

March 15, 2016

Pre-Sale Report for

City of West Allis, Wisconsin

\$16,570,000 Taxable General Obligation Refunding
Bonds, 2016B



Prepared by:

Michael C. Harrigan, CIPMA
Senior Municipal Advisor/Chairman of the Board

And

Dawn Gunderson-Schiel, CIMPA
Senior Municipal Advisor/Vice President



Executive Summary of Proposed Debt

Proposed Issue:	\$16,570,000 Taxable General Obligation Refunding Bonds, 2016B
Purposes:	<p>The proposed issue includes financing for the following purposes:</p> <p>Advance refund callable portion 2009 Taxable Bonds</p> <ul style="list-style-type: none"> • Debt service is will be paid from tax increment revenues. <p>Interest rates on the obligations proposed to be refunded are 5.45% to 6.10%. The refunding is expected to reduce debt service expense by approximately \$162,995 over the next8 years. The Net Present Value Benefit of the refunding is estimated to be \$138,356, equal to 2.77% of the refunded principal.</p> <p>This refunding is considered an Advance Refunding as the new Bonds will be issued more than 90 days prior to the call date of the obligations being refunded.</p> <p>Advance refund callable portion 2010 Taxable Bonds</p> <ul style="list-style-type: none"> • Debt service will be paid from tax increment revenues and ad valorem property taxes. <p>Interest rates on the obligations proposed to be refunded are 4.20% to 5.75%. The refunding is expected to reduce debt service expense by approximately \$412,558 over the next 13 years. The Net Present Value Benefit of the refunding is estimated to be \$340,241, equal to 3.40% of the refunded principal.</p> <p>This refunding is considered an Advance Refunding as the new Bonds will be issued more than 90 days prior to the call date of the obligations being refunded.</p>
Authority:	<p>The Bonds are being issued pursuant to Wisconsin Statute:</p> <ul style="list-style-type: none"> • 67.04 <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 \$87 million, which is 46% of its limit. Remaining General Obligation Borrowing Capacity will be approximately \$99 million.</p>
Term/Call Feature:	The Bonds are being issued for a 13 year term. Principal on the Bonds will be



	<p>due on April 1 in the years 2017 through 2029. Interest is payable every six months beginning October 1, 2016.</p> <p>The Bonds maturing on and after April 1, 2025 will be subject to prepayment at the discretion of the City on April 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 & Poor’s. The City will request new ratings for the Bonds.</p> <p>If the winning bidder on the Bonds elects to purchase bond insurance, the ratings 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:	<p>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 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 financing needs. • The existing General Obligation pledge securing the obligations to be refunded.
Method of Sale/Placement:	<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 1.00% 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</p>



	<p>“reoffering premium.”</p> <p>For this issue of Bonds, any premium amount received will be used to reduce the issue size. These adjustments may slightly change the true interest cost of the original bid, either up or down. 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>
Other Considerations:	<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, we recommend the City retain a paying agent to handle responsibility for processing mandatory redemption/call notices associated with term bonds. The City has engaged the services of Bond Trust Services Corporation in the past on issues with term bonds.</p>
Review of Existing Debt:	<p>We have reviewed all outstanding indebtedness for the City and find that, other than the obligations proposed to be refunded by the Bonds, there are no other 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 a portion of the City debt service with tax incremental revenues,. In the event this revenues is not available, the City is obligated to levy property taxes in an amount</p>



	<p>sufficient to make all debt payments.</p> <p>Advance Refunding: The Bonds are being issued for the purpose of “advance” refunding prior City debt obligations. Only one advance refunding of an original tax-exempt debt obligation is permitted under current IRS rules. This refunding is being undertaken based in part on the following assumptions:</p> <ul style="list-style-type: none"> • Since the new Bonds will extend the “call” date for this debt, we are assuming that the City does not expect to have revenues available to pre-pay the current obligations prior to this new call date. <p>That advance refunding will provide an overall lower debt cost as compared to waiting to refund the issue until its call date.</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: Issuer, unless term bonds than Bond Trust Services Corp.</p> <p>Rating Agencies: Moody’s Investors Service and Standard & Poor’s</p> <p>CPA Escrow Verification Agent: Barthe & Wahrman</p> <p>Escrow Agent: To be determined through a bidding process</p> <p>Bidding Agent: Ehlers Investments Partners</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:	March 15, 2016
Distribute Official Statement:	April 22, 2016
Conference with Rating Agency:	Week of April 18, 2016
City Council Meeting to Award Sale of the Bonds:	May 3, 2016
Estimated Closing Date:	May 25, 2016

Attachments

Sources and Uses of Funds
Proposed Debt Service Schedule and allocation
Refunding Savings Analysis
Tax Rate Impact
Bond Buyer Index

Ehlers Contacts

Municipal Advisors:	Michael Harrigan	(262) 796-6165
	Dawn Gunderson	(262) 796-6166
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.





City of West Allis
Sizing Worksheet - 2016 Issue



New Projects

Streets

Sanitary Sewer

Water

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

Issuance Expenses to be Paid by City excluding discount (New Money)

Bid Premium Deposit to DS/Transfer

Estimated Issuance Expenses

Financial Advisor (2nd issue discount on smaller issue)

Bond Counsel

Disclosure Counsel (If chosen)

Underwriter's Discount

Paying Agent (If terms)

Advance Refunding Fee

Escrow Agent

CPA Verification

OPM Bidding Agent Fee

Rating Fee (Moody's and S & P)

TOTAL TO BE FINANCED

Estimated Interest Earnings¹

Rounding

NET BOND SIZE

¹ Estimated interest earnings at .001

Streets	Sanitary Sewer	Water	preliminary Tax-Exempt G.O. Bonds	preliminary Taxable G.O. Bonds
			<i>Bank Qualified</i>	
2,713,680			2,713,680	
	2,500,000		2,500,000	
		1,000,000	1,000,000	
				5,688,591
				(93,148)
				10,783,407
			0	(138,249)
2,713,680	2,500,000	1,000,000	6,213,680	16,240,601
(26,506)	(24,434)	(9,735)	(60,675)	
6,116	5,638	2,246	14,000	21,500
6,553	6,041	2,407	15,000	21,500
2,621	2,416	963	6,000	12,000
34,375	31,688	12,625	78,688	165,150
295	272	108	675	675
			0	2,000
			0	2,500
			0	3,000
			0	6,900
10,921	10,068	4,011	25,000	35,000
2,748,055	2,531,688	1,012,625	6,292,368	16,510,826
(678)	(625)	(250)	(1,553)	0
2,623	3,938	(2,375)	4,186	4,174
2,750,000	2,535,000	1,010,000	6,295,000	16,515,000

March 15, 2016

Page 6



City of West Allis

2016B ISSUE PLANNING - Taxable Refunding Bonds

Pre Sale Estimates

Sizing Worksheet - 2016 Issue

Refund 2009 TID 5 \$5,690,000
 Refund 2010 TID 5 (ref 2002) \$415,000
 Refund 2010 TID 5 (ref 2005) \$5,000,000
 Refund 2010 TID 6 \$1,580,000
 Refund 2010 UFPL \$3,830,000
 \$16,515,000

Dated May 25, 2016

	Refund 2009 TID 5			Refund 2010 TID 5 (ref 2002)			Refund 2010 TID 5 (ref 2005)			Refund 2010 TID 6			Refund 2010 UFPL			TOTAL		
	Principal 1-Apr	Interest	Net Total	Principal 1-Apr	Interest	Net Total	Principal 1-Apr	Interest	Total	Principal 1-Apr	Interest	Net Total	Principal 1-Apr	Interest	Net Total	Principal	Interest	TOTAL
2016	\$125,000	\$51,429	\$51,429	\$65,000	\$48,990	\$48,990	\$20,000	\$16,265	\$16,265	\$60,000	\$31,665	\$31,665	\$60,000	\$31,665	\$31,665	\$0	\$151,393	\$151,393
2017	\$125,000	\$146,158	\$271,158	\$65,000	\$139,564	\$204,564	\$20,000	\$46,346	\$66,346	\$90,096	\$90,096	\$150,096	\$60,000	\$90,096	\$150,096	\$280,000	\$430,800	\$710,800
2018	\$125,000	\$144,408	\$269,408	\$65,000	\$138,654	\$203,654	\$20,000	\$46,066	\$66,066	\$89,218	\$89,218	\$154,218	\$65,000	\$89,218	\$154,218	\$285,000	\$426,841	\$711,841
2019	\$125,000	\$142,267	\$267,267	\$465,000	\$133,791	\$598,791	\$105,000	\$44,927	\$149,927	\$115,000	\$42,721	\$157,721	\$695,000	\$69,048	\$764,048	\$1,475,000	\$410,804	\$1,885,804
2020	\$705,000	\$133,604	\$838,604	\$480,000	\$124,331	\$604,331	\$115,000	\$40,014	\$155,014	\$125,000	\$40,014	\$165,014	\$735,000	\$52,936	\$787,936	\$2,130,000	\$374,345	\$2,504,345
2021	\$895,000	\$115,486	\$1,010,486	\$475,000	\$113,591	\$588,591	\$135,000	\$36,775	\$171,775	\$135,000	\$33,096	\$168,096	\$785,000	\$34,003	\$819,003	\$2,365,000	\$323,629	\$2,688,629
2022	\$1,185,000	\$69,453	\$1,254,453	\$480,000	\$101,710	\$581,710	\$135,000	\$29,148	\$164,148	\$135,000	\$29,148	\$164,148	\$835,000	\$11,899	\$846,899	\$2,585,000	\$261,940	\$2,846,940
2023	\$1,235,000	\$56,449	\$1,291,449	\$475,000	\$88,701	\$563,701	\$135,000	\$25,075	\$160,075	\$135,000	\$25,075	\$160,075	\$835,000	\$11,899	\$846,899	\$2,660,000	\$180,145	\$2,840,145
2024	\$1,295,000	\$19,425	\$1,314,425	\$520,000	\$74,133	\$594,133	\$130,000	\$20,470	\$150,470	\$130,000	\$20,470	\$150,470	\$130,000	\$20,470	\$150,470	\$640,000	\$83,375	\$723,375
2025				\$510,000	\$58,300	\$568,300	\$155,000	\$20,470	\$175,470	\$155,000	\$20,470	\$175,470	\$155,000	\$20,470	\$175,470	\$655,000	\$92,488	\$747,488
2026				\$500,000	\$42,018	\$542,018	\$175,000	\$14,894	\$189,894	\$175,000	\$14,894	\$189,894	\$175,000	\$14,894	\$189,894	\$665,000	\$40,209	\$705,209
2027				\$490,000	\$25,315	\$515,315	\$170,000	\$8,858	\$178,858	\$170,000	\$8,858	\$178,858	\$170,000	\$8,858	\$178,858	\$645,000	\$17,289	\$662,289
2028				\$475,000	\$8,431	\$483,431	\$160,000	\$2,920	\$162,920	\$160,000	\$2,920	\$162,920	\$160,000	\$2,920	\$162,920	\$160,000	\$2,920	\$162,920
2029																		
2030																		
2031																		
TOTAL	\$5,690,000	\$898,677	\$6,537,248	\$5,000,000	\$1,097,527	\$6,048,538	\$1,580,000	\$407,574	\$1,971,309	\$1,580,000	\$407,574	\$1,971,309	\$3,830,000	\$461,437	\$4,259,772	\$16,515,000	\$2,898,883	\$19,413,883

March 15, 2016
 Page 7

City of West Allis, WI
Refunding Analysis
Estimated Refunding Savings

Pre Sale Estimates

Existing Debt Service To Be Refunded

NON REFUNDED PORTION

Proposed 2016 Taxable G.O. Refunding Bonds

Issue	Taxable G.O. Bonds			Taxable G.O. Refunding Bonds			Taxable G.O. Bonds			Taxable G.O. Refunding Bonds			Existing Debt to be paid by Issuer	Proposed 2016 Taxable G.O. Refunding Bonds			Total Savings Preliminary	
	Amount Dated	Call Date	Year	Prin (4/1)	Interest	Total	Prin (4/1)	Interest	Total	Prin (4/1)	Interest	Total		Prin (4/1)	Est. Rate	Interest		Total
2016	\$7,105,000	27-Mar-09	1-Apr-19	289,153	289,153	289,153	280,000	101,156	381,156	1,190,000	118,325	1,308,325	2,303,666	280,000	1.25%	151,393	151,393	0
2017	289,153	289,153	289,153	289,153	476,425	476,425	590,000	77,306	667,306	1,235,000	75,248	1,310,248	1,977,554	285,000	1.55%	430,800	710,800	54,778
2018	289,153	289,153	289,153	289,153	476,425	476,425	670,000	45,388	715,388	1,310,000	26,200	1,336,200	2,051,588	1,475,000	1.88%	426,841	711,841	53,736
2019	289,153	289,153	289,153	289,153	451,120	1,656,120	525,000	14,109	539,109				539,109	2,130,000	2.13%	410,804	1,885,804	59,468
2020	585,000	273,211	858,211	1,305,000	397,105	1,702,105								2,365,000	2.38%	374,345	2,504,345	55,971
2021	795,000	235,010	1,030,010	1,380,000	336,655	1,716,655								2,585,000	2.60%	323,629	2,688,629	58,036
2022	1,115,000	180,973	1,295,973	1,335,000	274,210	1,609,210								1,950,000	3.00%	122,705	2,072,705	60,140
2023	1,200,000	114,095	1,314,095	1,405,000	211,190	1,616,190								640,000	3.15%	83,375	723,375	31,015
2024	1,295,000	39,498	1,334,498	620,000	134,390	754,390								655,000	3.30%	62,488	717,488	28,845
2025				645,000	101,333	746,333								665,000	3.45%	40,209	705,209	30,774
2026				670,000	65,983	735,983								645,000	3.55%	17,289	662,289	31,318
2027				665,000	28,606	693,606								160,000	3.65%	2,920	162,920	6,824
2028				165,000	4,744	169,744												
2029																		
Total	4,990,000	1,999,396	6,989,396	10,015,000	3,599,225	13,614,225	2,065,000	237,959	2,302,959	3,735,000	219,773	3,954,773	6,871,917	16,515,000		2,898,883	19,413,883	575,554

Total Savings Preliminary 575,554
 Rounding 4,174
Net Present Value Savings 482,772

Rates based on AA- taxable sale 12/18/15 + .25

NET PRESENT VALUE SAVINGS AS A PERCENT OF REFUNDED PRINCIPAL = 3.21%



City of West Allis

Summary of 2016 Proposed Issues & Projected Tax Impact



EHLERS
LEADERS IN PUBLIC FINANCE

Existing Debt Only Does NOT include issues to be refunded

	Equalized Value Projection	Change in EV	Annual P&I Payment	Less Non-Levy ^V Sources	Less TID 6 Rev 2016B	Bid Premium Deposit Debt Service/adj to Levied Funds	Net Debt Service	New Rate Impact (Equalized)	
YEAR									YEAR
2016	3,660,116,000	0.95%	10,918,286	(7,151,412) ³	(16,265)	(16,549)	3,796,884	1.04	2016
2017	3,660,116,000	0.00%	9,562,993	(6,071,349) ⁸	(66,346)		3,958,059	1.08	2017
2018	3,669,266,290	0.25%	9,212,746	(6,011,688) ⁸	(66,066)		3,668,639	1.00	2018
2019	3,678,439,456	0.25%	7,028,931	(4,774,430) ⁴	(149,927)		3,301,999	0.90	2019
2020	3,696,831,653	0.50%	5,745,177	(3,900,354) ⁶	(157,721)		2,915,186	0.79	2020
2021	3,724,557,890	0.75%	4,877,523	(3,334,249) ⁹	(165,014)		2,633,503	0.71	2021
2022	3,761,803,469	1.00%	4,158,780	(2,915,343) ³	(171,775)		2,360,333	0.63	2022
2023	3,799,421,504	1.00%	3,691,405	(2,746,056) ⁰	(168,096)		2,085,398	0.55	2023
2024	3,856,412,827	1.50%	3,118,265	(2,465,273) ⁸	(164,148)		941,123	0.24	2024
2025	3,914,259,019	1.50%	2,548,904	(2,231,165) ⁰	(155,075)		600,715	0.15	2025
2026	3,982,758,552	1.75%	2,026,004	(2,026,004) ⁸	(175,470)		277,681	0.07	2026
2027	4,062,413,723	2.00%	1,572,303	(1,572,303) ⁵	(189,894)		0	0.00	2027
2028	4,143,661,997	2.00%	1,110,487	(1,110,487) ¹	(178,858)		0	0.00	2028
2029	4,226,535,237	2.00%	819,092	(819,092)	(162,920)		0	0.00	2029
2030	4,311,065,942	2.00%	457,194	(457,194)			0	0.00	2030
2031	4,397,287,261	2.00%	0	0			0	0.00	2031
TOTALS			66,848,089	(47,586,398)¹	(1,987,574)	(16,549)	26,539,521		TOTALS

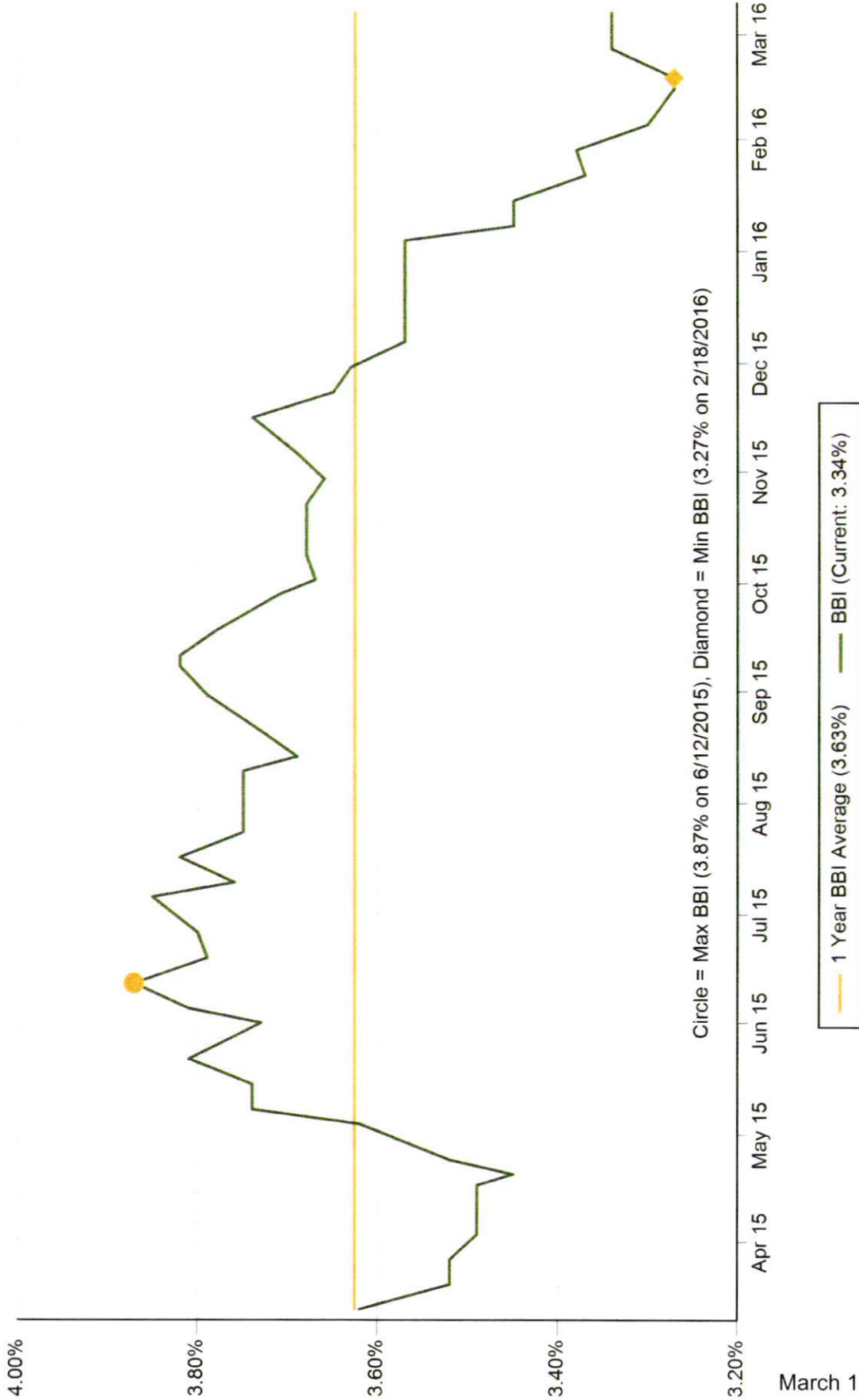
March 15, 2016

Page 9

3/10/2016

1 YEAR TREND IN MUNICIPAL BOND INDICES

Weekly Rates March, 2015 - March, 2016



March 15, 2016
Page 10

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



EHLERS
LEADERS IN PUBLIC FINANCE