

July 21, 2025

PRE-SALE REPORT FOR

## City of Sheboygan, Wisconsin

**\$2,305,000 Taxable General Obligation Promissory  
Notes, Series 2025B**



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**Prepared by:**

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**Advisors:**

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# EXECUTIVE SUMMARY OF PROPOSED DEBT

## Proposed Issue:

\$2,305,000 Taxable General Obligation Promissory Notes, Series 2025B

## Purposes:

The proposed issue includes financing for the following purposes:

To fund property purchases within TID 21.

- Debt service will be paid from tax increment revenues in TID 21.

## Authority:

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

- 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 both the 2025A and 2025B Notes, the City's total General Obligation debt principal outstanding will be approximately \$87,605,000, which is 35% of its limit. Remaining General Obligation Borrowing Capacity will be approximately \$160,192,694.

## Term/Call Feature:

The Notes are being issued for a term of 20 years. Principal on the Notes will be due on April 1 in the years 2029 through 2045. Interest will be due every six months beginning April 1, 2026.

The Notes will be subject to prepayment at the discretion of the City on April 1, 2036 or any date thereafter.

## Bank Qualification:

Because the Notes 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 rating on those bonds is "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 your objectives, financial situation and need, risk tolerance, liquidity needs, experience with the issuance of Notes and long-term financial capacity, as well as the tax status considerations related to the Notes and the structure, timing and other similar matters related to the Notes, we are recommending the issuance of Notes as a suitable option. Ehlers has reviewed other reasonably feasible alternatives to the recommended issuance of municipal securities.

## **Method of Sale/Placement:**

We are recommending the Notes 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 Notes 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 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." 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.

## Parameters:

The Common Council will consider adoption of a Parameters Resolution on July 21, 2025, which delegates authority to the Finance Director/Treasurer or the City Administrator 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 \$2,305,000
- \* Maximum Bid of 110%
- \* Minimum Bid of 98.75%
- \* Maximum True Interest Cost (TIC) of 6.5%
- \* Maturity Schedule Adjustments not to exceed \$75,000 per maturity

## 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 subject to a continuing disclosure undertaking (including this issue) and this issue does not meet an available exemption from continuing disclosure, 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 has limited responsibilities for arbitrage as it relates to the Notes, however, the Notes are not exempt from all arbitrage rules. An Ehlers arbitrage expert will contact the City within

30 days after the sale date to review the City's specific responsibilities for the Notes. The City is currently receiving arbitrage services from Ehlers in relation to the Notes.

### **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.

### **Risk Factors:**

G.O. with Planned Abatement: The issuer is abating all or a portion of G.O. debt service payments for the issue 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.

### **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 and Disclosure 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 Common Council:	July 21, 2025
Due Diligence Call to Review Official Statement:	Week of August 11, 2025
Conference with Rating Agency:	Week of August 11, 2025
Distribute Official Statement:	August 21, 2025
Designated Officials Award Sale of the Notes:	August 28, 2025
Estimated Closing Date:	September 18, 2025

### Attachments

Estimated Sources and Uses of Funds

Estimated Proposed Debt Service Schedule

Estimated Tax Impact Analysis (Combined 2025A & 2025B)

G.O. Debt Capacity Analysis (Combined 2025A & 2025B)

## EHLERS' CONTACTS

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## Table 1 Capital Improvements Financing Plan

*City of Sheboygan, WI*

		2025	
		Taxable G.O. Notes	TID 21 Portion
<b>CIP Projects<sup>1</sup></b>			
Property Purchases		1,794,000	1,794,000
<b>Subtotal Project Costs</b>		<b>1,794,000</b>	<b>1,794,000</b>
<b>CIP Projects<sup>1</sup></b>		<b>1,794,000</b>	<b>1,794,000</b>
<b>Capitalized Interest</b>		<b>403,957</b>	403,957
<b>Estimated Issuance Expenses</b>		<b>104,763</b>	<b>104,763</b>
Municipal Advisor (Ehlers)		25,100	25,100
Bond Counsel		20,000	20,000
Disclosure Counsel		15,000	15,000
Rating Fee		15,000	15,000
Maximum Underwriter's Discount	12.50	28,813	28,813
Paying Agent		850	850
<b>Subtotal Issuance Expenses</b>		104,763	104,763
<b>TOTAL TO BE FINANCED</b>		<b>2,302,720</b>	<b>2,302,720</b>
Estimated Interest Earnings	3.50%	0	0
Assumed spend down (months)	3.00		
Rounding		2,280	2,280
<b>NET BOND SIZE</b>		<b>2,305,000</b>	<b>2,305,000</b>

**Notes:**

1) Project Total Estimates

## Table 2

### Allocation of Debt Service - 2025B Taxable G.O. Notes

*City of Sheboygan, WI*

Year Ending	TID 21 Portion				Year Ending	Totals		
	Principal	Est. Rate	Interest	Total		Principal (4/1)	Interest	Total
2025				0	2025	0	0	0
2026		4.70%	142,637	142,637	2026	0	142,637	142,637
2027		4.70%	130,660	130,660	2027	0	130,660	130,660
2028		4.75%	130,660	130,660	2028	0	130,660	130,660
2029	85,000	4.85%	128,599	213,599	2029	85,000	128,599	213,599
2030	90,000	4.95%	124,310	214,310	2030	90,000	124,310	214,310
2031	95,000	5.05%	119,684	214,684	2031	95,000	119,684	214,684
2032	100,000	5.15%	114,710	214,710	2032	100,000	114,710	214,710
2033	105,000	5.25%	109,379	214,379	2033	105,000	109,379	214,379
2034	110,000	5.35%	103,680	213,680	2034	110,000	103,680	213,680
2035	115,000	5.45%	97,604	212,604	2035	115,000	97,604	212,604
2036	120,000	5.70%	91,050	211,050	2036	120,000	91,050	211,050
2037	130,000	5.70%	83,925	213,925	2037	130,000	83,925	213,925
2038	135,000	5.70%	76,373	211,373	2038	135,000	76,373	211,373
2039	145,000	5.85%	68,284	213,284	2039	145,000	68,284	213,284
2040	155,000	5.85%	59,509	214,509	2040	155,000	59,509	214,509
2041	165,000	5.85%	50,149	215,149	2041	165,000	50,149	215,149
2042	170,000	5.95%	40,265	210,265	2042	170,000	40,265	210,265
2043	185,000	5.95%	29,704	214,704	2043	185,000	29,704	214,704
2044	195,000	6.05%	18,301	213,301	2044	195,000	18,301	213,301
2045	205,000	6.05%	6,201	211,201	2045	205,000	6,201	211,201
Total	2,305,000		1,725,682	4,030,682	Total	2,305,000	1,725,682	4,030,682

**Notes:**

1) Estimated Rate assumes A+ Taxable sale 6/9/25 + .35



Table 3  
Financing Plan Tax Impact  
City of Sheboygan, WI

Year Ending	Existing Debt													Proposed Debt										Year Ending
	Total Debt Payments	Less: TID 16	Less: TID 17	Less: TID 18	Less: TID 19	Less: TID 20	Less: TID 21	Less: TID 23	Net Debt Service Levy	Change From Prior Year Levy	Equalized Value (TID OUT)	Tax Rate Per \$1,000 Home	Annual Taxes \$100,000 Home	2025A G.O. Notes 13,375,000 Dated: 8/28/2025 Total Principal and Interest	2025B Taxable G.O. Notes 2,305,000 Dated: 8/28/2025 Total Principal and Interest	Abatements			Debt Service Levy		Taxes			
																Less: TID 21	Less: TID 22	Less: TID 25	Total Net Debt Service Levy	Levy Change from Prior Year	Total Tax Rate for Debt Service	Annual Taxes \$100,000 Home	Annual Taxes Difference From Existing	
2025	7,001,531	(610,080)	(362,765)	(667,640)	(105,423)	(110,100)	0	0	5,145,524		4,564,706,000	\$1.13	\$112.72	0	0	0	0	0	5,145,524		\$1.13	\$113	\$0.00	2025
2026	6,793,161	(161,353)	(361,325)	(784,943)	(107,993)	(108,100)	0	0	5,269,449	123,925	4,819,977,667	\$1.09	\$109.33	754,893	142,637	(413,578)	(20,639)	(48,498)	5,684,263	538,740	\$1.18	\$118	\$9	2026
2027	7,649,140	(162,815)	(364,700)	(895,570)	(175,405)	(106,100)	(483,850)	(665,350)	4,795,350	(474,099)	5,089,524,869	\$0.94	\$94.22	941,657	130,660	(378,851)	(18,906)	(44,426)	5,425,484	(258,779)	\$1.07	\$107	\$12	2027
2028	7,619,425	(108,875)	(367,825)	(1,009,345)	(176,900)	(104,100)	(556,725)	(723,475)	4,572,180	(223,170)	5,374,145,937	\$0.85	\$85.08	929,057	130,660	(378,851)	(18,906)	0	5,234,140	(191,344)	\$0.97	\$97	\$12	2028
2029	7,624,555	(51,225)	(365,125)	(1,115,855)	(178,500)	(102,100)	(532,725)	(680,350)	4,598,675	26,495	5,674,683,844	\$0.81	\$81.04	1,057,857	213,599	(677,389)	(33,606)	0	5,159,135	(75,005)	\$0.91	\$91	\$10	2029
2030	6,721,498	(49,675)	(287,525)	(1,234,610)	0	(101,100)	(518,975)	(662,850)	3,866,763	(731,913)	5,992,028,708	\$0.65	\$64.53	1,082,157	214,310	(679,101)	(37,906)	0	4,446,223	(712,913)	\$0.74	\$74	\$10	2030
2031	5,567,135	(48,125)	(266,250)	(1,345,065)	0	0	(505,225)	(694,100)	2,708,370	(1,158,393)	6,327,120,421	\$0.43	\$42.81	1,085,057	214,684	(680,074)	(37,106)	0	3,290,930	(1,155,293)	\$0.52	\$52	\$9	2031
2032	5,119,035	(46,575)	(264,950)	(1,367,118)	0	0	(491,475)	(674,100)	2,274,818	(433,553)	6,680,951,440	\$0.34	\$34.05	1,082,349	214,710	(680,426)	(36,316)	0	2,855,135	(435,795)	\$0.43	\$43	\$9	2032
2033	5,058,880	(20,400)	(268,500)	(1,371,805)	0	0	(502,100)	(654,100)	2,241,975	(32,843)	7,054,569,721	\$0.32	\$31.78	1,078,902	214,379	(680,045)	(35,528)	0	2,819,683	(35,453)	\$0.40	\$40	\$8	2033
2034	4,273,115	0	(266,750)	(1,369,740)	0	0	(511,475)	(634,100)	1,491,050	(750,925)	7,449,081,825	\$0.20	\$20.02	1,083,369	213,680	(678,435)	(34,705)	0	2,074,959	(744,724)	\$0.28	\$28	\$8	2034
2035	3,711,950	0	(269,850)	(1,370,850)	0	0	(519,600)	(662,850)	888,800	(602,250)	7,865,656,196	\$0.11	\$11.30	1,080,850	212,604	(680,565)	(33,855)	0	1,467,834	(607,125)	\$0.19	\$19	\$7	2035
2036	3,657,755	0	(267,650)	(1,364,980)	0	0	(526,475)	(640,350)	858,300	(30,500)	8,305,526,621	\$0.10	\$10.33	1,081,473	211,050	(676,391)	(32,985)	0	1,441,446	(26,388)	\$0.17	\$17	\$7	2036
2037	3,615,305	0	(265,300)	(1,367,380)	0	0	(522,350)	(617,850)	842,425	(15,875)	8,769,995,881	\$0.10	\$9.61	1,084,989	213,925	(680,805)	(36,984)	0	1,423,550	(17,896)	\$0.16	\$16	\$7	2037
2038	3,490,780	0	(267,800)	(1,363,080)	0	0	(514,600)	(602,500)	742,800	(99,625)	9,260,439,617	\$0.08	\$8.02	1,086,188	211,373	(678,799)	(35,846)	0	1,325,715	(97,835)	\$0.14	\$14	\$6	2038
2039	2,686,968	0	0	(1,032,268)	0	0	(498,600)	(628,400)	527,700	(215,100)	9,778,310,397	\$0.05	\$5.40	1,080,150	213,284	(680,249)	(34,684)	0	1,106,201	(219,514)	\$0.11	\$11	\$6	2039
2040	2,714,120	0	0	(1,029,120)	0	0	(482,600)	(681,900)	520,500	(7,200)	10,325,142,020	\$0.05	\$5.04	1,081,655	214,509	(679,960)	(33,496)	0	1,103,208	(2,994)	\$0.11	\$11	\$6	2040
2041	1,643,300	0	0	0	0	0	(466,600)	(658,900)	517,800	(2,700)	10,902,554,062	\$0.05	\$4.75	1,085,309	215,149	(682,898)	(37,163)	0	1,098,198	(5,010)	\$0.10	\$10	\$5	2041
2042	1,630,400	0	0	0	0	0	(450,600)	(660,400)	519,400	1,600	11,512,256,668	\$0.05	\$4.51	1,066,815	210,265	(674,268)	(35,693)	0	1,086,520	(11,678)	\$0.09	\$9	\$5	2042
2043	1,748,000	0	0	0	0	0	(596,300)	(636,400)	515,300	(4,100)	12,156,055,622	\$0.04	\$4.24	1,056,399	214,704	(678,906)	(34,208)	0	1,073,289	(13,231)	\$0.09	\$9	\$5	2043
2044	1,657,500	0	0	0	0	0	(510,000)	(622,200)	525,300	10,000	12,835,857,689	\$0.04	\$4.09	1,049,126	213,301	(681,590)	(37,599)	0	1,068,539	(4,750)	\$0.08	\$8	\$4	2044
2045	0	0	0	0	0	0	0	0	0	(525,300)	13,553,676,271	\$0.00	\$0.00	1,034,998	211,201	(677,463)	(35,866)	0	532,870	(535,669)	\$0.04	\$4	\$4	2045
2046	0	0	0	0	0	0	0	0	0	0	14,311,637,359	\$0.00	\$0.00	0	0	0	0	0	0	(532,870)	\$0.00	\$0	\$0	2046
2047	0	0	0	0	0	0	0	0	0	0	15,111,985,842	\$0.00	\$0.00	0	0	0	0	0	0	0	\$0.00	\$0	\$0	2047
2048	0	0	0	0	0	0	0	0	0	0	15,957,092,145	\$0.00	\$0.00	0	0	0	0	0	0	0	\$0.00	\$0	\$0	2048
2049	0	0	0	0	0	0	0	0	0	0	16,849,459,256	\$0.00	\$0.00	0	0	0	0	0	0	0	\$0.00	\$0	\$0	2049
2050	0	0	0	0	0	0	0	0	0	0	17,791,730,137	\$0.00	\$0.00	0	0	0	0	0	0	0	\$0.00	\$0	\$0	2050
2051	0	0	0	0	0	0	0	0	0	0	18,786,695,553	\$0.00	\$0.00	0	0	0	0	0	0	0	\$0.00	\$0	\$0	2051
2052	0	0	0	0	0	0	0	0	0	0	19,837,302,335	\$0.00	\$0.00	0	0	0	0	0	0	0	\$0.00	\$0	\$0	2052
2053	0	0	0	0	0	0	0	0	0	0	20,946,662,111	\$0.00	\$0.00	0	0	0	0	0	0	0	\$0.00	\$0	\$0	2053
2054	0	0	0	0	0	0	0	0	0	0	22,118,060,521	0	0	0	0	0	0	0	0	0	0	0	0	2054
Total	89,983,552	(1,259,123)	(4,246,315)	(18,689,368)	(744,220)	(631,600)	(9,190,275)	(11,800,175)	43,422,477					20,883,246	4,030,682	(12,718,642)	(661,996)	(92,924)					149	Total

Notes:



## Table 4

### General Obligation Debt Capacity Analysis - Impact of Financing Plan

City of Sheboygan, WI

Existing Debt					Proposed Debt					
Year Ending	Projected Equalized Value (TID IN) <sup>1</sup>	Debt Limit	Existing Principal Outstanding	% of Limit	2025A G.O. Notes	2025B Taxable G.O. Notes	Combined Principal Existing & Proposed	% of Limit	Residual Capacity	Year Ending
2025	4,955,953,882	247,797,694	71,925,000	29%	13,375,000	2,305,000	\$87,605,000	35%	\$160,192,694	2025
2026	5,207,718,723	260,385,936	66,410,000	26%	13,275,000	2,305,000	\$81,990,000	31%	\$178,395,936	2026
2027	5,472,273,339	273,613,667	61,075,000	22%	12,925,000	2,305,000	\$76,305,000	28%	\$197,308,667	2027
2028	5,750,267,457	287,513,373	55,385,000	19%	12,575,000	2,305,000	\$70,265,000	24%	\$217,248,373	2028
2029	6,042,383,810	302,119,190	49,555,000	16%	12,080,000	2,220,000	\$63,855,000	21%	\$238,264,190	2029
2030	6,349,339,814	317,466,991	43,555,000	14%	11,540,000	2,130,000	\$57,225,000	18%	\$260,241,991	2030
2031	6,671,889,330	333,594,467	38,300,000	11%	10,975,000	2,035,000	\$51,310,000	15%	\$282,284,467	2031
2032	7,010,824,517	350,541,226	34,055,000	10%	10,390,000	1,935,000	\$46,380,000	13%	\$304,161,226	2032
2033	7,366,977,775	368,348,889	30,125,000	8%	9,785,000	1,830,000	\$41,740,000	11%	\$326,608,889	2033
2034	7,741,223,790	387,061,189	26,125,000	7%	9,150,000	1,720,000	\$36,995,000	10%	\$350,066,189	2034
2035	8,134,481,682	406,724,084	22,785,000	6%	8,490,000	1,605,000	\$32,880,000	8%	\$373,844,084	2035
2036	8,547,717,264	427,385,863	19,885,000	5%	7,800,000	1,485,000	\$29,170,000	7%	\$398,215,863	2036
2037	8,981,945,412	449,097,271	16,930,000	4%	7,075,000	1,355,000	\$25,360,000	6%	\$423,737,271	2037
2038	9,438,232,560	471,911,628	13,905,000	3%	6,315,000	1,220,000	\$21,440,000	5%	\$450,471,628	2038
2039	9,917,699,313	495,884,966	10,895,000	2%	5,525,000	1,075,000	\$17,495,000	4%	\$478,389,966	2039
2040	10,421,523,209	521,076,160	8,585,000	2%	4,695,000	920,000	\$14,200,000	3%	\$506,876,160	2040
2041	10,950,941,601	547,547,080	6,170,000	1%	3,820,000	755,000	\$10,745,000	2%	\$536,802,080	2041
2042	11,507,254,702	575,362,735	4,745,000	1%	2,920,000	585,000	\$8,250,000	1%	\$567,112,735	2042
2043	12,091,828,776	604,591,439	3,275,000	1%	1,985,000	400,000	\$5,660,000	1%	\$598,931,439	2043
2044	12,706,099,494	635,304,975	1,625,000	0%	1,010,000	205,000	\$2,840,000	0%	\$632,464,975	2044

**Notes:**

1) Projected TID IN EV based on 5-year average at 0.0508004810045518 % annual inflation.