April 12, 2022

PRE-SALE REPORT FOR

City of Stoughton, Wisconsin

$5,480,000 General Obligation Corporate Purpose Bonds, Series 2022A

Prepared by:

Ehlers
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Suite 100
Waukesha, WI 53188

Advisors:

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Philip Cosson, Senior Municipal Advisor

BUILDING COMMUNITIES. IT'S WHAT WE DO.

EXECUTIVE SUMMARY OF PROPOSED DEBT

Proposed Issue:

$5,480,000 General Obligation Corporate Purpose Bonds, Series 2022A

Purposes:

The proposed issue includes financing for the following purposes:

- 2022 Capital Improvement Plan projects including street improvement projects, fire department equipment purchases, park projects, River Park projects. Debt service will be paid from ad valorem property taxes.
- Stormwater projects. Debt service will be paid from Stormwater Utility revenues.
- TID 7 projects. Debt service will be paid from TID 7 tax incremental revenues.
- TID 8 projects. Debt service will be paid from TID 8 tax incremental 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 $36,746,910, which is 55% of its limit. Remaining General Obligation Borrowing Capacity will be approximately $30,316,995.

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 2023 through 2042. Interest is payable every six months beginning April 1, 2023.

The Bonds will be subject to prepayment at the discretion of the City on April 1, 2032 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 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 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 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 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.

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 April 12, 2022, which delegates authority to the Director of Finance/Comptroller or Treasurer 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 $5,480,000

* Maximum Bid of 106%

* Minimum Bid of 98.75%

* Maximum True Interest Cost (TIC) of 4.00%

* 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 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.

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

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 tax incremental revenues and stormwater 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:	April 12, 2022
Due Diligence Call to review Official Statement:	Week of May 9, 2022
Distribute Official Statement:	Week of May 9, 2022
Conference with Rating Agency:	Week of May 9, 2022
Designated Officials Award Sale of the Bonds:	May 18, 2022
Estimated Closing Date:	June 9, 2022

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

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Financing Plan / Issue Sizing

			GO Bonds 2022
Projects			
Capital Projects - 10 Year			529,859
Capital Projects - 20 Year			2,920,876
TID 7			690,000
TID 8			680,716
Stormwater Utility			508,000
Project Needs			5,329,451
Issuance Expenses			
Municipal Advisor			32,000
Bond Counsel			16,500
Disclosure Counsel (Estimated)			10,725
Rating			19,000
Paying Agent			850
Underwriter Fees			68,500
Total Funds Needed			5,477,026
	Rate	Months	
Less Interest Earnings	0.09%	3	(1,199)
Rounding			4,173
Size of Issue			5,480,000

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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	Debt Service Tax Rate
2021	1,199,002,400	1.93%	4,452,731	(1,018,804)	3,433,927	2.86
2022	1,286,313,900	7.28%	5,202,535	(1,637,564)	3,564,971	2.77
2023	1,312,040,178	2.00%	4,786,668	(1,266,465)	3,520,203	2.68
2024	1,338,280,982	2.00%	4,612,252	(1,089,199)	3,523,053	2.63
2025	1,365,046,601	2.00%	4,561,914	(1,087,340)	3,474,574	2.55
2026	1,392,347,533	2.00%	4,370,230	(957,785)	3,412,445	2.45
2027	1,428,099,584	2.57%	3,930,026	(918,463)	3,011,563	2.11
2028	1,456,661,576	2.00%	2,811,978	(832,740)	1,979,237	1.36
2029	1,485,794,807	2.00%	2,433,734	(689,074)	1,744,660	1.17
2030	1,515,510,703	2.00%	1,490,101	(508,491)	981,610	0.65
2031	1,545,820,917	2.00%	1,263,499	(412,069)	851,430	0.55
2032	1,576,737,336	2.00%	998,479	(397,829)	600,650	0.38
2033	1,608,272,082	2.00%	998,741	(398,179)	600,563	0.37
2034	1,640,437,524	2.00%	1,002,116	(397,816)	604,300	0.37
2035	1,673,246,274	2.00%	669,529	(62,454)	607,075	0.36
2036	1,706,711,200	2.00%	671,654	(62,454)	609,200	0.36
2037	1,740,845,424	2.00%	610,675		610,675	0.35
2038	1,775,662,332	2.00%	611,125		611,125	0.34
2039	1,811,175,579	2.00%	1,000		1,000	0.00
2040	1,847,399,091	2.00%	1,000		1,000	0.00
2041	1,884,347,072	2.00%				0.00
2042	1,922,034,014	2.00%				0.00
TOTALS			45,479,985	(11,736,726)	33,743,260	

Projected Debt Service

YEAR	General Obligation Bonds, 2022 $5,480,000 Dated 6-09-22 Prin (4/1)	Rate	Interest	Total	Less Abatements: Stormwater - 10 year	TID 7 Projects	TID 8 Projects	Funds on Hand	Total Abatements	Total Projected Debt Service Less Abatements	Net Debt Service Levy	Levy Change	Debt Service Tax Rate	Impact on a $ 100,000 of Value: Taxes	Change	Debt Service Tax Rate @ 3% Growth	YEAR
2021											3,433,927		2.86	286.40		2.86	2021
2022											3,564,971	131,044	2.77	277.15	(9.25)	2.77	2022
2023	315,000	1.70%	183,854	498,854	(79,381)	(59,532)	(59,092)	(156,081)	(354,086)	144,768	3,664,971	100,000	2.79	279.33	2.19	2.79	2023
2024	285,000	1.95%	134,136	419,136	(74,651)	(53,001)	(52,666)		(180,318)	238,818	3,761,871	96,900	2.81	281.10	1.76	2.78	2024
2025	325,000	2.05%	128,026	453,026	(83,249)	(52,301)	(51,966)		(187,516)	265,510	3,740,084	(21,786)	2.74	273.99	(7.11)	2.69	2025
2026	325,000	2.15%	121,201	446,201	(81,674)	(51,566)	(51,231)		(184,471)	261,730	3,674,175	(65,909)	2.64	263.88	(10.11)	2.56	2026
2027	300,000	2.25%	114,333	414,333	(25,643)	(50,796)	(50,461)		(126,900)	287,433	3,298,996	(375,180)	2.31	231.01	(32.88)	2.23	2027
2028	335,000	2.35%	107,021	442,021	(59,771)	(49,991)	(49,656)		(159,418)	282,603	2,261,840	(1,037,155)	1.55	155.28	(75.73)	1.49	2028
2029	335,000	2.45%	98,981	433,981	(58,451)	(49,151)	(48,816)		(156,418)	277,563	2,022,223	(239,617)	1.36	136.10	(19.17)	1.29	2029
2030	335,000	2.50%	90,690	425,690	(57,090)	(48,285)	(47,950)		(153,325)	272,365	1,253,975	(768,248)	0.83	82.74	(53.36)	0.78	2030
2031	340,000	2.55%	82,168	422,168	(55,701)	(47,401)	(47,066)		(150,168)	272,000	1,123,430	(130,546)	0.73	72.68	(10.07)	0.68	2031
2032	295,000	2.60%	73,998	368,998		(46,500)	(46,165)		(92,665)	276,333	876,983	(246,447)	0.56	55.62	(17.06)	0.51	2032
2033	225,000	2.70%	67,125	292,125		(45,573)	(45,238)		(90,811)	201,314	801,877	(75,106)	0.50	49.86	(5.76)	0.45	2033
2034	225,000	2.80%	60,938	285,938		(44,610)	(44,275)		(88,885)	197,053	801,353	(524)	0.49	48.85	(1.01)	0.44	2034
2035	225,000	2.90%	54,525	279,525		(43,613)	(43,278)		(86,891)	192,634	799,709	(1,644)	0.48	47.79	(1.06)	0.43	2035
2036	225,000	3.00%	47,888	272,888		(42,580)	(42,245)		(84,825)	188,063	797,263	(2,447)	0.47	46.71	(1.08)	0.41	2036
2037	225,000	3.05%	41,081	266,081		(41,521)	(41,186)		(82,707)	183,374	794,049	(3,213)	0.46	45.61	(1.10)	0.40	2037
2038	230,000	3.10%	34,085	264,085		(40,445)	(40,110)		(80,555)	183,530	794,655	606	0.45	44.75	(0.86)	0.39	2038
2039	230,000	3.15%	26,898	256,898		(39,351)	(39,016)		(78,367)	178,531	179,531	(615,125)	0.10	9.91	(34.84)	0.09	2039
2040	230,000	3.20%	19,595	249,595		(38,240)	(37,905)		(76,145)	173,450	174,450	(5,081)	0.09	9.44	(0.47)	0.08	2040
2041	235,000	3.30%	12,038	247,038		(42,020)	(36,768)		(78,788)	168,250	168,250	(6,201)	0.09	8.93	(0.51)	0.08	2041
2042	240,000	3.40%	4,080	244,080		(40,680)	(35,595)		(76,275)	167,805	167,805	(445)	0.09	8.73	(0.20)	0.07	2042
TOTALS	5,480,000		1,502,659	6,982,659	(575,611)	(927,157)	(910,685)	(156,081)	(2,569,534)	4,413,125	38,156,385						TOTALS

NOTES

- Growth is projected at a conservative 2%. The City has averaged 6.00% growth over the last 5 years.
- Stabilized tax levy with an annual increase of $100,000. The conservative growth rate shows an increasing levy rate, however 1% additional growth causes the rate to decline.

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Allocation of General Obligation Bonds, 2022

Purpose	Streets - 10 year				Streets - 20 year				Stormwater - 10 year				Fire Department Equipment				Park Projects			
Amount	$185,000				$2,380,000				$520,000				$360,000				$400,000			
Dated	6/9/2022				6/9/2022				6/9/2022				6/9/2022				6/9/2022			
Payment Date	4/1				4/1				4/1				4/1				4/1			
Year	Principal	Rate	Interest	Total	Principal	Rate	Interest	Total	Principal	Rate	Interest	Total	Principal	Rate	Interest	Total	Principal	Rate	Interest	Total
2022																				
2023	15,000	1.70%	5,441	20,441	105,000	1.70%	83,209	188,209	65,000	1.70%	14,381	79,381	30,000	1.70%	10,490	40,490	20,000	1.70%	13,767	33,767
2024	15,000	1.95%	3,846	18,846	70,000	1.95%	61,678	131,678	65,000	1.95%	9,651	74,651	35,000	1.95%	7,344	42,344	20,000	1.95%	10,095	30,095
2025	15,000	2.05%	3,546	18,546	100,000	2.05%	59,970	159,970	75,000	2.05%	8,249	83,249	35,000	2.05%	6,644	41,644	20,000	2.05%	9,695	29,695
2026	15,000	2.15%	3,231	18,231	100,000	2.15%	57,870	157,870	75,000	2.15%	6,674	81,674	35,000	2.15%	5,909	40,909	20,000	2.15%	9,275	29,275
2027	20,000	2.25%	2,845	22,845	125,000	2.25%	55,389	180,389	20,000	2.25%	5,643	25,643	35,000	2.25%	5,139	40,139	20,000	2.25%	8,835	28,835
2028	20,000	2.35%	2,385	22,385	125,000	2.35%	52,514	177,514	55,000	2.35%	4,771	59,771	35,000	2.35%	4,334	39,334	20,000	2.35%	8,375	28,375
2029	20,000	2.45%	1,905	21,905	125,000	2.45%	49,514	174,514	55,000	2.45%	3,451	58,451	35,000	2.45%	3,494	38,494	20,000	2.45%	7,895	27,895
2030	20,000	2.50%	1,410	21,410	125,000	2.50%	46,420	171,420	55,000	2.50%	2,090	57,090	35,000	2.50%	2,628	37,628	20,000	2.50%	7,400	27,400
2031	20,000	2.55%	905	20,905	125,000	2.55%	43,264	168,264	55,000	2.55%	701	55,701	40,000	2.55%	1,680	41,680	20,000	2.55%	6,895	26,895
2032	25,000	2.60%	325	25,325	125,000	2.60%	40,045	165,045					45,000	2.60%	585	45,585	20,000	2.60%	6,380	26,380
2033					125,000	2.70%	36,733	161,733									20,000	2.70%	5,850	25,850
2034					125,000	2.80%	33,295	158,295									20,000	2.80%	5,300	25,300
2035					125,000	2.90%	29,733	154,733									20,000	2.90%	4,730	24,730
2036					125,000	3.00%	26,045	151,045									20,000	3.00%	4,140	24,140
2037					125,000	3.05%	22,264	147,264									20,000	3.05%	3,535	23,535
2038					125,000	3.10%	18,420	143,420									20,000	3.10%	2,920	22,920
2039					125,000	3.15%	14,514	139,514									20,000	3.15%	2,295	22,295
2040					125,000	3.20%	10,545	135,545									20,000	3.20%	1,660	21,660
2041					125,000	3.30%	6,483	131,483									20,000	3.30%	1,010	21,010
2042					130,000	3.40%	2,210	132,210									20,000	3.40%	340	20,340
	$ 185,000		$ 25,840	$ 210,840	$ 2,380,000		$ 750,111	$ 3,130,111	$ 520,000		$ 55,611	$ 575,611	$ 360,000		$ 48,245	$ 408,245	$ 400,000		$ 120,392	$ 520,392

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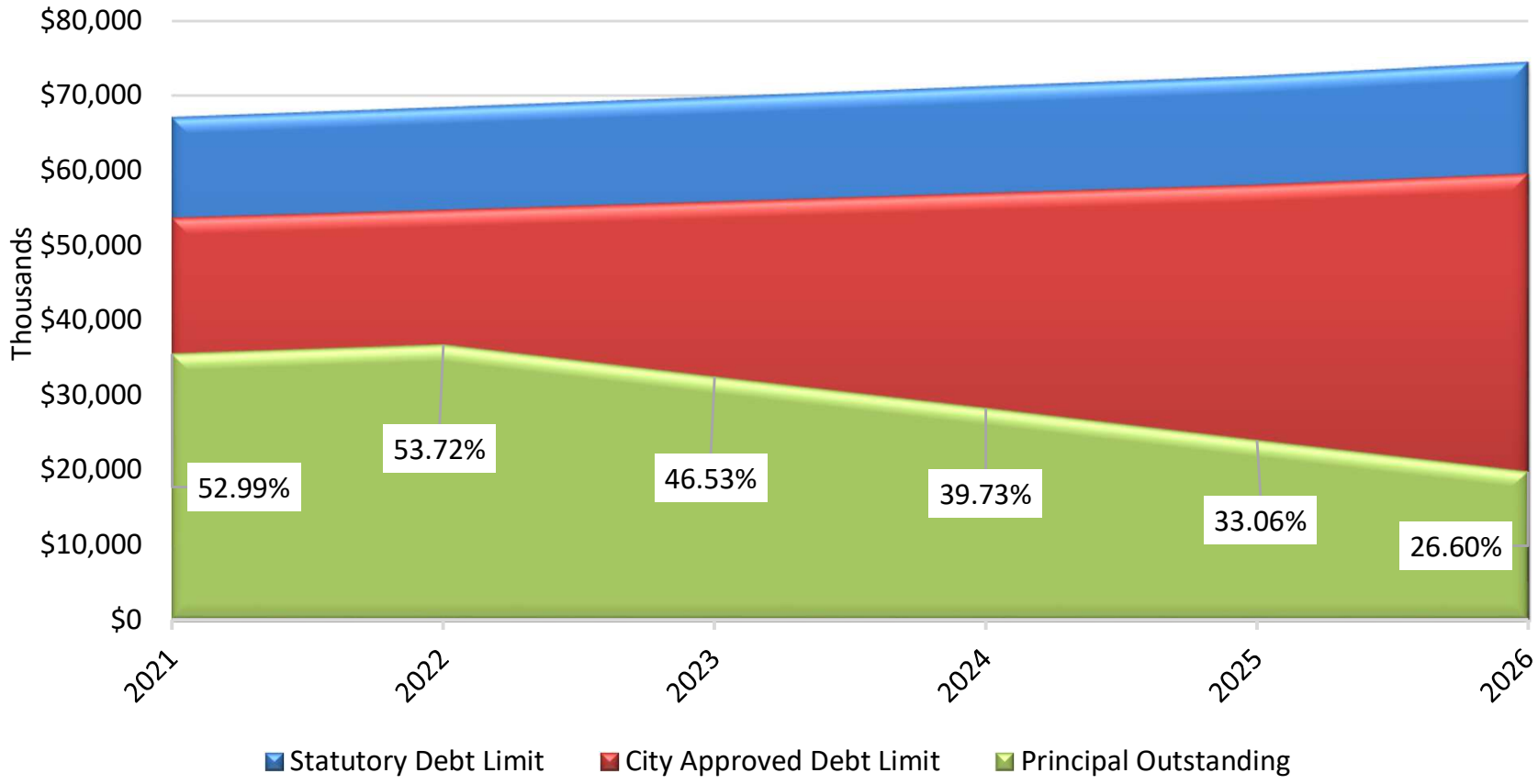
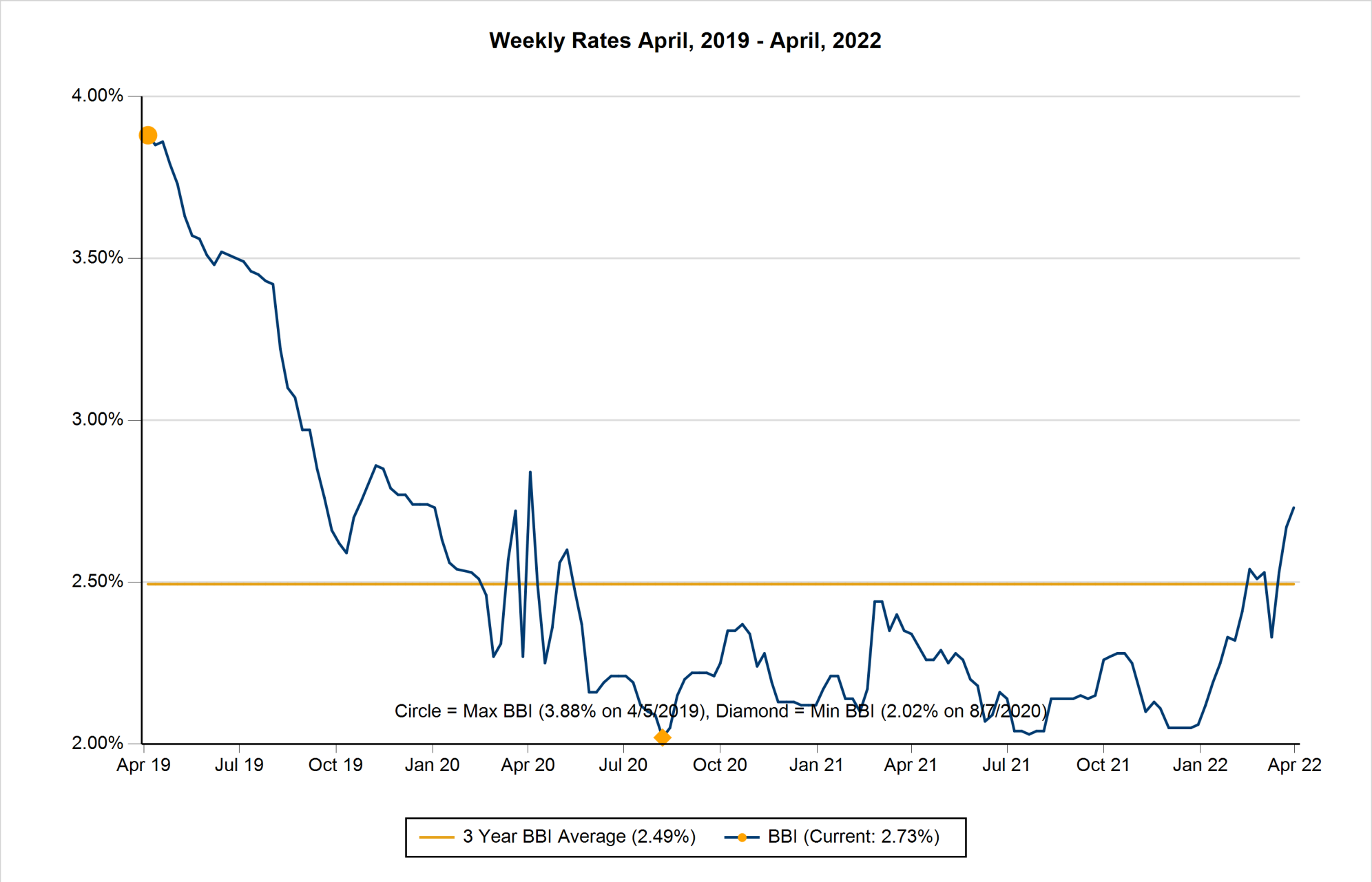
River Park Projects				TID 7 Projects				TID 8 Projects				TOTAL			
$225,000				$710,000				$700,000							
6/9/2022				6/9/2022				6/9/2022							
4/1				4/1				4/1							
Principal	Rate	Interest	Total	Principal	Rate	Interest	Total	Principal	Rate	Interest	Total	Principal	Interest	Total	Outstanding
												-	-	-	5,480,000
10,000	1.70%	7,942	17,942	35,000	1.70%	24,532	59,532	35,000	1.70%	24,092	59,092	315,000	183,854	498,854	5,165,000
10,000	1.95%	5,855	15,855	35,000	1.95%	18,001	53,001	35,000	1.95%	17,666	52,666	285,000	134,136	419,136	4,880,000
10,000	2.05%	5,655	15,655	35,000	2.05%	17,301	52,301	35,000	2.05%	16,966	51,966	325,000	128,026	453,026	4,555,000
10,000	2.15%	5,445	15,445	35,000	2.15%	16,566	51,566	35,000	2.15%	16,231	51,231	325,000	121,201	446,201	4,230,000
10,000	2.25%	5,225	15,225	35,000	2.25%	15,796	50,796	35,000	2.25%	15,461	50,461	300,000	114,333	414,333	3,930,000
10,000	2.35%	4,995	14,995	35,000	2.35%	14,991	49,991	35,000	2.35%	14,656	49,656	335,000	107,021	442,021	3,595,000
10,000	2.45%	4,755	14,755	35,000	2.45%	14,151	49,151	35,000	2.45%	13,816	48,816	335,000	98,981	433,981	3,260,000
10,000	2.50%	4,508	14,508	35,000	2.50%	13,285	48,285	35,000	2.50%	12,950	47,950	335,000	90,690	425,690	2,925,000
10,000	2.55%	4,255	14,255	35,000	2.55%	12,401	47,401	35,000	2.55%	12,066	47,066	340,000	82,168	422,168	2,585,000
10,000	2.60%	3,998	13,998	35,000	2.60%	11,500	46,500	35,000	2.60%	11,165	46,165	295,000	73,998	368,998	2,290,000
10,000	2.70%	3,733	13,733	35,000	2.70%	10,573	45,573	35,000	2.70%	10,238	45,238	225,000	67,125	292,125	2,065,000
10,000	2.80%	3,458	13,458	35,000	2.80%	9,610	44,610	35,000	2.80%	9,275	44,275	225,000	60,938	285,938	1,840,000
10,000	2.90%	3,173	13,173	35,000	2.90%	8,613	43,613	35,000	2.90%	8,278	43,278	225,000	54,525	279,525	1,615,000
10,000	3.00%	2,878	12,878	35,000	3.00%	7,580	42,580	35,000	3.00%	7,245	42,245	225,000	47,888	272,888	1,390,000
10,000	3.05%	2,575	12,575	35,000	3.05%	6,521	41,521	35,000	3.05%	6,186	41,186	225,000	41,081	266,081	1,165,000
15,000	3.10%	2,190	17,190	35,000	3.10%	5,445	40,445	35,000	3.10%	5,110	40,110	230,000	34,085	264,085	935,000
15,000	3.15%	1,721	16,721	35,000	3.15%	4,351	39,351	35,000	3.15%	4,016	39,016	230,000	26,898	256,898	705,000
15,000	3.20%	1,245	16,245	35,000	3.20%	3,240	38,240	35,000	3.20%	2,905	37,905	230,000	19,595	249,595	475,000
15,000	3.30%	758	15,758	40,000	3.30%	2,020	42,020	35,000	3.30%	1,768	36,768	235,000	12,038	247,038	240,000
15,000	3.40%	255	15,255	40,000	3.40%	680	40,680	35,000	3.40%	595	35,595	240,000	4,080	244,080	-
$ 225,000		$ 74,616	$ 299,616	$710,000		$ 217,158	$ 927,158	$700,000		$ 210,686	$ 910,686	$ 5,480,000	$ 1,502,659	$ 6,982,659	

Debt Limit Calculation

Debt Capacity 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

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