September 26, 2023

PRE-SALE REPORT FOR

City of Stoughton, Wisconsin

$6,305,000 General Obligation Corporate Purpose Bonds, Series 2023A

Prepared by:

Ehlers
N19W24400 Riverwood Drive,
Suite 100
Waukesha, WI 53188

Advisors:

David Ferris, CPA, Senior Municipal Advisor

Lisa Trebatoski, Associate Municipal Advisor

BUILDING COMMUNITIES. IT'S WHAT WE DO.

EXECUTIVE SUMMARY OF PROPOSED DEBT

Proposed Issue:

$6,305,000 General Obligation Corporate Purpose Bonds, Series 2023A

Purposes:

The proposed issue includes financing for the following purposes:

- 2023 Capital Improvement Plan projects including street improvement projects, fire department equipment purchases, library projects and park projects. Debt service will be paid from ad valorem property taxes.
- Stormwater projects. Debt service will be paid from Stormwater Utility revenues.

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 $38,703,323, which is 43% of its limit. Remaining General Obligation Borrowing Capacity will be approximately $50,684,867.

Term/Call Feature:

The Bonds are being issued for a term of 20 years. Principal on the Bonds will be due on April 1 in the years 2024 through 2043. Interest is payable every six months beginning April 1, 2024.

The Bonds will be subject to prepayment at the discretion of the City on April 1, 2031 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 Bonds as "bank qualified" obligations. Bank qualified status broadens the market for the Bonds, 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 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 your objectives, financial situation and need, risk tolerance, liquidity needs, experience with the issuance of Bonds and long-term financial capacity, as well as the tax status considerations related to the Bonds and the structure, timing and other similar matters related to the Bonds, we are recommending the issuance of Bonds as a suitable option

Method of Sale/Placement:

We are recommending the Bonds 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 Bonds 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 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 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.

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 City Council will consider adoption of a Parameters Resolution on September 26, 2023, which delegates authority to the Director of Finance/Comptroller or Mayor to accept and approve a bid for the Bonds so long as the bid meets certain parameters. These parameters are:

* Issue size not to exceed $6,305,000

* Maximum Bid of 106.00%

* Minimum Bid of 98.75%

* Maximum True Interest Cost (TIC) of 5.25%

* Authorized Officer shall determine the amount of principal to be paid in the year 2024 so that the amount required to be levied will be approximately $4,480,000. In addition, adjustments to the maturity schedule shown in this document shall be as follows:

- For maturity year 2025 the adjustment to the maturity schedule shall not exceed $150,000.
- For maturity years 2026 through 2043 the adjustment to the maturity schedule shall not exceed $100,000 per maturity per year.

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 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 Bonds. 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 Bonds 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 Bonds. The City is currently receiving arbitrage services from Ehlers in relation to the Bonds.

Investment of Bond Proceeds:

Ehlers can assist the City in developing a strategy to invest your Bond proceeds until the funds are needed to pay project costs.

Risk Factors:

GO with Planned Abatement: The City expects to abate a portion of the City debt service with storm water utility revenues. 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.

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: Associated Trust Company, N.A.

Rating Agency: Moody's Investors Service, Inc.

PROPOSED DEBT ISSUANCE SCHEDULE

Pre-Sale Review and Adopt Parameters by Common Council to Award Sale of Notes:	September 26, 2023
Due Diligence Call to review Official Statement:	Week of October 16, 2023
Conference with Rating Agency:	Week of October 16, 2023
Distribute Official Statement:	Week of October 24, 2023
Designated Officials Award Sale of the Bonds:	October 31, 2023
Estimated Closing Date:	November 16, 2023

Attachments

Estimated Sources and Uses of Funds

Estimated Proposed Debt Service Schedule/Tax Levy

Estimated Issue Allocation

Estimated Debt Limit Calculation

Bond Buyer Index

EHLERS' CONTACTS

David Ferris, Senior Municipal Advisor	(262) 796-6194
Lisa Trebatoski, Associate Municipal Advisor	(262) 796-6171
Na Lee Lee, Public Finance Analyst	(262) 796-6170
Kathy Myers, Senior Financial Analyst	(262) 796-6177

Financing Plan / Issue Sizing

	GO Bonds 2023
Projects	
Street Improvement Projects	3,737,887
Fire Department Equipment	452,630
Library Projects	50,000
Park Projects	957,725
Stormwater Utility	966,470
Project Needs	6,164,712
Issuance Expenses	
Municipal Advisor	38,500
Bond Counsel	25,000
Rating	17,500
Paying Agent	850
Underwriter Fees	78,813
Total Funds Needed	6,325,375
Less Interest Earnings[1]	(20,549)
Rounding	175
Size of Issue	6,305,000

Notes:

[1] Interest on project funds is calculated at 4.00% for 1 months.

THE CITY OF STOUGHTON

EHLERS PUBLIC FINANCE ADVISORS

Projected Impact of Proposed Projects

Existing Debt Payments

YEAR	Equalized Value Projection	Change in Value	Total of All Obligations	Total Abatement Sources	Net Debt Service Levy
2022	1,286,313,900	7.28%	5,202,535	(1,636,982)	3,565,553
2023	1,499,453,200	16.57%	5,313,136	(1,334,462)	3,978,674
2024	1,706,623,300	13.82%	5,040,202	(1,613,155)	3,427,047
2025	1,740,755,766	2.00%	5,026,239	(1,592,171)	3,434,068
2026	1,775,570,881	2.00%	4,825,255	(1,463,416)	3,361,839
2027	1,811,082,299	2.00%	4,365,901	(1,419,427)	2,946,474
2028	1,847,303,945	2.00%	3,273,328	(1,310,479)	1,962,848
2029	1,884,250,024	2.00%	2,885,034	(1,111,099)	1,773,935
2030	1,921,935,024	2.00%	1,931,351	(666,766)	1,264,585
2031	1,960,373,725	2.00%	1,699,624	(566,594)	1,133,030
2032	1,999,581,199	2.00%	1,375,154	(494,429)	880,725
2033	2,039,572,823	2.00%	1,302,635	(492,661)	809,974
2034	2,080,364,280	2.00%	1,299,091	(490,146)	808,945
2035	2,121,971,565	2.00%	959,473	(152,596)	806,876
2036	2,164,410,997	2.00%	954,454	(150,374)	804,080
2037	2,207,699,217	2.00%	885,375	(85,400)	799,975
2038	2,251,853,201	2.00%	881,725	(82,600)	799,125
2039	2,296,890,265	2.00%	262,400	(79,800)	182,600
2040	2,342,828,070	2.00%	253,200	(77,000)	176,200
2041	2,389,684,632	2.00%	244,000	(74,200)	169,800
2042	2,437,478,324	2.00%	239,700	(71,400)	168,300
2043	2,486,227,891	2.00%			
2044	2,535,952,449	2.00%			
2045	2,586,671,498	2.00%			
TOTALS			48,219,811	(14,965,158)	33,254,652

Projected Debt Service

	General Obligation Bonds, 2023 $6,305,000 Dated 11-16-23				Less Abatements			Total Projected Debt Service Less Abatements	Net Debt Service Levy	Levy Change	
YEAR	Prin (4/1)	Rate	Interest	Total	Sewerage System Projects -	Funds on Hand	Total Abatements				YEAR
2022									3,565,553		2022
2023									3,978,674	413,121	2023
2024	820,000	3.85%	210,385	1,030,385	(70,545)	(4,143)	(74,688)	955,697	4,382,744	404,070	2024
2025	205,000	3.85%	222,964	427,964	(74,372)		(74,372)	353,592	3,787,660	(595,084)	2025
2026	205,000	3.75%	215,174	420,174	(73,042)		(73,042)	347,132	3,708,971	(78,689)	2026
2027	255,000	3.65%	206,677	461,677	(71,747)		(71,747)	389,930	3,336,404	(372,567)	2027
2028	285,000	3.60%	196,893	481,893	(75,388)		(75,388)	406,505	2,369,353	(967,051)	2028
2029	285,000	3.65%	186,562	471,562	(73,938)		(73,938)	397,624	2,171,559	(197,795)	2029
2030	285,000	3.70%	176,088	461,088	(72,468)		(72,468)	388,620	1,653,205	(518,354)	2030
2031	295,000	3.75%	165,284	460,284	(75,884)		(75,884)	384,400	1,517,430	(135,775)	2031
2032	295,000	3.85%	154,074	449,074	(74,174)		(74,174)	374,900	1,255,625	(261,805)	2032
2033	295,000	3.85%	142,717	437,717	(72,442)		(72,442)	365,275	1,175,249	(80,377)	2033
2034	295,000	4.20%	130,843	425,843	(75,526)		(75,526)	350,317	1,159,262	(15,987)	2034
2035	295,000	4.20%	118,453	413,453	(73,426)		(73,426)	340,027	1,146,903	(12,359)	2035
2036	295,000	4.35%	105,842	400,842	(71,288)		(71,288)	329,554	1,133,634	(13,270)	2036
2037	305,000	4.35%	92,792	397,792	(74,004)		(74,004)	323,788	1,123,763	(9,871)	2037
2038	305,000	4.40%	79,448	384,448	(71,598)		(71,598)	312,850	1,111,975	(11,788)	2038
2039	310,000	4.40%	65,918	375,918	(74,068)		(74,068)	301,850	484,450	(627,525)	2039
2040	315,000	4.60%	51,853	366,853	(76,253)		(76,253)	290,600	466,800	(17,650)	2040
2041	320,000	4.60%	37,248	357,248	(78,148)		(78,148)	279,100	448,900	(17,900)	2041
2042	320,000	4.67%	22,416	342,416	(74,904)		(74,904)	267,512	435,812	(13,088)	2042
2043	320,000	4.67%	7,472	327,472	(71,635)		(71,635)	255,837	255,837	(179,975)	2043
2044										(255,837)	2044
2045											2045
TOTALS	6,305,000		2,589,103	8,894,103	(1,474,850)	(4,143)	(1,478,993)	7,415,110	40,669,762		TOTALS

NOTES

Rates based on AA Sale 8/14/23 + 0.35

THE CITY OF STOUGHTON

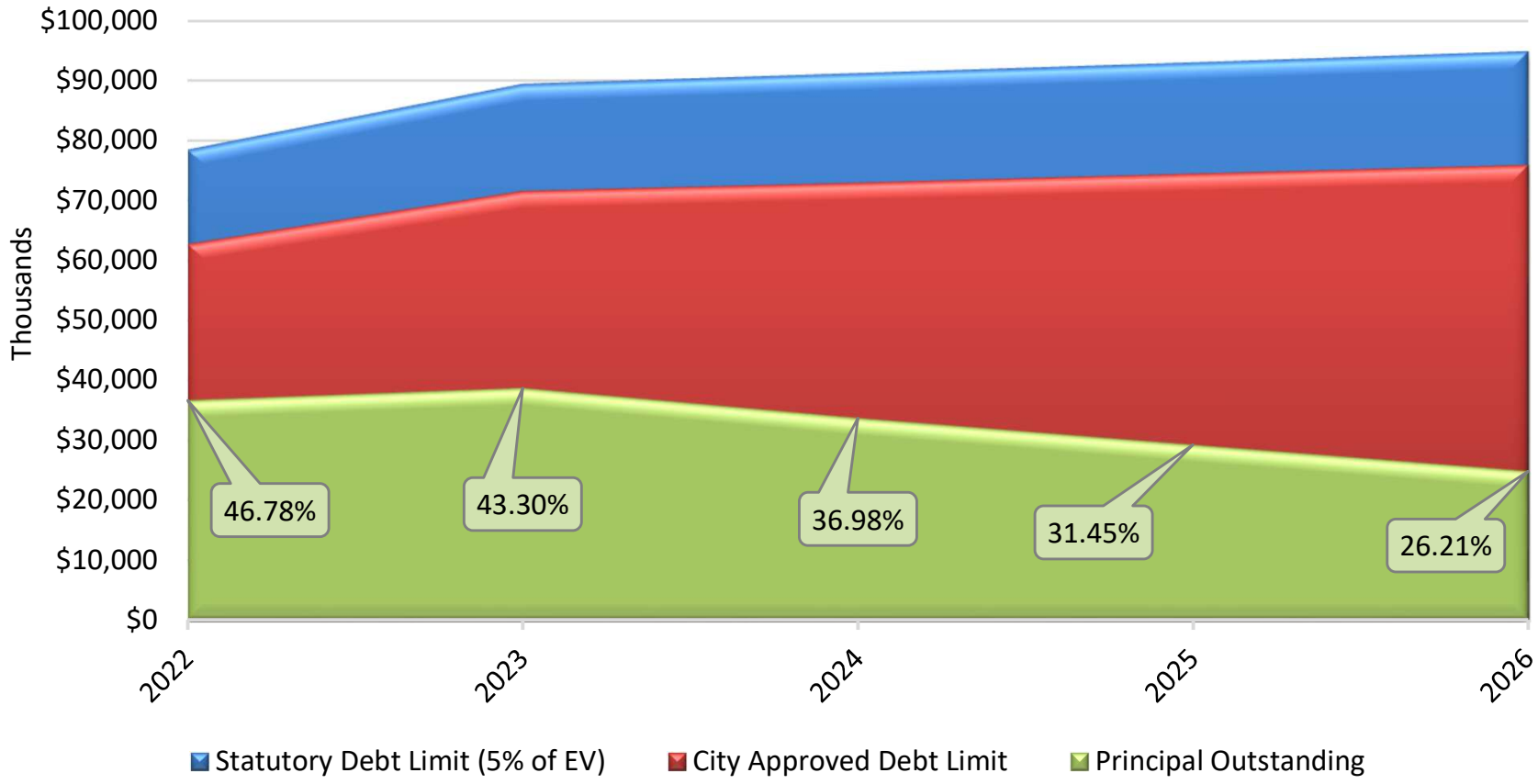
Allocation of General Obligation Bonds, 2023

Issue	Issue 1											
Purpose	Street Improvement Projects - Levy				Sewerage System Projects - Stormwater Utility				Fire Department Equipment - Levy			
Amount	$3,820,000				$990,000				$465,000			
Dated	11/16/2023				11/16/2023				11/16/2023			
Payment Date	4/1				4/1				4/1			
Year	Principal	Rate	Interest	Total	Principal	Rate	Interest	Total	Principal	Rate	Interest	Total
2023												
2024	715,000	3.85%	122,574	837,574	35,000	3.85%	35,545	70,545	20,000	3.85%	16,400	36,400
2025	100,000	3.85%	126,363	226,363	35,000	3.85%	39,372	74,372	20,000	3.85%	18,028	38,028
2026	100,000	3.75%	122,563	222,563	35,000	3.75%	38,042	73,042	20,000	3.75%	17,268	37,268
2027	150,000	3.65%	117,950	267,950	35,000	3.65%	36,747	71,747	20,000	3.65%	16,528	36,528
2028	170,000	3.60%	112,153	282,153	40,000	3.60%	35,388	75,388	20,000	3.60%	15,803	35,803
2029	170,000	3.65%	105,990	275,990	40,000	3.65%	33,938	73,938	20,000	3.65%	15,078	35,078
2030	170,000	3.70%	99,743	269,743	40,000	3.70%	32,468	72,468	20,000	3.70%	14,343	34,343
2031	170,000	3.75%	93,410	263,410	45,000	3.75%	30,884	75,884	25,000	3.75%	13,504	38,504
2032	170,000	3.85%	86,950	256,950	45,000	3.85%	29,174	74,174	25,000	3.85%	12,554	37,554
2033	170,000	3.85%	80,405	250,405	45,000	3.85%	27,442	72,442	25,000	3.85%	11,591	36,591
2034	170,000	4.20%	73,563	243,563	50,000	4.20%	25,526	75,526	25,000	4.20%	10,585	35,585
2035	170,000	4.20%	66,423	236,423	50,000	4.20%	23,426	73,426	25,000	4.20%	9,535	34,535
2036	170,000	4.35%	59,155	229,155	50,000	4.35%	21,288	71,288	25,000	4.35%	8,466	33,466
2037	175,000	4.35%	51,651	226,651	55,000	4.35%	19,004	74,004	25,000	4.35%	7,379	32,379
2038	175,000	4.40%	43,995	218,995	55,000	4.40%	16,598	71,598	25,000	4.40%	6,285	31,285
2039	175,000	4.40%	36,295	211,295	60,000	4.40%	14,068	74,068	25,000	4.40%	5,185	30,185
2040	175,000	4.60%	28,420	203,420	65,000	4.60%	11,253	76,253	25,000	4.60%	4,060	29,060
2041	175,000	4.60%	20,370	195,370	70,000	4.60%	8,148	78,148	25,000	4.60%	2,910	27,910
2042	175,000	4.67%	12,259	187,259	70,000	4.67%	4,904	74,904	25,000	4.67%	1,751	26,751
2043	175,000	4.67%	4,086	179,086	70,000	4.67%	1,635	71,635	25,000	4.67%	584	25,584
	$ 3,820,000		$ 1,464,316	$ 5,284,316	$ 990,000		$ 484,848	$ 1,474,848	$ 465,000		$ 207,833	$ 672,833

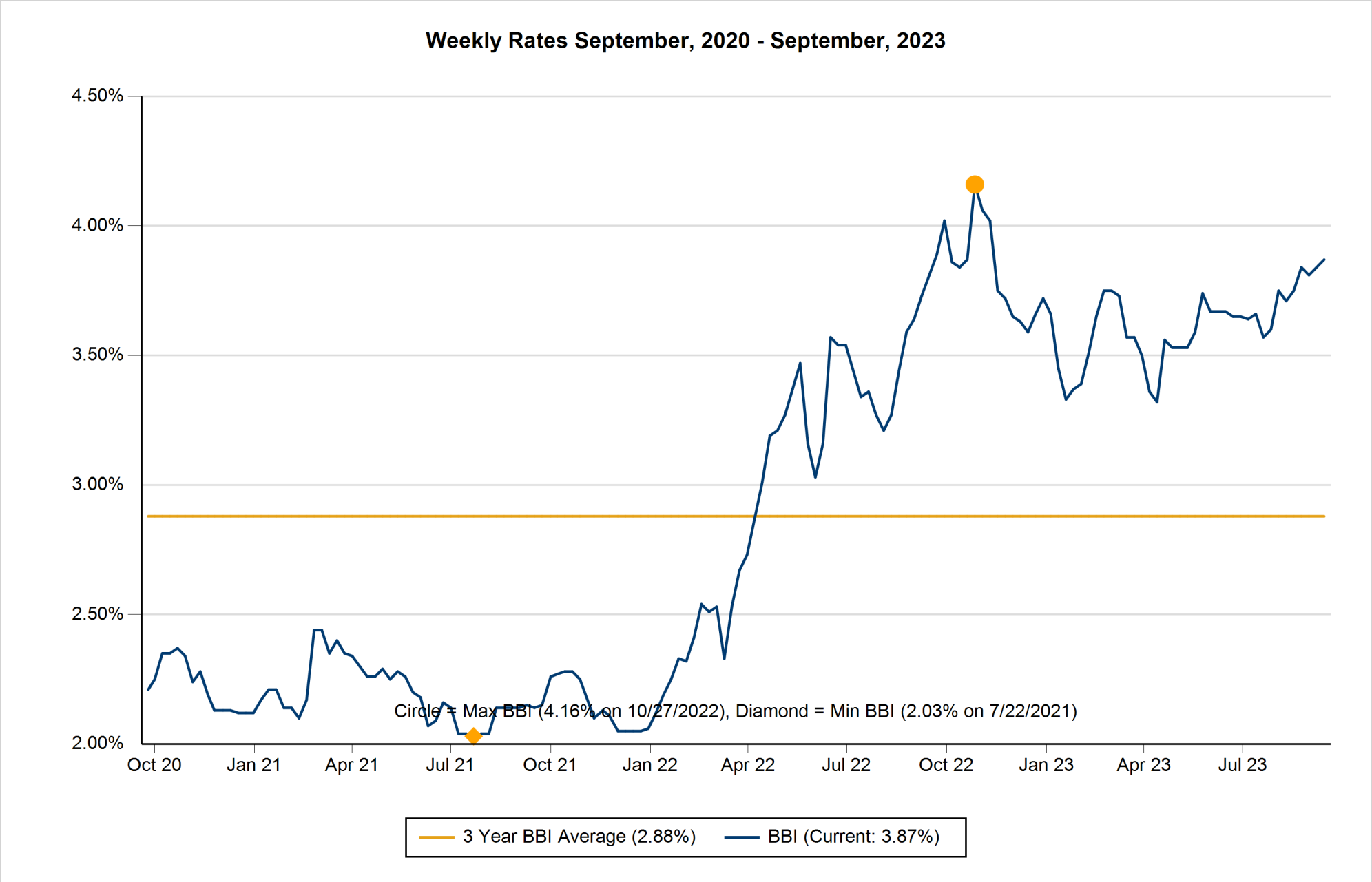
Library Projects - Levy				Park Projects - Levy				TOTAL			
$50,000				$980,000							
11/16/2023				11/16/2023							
4/1				4/1							
Principal	Rate	Interest	Total	Principal	Rate	Interest	Total	Principal	Interest	Total	Outstanding
								-	-	-	6,305,000
5,000	3.85%	1,544	6,544	45,000	3.85%	34,322	79,322	820,000	210,385	1,030,385	5,485,000
5,000	3.85%	1,586	6,586	45,000	3.85%	37,616	82,616	205,000	222,964	427,964	5,280,000
5,000	3.75%	1,396	6,396	45,000	3.75%	35,906	80,906	205,000	215,174	420,174	5,075,000
5,000	3.65%	1,211	6,211	45,000	3.65%	34,241	79,241	255,000	206,677	461,677	4,820,000
5,000	3.60%	1,030	6,030	50,000	3.60%	32,520	82,520	285,000	196,893	481,893	4,535,000
5,000	3.65%	849	5,849	50,000	3.65%	30,708	80,708	285,000	186,562	471,562	4,250,000
5,000	3.70%	665	5,665	50,000	3.70%	28,870	78,870	285,000	176,088	461,088	3,965,000
5,000	3.75%	479	5,479	50,000	3.75%	27,008	77,008	295,000	165,284	460,284	3,670,000
5,000	3.85%	289	5,289	50,000	3.85%	25,108	75,108	295,000	154,074	449,074	3,375,000
5,000	3.85%	96	5,096	50,000	3.85%	23,183	73,183	295,000	142,717	437,717	3,080,000
				50,000	4.20%	21,170	71,170	295,000	130,843	425,843	2,785,000
				50,000	4.20%	19,070	69,070	295,000	118,453	413,453	2,490,000
				50,000	4.35%	16,933	66,933	295,000	105,842	400,842	2,195,000
				50,000	4.35%	14,758	64,758	305,000	92,792	397,792	1,890,000
				50,000	4.40%	12,570	62,570	305,000	79,448	384,448	1,585,000
				50,000	4.40%	10,370	60,370	310,000	65,918	375,918	1,275,000
				50,000	4.60%	8,120	58,120	315,000	51,853	366,853	960,000
				50,000	4.60%	5,820	55,820	320,000	37,248	357,248	640,000
				50,000	4.67%	3,503	53,503	320,000	22,416	342,416	320,000
				50,000	4.67%	1,168	51,168	320,000	7,472	327,472	-
$ 50,000		$ 9,146	$ 59,146	$ 980,000		$ 422,961	$ 1,402,961	$ 6,305,000	$ 2,589,103	$ 8,894,103	

Debt Limit Calculation

City Policy = 80%



3 YEAR TREND IN MUNICIPAL BOND INDICES



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
PUBLIC FINANCE ADVISORS