 87% of debt retired within 10 years. All debt matures by 2031.

DEBT-RELATED DERIVATIVES

The city is not a party to any debt-related derivatives.

PENSIONS AND OPEB

The city's pension obligations are modest. The city contributes to the Wisconsin Retirement System (WRS) which provides pension benefits to its employees. The city contributes the required employer share of WRS annual costs. Wisconsin state legislation (Act 10) prohibits local governments from making non-public safety employee contributions to WRS on behalf of employees, capping local government contributions to the statutorily required employer contribution rate. City contributions for 2014 totaled \$3.3 million or a low 5.2% of 2014 operating revenues. Moody's three year average (fiscals 2012-14) adjusted net pension liability (ANPL) for the city, under our methodology for adjusting reported pension data, was \$46.9 million, or 0.73 times operating revenues and 1.25% of full valuation. Moody's ANPL reflects certain adjustments we make to improve comparability of reported pension liabilities. The adjustments are not intended to replace the city's reported contribution information, but to improve comparability with other rated entities. We determined the city's share of liability for WRS in proportion to its covered payroll.

The city provides health insurance coverage to certain eligible retirees and funds these Other Post Employment Benefits (OPEB) on a pay-as-you-go basis. As of the most recent December 31, 2014 actuarial valuation date the city's OPEB unfunded actuarial accrued liability was a relatively sizable \$158.7 million. The unfunded liability is up from \$122 million in 2010. The city does not maintain a dedicated trust for this liability. The city's fiscal 2014 contribution to its OPEB plan was \$5.2 million, equivalent to 8.2% of operating fund revenues.

Management and Governance: Moderate Institutional Framework With Limited Revenue Raising Flexibility

Wisconsin cities have an institutional framework score of "A," or moderate. Revenues are highly predictable as property taxes and state aid represent the largest revenue streams. Overall, cities have low revenue-raising ability. Property tax levy caps generally restrict cities from increasing their operating property tax levy except to capture amounts represented by net new construction growth. Expenditures mostly consist of personnel costs, which are moderately predictable. Expenditures are somewhat flexible, as collective bargaining is allowable for public safety employees but is curbed for non-public safety employees.

While strict levy limits restrict the city's ability to increase its annual levy by more than the percentage of valuation change driven by net new construction, West Allis maintains some revenue raising flexibility. The city services a portion of its GO debt from its operating levy rather than its debt service levy. If management chose to fully apply its debt service levy it would raise approximately \$2.9 million in additional revenue.

Legal Security

Debt service on the Series 2016A and 2016B bonds are secured by the city's general obligation unlimited tax (GOULT) pledge which benefits from a dedicated property tax levy which is not limited as to rate or amount.

Use of Proceeds

Proceeds of the Series 2016A bonds will be used to finance sanitary sewer, water system, and street improvement projects. Proceeds of the Series 2016B bonds will advance refund for estimated interest savings the 2020 through 2024 maturities of the city's GO Corporate Purpose Bonds, Series 2009 and the 2019 through 2029 maturities of the city's Taxable GO Refunding Bonds, Series 2010A.

Obligor Profile

The City of West Allis is located in Milwaukee County, directly west of the City of Milwaukee. The city covers an area of 11.4 square miles and has a current estimated population of 60,329.

Methodology

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2014. Please see the Ratings Methodologies page on www.moody.com for a copy of this methodology.

Ratings

Exhibit 2

West Allis (City of) WI

Issue	Rating
General Obligation Corporate Purpose Bonds 2016A	Aa2
Rating Type	Underlying LT
Sale Amount	\$6,295,000
Expected Sale Date	05/03/2016
Rating Description	General Obligation
Taxable General Obligation Refunding Bonds, 2016B	Aa2
Rating Type	Underlying LT
Sale Amount	\$16,570,000
Expected Sale Date	05/03/2016
Rating Description	General Obligation

Source: Moody's Investors Service

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REPORT NUMBER 1024441

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Summary:

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Table Of Contents

Rationale

Outlook

Related Criteria And Research

Summary:

West Allis, Wisconsin; General Obligation

Credit Profile

US\$16.57 mil taxable GO rfdg bn ds ser 2016B dtd 05/25/2016 due 04/01/2029		
<i>Long Term Rating</i>	AA/Stable	New
US\$6.295 mil GO corporate purp bn ds ser 2016A dtd 05/25/2016 due 04/01/2031		
<i>Long Term Rating</i>	AA/Stable	New
West Allis GO		
<i>Long Term Rating</i>	AA/Stable	Affirmed

Rationale

Standard & Poor's Ratings Services assigned its 'AA' rating and stable outlook to West Allis, Wis.' series 2016A general obligation (GO) corporate-purpose bonds and series 2016B taxable GO refunding bonds and affirmed its 'AA' rating, with a stable outlook, on the city's existing GO debt.

Unlimited ad valorem taxes levied on taxable property in the city secure the bonds. The city will use series 2016A bond proceeds to finance sanitary sewer, water system, and street improvements and series 2016B bond proceeds to refund its obligations for interest cost savings.

The rating reflects our opinion of the following factors for the city, specifically its:

- Adequate economy, with projected per capita effective buying income at 83.3% of the national level and market value per capita of \$62,018, though that is advantageously gaining from access to a broad and diverse metropolitan statistical area (MSA);
- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Strong budgetary performance, with an operating surplus in the general fund but a slight operating deficit at the total governmental fund level in fiscal 2014;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2014 of 51% of operating expenditures;
- Very strong liquidity, with total government available cash at 147.5% of total governmental fund expenditures and 15.3x governmental debt service, and access to external liquidity we consider strong;
- Adequate debt and contingent liability position, with debt service carrying charges at 9.6% of expenditures and net direct debt that is 64.9% of total governmental fund revenue, as well as rapid amortization, with 91.2% of debt scheduled to be retired within 10 years; and
- Strong institutional framework score.

Adequate economy

We consider West Allis' economy adequate. The city, with an estimated population of 60,329, is in Milwaukee County in the Milwaukee-Waukesha-West Allis MSA, which we consider broad and diverse. The city has a projected per capita effective buying income of 83.3% of the national level and per capita market value of \$62,018. Overall, the city's

market value was stable over the past year at \$3.7 billion in 2016. The county unemployment rate was 7% in 2014.

West Allis encompasses an area of 11.402 square miles just to the west of Milwaukee in southeastern Wisconsin. West Allis' leading employers include:

- West Allis Memorial Hospital (2,000 employees);
- West Allis School District (1,100); and
- Quad Graphics (600), a commercial printer company.

However, many residents commute into Milwaukee for employment.

Strong management

We view the city's management as strong, with good financial policies and practices under our FMA methodology, indicating financial practices exist in most areas, but that governance officials might not formalize or monitor all of them on a regular basis.

Management uses five years of historical internal revenue and expenditure analysis and an external actuarial study to form budget assumptions; in addition, it makes monthly reports on budget-to-actual results and investment earnings to the city board. West Allis also maintains a formal five-year capital improvement plan for roads and building projects and a debt management policy that is somewhat stricter than state guidelines. Management also has a formal fund balance policy of maintaining 5% of expenditures in unassigned general fund balance, which it exceeds. The city does not currently use long-term financial projections.

Strong budgetary performance

West Allis' budgetary performance is strong in our opinion. The city had surplus operating results in the general fund of 5.4% of expenditures, but a slight deficit result across all governmental funds of 1% of expenditures in fiscal 2014. Our assessment accounts for the fact that we expect budgetary results could deteriorate somewhat from 2014 results in the near term. General fund operating results of the city have been stable over the past three years, with a result of 6.9% of expenditures in 2013 and a result of 4.5% of expenditures in 2012.

The city has provided fiscal year-end 2015 results that show a general fund surplus of \$1.87 million, or 3% of expenditures, and a total governmental fund deficit of \$4.667 million. The total governmental result includes \$5.9 million of capital-outlay, which we view as likely one time or financed by prior debt proceeds. Because of this, we expect long-term performance to remain strong.

West Allis relies on stable revenue sources: 62% of general fund revenue came from property taxes in fiscal 2015. In addition, Wisconsin's local governments' allowable levy growth is limited to new construction; because the city is in the middle of several new construction projects, however, we expect it to realize revenue growth, which will help sustain strong budgetary performance. The city has adopted a balanced budget, and it expects to produce results similar to recent fiscal years.

Very strong budgetary flexibility

West Allis' budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2014 of 51% of operating expenditures, or \$27.7 million. We expect the available fund balance to remain above 30% of expenditures for the current and next fiscal years, which we view as a positive credit factor.

The city is taking capital fund reserves and applying reserved funds to building upgrades. West Allis annually budgets for pay-as-you-go capital projects in the general fund, which accumulates money to pay up to 50% of big-ticket projects; management reports it will likely spend a portion of assigned general fund balance on capital projects within the next few years. However, due to high reserves, we do not expect capital spending to have a significant effect on budgetary flexibility overall.

Very strong liquidity

In our opinion, West Allis' liquidity is very strong, with total government available cash at 147.5% of total governmental fund expenditures and 15.3x governmental debt service in 2014. In our view, the city has strong access to external liquidity if necessary.

Based on past debt issuance, we believe West Allis has strong access to capital markets to provide liquidity, if necessary. The city does not currently have any privately placed or direct-purchase debt. We consider the city's investments nonaggressive because it primarily invests in the Wisconsin local government investment pool. Management has not indicated a need to draw on total cash; therefore, we expect liquidity to remain very strong.

Adequate debt and contingent liability profile

In our view, West Allis' debt and contingent liability profile is adequate. Total governmental fund debt service is 9.6% of total governmental fund expenditures, and net direct debt is 64.9% of total governmental fund revenue. Approximately 91.2% of the direct debt is scheduled to be repaid within 10 years, which is, in our view, a positive credit factor.

The city expects to issue up to \$6.75 million over the next two years for street, water utility, and sewer utility improvements as part of its ongoing capital improvement program.

West Allis' combined required pension and actual other postemployment benefit (OPEB) contribution totaled 10.6% of total governmental fund expenditures in fiscal 2012. Of that amount, 3.7% represented required contributions to pension obligations, and 6.9% represented OPEB payments. The city made its full annual required pension contribution in fiscal 2012.

All eligible city employees participate in the Wisconsin Retirement System, a cost-sharing, multiemployer, defined-benefit, public-employee retirement system. The city has historically contributed 100% of its required amount as determined by the state. West Allis also offers health care benefits to retirees. As of Dec. 31, 2013, its actuarially determined OPEB unfunded accrued liability was \$140 million. The city currently funds the OPEB liability on a pay-as-you-go basis.

Strong institutional framework

The institutional framework score for Wisconsin cities and villages with a population greater than 25,000 is strong.

Outlook

The stable outlook reflects Standard & Poor's opinion of the city's strong budgetary performance and very strong budgetary flexibility, supported by strong management. We do not expect to change the rating within the next two

years because we do not expect credit factors to change materially. We believe the city's access to Milwaukee provides additional rating stability.

Upside scenario

We could raise the rating if wealth and income were to improve to levels we consider comparable to the city's higher rated peers.

Downside scenario

We could lower the rating if budgetary performance were to worsen or if reserves were to deteriorate significantly.

Related Criteria And Research

Related Criteria

- USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013
- USPF Criteria: Financial Management Assessment, June 27, 2006
- USPF Criteria: Debt Statement Analysis, Aug. 22, 2006
- USPF Criteria: Assigning Issue Credit Ratings Of Operating Entities, May 20, 2015
- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Institutional Framework Overview: Wisconsin Local Governments

Ratings Detail (As Of April 26, 2016)

West Allis taxable GO corp purp bnds		
<i>Long Term Rating</i>	AA/Stable	Affirmed
West Allis GO corp purp bnds		
<i>Long Term Rating</i>	AA/Stable	Affirmed
West Allis GO		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
Many issues are enhanced by bond insurance.		

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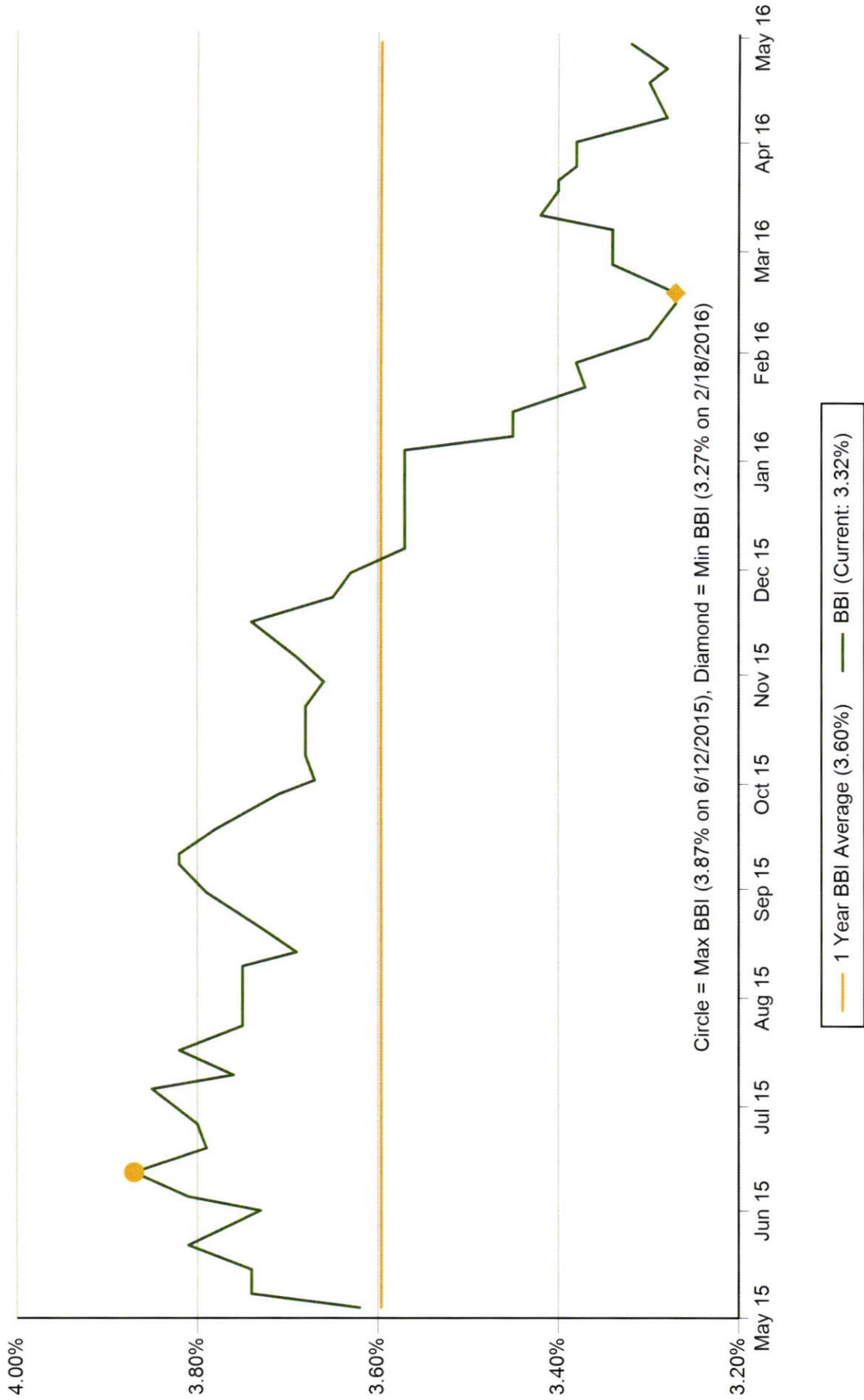
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1 YEAR TREND IN MUNICIPAL BOND INDICES

Weekly Rates May, 2015 - May, 2016



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.

