

July 18, 2023

PRE-SALE REPORT FOR

City of West Allis, Wisconsin

**\$5,220,000 General Obligation Promissory Notes,
Series 2023A**



Prepared by:

Ehlers
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Advisors:

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EXECUTIVE SUMMARY OF PROPOSED DEBT

Proposed Issue:

\$5,220,000 General Obligation Promissory Notes, Series 2023A

Purposes:

The proposed issue includes financing for the following purposes:

- Finance the 2023 Capital Improvement Projects, including Street Improvements and Street Lighting Improvements. Debt service will be paid from ad valorem property taxes.

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 approximately \$60.7 million, which is 22% of its limit. remaining General Obligation Borrowing Capacity will be approximately \$215 million.

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 2024 through 2033. Interest is payable every six months beginning April 1, 2024.

The Notes will be subject to prepayment at the discretion of the City on April 1, 2030 or any date thereafter.

Bank Qualification:

Because the City is expecting to issue no more than \$10,000,000 in tax exempt debt during the calendar year, the City will be able to designate the Notes as "bank qualified" obligations. Bank qualified status broadens the market for the Notes, which can result in lower interest rates.

Rating:

The City's most recent bond issues were rated by Moody's Investors Service. The current rating on those bonds is "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 your objectives, financial situation and need, risk tolerance, liquidity needs, experience with the issuance of Notes and long-term financial capacity, as well as the tax status considerations related to the Notes and the structure, timing and other similar matters related to the Notes, we are recommending the issuance of Notes as a suitable option.

Method of Sale/Placement:

We are recommending the Notes be issued as municipal securities and offered through a competitive underwriting process. You will solicit competitive bids, which we will compile on your behalf, for the purchase of the Notes from underwriters and banks.

An allowance for discount bidding will be incorporated 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.

For this issue of Notes, any premium amount received 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. We anticipate using any premium amounts received to reduce the issue size.

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.

Parameters:

The City Council will consider adoption of a Parameters Resolution on July 18, 2023, which delegates authority to the Finance Director/Comptroller or City Administrator to accept and approve a bid for the Notes so long as the bid meets certain parameters. These parameters are:

- * Issue size not to exceed \$5,220,000
- * Maximum Bid of: 107%
- * Minimum Bid of: 99%
- * Maximum True Interest Cost (TIC) of 5.0%
- * Maturity Schedule Adjustments not to exceed \$260,000 per maturity

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.

An Ehlers arbitrage expert will contact the City within 30 days after the sale date to review the City’s specific responsibilities for the Notes. The City is currently receiving arbitrage services from Ehlers in relation to the Notes.

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.

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:	July 18, 2023
Pre-Sale Review and Adopt Parameters by Common Council to Award Sale of Notes:	July 18, 2023
Conference with Rating Agency:	July 27, 2023
Due Diligence Call to review Official Statement:	July 27, 2023 (following rating call)
Distribute Official Statement:	August 2, 2023
Designated Officials Award Sale of the Notes:	August 10, 2023
Estimated Closing Date:	August 24, 2023

Attachments

Estimated Sources and Uses of Funds (Table 1)

Estimated Issue Allocation (Table 2)

Estimated Proposed Debt Service/Tax Impact Schedule (Table 3)

3-Year Bond Buyer Index

EHLERS' CONTACTS

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Table 1

Capital Improvements Financing Plan

City of West Allis, WI

	2023		
	G.O. Notes	Levy - Street Projects Portion	Levy - Street Lighting Projects Portion
CIP Projects¹			
Street Projects	3,600,000	3,600,000	
Street Lighting Projects	1,600,000		1,600,000
Subtotal Project Costs	5,200,000	3,600,000	1,600,000
CIP Projects¹	5,200,000	3,600,000	1,600,000
Estimated Issuance Expenses	52,200	36,150	16,050
Municipal Advisor (Ehlers)	24,800	17,175	7,625
Bond Counsel	20,000	13,851	6,149
Rating Fee	19,500	13,504	5,996
Maximum Underwriter's Discount	52,200	36,150	16,050
Paying Agent	850	589	261
Issuance costs paid by City	(65,150)	(45,118)	(20,032)
Subtotal Issuance Expenses	52,200	36,150	16,050
TOTAL TO BE FINANCED	5,252,200	3,636,150	1,616,050
Estimated Interest Earnings	(32,967)	(22,830)	(10,136)
Rounding	767	1,680	(914)
NET BOND SIZE	5,220,000	3,615,000	1,605,000

Notes:

1) Project Total Estimates

Table 2 Allocation of Debt Service - 2023 G.O. Notes

City of West Allis, WI

Year Ending	Levy - Street Projects				Levy - Street Lighting Projects			
	Principal	Est. Rate ¹	Interest	Total	Principal	Est. Rate	Interest	Total
2024	360,000	3.80%	133,083	493,083	160,000	3.80%	59,088	219,088
2025	360,000	3.65%	106,633	466,633	160,000	3.65%	47,338	207,338
2026	360,000	3.60%	93,583	453,583	160,000	3.60%	41,538	201,538
2027	360,000	3.55%	80,713	440,713	160,000	3.55%	35,818	195,818
2028	360,000	3.35%	68,293	428,293	160,000	3.35%	30,298	190,298
2029	360,000	3.35%	56,233	416,233	160,000	3.35%	24,938	184,938
2030	360,000	3.35%	44,173	404,173	160,000	3.35%	19,578	179,578
2031	365,000	3.40%	31,938	396,938	160,000	3.40%	14,178	174,178
2032	365,000	3.50%	19,345	384,345	160,000	3.50%	8,658	168,658
2033	365,000	3.55%	6,479	371,479	165,000	3.55%	2,929	167,929
Total	3,615,000		640,469	4,255,469	1,605,000		284,356	1,889,356

Year Ending	Totals		
	Principal (4/1)	Interest	Total
2024	520,000	192,171	712,171
2025	520,000	153,970	673,970
2026	520,000	135,120	655,120
2027	520,000	116,530	636,530
2028	520,000	98,590	618,590
2029	520,000	81,170	601,170
2030	520,000	63,750	583,750
2031	525,000	46,115	571,115
2032	525,000	28,003	553,003
2033	530,000	9,408	539,408
Total	5,220,000	924,826	6,144,826

Notes:

1) Estimated Rate assumes Aa3 sale of 6/20/2023 + .25

Table 3 Financing Plan Tax Impact

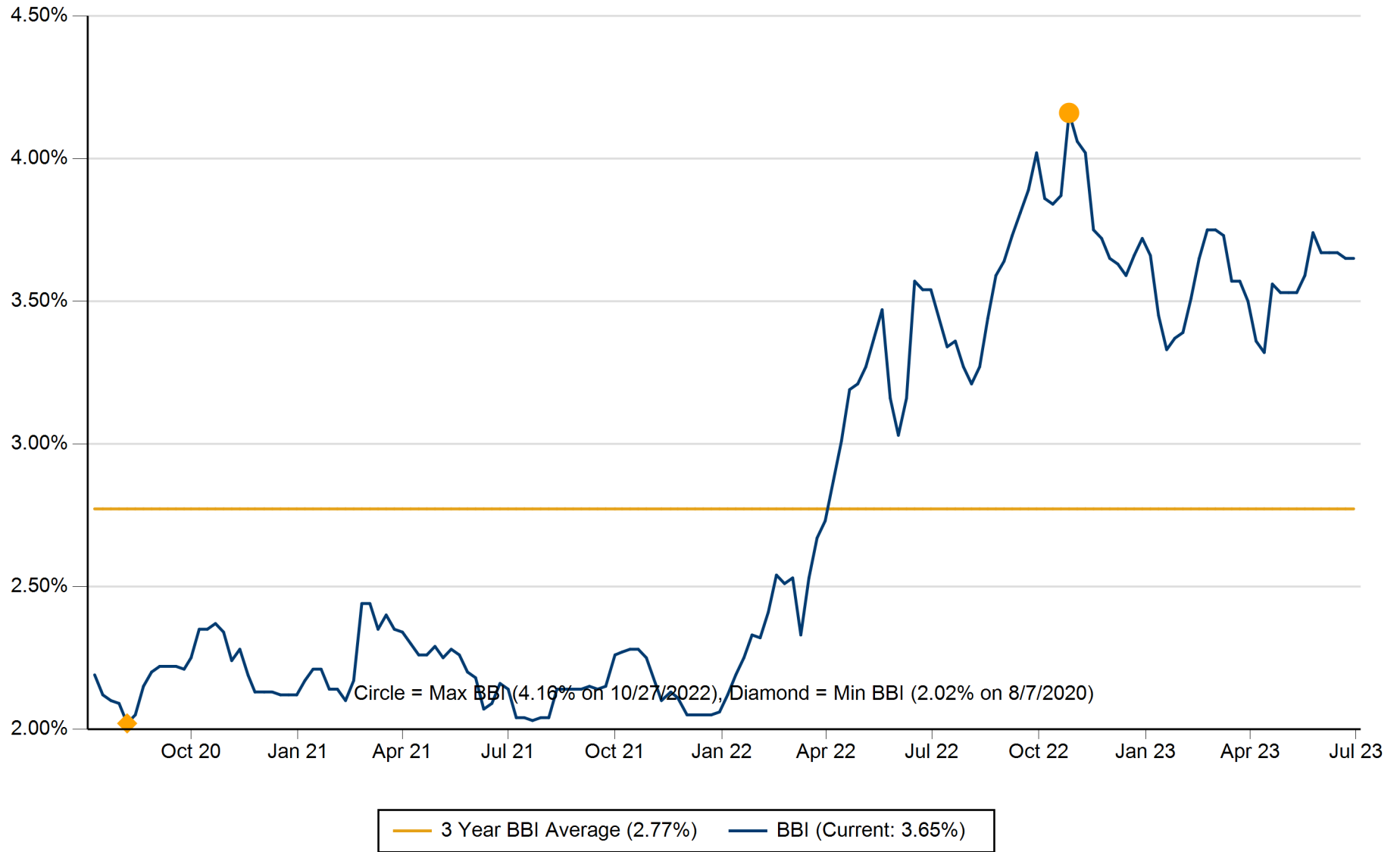
City of West Allis, WI

Year Ending	Existing Debt					Proposed Debt						Year Ending
	Net Debt Service Levy	Change From Prior Year Levy	Equalized Value (TID OUT)	Tax Rate Per \$1,000	Annual Taxes \$300,000 Home	2023 G.O. Notes 5,220,000 Dated: 8/24/2023 Total Principal and Interest	Debt Service Levy		Taxes			
							Total Net Debt Service Levy	Levy Change from Prior Year	Total Tax Rate for Debt Service	Annual Taxes \$300,000 Home	Annual Taxes Difference From Existing	
2023	4,451,831	117,912	5,191,417,900	\$0.86	\$257.26	0	4,451,831	117,912	\$0.86	\$257	\$0.00	2023
2024	3,432,737	(1,019,094)	5,191,417,900	\$0.66	\$198.37	712,171	4,144,908	(306,923)	\$0.80	\$240	\$41	2024
2025	3,191,732	(241,005)	5,191,417,900	\$0.61	\$184.44	673,970	3,865,702	(279,206)	\$0.74	\$223	\$39	2025
2026	2,872,595	(319,137)	5,191,417,900	\$0.55	\$166.00	655,120	3,527,715	(337,987)	\$0.68	\$204	\$38	2026
2027	2,542,432	(330,163)	5,191,417,900	\$0.49	\$146.92	636,530	3,178,962	(348,753)	\$0.61	\$184	\$37	2027
2028	2,235,570	(306,862)	5,191,417,900	\$0.43	\$129.19	618,590	2,854,160	(324,802)	\$0.55	\$165	\$36	2028
2029	1,879,595	(355,975)	5,191,417,900	\$0.36	\$108.62	601,170	2,480,765	(373,395)	\$0.48	\$143	\$35	2029
2030	1,552,670	(326,925)	5,191,417,900	\$0.30	\$89.73	583,750	2,136,420	(344,345)	\$0.41	\$123	\$34	2030
2031	1,024,061	(528,609)	5,191,417,900	\$0.20	\$59.18	571,115	1,595,176	(541,244)	\$0.31	\$92	\$33	2031
2032	618,501	(405,560)	5,191,417,900	\$0.12	\$35.74	553,003	1,171,504	(423,672)	\$0.23	\$68	\$32	2032
2033	0	(618,501)	5,191,417,900	\$0.00	\$0.00	539,408	539,408	(632,096)	\$0.10	\$31	\$31	2033
2034	0	0	5,191,417,900	\$0.00	\$0.00	0	0	(539,408)	\$0.00	\$0	\$0	2034
Total	23,801,726					6,144,826					355	Total

Notes:

3 YEAR TREND IN MUNICIPAL BOND INDICES

Weekly Rates July, 2020 - July, 2023



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.