

July 13, 2021
Pre-Sale Report for

City of West Allis, Wisconsin

\$6,335,000 Taxable General Obligation
Refunding Bonds, Series 2021A



Prepared by:

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BUILDING COMMUNITIES. IT'S WHAT WE DO.

EXECUTIVE SUMMARY OF PROPOSED DEBT

Proposed Issue:

\$6,335,000 Taxable General Obligation Refunding Bonds, Series 2021A

Purposes:

The proposed issue includes financing for the following purposes:

- Current refund the TID 16 2019 State Trust Fund Loan. Debt service will be paid from TID 16 tax increment revenues.

Interest rates on the obligations proposed to be refunded are 4.50%. The refunding is expected to reduce debt service expense by approximately \$1,259,314 over the next 17 years. The Net Present Value Benefit of the refunding is estimated to be \$1,037,549, equal to 17.121% of the refunded principal.

This refunding is considered to be a Current Refunding as the obligations being refunded are either callable (pre-payable) now, or will be within 90 days of the date of issue of the new Bonds.

Authority:

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

- 67.04

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

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 \$67 million, which is 31% of its limit. Remaining General Obligation Borrowing Capacity will be approximately \$149 million.

Term/Call Feature:

The Bonds are being issued for a term of 17 years. Principal on the Bonds will be due on March 1 in the years 2022 through 2038. Interest is payable every six months beginning March 1, 2022.

The Bonds will be subject to prepayment at the discretion of the City on March 1, 2031 or any date thereafter.

Bank Qualification:

Because the Bonds are taxable obligations they will not be designated 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 Bonds.

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.

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 Bonds 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 existing General Obligation pledge securing the obligations to be refunded.

Method of Sale/Placement:

We will solicit competitive bids for the purchase of the Bonds 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 Bonds 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 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.

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.

Parameters:

The Common Council will consider adoption of a Parameters Resolution on July 13, 2021, which delegates authority to the City Administrator or the Finance Director/Comptroller 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 \$6,335,000
- * Maximum Bid of 106.00%
- * Minimum Bid of 98.75%
- * Minimum Present Value Debt Service Savings of 10.00%
- * Maximum True Interest Cost (TIC) of 3.00%
- * Maturity Schedule Adjustments not to exceed \$100,000 per maturity

Other Considerations:

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.

Review of Existing Debt:

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.

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 Bonds are taxable obligations and are therefore not subject to IRS arbitrage and yield restriction requirements.

Investment of Bond Proceeds:

Ehlers can assist the City in developing a strategy to invest your Bond proceeds until the funds are needed to redeem the refunded obligations.

Risk Factors:

GO with Planned Abatement: The City expects to abate the City debt service with tax incremental revenues. In the event this revenue is not available, the City is obligated to levy property taxes in an amount sufficient to make all debt payments.

Current Refunding: The Bonds are being issued to finance a current refunding of prior City debt obligations. Those prior debt obligations are callable now. The new Bonds will not be pre-payable until March 1, 2031.

This refunding is being undertaken based in part on an assumption that the City does not expect to pre-pay off this debt prior to the new call date and that market conditions warrant the refunding at this time.

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 and Adopt Parameters by Common Council to Award Sale of Bonds:	July 13, 2021
Due Diligence Call to review Official Statement:	Week of July 12, 2021
Conference with Rating Agency:	Week of July 19, 2021
Distribute Official Statement:	July 21, 2021
Designated Officials Award Sale of the Bonds:	July 28, 2021
Estimated Closing Date:	August 18, 2021
Redemption Date for the Obligations Being Refunded:	August 30, 2021

Attachments

- Estimated Sources and Uses of Funds
- Estimated Proposed Debt Service Schedule
- Estimated Debt Service Comparison
- TID 16 Cashflow Update
- Bond Buyer Index

EHLERS' CONTACTS

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Sue Porter, Senior Public Finance Analyst/Marketing Coordinator	(262) 796-6167
Kathy Myers, Senior Financial Analyst	(262) 796-6177

The Preliminary Official Statement for this financing will be sent to the City Council at their home or email address for review prior to the sale date.

City of West Allis

\$6,335,000 Taxable General Obligation Refunding Bonds

SINGLE PURPOSE

Dated: August 18, 2021 Assumes A1 East Troy sale of 060921 + .25

Sources & Uses

Dated 08/18/2021 | Delivered 08/18/2021

Sources Of Funds

Par Amount of Bonds	\$6,335,000.00
Total Sources	\$6,335,000.00

Uses Of Funds

Total Underwriter's Discount (1.250%)	79,187.50
Municipal Advisor	24,500.00
Disclosure Counsel	8,400.00
Bond Counsel	14,000.00
Paying Agent	850.00
Rating Agency Fee	18,000.00
Deposit to Current Refunding Fund	6,185,788.44
Rounding Amount	4,274.06
Total Uses	\$6,335,000.00

City of West Allis

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Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/18/2021	-	-	-	-	-
03/01/2022	325,000.00	0.700%	61,193.06	386,193.06	-
09/01/2022	-	-	55,933.75	55,933.75	442,126.81
03/01/2023	335,000.00	0.800%	55,933.75	390,933.75	-
09/01/2023	-	-	54,593.75	54,593.75	445,527.50
03/01/2024	335,000.00	0.900%	54,593.75	389,593.75	-
09/01/2024	-	-	53,086.25	53,086.25	442,680.00
03/01/2025	340,000.00	0.900%	53,086.25	393,086.25	-
09/01/2025	-	-	51,556.25	51,556.25	444,642.50
03/01/2026	345,000.00	1.350%	51,556.25	396,556.25	-
09/01/2026	-	-	49,227.50	49,227.50	445,783.75
03/01/2027	345,000.00	1.350%	49,227.50	394,227.50	-
09/01/2027	-	-	46,898.75	46,898.75	441,126.25
03/01/2028	355,000.00	1.750%	46,898.75	401,898.75	-
09/01/2028	-	-	43,792.50	43,792.50	445,691.25
03/01/2029	360,000.00	1.750%	43,792.50	403,792.50	-
09/01/2029	-	-	40,642.50	40,642.50	444,435.00
03/01/2030	365,000.00	2.000%	40,642.50	405,642.50	-
09/01/2030	-	-	36,992.50	36,992.50	442,635.00
03/01/2031	375,000.00	2.000%	36,992.50	411,992.50	-
09/01/2031	-	-	33,242.50	33,242.50	445,235.00
03/01/2032	380,000.00	2.100%	33,242.50	413,242.50	-
09/01/2032	-	-	29,252.50	29,252.50	442,495.00
03/01/2033	390,000.00	2.100%	29,252.50	419,252.50	-
09/01/2033	-	-	25,157.50	25,157.50	444,410.00
03/01/2034	400,000.00	2.300%	25,157.50	425,157.50	-
09/01/2034	-	-	20,557.50	20,557.50	445,715.00
03/01/2035	405,000.00	2.300%	20,557.50	425,557.50	-
09/01/2035	-	-	15,900.00	15,900.00	441,457.50
03/01/2036	415,000.00	2.450%	15,900.00	430,900.00	-
09/01/2036	-	-	10,816.25	10,816.25	441,716.25
03/01/2037	425,000.00	2.450%	10,816.25	435,816.25	-
09/01/2037	-	-	5,610.00	5,610.00	441,426.25
03/01/2038	440,000.00	2.550%	5,610.00	445,610.00	-
09/01/2038	-	-	-	-	445,610.00
Total	\$6,335,000.00	-	\$1,207,713.06	\$7,542,713.06	-

Yield Statistics

Bond Year Dollars	\$56,851.26
Average Life	8.974 Years
Average Coupon	2.1243381%
Net Interest Cost (NIC)	2.2636270%
True Interest Cost (TIC)	2.2656016%
Bond Yield for Arbitrage Purposes	2.1077297%
All Inclusive Cost (AIC)	2.3988685%

IRS Form 8038

Net Interest Cost	2.1243381%
Weighted Average Maturity	8.974 Years

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City of West Allis

\$6,335,000 Taxable General Obligation Refunding Bonds

SINGLE PURPOSE

Dated: August 18, 2021 Assumes A1 East Troy sale of 060921 + .25

Debt Service Comparison -- Accrual Basis

Calendar Year	Total P+I	Net New D/S	Old Net D/S	Savings
2021	-	-	-	-
2022	442,126.81	442,126.81	517,766.30	75,639.49
2023	445,527.50	445,527.50	517,766.30	72,238.80
2024	442,680.00	442,680.00	517,766.30	75,086.30
2025	444,642.50	444,642.50	517,766.30	73,123.80
2026	445,783.75	445,783.75	517,766.30	71,982.55
2027	441,126.25	441,126.25	517,766.30	76,640.05
2028	445,691.25	445,691.25	517,766.30	72,075.05
2029	444,435.00	444,435.00	517,766.30	73,331.30
2030	442,635.00	442,635.00	517,766.30	75,131.30
2031	445,235.00	445,235.00	517,766.30	72,531.30
2032	442,495.00	442,495.00	517,766.30	75,271.30
2033	444,410.00	444,410.00	517,766.30	73,356.30
2034	445,715.00	445,715.00	517,766.30	72,051.30
2035	441,457.50	441,457.50	517,766.30	76,308.80
2036	441,716.25	441,716.25	517,766.30	76,050.05
2037	441,426.25	441,426.25	517,766.30	76,340.05
2038	445,610.00	445,610.00	517,766.30	72,156.30
-	\$7,542,713.06	\$7,542,713.06	\$8,802,027.10	\$1,259,314.04

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	1,033,275.24
Net PV Cashflow Savings @ 2.399%(AIC)	1,033,275.24
Contingency or Rounding Amount	4,274.06
Net Present Value Benefit	\$1,037,549.30
Net PV Benefit / \$6,060,266 Refunded Principal	17.121%
Net PV Benefit / \$6,335,000 Refunding Principal	16.378%

Refunding Bond Information

Refunding Dated Date	8/18/2021
Refunding Delivery Date	8/18/2021

City of West Allis, Wisconsin

Tax Increment District # 16 - "West Quarter Project" (70th St. Corridor)

Cash Flow Projection

Year	Projected Revenues							Expenditures											Balances			Year					
	Tax Increments	Assessed Value Shortfall Payment ¹	Debt Service Shortfall Payment ²	Developer Deposit Towards Shortfall ⁴	Proceeds from LT Debt	Sale of Property	Total Revenues	State Trust Fund Loan 6,500,000			FIRE Loan 3,350,000			Txbl G.O. Bond (Refund 2019 STFL) 6,335,000			TID Admin. & Other Costs	Develop. Incentive	Finance Related Expense	Reconcile DS to City Budget	Replacement Park Imp.		Reimburse Developer Shortfall Payments ³	Total Expenditures	Annual	Cumulative	Principal Outstanding
2018							0	Reflects 8-30-2021 Payoff						Refinances 2019 STFL			85,510						85,510	(85,510)	(85,510)		2018
2019					7,200,000	100,000	7,300,000																7,279,800	20,200	(65,310)		2019
2020	26,548				2,650,000		2,676,548							150,000	2,650,000							3,317,766	(641,219)	(706,529)	9,670,000	2020	
2021	283,464	0	230,000		6,335,000		6,848,464	6,294,768	4.500%	408,787	137,069	2.500%	116,401					144,938	(197,973)			7,053,989	(205,525)	(912,054)	9,532,931	2021	
2022	334,802	0	344,152				678,953		4.500%		133,548	2.500%	78,279	325,000	0.700%	117,127						678,953	0	(912,054)	9,074,384	2022	
2023	389,842	284,726	7,744				682,312		4.500%		136,886	2.500%	74,899	335,000	0.800%	110,528	25,000					682,312	0	(912,054)	8,602,497	2023	
2024	610,004	64,564	4,854				679,422		4.500%		140,308	2.500%	71,434	335,000	0.900%	107,680	25,000					679,422	0	(912,054)	8,127,189	2024	
2025	610,004	64,564	6,773				681,341		4.500%		143,816	2.500%	67,882	340,000	0.900%	104,643	25,000					681,341	0	(912,054)	7,643,373	2025	
2026	610,004	64,564	7,869				682,437		4.500%		147,412	2.500%	64,242	345,000	1.350%	100,784	25,000					682,437	0	(912,054)	7,150,961	2026	
2027	610,004	64,564	3,165				677,733		4.500%		151,097	2.500%	60,510	345,000	1.350%	96,126	25,000					677,733	0	(912,054)	6,654,864	2027	
2028	610,004	64,564	7,683				682,251		4.500%		154,874	2.500%	56,686	355,000	1.750%	90,691	25,000					682,251	0	(912,054)	6,144,990	2028	
2029	610,004	64,564	6,378				680,947		4.500%		158,746	2.500%	52,765	360,000	1.750%	84,435	25,000					680,947	0	(912,054)	5,626,244	2029	
2030	610,004	64,564	4,529				679,097		4.500%		162,715	2.500%	48,747	365,000	2.000%	77,635	25,000					679,097	0	(912,054)	5,098,529	2030	
2031	610,004	64,564	7,078				681,646		4.500%		166,783	2.500%	44,628	375,000	2.000%	70,235	25,000					681,646	0	(912,054)	4,556,747	2031	
2032	610,004	64,564	4,286				678,854		4.500%		170,952	2.500%	40,407	380,000	2.100%	62,495	25,000					678,854	0	(912,054)	4,005,795	2032	
2033	610,004	64,564	6,147				680,716		4.500%		175,226	2.500%	36,080	390,000	2.100%	54,410	25,000					680,716	0	(912,054)	3,440,569	2033	
2034	610,004	64,564	7,398				681,966		4.500%		179,607	2.500%	31,644	400,000	2.300%	45,715	25,000					681,966	0	(912,054)	2,860,962	2034	
2035	610,004	64,564	3,084				677,652		4.500%		184,097	2.500%	27,098	405,000	2.300%	36,458	25,000					677,652	0	(912,054)	2,271,865	2035	
2036	610,004	64,564	3,285				677,853		4.500%		188,699	2.500%	22,438	415,000	2.450%	26,716	25,000					677,853	0	(912,054)	1,668,166	2036	
2037	610,004	64,564	2,936				677,504		4.500%		193,417	2.500%	17,661	425,000	2.450%	16,426	25,000					677,504	0	(912,054)	1,049,749	2037	
2038	610,004	64,564	7,060				681,628		4.500%		198,252	2.500%	12,766	440,000	2.550%	5,610	25,000					681,628	0	(912,054)	411,497	2038	
2039	610,004						610,004				203,208	2.500%	7,747				25,000					235,956	374,048	(538,006)	208,289	2039	
2040	610,004						610,004				208,289	2.500%	2,604				25,000					235,892	374,112	(163,894)	(0)	2040	
2041	610,004						610,004										25,000				421,110	446,110	163,894	0	(0)	2041	
2042	610,004						610,004										25,000				585,004	610,004	0	0	(0)	2042	
2043	610,004						610,004										25,000				585,004	610,004	0	0	(0)	2043	
2044	610,004						610,004										25,000				326,493	351,493	258,510	258,510	(0)	2044	
2045	610,004						610,004															0	610,004	868,514	(0)	2045	
2046	610,004						610,004															0	610,004	1,478,518	(0)	2046	
Total	15,064,744	1,253,189	664,422	0	16,185,000	100,000	33,267,354	6,500,000	721,321	3,335,000	934,917	6,335,000	1,207,713	1,040,310	9,850,000	144,938	(197,973)	0	1,917,611	31,788,836						Total	

Total Assessed Value, Debt Service and Developer Deposit Payments **1,917,611**
Unrecovered Amount⁴ **0**

Projected TID Closure

Notes:

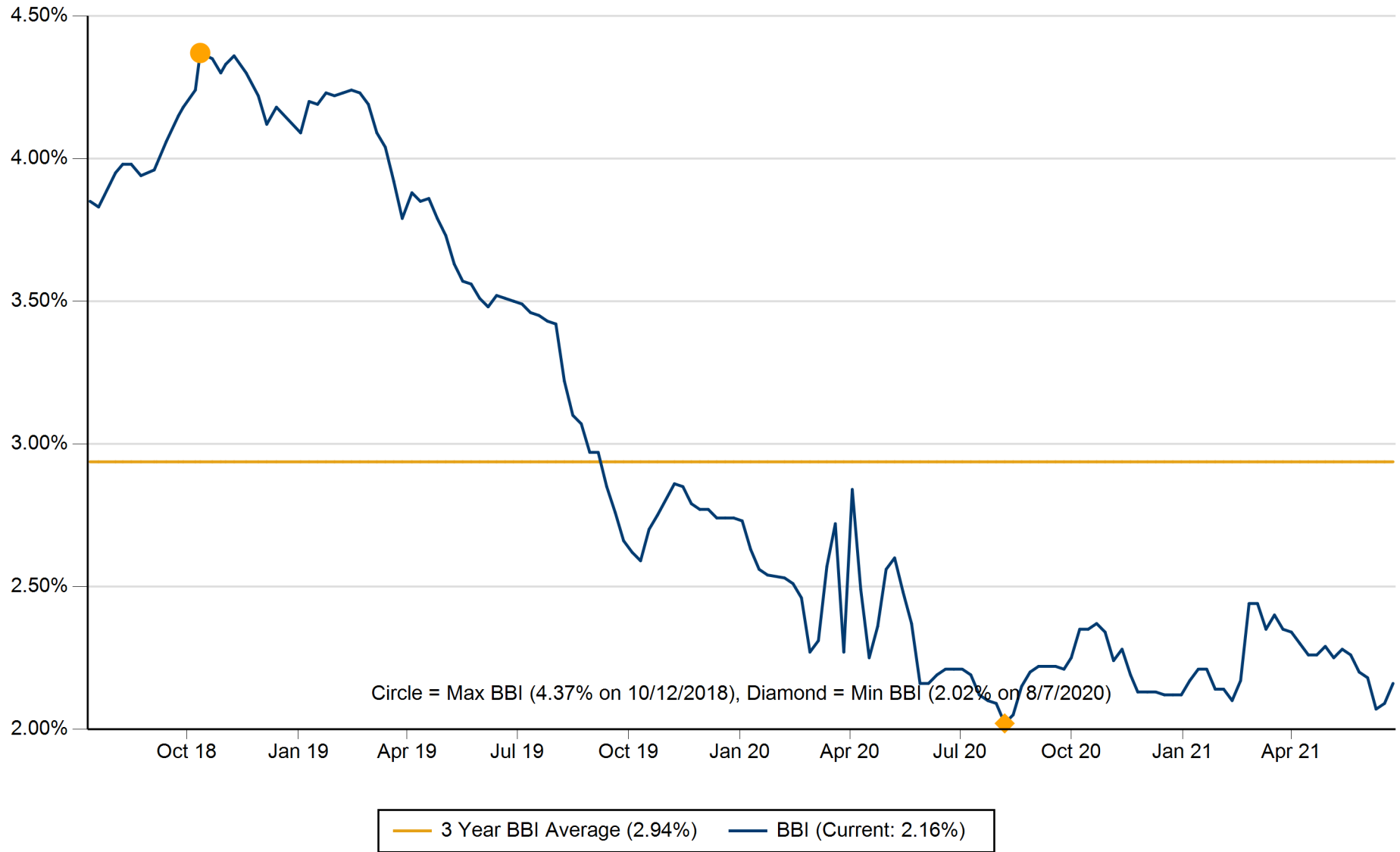
- ¹Per Article IV of the Development Agreement, Developer will pay an Assessed Value Shortfall Payment equal to the taxes that would have been paid on any difference between the Base Value (\$25,100,000) and the actual assessed value.
- ²Per Article III of the Development Agreement, Developer will pay a Debt Service Shortfall Payment equal to any difference between the City's payments due on the Project Loan, and any tax increments, capitalized interest amounts, or Assessed Value Shortfall Payments received.
- ³Assessed Value Shortfall and Debt Service Shortfall Payments made by the Developer will be treated as contingent non-interest-bearing loans, repaid out of available Tax Increments after all debt incurred by the City to fund the Project Loan has been fully repaid.
- ⁴Cash flow does not reflect any funds paid by Developer as a credit towards Debt Service Shortfall amounts owed. Funds paid would be eligible for reimbursement which is not reflected in this analysis.

Refunding Savings Estimate

	Future Value	Present Value	PV as % of Refunded Par
2019 STFL	1,259,314	1,037,549	16.378%

3 YEAR TREND IN MUNICIPAL BOND INDICES

Weekly Rates July, 2018 - July, 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.