



January 20, 2026

UNITED STATES DEPARTMENT OF AGRICULTURE - RURAL DEVELOPMENT
WATER AND ENVIRONMENTAL PROGRAMS

Subject: Graduation of Borrower and WEP Loan

Attention: Board of Directors:

As outlined in the security instruments for your USDA Rural Development loan, borrowers are required to pursue refinancing when financial conditions suggest the ability to obtain credit from responsible cooperative or private lenders at reasonable rates and terms for Water and Environmental Program (WEP) loans. Based on your current financial status, it appears your entity is well-positioned to refinance the remaining balance of your loan through such avenues. Please see the attached document, which identifies the loans included in the graduation request.

We request that you pursue refinancing through local lenders, and national lenders provided, please see the attached Lender document. Should you be unable to refinance the full balance, please submit written documentation within **60 days** demonstrating a good faith effort to secure alternative credit as required by 7 CFR 1782.11. This documentation will include the following:

1. The purpose of your loan request
2. The name(s) of lender(s) contacted
3. The amount of credit requested and any offers received
4. Proposed terms or written explanations from lenders regarding credit denial or limitations

To support this certification, borrowers must provide evidence that they contacted potential commercial credit sources and must include the lender(s)' responses. Acceptable evidence includes letters, proposals, or written statements from lenders. At a minimum, each response must include:

- Lender's name, address, and telephone number
- Name and title of the individual contact
- Date of the contact
- Terms offered, if any, and/or the lender's explanation for declining to consider or approve the loan

This information is necessary for USDA Rural Development to determine whether graduation to commercial credit is feasible and to ensure compliance with program regulations.

Scott Gald

From: Bub, David - RD, WI <David.Bub@usda.gov>
Sent: Tuesday, January 20, 2026 2:26 PM
To: Treasurer
Cc: Scott Gald; Ashley Oliphant
Subject: City of Richland Center Graduation of Borrower and WEP Loan
Attachments: 1-City of Richland Center Graduation of Borrower and WEP Loan Letter.pdf; 2-City of Richland Center Graduation Refinancing Summary.pdf; 3-City of Richland Center Lender Contact Documentation Form.pdf

Attached to this email are the documents related to USDA Rural Development's graduation review of your loan. These materials outline the requirement to pursue refinancing based on your organization's current financial position and the steps needed to document your good-faith effort to seek commercial credit.

The attachments include:

1. Graduation Letter – This notice explains the requirement to pursue refinancing and outlines the 60-day timeframe to provide documentation if full refinancing is not achievable.
2. Graduation & Refinancing Summary Certification – This form summarizes the loan(s) subject to graduation, the applicable regulatory authority, and the response due date. It must be completed and returned as part of your response.
3. Lender Contact Documentation Form – This form is used to record each lender you contact, the amount of credit requested, and the lender's response. USDA requires this documentation as evidence of your efforts to secure commercial financing.

Please review the materials carefully and begin contacting potential lenders as soon as possible.

If you are unable to refinance the full balance, the completed forms and supporting lender responses must be submitted within 60 days of the date on the graduation letter.

If you have any questions or need clarification as you work through this process, feel free to reach out.

Dave Bub
Community Programs Loan Servicing Specialist
Community Programs
Fond du Lac Area Office

 **U.S. DEPARTMENT OF AGRICULTURE**
USDA Rural Development
W6529 Forest Ave Ste. 200 Fond du Lac, WI 54937

Scott Gald

From: Kayla Thorpe <KThorpe@ehlers-inc.com>
Sent: Tuesday, March 3, 2026 11:26 AM
To: Scott Gald
Cc: Jon Cameron
Subject: RE: City of Richland Center Graduation of Borrower and WEP Loan
Attachments: Richland Center, WI Refinancing of 2015 USDA Loan 3-3-26 Supporting Docs.pdf

Good Morning Scott –

I kept the refunding analysis the same, as it appears what you sent me for 25 was still very preliminary and I don't want to overstate or understate revenues available for debt service, particularly since the Utilities 2024 financials is what the USDA based their analysis on.

The supporting materials are attached. A few key points I would highlight in your response to the USDA would be;

- While the 2024 audit shows the Sewer Utility has a total net position of \$34,706,702, that position includes the value of utility assets (mains, services, and plant in service) and is not reflective of the current cash position of the utility. As of year-end 2024, the Richland Center Sewer Utility has a (liquid) cash balance of \$1,571,188. The cash balance is already below industry standards of maintaining a cash balance ***at minimum*** of 6 months' worth of operating expenditures and one year of debt service payments. The utility does not have any available cash on hand to apply to any potential refunding.
- The USDA Loan in question was used to finance the construction of a wastewater treatment plant. At the time of construction of the plant the City experienced a loss of major industries/users which caused user rates to spike to support the new facility and related debt service payments. This issue has since been recently compounded by the City losing the UW-Richland Center campus as part of a state-wide consolidation of UW campuses by the UW system.
- While the utility has adequate debt coverage to take on a refunding, the reality of the Utility's user rate charges and the additional burden a refunding would place on rate payers would potentially overburden ratepayers in the City. User rates are already placing financial pressures on the rate payers given the loss of major users supporting the existing operations, but Ehlers' refunding analysis shows that in our current interest rate environment, a refunding of the existing USDA loan would create an additional \$2,212,235.63 in interest expense over the remaining life of the refunding. This additional expense could make user rates unaffordable to certain population demographics in the City.

Like I previously mentioned feel free to copy both Jon and I on correspondence to the USDA. Let me know if you have any questions.

Thank you!

Kayla Thorpe
Municipal Advisor
O: (262) 796-6197 | ehlers-inc.com



This e-mail and any attachments may contain information which is privileged or confidential. If you are not the intended recipient, note that any disclosure, copying, distribution or use of the contents of this message is prohibited. If you have received this e-mail in error, please destroy it and notify us immediately by return e-mail or at our telephone number, 800-552-1171. Any views or opinions presented in this e-mail are solely those of the author and may not represent the views or opinions of Ehlers Companies.

Table 1
Allocation of Debt Service - 2026 Revenue Bonds
City of Richland Center, WI

Year Ending	Sewer Portion			Total	Year Ending	Principal (5/1)	Totals		Total
	Principal	Est. Rate ¹	Interest				Interest		
2026	285,000	3.15%	161,055	161,055	2026	0	161,055	161,055	
2027	295,000	3.15%	317,621	602,621	2027	285,000	317,621	602,621	
2028	305,000	3.15%	308,486	603,486	2028	295,000	308,486	603,486	
2029	310,000	3.15%	299,036	604,036	2029	305,000	299,036	604,036	
2030	310,000	3.15%	289,350	599,350	2030	310,000	289,350	599,350	
2031	325,000	3.20%	279,268	604,268	2031	325,000	279,268	604,268	
2032	335,000	3.30%	268,540	603,540	2032	335,000	268,540	603,540	
2033	345,000	3.35%	257,234	602,234	2033	345,000	257,234	602,234	
2034	355,000	3.45%	245,331	600,331	2034	355,000	245,331	600,331	
2035	370,000	3.60%	232,548	602,548	2035	370,000	232,548	602,548	
2036	385,000	3.70%	218,765	603,765	2036	385,000	218,765	603,765	
2037	400,000	3.90%	203,843	603,843	2037	400,000	203,843	603,843	
2038	415,000	4.10%	187,535	602,535	2038	415,000	187,535	602,535	
2039	430,000	4.20%	169,998	599,998	2039	430,000	169,998	599,998	
2040	450,000	4.30%	151,293	601,293	2040	450,000	151,293	601,293	
2041	470,000	4.35%	131,395	601,395	2041	470,000	131,395	601,395	
2042	490,000	4.40%	110,393	600,393	2042	490,000	110,393	600,393	
2043	515,000	4.45%	88,154	603,154	2043	515,000	88,154	603,154	
2044	535,000	4.50%	64,658	599,658	2044	535,000	64,658	599,658	
2045	560,000	4.55%	39,880	599,880	2045	560,000	39,880	599,880	
2046	590,000	4.60%	13,570	603,570	2046	590,000	13,570	603,570	
Total	8,165,000		4,037,950	12,202,950	Total	8,165,000	4,037,950	12,202,950	

Notes:

1) Estimated Rate assumes current GO BQ "Aa1" market rates + 50 bps

Table 2
Revenue Debt Coverage - Impact of Financing Plan
City of Richland Center, WI

Year	Sewer Debt Service				Year	
	Existing Debt	Proposed Debt	Total	Debt Coverage		D.S. Capacity
				\$1,354,798	@ 1.25x	
				2024 Net Revenues		
2026	748,889	161,055	909,944	1.49	173893.93	2026
2027	219,418	602,621	822,039	1.65	261,799.45	2027
2028	219,356	603,486	822,842	1.65	260,996.55	2028
2029	219,292	604,036	823,328	1.65	260,510.29	2029
2030	219,226	599,350	818,576	1.66	265,261.96	2030
2031	219,159	604,268	823,427	1.65	260,411.58	2031
2032	219,090	603,540	822,630	1.65	261,207.97	2032
2033	219,020	602,234	821,253	1.65	262,584.92	2033
2034	218,947	600,331	819,278	1.65	264,559.97	2034
2035	0	602,548	602,548	2.25	481,290.90	2035
2036	0	603,765	603,765	2.24	480,073.40	2036
2037	0	603,843	603,843	2.24	479,995.90	2037
2038	0	602,535	602,535	2.25	481,303.40	2038
2039	0	599,998	599,998	2.26	483,840.90	2039
2040	0	601,293	601,293	2.25	482,545.90	2040
2041	0	601,395	601,395	2.25	482,443.40	2041
2042	0	600,393	600,393	2.26	483,445.90	2042
2043	0	603,154	603,154	2.25	480,684.65	2043
2044	0	599,658	599,658	2.26	484,180.90	2044
2045	0	599,880	599,880	2.26	483,958.40	2045
2046	0	603,570	603,570	2.24	480,268.40	2046
2047	0	0	0	N/A	1,083,838.40	2047
Total	2,502,398	12,202,950	14,705,348			Total

Notes:



City of Richland Center, Wisconsin

\$8,165,000 Sewerage System Mortgage Revenue Ref Bonds, Dated May 1, 2026

Proposed Current Refunding of Series 2015 USDA Loan

Assuming Current Rev BQ "Non-Rated" Market Rates + 50 Bps

Debt Service Comparison

Date	Total P+I	DSR	Existing D/S	Net New D/S	Old Net D/S	Savings
12/31/2026	161,055.00	-	263,450.92	420,735.52	354,981.88	(65,753.64)
12/31/2027	602,621.25	-	-	602,621.25	354,981.88	(247,639.37)
12/31/2028	603,486.25	-	-	603,486.25	354,981.88	(248,504.37)
12/31/2029	604,036.25	-	-	604,036.25	354,981.88	(249,054.37)
12/31/2030	599,350.00	-	-	599,350.00	354,981.88	(244,368.12)
12/31/2031	604,267.50	-	-	604,267.50	354,981.88	(249,285.62)
12/31/2032	603,540.00	-	-	603,540.00	354,981.88	(248,558.12)
12/31/2033	602,233.75	-	-	602,233.75	354,981.89	(247,251.86)
12/31/2034	600,331.25	-	-	600,331.25	354,981.88	(245,349.37)
12/31/2035	602,547.50	-	-	602,547.50	354,981.88	(247,565.62)
12/31/2036	603,765.00	-	-	603,765.00	354,981.89	(248,783.11)
12/31/2037	603,842.50	-	-	603,842.50	354,981.88	(248,860.62)
12/31/2038	602,535.00	-	-	602,535.00	354,981.88	(247,553.12)
12/31/2039	599,997.50	-	-	599,997.50	354,981.88	(245,015.62)
12/31/2040	601,292.50	-	-	601,292.50	354,981.87	(246,310.63)
12/31/2041	601,395.00	-	-	601,395.00	354,981.88	(246,413.12)
12/31/2042	600,392.50	-	-	600,392.50	354,981.88	(245,410.62)
12/31/2043	603,153.75	-	-	603,153.75	354,981.88	(248,171.87)
12/31/2044	599,657.50	-	-	599,657.50	354,981.88	(244,675.62)
12/31/2045	599,880.00	-	-	599,880.00	354,981.88	(244,898.12)
12/31/2046	603,570.00	(617,140.00)	-	(13,570.00)	354,981.89	368,551.89
12/31/2047	-	-	-	-	354,981.88	354,981.88
12/31/2048	-	-	-	-	354,981.88	354,981.88
12/31/2049	-	-	-	-	354,981.88	354,981.88
12/31/2050	-	-	-	-	354,981.89	354,981.89
12/31/2051	-	-	-	-	354,981.88	354,981.88
12/31/2052	-	-	-	-	354,981.88	354,981.88
12/31/2053	-	-	-	-	354,981.89	354,981.89
12/31/2054	-	-	-	-	354,981.88	354,981.88
12/31/2055	-	-	-	-	354,981.90	354,981.90
Total	\$12,202,950.00	(617,140.00)	\$263,450.92	\$11,845,490.52	\$10,649,456.46	(1,196,034.06)

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	(2,212,235.63)
Effects of changes in DSR investments	270,597.92
Net PV Cashflow Savings @ 4.165%(Bond Yield)	(1,941,637.71)
Contingency or Rounding Amount	3,770.40
Net Present Value Loss	\$(1,937,867.31)
Net PV Loss / \$7,322,477 Refunded Principal	(26.465%)
Net PV Loss / \$8,165,000 Refunding Principal	(23.734%)

Refunding Bond Information

Refunding Dated Date	5/01/2026
Refunding Delivery Date	5/01/2026