



SPECIAL Commission Meeting

And

MEETING of the MEMBERS

677 Bio Avenue Ellsworth, WI 54011

October 4th at 9:00am

West Central Biosolids is inviting you to a scheduled Zoom meeting.

Join Zoom Meeting

<https://zoom.us/j/94501317199?pwd=R1ovRHhGc1JXRTVWVkRjNjM0dKbk0wdz09&from=addon>

Meeting ID: 945 0131 7199

Passcode: 507640

One tap mobile

+13126266799,,94501317199#,,,,*507640# US (Chicago)

+13092053325,,94501317199#,,,,*507640# US

New Business

- 1. Financing phase 0.5 project options Discussion and Approval**

ADJOURNMENT:

- 2. Adjournment.**

Randy Lindquist.
Superintendent

September 25th, 2023

Board of Directors

West Central Wisconsin Biosolids Facility

677 E Bio Ave

Ellsworth, WI 54011

Dear Board:

Bremer Bank, National Association (the "Bank") is pleased to offer the following Term Sheet to West Central Wisconsin Biosolids Facility. This is a Term Sheet and is meant for discussion purposes only. It is not to be construed in any way as a formal financing commitment. A formal financing commitment can only be issued following your acceptance of the terms and conditions contained in this Term Sheet and following formal approval from the appropriate credit approvers within the Bank.

Borrower:	West Central Wisconsin Biosolids Facility (WCWBF)
Lender:	Bremer Bank, National Association
Bond Counsel:	Quarles & Brady, LLP
Lender Counsel:	Christoffel & Elliott, P.A.
Amounts:	Up to the lessor of \$6,523,134 or 65% of the expansion costs
Purpose:	Construction draw financing for 12 months for a draw to term permanent financing loan used to expand the current facility in Ellsworth, Wisconsin.
Tax Exempt Debt:	Tax Exempt, Bank Qualified
Fee:	Origination fee of 1/4% payable at closing, \$16,308.
Amortization	
And Term:	Loan options will have annual principal and interest payments to fully amortize loan over the selected period of payments with first year being interest only during construction.
Put:	At the ten-year anniversary, Lender can put the loan to the Borrower at par.
Collateral:	Loan will be secured by a first lien commercial real estate mortgage, a UCC filing on all business assets, both with reverter language for the subject collateral agreed upon by counsel. Assignment of member contracts.
Prepayment	
Penalty:	2% for life of loan, with ability to prepay up to 10% of principal each year.

OPTION 1:

5-year fixed rate with a 20-year amortization:

- i. 5-year Federal Home Loan Bank plus 3% multiplied by a Bank Qualified tax-exempt conversion rate of 0.79 fixed for 5 years (for a current rate of 6.004% as of 09/18/23). Resetting to the 5-year Federal Home Loan Bank plus 3% multiplied by a Bank Qualified tax-exempt conversion rate of 0.79 fixed for 5 years (for a current rate of 6.004% as of 09/18/23)

OPTION 2:

7-year fixed rate with a 10-year fixed rate reset for a 17-year amortization:

- i. 7-year Federal Home Loan Bank plus 2.91% multiplied by a Bank Qualified tax-exempt conversion rate of 0.79 fixed for the first 7 years (for a current rate of 6.043% as of 09/18/23). Resetting to the 10-year Federal Home Loan Bank plus 2.87% multiplied by a Bank Qualified tax-exempt conversion rate of .79 fixed for the remaining 10 years (for a current rate of 6.083% as of 09/18/23).

OPTION 3:

10-year fixed rate with a 10-year fixed rate reset for a 20-year amortization:

- i. 10-year Federal Home Loan Bank plus 2.87% multiplied by a Bank Qualified tax-exempt conversion rate of 0.79 fixed for the first 10 years (for a current rate of 6.083% as of 09/18/23). Resetting to the 10-year Federal Home Loan Bank plus 2.87% multiplied by a Bank Qualified tax-exempt conversion rate of 0.79 fixed for the remaining 10 years (for a current rate of 6.083% as of 09/18/23).

Financial

Reporting: Annual audited financial statements of WCWBF to be received no later than 180 days after fiscal year end ("FYE").

Annual operating budget.

Other financial reports may be reasonably requested by Lender.

Draws: Monthly draws will be monitored by the Bank and issued directly to Borrower's account at Bank which will require project architect signing off on draw requests

Financial

Covenants: Minimum debt service coverage ratio of 1.25X to be measured annually upon receipt of annual audited financial statements. Debt service coverage ratio is calculated as follows: (net income plus depreciation expense plus amortization expense plus interest expense) divided by (interest expense plus current portion of long-term debt).

Liquidity: Borrower agrees to maintain a minimum Liquidity of \$500,000 at all times. Liquidity will be defined as unrestricted and unencumbered cash or cash equivalents.

Negative pledge against encumbering any real or personal property and assets of the Borrower to be recorded in the real property records for the County where the Borrower's facility is located.

No additional indebtedness is to be incurred by Borrower without the Bank's prior written consent.

Closing Costs: Borrower will be responsible for all fees and out of pocket costs related to this financing.

Other: West Central Wisconsin Biosolids Facility will maintain operating and reserve accounts at the Bank, as long as funds remain outstanding on any Bank Loan.

Money Market account with the relationship will initially be at 4.00%, adjusting.

All documents and agreements contemplated by this proposal shall be prepared and/or approved by the Bank's legal counsel.

Satisfactory environmental due diligence acceptable to the Bank.

Satisfactory opinion of Bond counsel required at closing confirming the Bank Qualified tax exempt status of the Loan.

Out-of-pocket fees incurred by the Bank in relation to closing the Loan, will be reimbursed by the Borrower.

Any CAPEX purchases by the borrower over \$100,000 to be approved by Bank

Cancellation, termination or suspension of any member contracts shall constitute an Event of Default under the Loan Documents.

If the terms and conditions discussed within this Term Sheet are acceptable to you, please acknowledge this Term Sheet and scan it to me at Bremer Bank, N.A. no later than Friday, September 22nd, 2023.

Very truly yours,

Bremer Bank, N.A.

By: Matt Diethert

Its: Market President

Accepted and agreed to option _____ on this _____ day of _____, 2023

West Central Wisconsin Biosolids Facility

By:

Its:

MEMORANDUM

TO: West Central Biosolids (WCB) Member Communities

FROM: Sean Lentz, Ehlers Senior Municipal Advisor

DATE: September 25, 2023

SUBJECT: Providing Bank Qualified Bonding Allocation to WCB for 2023 Debt Issue

West Central Biosolids is currently constructing an expansion to their existing facility. Member communities have approved proceeding with and financing this expansion through the issuance of debt by West Central Biosolids.

Member communities are provided \$10 Million in bank-qualified tax-exempt borrowing capacity every calendar year. Bank-qualification allows bondholders to maximize the benefit of purchasing tax-exempt debt, and therefore allows the interest rate to be as competitive as possible. This can help in reducing the cost of borrowing for qualified projects.

To reduce the interest cost of borrowing, WCB is requesting each member community grant a portion of their 2023 \$10 Million bank-qualification allocation to the financing for the facility expansion. The attached exhibit allocates the projected bond issue of \$6,523,134 to each member community based on 2022 charges. The allocation does not include the City of River Falls. The exhibit also projects the remaining 2023 bank-qualification allocation, considering tax-exempt debt issued by each member community in 2023 and the proposed allocation to WCB.

Bank-Qualified allocation to WCB does not create any additional financial obligation for member communities above the contract each has with WCB. The allocation does limit member communities to not issuing more than the "Coverage" amount, listed on the exhibit, in 2023.

Approval of the bond counsel provided resolution indicates the member community's approval to provide their share of the bank-qualified allocation to WCB. WCB will be using the allocation for the upcoming \$6,523,134 Revenue Bond issue to finance the facility expansion.

West Central Biosolids

For Bank Qualified Allocation Discussion

Members	2022 Total Member Charges	Percentage	Without River Falls	Percentage	\$6,523,134 Bond Size Estimate	Estimated 2023 BQ Usage	Estimated Remaining BQ Allocation	Coverage/ (Shortfall)
Amery	122,349.66	5.34%	122,349.66	6.74%	439,409.81	-	10,000,000.00	9,560,590.19
Baldwin	115,162.19	5.02%	115,162.19	6.34%	413,596.54	6,180,000.00	3,820,000.00	3,406,403.46
Ellsworth	111,310.82	4.86%	111,310.82	6.13%	399,764.63	-	10,000,000.00	9,600,235.37
Hudson	463,195.51	20.20%	463,195.51	25.50%	1,663,532.63	8,210,000.00	1,790,000.00	126,467.37
New Richmond	424,574.37	18.52%	424,574.37	23.38%	1,524,827.65	4,525,000.00	5,475,000.00	3,950,172.35
Osceola	187,906.31	8.20%	187,906.31	10.35%	674,851.70	-	10,000,000.00	9,325,148.30
Prescott	123,973.30	5.41%	123,973.30	6.83%	445,241.00	4,670,000.00	5,330,000.00	4,884,759.00
River Falls	476,321.04	20.78%		0.00%	-			
Roberts	46,298.57	2.02%	46,298.57	2.55%	166,277.91	-	10,000,000.00	9,833,722.09
Somerset	173,880.57	7.58%	173,880.57	9.57%	624,479.29	4,640,000.00	5,360,000.00	4,735,520.71
Spring Valley	47,655.95	2.08%	47,655.95	2.62%	171,152.84	-	10,000,000.00	9,828,847.16
Total	2,292,628.29	100.00%	1,816,307.25	100.00%	6,523,134.00			