

July 5, 2016

Pre-Sale Report for

City of West Allis, Wisconsin

\$4,430,000 Taxable General Obligation Community
Development Bonds Series 2016C



Prepared by:

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And

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Executive Summary of Proposed Debt

Proposed Issue:	\$4,430,000 Taxable General Obligation Community Development Bonds Series 2016C
Purposes:	<p>The proposed issue includes financing for the following purposes: TID # 11 Gap Financing and TID # 14 land acquisition</p> <ul style="list-style-type: none"> • Ogden TID 11 Project Costs. Debt service will be paid from tax increment revenues. • TID 14 Project Costs. Debt service will be paid from tax increment revenues.
Authority:	<p>The Bonds are being issued pursuant to Wisconsin Statutes:</p> <ul style="list-style-type: none"> • 67.04 & 66.1105 <p>The Bonds will be general obligations of the City for which its full faith, credit and taxing powers are pledged.</p> <p>The Bonds count against the City’s General Obligation Debt Capacity Limit of 5% of total City Equalized Valuation. Following issuance of the Bonds, the City’s total General Obligation debt principal outstanding will be approximately \$76.9 million, which is 41% of its limit. Remaining General Obligation Borrowing Capacity will be approximately \$110 million.</p>
Term/Call Feature:	<p>The Bonds are being issued for a 20 year term. Principal on the Bonds will be due on August 1 in the years 2019 through 2036. Interest is payable every six months beginning February 1, 2017.</p> <p>The Bonds maturing on and after August 1, 2025 will be subject to prepayment at the discretion of the City on August 1, 2024 or any date thereafter.</p>
Bank Qualification:	Because the Bonds are taxable obligations they will not be designated as “bank qualified” obligations.
Rating:	<p>The City’s most recent bond issues were rated “Aa2” by Moody’s Investors Service and AA by Standard & Poors. The City will request a new ratings for the Bonds.</p> <p>If the winning bidder on the Bonds 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.</p>
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



	<p>financing options, we are recommending the issuance of Bonds based on:</p> <ul style="list-style-type: none"> • 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 has a policy of issuing General Obligation debt for all of its borrowing needs.
<p>Method of Sale/Placement:</p>	<p>In order to obtain the lowest interest cost to the City, we will competitively bid the purchase of the Bonds from local and national underwriters/banks.</p> <p>We have included an allowance for discount bidding equal to 1.25000% of the principal amount 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.</p> <p>If the Bonds are purchased at a price greater than the minimum bid amount (maximum discount), the unused allowance may be used to lower your borrowing amount.</p> <p>Premium Bids: Under current market conditions, most 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.”</p> <p>For this issue of Bonds, 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 Bonds. We anticipate using any premium amounts received to reduce the issue size.</p> <p>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 Bonds intended to achieve the City’s objectives for this financing.</p>
<p>Other Considerations:</p>	<p>The Bonds 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 Bonds. 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, the City will retain Bond Trust Services as paying agent to handle responsibility for processing mandatory redemption/call notices</p>



	associated with term bonds.
Review of Existing Debt:	<p>We have reviewed all outstanding indebtedness for the City and find that there are no refunding opportunities at this time.</p> <p>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.</p>
Continuing Disclosure:	<p>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</p>
Arbitrage Monitoring:	<p>The Bonds are taxable obligations and are therefore not subject to IRS arbitrage and yield restriction requirements.</p>
Risk Factors:	<p>GO with Planned Abatement: The City expects to abate the debt service with Tax Increment revenues from Districts #11 and #14.. 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.</p>
Other Service Providers:	<p>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, so their 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.</p> <p>Bond Attorney: Quarles & Brady LLP</p> <p>Paying Agent: Bond Trust Services Corp.</p> <p>Rating Agency: Moody’s Investors Service & Standard & Poors</p>

This presale report summarizes our understanding of the City’s objectives for the structure and terms of this financing as of this date. As additional facts become known or capital markets conditions change, we may need to modify the structure and/or terms of this financing to achieve results consistent with the City’s objectives.



Proposed Debt Issuance Schedule

Pre-Sale Review by City Council:	July 5, 2016
Distribute Official Statement:	July 25, 2016
Conference with Rating Agency:	Week of July 18, 2016
City Council Meeting to Award Sale of the Bonds:	August 2, 2016 (Provided Developers agreement with Ogden is reached)
Estimated Closing Date:	August 16, 2016

Attachments

Sources and Uses of Funds
Proposed Debt Service Allocation Schedule
Increment Revenue Projections TID #11 and TID #14
Bond Buyer Index

Ehlers Contacts

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Disclosure Coordinator:	Sue Porter	(262) 796-6167
Financial Analyst:	Mary Zywiec	(262) 796-6171

The Official Statement for this financing will be mailed to the City Council at their home address or e-mailed for review prior to the sale date.



Proposed Taxable G.O. Bonds, Series 2016C



Estimated Financing Plan

	2016C Taxable Bonds TID 11	TID 14	Total
Projects			
TID #11 Grant*	2,500,000		2,500,000
TID #14 Land Acquisition		1,600,000	1,600,000
Total Project Funds	2,500,000	1,600,000	4,100,000
Estimated Finance Related Expenses			
Financial Advisor	15,423	9,977	25,400
Bond Counsel	10,323	6,677	17,000
Rating Agency Fee	6,679	4,321	11,000
Paying Agent	395	255	650
Underwriter Discount	33,625	21,750	55,375
Debt Service Reserve			0
Capitalized Interest	124,119	95,302	219,421
Total Financing Required	2,690,565	1,738,282	4,428,846
Estimated Interest	0.25%	0	(3,125)
Assumed spend down (months)	6		
Rounding	2,560	1,718	4,279
Net Issue Size	2,690,000	1,740,000	4,430,000

Notes: *Based upon OGDEN TIF request detailed in 5/10/16 spreadsheets.



City of West Allis



2016C ISSUE PLANNING - Taxable Bonds

Pre Sale Estimates

Sizing Worksheet - 2016 Issue

Rounded

Projects + Cap I	4,319,421		
TID 11	2,624,119	60.75%	\$2,690,000
TID 14	1,695,302	39.25%	\$1,740,000
Dated August 16, 2016			\$4,430,000

TID 11				
	Principal 1-Aug	Rate	Interest	Net Total
2017			\$60,739	\$60,739
2018			\$63,380	\$63,380
2019	\$140,000	1.30%	\$63,380	\$203,380
2020	\$165,000	1.50%	\$61,560	\$226,560
2021	\$195,000	1.75%	\$59,085	\$254,085
2022	\$200,000	1.95%	\$55,673	\$255,673
2023	\$200,000	2.10%	\$51,773	\$251,773
2024	\$205,000	2.25%	\$47,573	\$252,573
2025	\$210,000	2.40%	\$42,960	\$252,960
2026	\$215,000	2.50%	\$37,920	\$252,920
2027	\$220,000	2.60%	\$32,545	\$252,545
2028	\$225,000	2.70%	\$26,825	\$251,825
2029	\$230,000	2.80%	\$20,750	\$250,750
2030	\$240,000	2.90%	\$14,310	\$254,310
2031	\$245,000	3.00%	\$7,350	\$252,350
2032				
2033				
2034				
2035				
2036				
TOTALS	\$2,690,000		\$645,822	\$3,335,822

TID 14				
	Principal 1-Aug	Rate	Interest	Net Total
			\$46,637	\$46,637
			\$48,665	\$48,665
		1.30%	\$48,665	\$48,665
		1.50%	\$48,665	\$48,665
	\$35,000	1.75%	\$48,665	\$83,665
	\$65,000	1.95%	\$48,053	\$113,053
	\$100,000	2.10%	\$46,785	\$146,785
	\$100,000	2.25%	\$44,685	\$144,685
	\$105,000	2.40%	\$42,435	\$147,435
	\$105,000	2.50%	\$39,915	\$144,915
	\$110,000	2.60%	\$37,290	\$147,290
	\$110,000	2.70%	\$34,430	\$144,430
	\$115,000	2.80%	\$31,460	\$146,460
	\$115,000	2.90%	\$28,240	\$143,240
	\$120,000	3.00%	\$24,905	\$144,905
	\$125,000	2.90%	\$21,305	\$146,305
	\$130,000	3.00%	\$17,680	\$147,680
	\$130,000	3.30%	\$13,780	\$143,780
	\$135,000	3.40%	\$9,490	\$144,490
	\$140,000	3.50%	\$4,900	\$144,900
TOTALS	\$1,740,000		\$686,650	\$2,426,650

	TOTAL PRINCIPAL	TOTAL INTEREST	TOTAL DEBT SERVICE
	\$0	\$107,376	\$107,376
	\$0	\$112,045	\$112,045
	\$140,000	\$112,045	\$252,045
	\$165,000	\$110,225	\$275,225
	\$230,000	\$107,750	\$337,750
	\$265,000	\$103,725	\$368,725
	\$300,000	\$98,558	\$398,558
	\$305,000	\$92,258	\$397,258
	\$315,000	\$85,395	\$400,395
	\$320,000	\$77,835	\$397,835
	\$330,000	\$69,835	\$399,835
	\$335,000	\$61,255	\$396,255
	\$345,000	\$52,210	\$397,210
	\$355,000	\$42,550	\$397,550
	\$365,000	\$32,255	\$397,255
	\$125,000	\$21,305	\$146,305
	\$130,000	\$17,680	\$147,680
	\$130,000	\$13,780	\$143,780
	\$135,000	\$9,490	\$144,490
	\$140,000	\$4,900	\$144,900
TOTALS	\$4,430,000	\$1,332,471	\$5,762,471

Rates based on Taxable issue sold 6/14/16 + .20

City of West Allis

Tax Increment District # 11, Element 84 - Ogden 207 Unit Apartments w 2,179 SF Retail Project ONLY

Cash Flow Projection

Year	Projected Revenues					Expenditures										Balances			Year	
	Tax Increments	0.25% Interest Earnings/ (Cost)	Capitalized Int.	Less City Admin. Costs	Total Revenues	G.O. Bond				Municipal Revenue Obligation (MRO)						Total Expenditures	Annual	Cumulative		Principal Outstanding
						Dated Date:	2,690,000	Est. Rate	Interest	Total	Dated Date:	2,500,000	Accrued Int.	Total Pmt *	Principal Balance					
2010					0															
2011					0										0	0	0	0	2011	
2012	0				0										0	0	0	0	2012	
2013	0				0										0	0	0	0	2013	
2014	0				0										0	0	0	0	2014	
2015	0				0										0	0	0	0	2015	
2016	0		124,119		124,119					6.19%				0	2,500,000	0	124,119	124,119	5,190,000	2016
2017	0				0					6.19%		60,739	60,739	0	2,654,750	60,739	(60,739)	63,380	5,344,750	2017
2018	146,445	158		(25,000)	121,604					6.19%	31,970	63,380	63,380	132,359	2,787,109	95,350	26,254	0	5,477,109	2018
2019	604,179	0		(25,000)	579,179	140,000	1.30%	63,380	203,380	6.19%	172,522	63,380	203,380	304,479	2,655,152	507,859	71,320	71,320	5,205,152	2019
2020	607,200	178		(25,000)	582,379	165,000	1.50%	61,560	226,560	6.19%	164,354	61,560	226,560	308,513	2,510,993	535,073	47,306	118,626	4,895,993	2020
2021	610,236	297		(15,000)	595,533	195,000	1.75%	59,085	254,085	6.19%	155,430	59,085	254,085	322,723	2,343,700	576,808	18,724	137,350	4,533,700	2021
2022	613,287	343		(15,300)	598,331	200,000	1.95%	55,673	255,673	6.19%	145,075	55,673	255,673	326,812	2,161,963	582,485	15,846	153,197	4,151,963	2022
2023	616,354	383		(15,606)	601,131	200,000	2.10%	51,773	251,773	6.19%	133,826	51,773	251,773	331,073	1,964,716	582,845	18,286	171,483	3,754,716	2023
2024	619,436	429		(15,918)	603,946	205,000	2.25%	47,573	252,573	6.19%	121,616	47,573	252,573	335,505	1,750,827	588,077	15,869	187,352	3,335,827	2024
2025	622,533	468		(16,236)	606,765	210,000	2.40%	42,960	252,960	6.19%	108,376	42,960	252,960	340,109	1,519,094	593,069	13,696	201,047	2,894,094	2025
2026	625,646	503		(16,561)	609,587	215,000	2.50%	37,920	252,920	6.19%	94,032	37,920	252,920	344,884	1,268,242	597,804	11,783	212,830	2,428,242	2026
2027	628,774	532		(16,892)	612,413	220,000	2.60%	32,545	252,545	6.19%	78,504	32,545	252,545	349,831	996,915	602,376	10,037	222,867	1,936,915	2027
2028	631,918	557		(17,230)	615,245	225,000	2.70%	26,825	251,825	6.19%	61,709	26,825	251,825	354,950	703,674	606,775	8,469	231,337	1,418,674	2028
2029	635,077	578		(17,575)	618,081	230,000	2.80%	20,750	250,750	6.19%	43,557	20,750	250,750	360,239	386,992	610,989	7,091	238,428	871,992	2029
2030	638,253	596		(17,926)	620,922	240,000	2.90%	14,310	254,310	6.19%	23,955	14,310	254,310	370,701	40,246	625,011	(4,089)	234,340	285,246	2030
2031	641,444	586		(18,285)	623,745	245,000	3.00%	7,350	252,350	6.19%	2,491	7,350	252,350	42,737	0	295,087	328,658	562,997	0	2031
2032	644,651	1,407		(18,651)	627,408					6.19%	0			0	0	0	627,408	1,190,405	0	2032
2033	647,874	2,976		(19,024)	631,827					6.19%	0			0	0	0	631,827	1,822,232	0	2033
2034	651,114	4,556		(19,404)	636,265					6.19%	0			0	0	0	636,265	2,458,497	0	2034
2035	654,369	6,146		(19,792)	640,723					6.19%	0			0	0	0	640,723	3,099,220	0	2035
2036	657,641	7,748		(20,188)	645,201					6.19%	0			0	0	0	645,201	3,744,421	0	2036
2037	660,929	9,361		(20,592)	649,699											0	649,699	4,394,120	0	2037
Total	12,157,361	37,803	124,119	(375,181)	11,944,102	2,690,000		645,822	3,335,822					2,787,109	1,337,418	4,124,527			7,460,348	Total

Notes: This analysis is for Ogden's Element 84 Project Only and does not include other revenues or expenses of TID # 11.

Rates based on Taxable sale 6/14/16 + .20

* Note: Total Payment to be calculated Annually. Per agreement Payment shall equal Net Actual Tax Increment from Ogden Project Only, Less GO Debt Pmt on Series I and less Administrative Fees. The Above Payment Schedule is an estimate based on assumed increment values and tax rates.

Projected TID Closure

Version 11

City of West Allis, Wisconsin

Tax Increment District #14

Cash Flow Projection

Year	Projected Revenues					Expenditures						Balances			Year		
	Tax Increments	Interest Earnings/ (Cost)	Capitalized Interest	Land Sales	Total Revenues	Taxable G.O. Bond 1,740,000			GO Bonds (Not committed at this time) 1,500,000			Admin.	Total Expenditures	Annual		Cumulative	Principal Outstanding
						Dated Date: Principal	Est. Rate	Interest	Dated Date: Principal	Est. Rate	Interest						
2015					0							0	0	0		2015	
2016			95,302		95,302							0	95,302	95,302	1,740,000	2016	
2017	0				0			46,637				46,637	(46,637)	48,665	3,240,000	2017	
2018	75,619				75,619			48,665		4.00%	60,000	10,000	118,665	(43,046)	5,619	3,240,000	2018
2019	343,307				343,307		1.30%	48,665		4.00%	60,000	20,000	128,665	214,642	220,260	3,240,000	2019
2020	345,873				345,873		1.50%	48,665		4.00%	60,000	30,000	138,665	207,208	427,468	3,240,000	2020
2021	348,458				348,458	35,000	1.75%	48,665	40,000	4.00%	60,000	30,000	213,665	134,793	562,261	3,165,000	2021
2022	351,063				351,063	65,000	1.95%	48,053	50,000	4.00%	58,400	30,000	251,453	99,611	661,872	3,050,000	2022
2023	353,687				353,687	100,000	2.10%	46,785	100,000	4.00%	56,400	30,000	333,185	20,502	682,374	2,850,000	2023
2024	356,331				356,331	100,000	2.25%	44,685	100,000	4.00%	52,400	30,000	327,085	29,246	711,620	2,650,000	2024
2025	358,995				358,995	105,000	2.40%	42,435	100,000	4.00%	48,400	30,000	325,835	33,160	744,780	2,445,000	2025
2026	361,678				361,678	105,000	2.50%	39,915	100,000	4.00%	44,400	30,000	319,315	42,363	787,143	2,240,000	2026
2027	364,382				364,382	110,000	2.60%	37,290	100,000	4.00%	40,400	35,000	322,690	41,692	828,835	2,030,000	2027
2028	367,105				367,105	110,000	2.70%	34,430	100,000	4.00%	36,400	35,000	315,830	51,275	880,110	1,820,000	2028
2029	369,849				369,849	115,000	2.80%	31,460	100,000	4.00%	32,400	35,000	313,860	55,989	936,099	1,605,000	2029
2030	372,614				372,614	115,000	2.90%	28,240	100,000	4.00%	28,400	35,000	306,640	65,974	1,002,074	1,390,000	2030
2031	375,399				375,399	120,000	3.00%	24,905	100,000	4.00%	24,400	35,000	304,305	71,094	1,073,168	1,170,000	2031
2032	378,206				378,206	125,000	2.90%	21,305	100,000	4.00%	20,400	35,000	301,705	76,501	1,149,668	945,000	2032
2033	381,033				381,033	130,000	3.00%	17,680	100,000	4.00%	16,400		264,080	116,953	1,266,621	715,000	2033
2034	383,881				383,881	130,000	3.30%	13,780	100,000	4.00%	12,400		256,180	127,701	1,394,322	485,000	2034
2035	386,750				386,750	135,000	3.40%	9,490	105,000	4.00%	8,400		257,890	128,860	1,523,182	245,000	2035
2036	389,641				389,641	140,000	3.50%	4,900	105,000	4.00%	4,200		254,100	135,541	1,658,724	0	2036
2037	392,554				392,554								0	392,554	2,051,277	0	2037
2038	395,488				395,488								0	395,488	2,446,766	0	2038
2039	398,444				398,444								0	398,444	2,845,210	0	2039
2040	401,423				401,423								0	401,423	3,246,633	0	2040
2041	404,423				404,423								0	404,423	3,651,056	0	2041
2042	407,447				407,447								0	407,447	4,058,503	0	2042
Total	9,063,650	0	95,302	0	9,158,953	1,740,000		686,650	1,500,000		723,800	450,000	5,100,450				Total

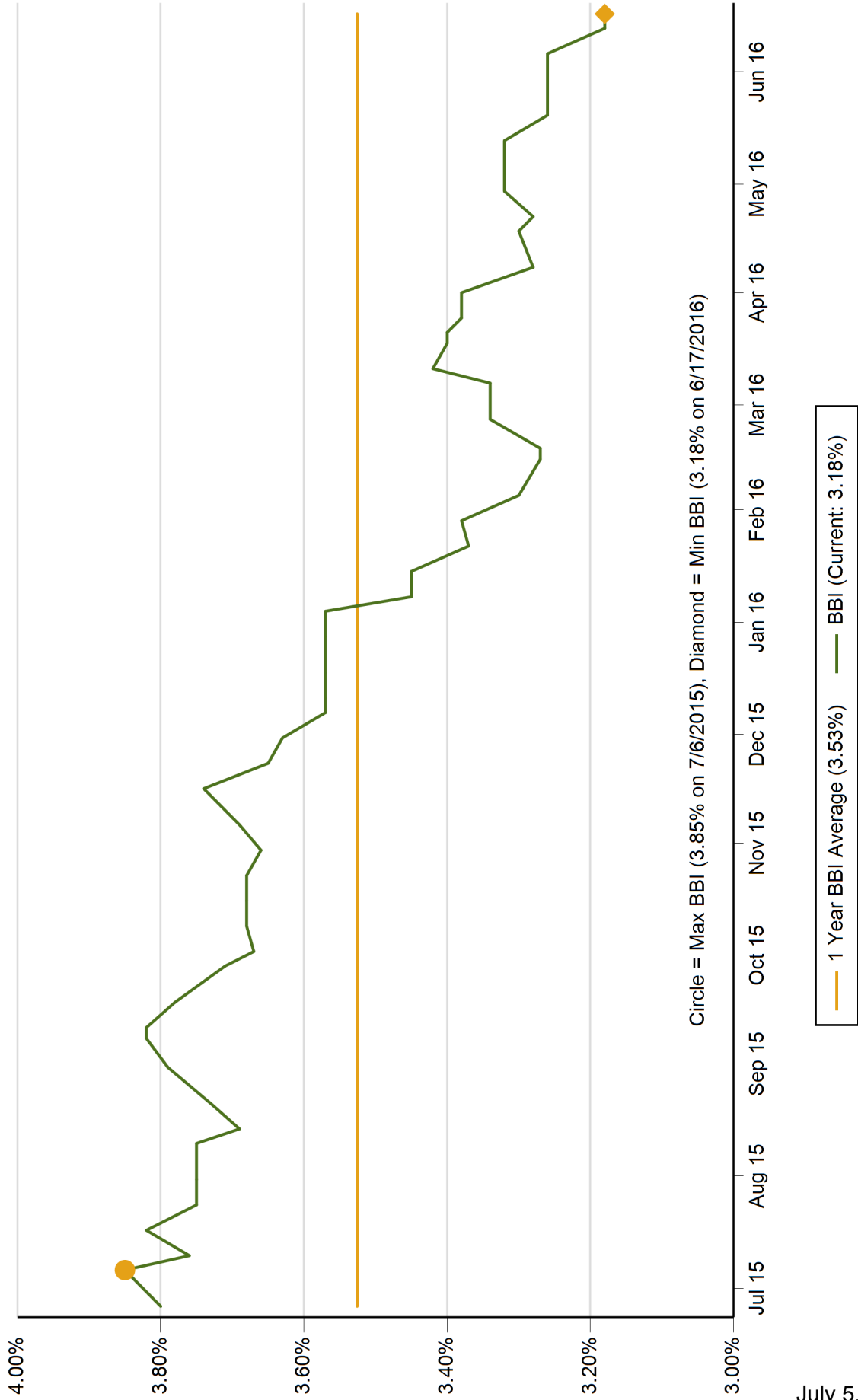
Notes: 2016 rates based on Taxable sale 6/14/16 + .20
Plan Identifies \$938,213 of land sale revenue not reflected in analysis above

Projected TID Closure

Version 1

1 YEAR TREND IN MUNICIPAL BOND INDICES

Weekly Rates June, 2015 - June, 2016



July 5, 2016
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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.

