

June 7, 2022

PRE-SALE REPORT FOR

City of West Allis, Wisconsin

**\$4,315,000 General Obligation Promissory Notes,
Series 2022A**



Prepared by:

Ehlers
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Suite 100
Waukesha, WI 53188

Advisors:

David Ferris, CPA, Senior Municipal Advisor
Todd Taves, Senior Municipal Advisor

BUILDING COMMUNITIES. IT'S WHAT WE DO.

EXECUTIVE SUMMARY OF PROPOSED DEBT

Proposed Issue:

\$4,315,000 General Obligation Promissory Notes, Series 2022A

Purposes:

The proposed issue includes financing for the following purposes:

- Finance the 2022 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:

- 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 \$65.4 million, which is 27% of its limit. Remaining General Obligation Borrowing Capacity will be approximately \$173.5 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 2023 through 2032. Interest is payable every six months beginning April 1, 2023.

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 ratings on those bonds are "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 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 Notes 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 City having adequate General Obligation debt capacity to undertake this financing and anticipating any potential rating impacts.

Method of Sale/Placement:

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

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.

We recommend that the City review its specific responsibilities related to the Notes with an arbitrage expert in order to utilize one or more of the exceptions listed above.

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

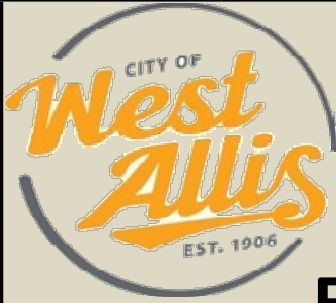
Pre-Sale Review by Administration & Finance Committee and City Council:	June 7, 2022
Conference with Rating Agency:	Week of June 13, 2022
Due Diligence Call to review Official Statement:	Week of June 13, 2022
Distribute Official Statement:	June 21, 2022
City Council Meeting to Award Sale of the Notes:	June 28, 2022
Estimated Closing Date:	July 14, 2022

Attachments

- Estimated Sources and Uses of Funds
- Estimated Proposed Debt Service/Tax Impact Schedule
- Estimated Issue Allocation
- 4-Year 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



Financing Plan / Issue Sizing

			GO Notes 2022
Projects			
Levy - Streets			2,675,000
Levy - Street Lights			1,600,000
Project Needs			4,275,000
Issuance Expenses (Estimates)			
Municipal Advisor			20,720
Bond Counsel			15,000
Rating			19,000
Paying Agent If terms			850
Issuance Costs Paid With Funds on Hand			(55,570)
Underwriter Fees			43,150
Total Funds Needed			4,318,150
	Rate	Months	
Less Interest Earnings	0.30%	6	(6,413)
Rounding			3,263
Size of Issue			4,315,000



Projected Impact of Proposed Projects

Existing Debt Payments							Projected Debt Service											
YEAR	Equalized Value Projection	Change in Value	Total of All Obligations	Total Abatement Sources	Net Debt Service Levy	Debt Service Tax Rate	General Obligation Notes, 2022 \$4,315,000 Dated 7-14-22				Net Debt Service Levy	Levy Change	Debt Service Tax Rate	Impact on a		Debt Service Tax Rate @ 3% Growth	YEAR	
							Prin (4/1)	Rate	Interest	Total				\$ 250,000 Taxes	of Value Change			
2021	4,105,300,600	6.73%	11,921,893	(7,774,244)	4,147,650	1.01	2021				4,147,650		1.01	252.58		1.01	2021	
2022	4,510,670,100	9.87%	11,883,647	(7,549,938)	4,333,708	0.96	2022				4,333,708	186,059	0.96	240.19	(12.39)	0.96	2022	
2023	4,555,776,801	1.00%	10,786,952	(6,810,121)	3,976,831	0.87	2023	430,000	2.95%	168,919	598,919	4,575,750	242,041	1.00	251.10	10.90	0.99	2023
2024	4,601,334,569	1.00%	9,365,447	(6,544,635)	2,820,812	0.61	2024	430,000	3.05%	125,138	555,138	3,375,951	(1,199,799)	0.73	183.42	(67.67)	0.71	2024
2025	4,647,347,915	1.00%	7,575,126	(4,998,514)	2,576,612	0.55	2025	430,000	3.15%	111,808	541,808	3,118,420	(257,531)	0.67	167.75	(15.67)	0.64	2025
2026	4,693,821,394	1.00%	7,244,858	(4,971,258)	2,273,600	0.48	2026	430,000	3.20%	98,155	528,155	2,801,756	(316,664)	0.60	149.23	(18.53)	0.56	2026
2027	4,740,759,608	1.00%	6,540,018	(4,575,330)	1,964,687	0.41	2027	430,000	3.30%	84,180	514,180	2,478,867	(322,889)	0.52	130.72	(18.50)	0.48	2027
2028	4,788,167,204	1.00%	5,764,142	(4,085,067)	1,679,075	0.35	2028	430,000	3.40%	69,775	499,775	2,178,850	(300,017)	0.46	113.76	(16.96)	0.41	2028
2029	4,836,048,876	1.00%	4,605,571	(3,266,096)	1,339,475	0.28	2029	430,000	3.50%	54,940	484,940	1,824,415	(354,435)	0.38	94.31	(19.45)	0.33	2029
2030	4,884,409,365	1.00%	3,806,977	(2,779,977)	1,027,000	0.21	2030	435,000	3.55%	39,694	474,694	1,501,694	(322,721)	0.31	76.86	(17.45)	0.27	2030
2031	4,933,253,458	1.00%	2,830,695	(2,316,970)	513,725	0.10	2031	435,000	3.65%	24,034	459,034	972,759	(528,935)	0.20	49.30	(27.57)	0.17	2031
2032	4,982,585,993	1.00%	2,199,325	(2,077,675)	121,650	0.02	2032	435,000	3.70%	8,048	443,048	564,698	(408,061)	0.11	28.33	(20.96)	0.09	2032
2033	5,032,411,853	1.00%	1,834,488	(1,834,488)		0.00	2033						(564,698)	0.00		(28.33)	0.00	2033
2034	5,082,735,971	1.00%	1,542,405	(1,542,405)		0.00	2034							0.00		0.00	0.00	2034
2035	5,133,563,331	1.00%	1,291,499	(1,291,499)		0.00	2035							0.00		0.00	0.00	2035
2036	5,184,898,964	1.00%	998,953	(998,953)		0.00	2036							0.00		0.00	0.00	2036
2037	5,236,747,954	1.00%	651,065	(651,065)		0.00	2037							0.00		0.00	0.00	2037
2038	5,289,115,434	1.00%	601,906	(601,906)		0.00	2038							0.00		0.00	0.00	2038
TOTALS			91,444,966	(64,670,140)	26,774,825		TOTALS	4,315,000		784,689	5,099,689	31,874,518						TOTALS

NOTES

Rates based on Aa2 Sale 5/12/12 + 0.70

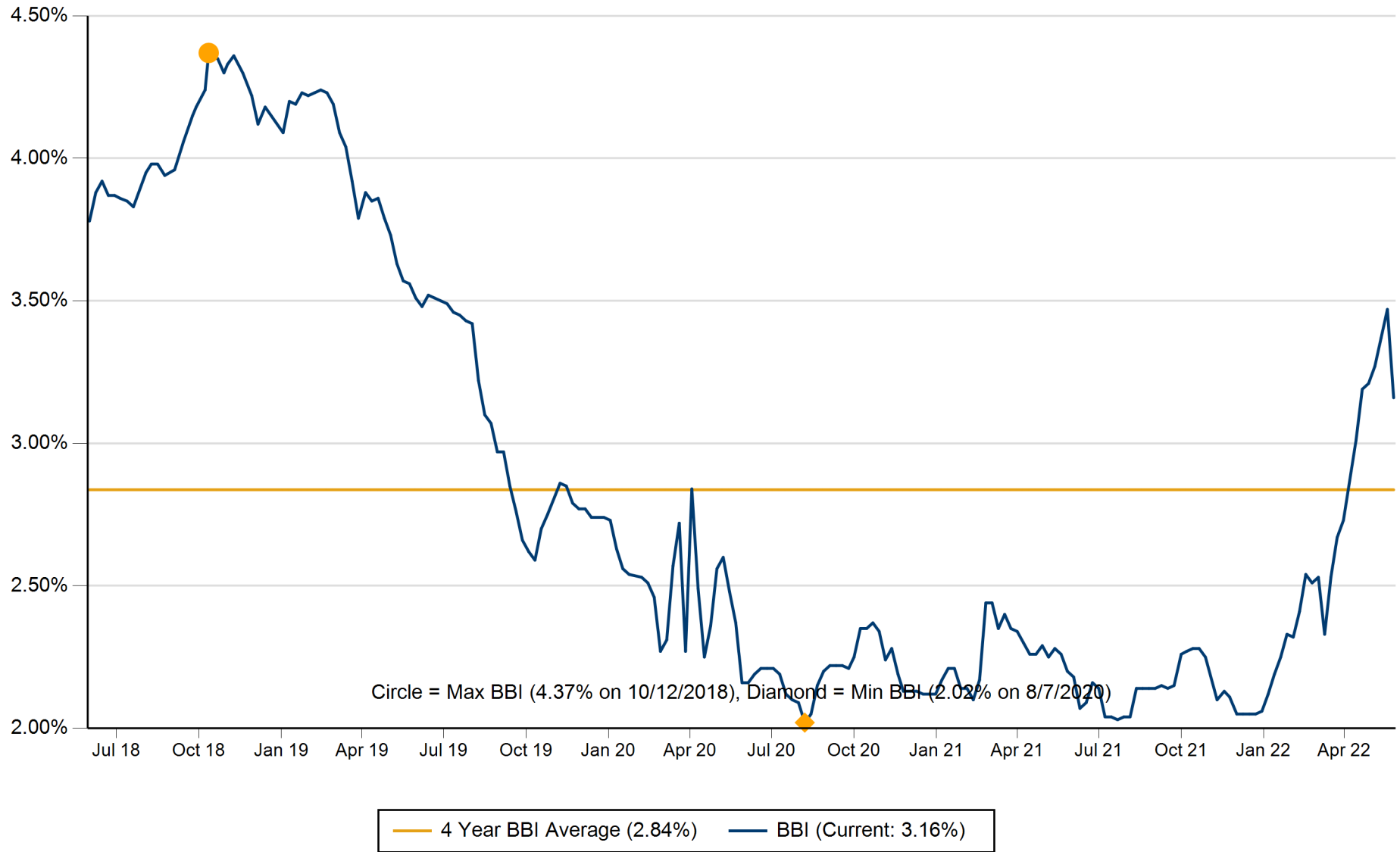


Allocation of General Obligation Notes, 2022

Purpose	Levy - Streets				Levy - Street Lights				TOTAL			Total Outstanding
Amount	\$2,700,000				\$1,615,000							
Dated	7/14/2022				7/14/2022							
Payment Date	4/1				4/1							
Year	Principal	Rate	Interest	Total	Principal	Rate	Interest	Total	Principal	Interest	Total	
2022									-	-	-	4,315,000
2023	270,000	2.95%	105,650	375,650	160,000	2.95%	63,269	223,269	430,000	168,919	598,919	3,885,000
2024	270,000	3.05%	78,233	348,233	160,000	3.05%	46,905	206,905	430,000	125,138	555,138	3,455,000
2025	270,000	3.15%	69,863	339,863	160,000	3.15%	41,945	201,945	430,000	111,808	541,808	3,025,000
2026	270,000	3.20%	61,290	331,290	160,000	3.20%	36,865	196,865	430,000	98,155	528,155	2,595,000
2027	270,000	3.30%	52,515	322,515	160,000	3.30%	31,665	191,665	430,000	84,180	514,180	2,165,000
2028	270,000	3.40%	43,470	313,470	160,000	3.40%	26,305	186,305	430,000	69,775	499,775	1,735,000
2029	270,000	3.50%	34,155	304,155	160,000	3.50%	20,785	180,785	430,000	54,940	484,940	1,305,000
2030	270,000	3.55%	24,638	294,638	165,000	3.55%	15,056	180,056	435,000	39,694	474,694	870,000
2031	270,000	3.65%	14,918	284,918	165,000	3.65%	9,116	174,116	435,000	24,034	459,034	435,000
2032	270,000	3.70%	4,995	274,995	165,000	3.70%	3,053	168,053	435,000	8,048	443,048	-
	\$ 2,700,000		\$ 489,725	\$ 3,189,725	\$ 1,615,000		\$ 294,964	\$ 1,909,964	\$ 4,315,000	\$ 784,689	\$ 5,099,689	

4 YEAR TREND IN MUNICIPAL BOND INDICES

Weekly Rates May, 2018 - May, 2022



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.