

**FINANCE DEPARTMENT MEMORANDUM
#16-2020**

DATE: December 14, 2020
TO: Honorable Mayor Meredith Leighty and City Council Members
THROUGH: Heather Geyer, City Manager *hmg*
FROM: Jason Loveland, Director of Finance *JL 2*
SUBJECT: CR-179 – Underwriting Services

PURPOSE

To consider CR-179, a resolution accepting RBC Capital Markets, LLC (RBC) as the City's underwriter for its 2021 Wastewater Revenue Bond debt issuance. The bond issue is necessary to generate capital for the Lift Station A and Force Main project.

BACKGROUND

As part of the process of issuing wastewater revenue bonds, the City solicited Requests For Proposal (RFP) from qualified firms. Four firms (RBC; Piper Sandler; UMB Bank, n.a.; and Wells Fargo Bank) responded to the proposal. RBC was selected based on its experience with Colorado wastewater revenue bond financing and its fee proposal was the lowest received.

The resolution accepts RBC as bond underwriter and acknowledges that RBC has made certain disclosures to the City as required by the Municipal Securities Rulemaking Board.

BUDGET IMPACT

Fees for underwriting services will be paid from the gross proceeds of the bond issue at a rate of \$3.20 per thousand dollars of debt issued. The fee would be approximately \$86,400 if \$27 million in revenue bonds are issued.

RECOMMENDATION

Attached to this memorandum is a resolution that, upon approval, authorizes the Mayor to accept RBC as bond underwriter for the 2021 Wastewater Revenue Bond debt issue and acknowledge disclosure requirements made by RBC to the City.

STAFF REFERENCE

If Council members have questions they may contact Director of Finance Jason Loveland at 303.450.8817 or jloveland@northglenn.org.

CR-179 – Underwriting Services

SPONSORED BY: MAYOR LEIGHTY

COUNCILMAN'S RESOLUTION

RESOLUTION NO.

No. CR-179
Series of 2020

Series of 2020

A RESOLUTION ACCEPTING A PROPOSAL FOR UNDERWRITING; SELECTING RBC CAPITAL MARKETS, LLC AS UNDERWRITER IN CONNECTION WITH THE PROPOSED ISSUANCE BY THE CITY OF ITS WASTEWATER REVENUE BONDS, SERIES 2021; AND ACKNOWLEDGING CERTAIN DISCLOSURES PURSUANT TO MSRB RULE G-17

WHEREAS, the City of Northglenn (the "City") has requested proposals from qualified underwriting firms in connection with the proposed issuance by the City of its Wastewater Revenue Bonds, 2021 Series (the "Bonds") and in response RBC Capital Markets, LLC (the "Underwriter") has submitted its proposal for underwriting services in connection with the Bonds dated November 10, 2020 (the "Proposal"), a copy of which is attached as Exhibit A to and incorporated by reference in this Resolution;

WHEREAS, Rule G-17 of the Municipal Securities Rulemaking Board (the "Rule") requires that all underwriters of municipal securities provide certain written disclosures to prospective issuers and to obtain timely from officials of such issuers written acknowledgement of such disclosures and, at the request of the City, the Underwriter has included certain disclosures required by the Rule in the Proposal; and

WHEREAS, after receipt and review of the Proposal and the recommendation thereof by the City's Financial Advisor, the City wishes to accept the Proposal, to select the Underwriter as underwriter for the Bonds, and to provide acknowledgement of the disclosures provided in the Proposal in accordance with the Rule.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT:

Section 1. The Proposal is hereby accepted and RBC Capital Markets, LLC is hereby designated as underwriter for the Bonds in accordance with and subject to the terms of the Proposal.

Section 2. The City Council, solely to facilitate the Underwriter's compliance with the Rule in connection with the issuance of the Bonds, hereby acknowledges receipt of the Disclosures pursuant to MSRB Rule G-17, attached to the Proposal (the "Disclosures"). The Director of Finance is hereby authorized to acknowledge the Disclosures by executing and dating same and to deliver a copy of the Disclosures so acknowledged to the Underwriter.

Section 3. This Resolution shall be and become in full force and effect from and after the date of its passage by the City Council.

DATED at Northglenn, Colorado, this ____ day of _____, 2020.

MEREDITH LEIGHTY
Mayor

ATTEST:

JOHANNA SMALL, CMC
City Clerk

APPROVED AS TO FORM:

COREY Y. HOFFMANN
City Attorney

City of Northglenn

*Response to Request for Proposal
Underwriting Services
2021 Wastewater Revenue Bonds
RFP 2020-020*

DUE: NOVEMBER 5, 2020 @ 4PM MT



Capital
Markets

November 5, 2020

Jason Loveland
jloveland@northglenn.org

Amy Canfield
canfielda@stifel.com

Bryan Stelmack
stelmackb@stifel.com

Dear Jason, Amy and Bryan:

RBC Capital Markets, LLC (RBCCM) appreciates the opportunity to respond to the City of Northglenn’s (the “City”) Request for Proposal for Underwriter Services for the City’s upcoming 2021 Wastewater Revenue Bonds. Given the challenges of the current market, it will be vital for the City’s underwriter to have a strong Colorado track record, leading underwriting desk and strong capital position, all of which RBCCM offers.

Leading Colorado Underwriter. RBCCM is the top ranked senior underwriter in Colorado. In the last 5 years, we have senior managed \$7 billion of Colorado issue, totaling 130 negotiated transactions. Our relevant experience includes Northglenn URA, Metro Wastewater Reclamation District, City and County of Broomfield, Adams 12 Five Star Schools, Arapahoe County Water and Wastewater Authority, and water/wastewater enterprise transactions for the City of Aurora, East Adams Metropolitan District, Raindance Metropolitan District and Cherokee Metropolitan District.

2016 - Present: Top Colorado Negotiated Senior Managers

Rank	Senior Manager	Par Amt. (US\$ mil)	% Mkt. Share	# of Issues
1	RBC Capital Markets	\$7,034.0	17.0%	130
2	D A Davidson & Co	5,918.4	14.3	399
3	Stifel Nicolaus & Co Inc	4,231.4	10.2	126
4	Citi	3,505.5	8.5	28
5	BofA Securities LLC	3,337.5	8.1	15
Industry Total		\$41,448.6	100.0	994

Source: Thomson Financial (SDC) Negotiated: True Economics to Bookrunner
Excludes private placements and competitive sales; 01/01/2016 – 10/30/2020

Leading Water and Sewer Revenue Bond Underwriter. RBCCM’s commitment to the water and sewer sector is strong and continues to grow – we senior managed 255 water and sewer transactions since 2016 for a total of \$6.7 billion. This experience gives us exceptional insight into the sector and real-time pricing data and experience. Leveraging recent Colorado and National water/wastewater bond experience, we have worked closely with our underwriting desk to present structuring strategies that can help the City to achieve a low true interest cost. This is part of our holistic approach to analyzing the City’s future capital program and rating strategy.

Prior Experience and Commitment with Northglenn. RBCCM served as sole manager for Northglenn URA’s Series 2019 Tax Increment Revenue Bonds. Proceeds were used to finance land improvements for the new Civic Center. RBCCM worked closely with the City’s financial advisor to achieve a BBB- investment grade rating from S&P. A first time rating for the URA which involved extensive discussion with the rating agency. Since then, RBCCM submitted a bid on the City’s 2019 competitive Certificates of Participation sale. We also presented a credit assessment for the wastewater utility earlier this year as well as market updates. As our client, we have made that commitment to ensure that Northglenn is up to date on the latest developments and opportunities.

Strong Capital Position and Willingness to Commit Capital. RBCCM has a track record of supporting our clients in the capital markets by using our balance sheet. Underwriting bonds in a volatile interest rate environment is the strongest commitment an underwriter can make to an issuer, because underwriting unsold balances saves the issuer the penalty of pricing at a higher market clearing level. Our parent company, the Royal Bank of Canada, is one of the strongest financial institutions globally, is the highest rated bank in the municipal market (Aa2/AA-/AA) and as such, RBCCM commits capital daily to support its clients.

We are confident that our proposal demonstrates our understanding of the City’s financing objectives and our ability to once again execute a successful transaction. We are committed to being a strong financing partner to the City and sincerely hope to have the opportunity to work with you again.

Sincerely,

RBC CAPITAL MARKETS, LLC



Michael Persichitte, Director
(303) 595-1202



Lauren Hartman, Vice President
(303) 595-1216



Jon Moellenberg, Managing Director
(303) 595-1210

Disclaimer

RBC Capital Markets, LLC (RBC CM), seeks to serve as an underwriter on a future transaction and not as a financial advisor or municipal advisor. The information provided is for discussion purposes only in anticipation of being engaged to serve as an underwriter. The primary role of an underwriter is to purchase securities with a view to distribution in an arm's-length commercial transaction with the issuer. The underwriter has financial and other interests that differ from those of the Issuer. RBC CM is not recommending an action to you as the municipal entity or obligated person. RBC CM is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to you with respect to the information and material contained in this communication. RBC CM is acting for its own interests. You should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material.

Contents

Cover Letter

Disclaimer

Proposal:

Financing Team	1
Municipal Market Experience	2
Colorado Utility Case Studies	4
Preliminary Scales and Structuring Ideas	5
Credit and Insurance Considerations	6
Covenant Considerations for Future Bonds	8
Proposed Fees	9
References	9
Experience and Correspondence with Northglenn	9

Appendix:

Preliminary Series 2021 Cash Flows

II. Public finance personnel and underwriting personnel assigned to this transaction and brief descriptions of their relevant experience with Colorado utility credits.

Financing Team

The RBC Capital Markets (RBCCM) team assigned to the City of Northglenn (the “City”) is the same financing team that led Northglenn Urban Renewal Authority’s (NURA) Tax Increment Revenue Bonds, Series 2019. This team is comprised of veteran municipal finance professionals, each of whom has significant experience in all aspects of the City’s anticipated financing needs. **Michael Persichitte**, *Director*, and **Lauren Hartman**, *Vice President* will serve as co-lead bankers, with Michael as the primary contact and Lauren providing quantitative and structuring analysis. Michael and Lauren recently led Cherokee Metropolitan District’s Water and Wastewater Enterprise Revenue Bonds, Series 2020. **Jon Moellenberg**, *Managing Director* and Manager of the Denver office, will provide senior oversight and ensure RBCCM’s full resources are available to the City. The investment banking team is located in RBCCM’s Denver public finance office. The team will work closely with **Marc Greer**, *Director and Senior Underwriter*. Marc was the underwriter for NURA and is RBCCM’s lead Colorado underwriter. He splits his time between Denver and Houston. These professionals have at their disposal a complete menu of products and services to ensure that the City has access to the widest range of financing tools, debt structuring options and marketing capabilities.

The RBCCM team assigned to the City’s 2021 financing is the same team that led Northglenn Urban Renewal Authority’s Tax Increment Revenue Bonds, Series 2019.

Function	Name and Title	Telephone and E-Mail	Role
Investment Banking Denver, Colorado	Michael Persichitte Director	303.595.1202 michael.persichitte@rbccm.com	Co-Lead Banker & Primary Contact
	Relevant Experience: Cherokee Metropolitan District, Eastern Adams County Metropolitan District, Raindance Metropolitan District, Denver Water, Arapahoe County Water and Wastewater Authority, Colorado Springs Utilities and then City of Golden		
	Lauren Hartman Vice President	303.595.1216 lauren.hartman@rbccm.com	Co-Lead Banker & Quantitative Analysis
Underwriting, Sales & Trading Denver / Houston	Relevant Experience: Cherokee Metropolitan District, Northglenn URA, Arapahoe County Water and Wastewater Authority, City of Aurora, Salt Lake City Public Utilities		
	Jon Moellenberg Managing Director	303.595.1210 jon.moellenberg@rbccm.com	Senior Oversight
	Relevant Experience: City of Aurora, Raindance Metropolitan District, Wyandotte County (Kansas City, KS) Utility, City of Gillette, WY Utilities		
	Marc Greer Senior Underwriter	713.651.3343 marc.greer@rbccm.com	Colorado Underwriter
	Relevant Experience: Cherokee Metropolitan District, Eastern Adams County Metropolitan District, City of Aurora, Arapahoe County Water and Wastewater Authority, City of El Paso Water & Sewer		

Following are résumés of the day-to-day engagement leads that will serve the City.

Investment Banking

Michael Persichitte, Director

Co-Lead Banker and Primary Contact

Michael is responsible for providing comprehensive investment banking services including the transaction execution and quantitative structuring of both tax-exempt and taxable debt financings for Colorado clients. Michael’s experience includes working with primarily Colorado based special districts, school districts, counties, cities, utilities, transportation issuers and non-profit entities. Michael has developed specialty expertise working with special districts in Colorado constructing complex financing structures which utilize unique and wide ranging revenue sources. During his career Michael has assisted in the

issuance of over \$7.0 billion in tax exempt and taxable debt financings totaling over 125 projects in the State of Colorado. Some of his water and sanitation revenue bond experience includes:

- Denver Water
- Colorado Springs Utilities
- Woodmoor Water & Sanitation District
- Arapahoe County Water & Wastewater Authority
- Little Thompson Water District
- Castle Pines North Metropolitan District
- Cherokee Metropolitan District
- Fort Collins – Loveland Water District
- St.Vrain Sanitation District
- City of Golden

Michael graduated with honors from Colorado State University, with a degree in Business Administration with an emphasis on investment analysis and Economics. He currently serves as treasurer for the Rocky Mountain Multiple Sclerosis Center and is a former Treasurer of the Colorado Municipal Bond Dealers Association. He has presented at numerous local industry meetings for municipal finance professionals including the Special District Association and Colorado Government Finance Officers Association. Michael is also a past graduate of the Downtown Denver Leadership Program and current participant in the Colorado Urban Land Institute Partnership Forum. He maintains Series 7, 50, 52, 63 and 79 securities licenses.

Lauren Hartman, Vice President

Co-Lead Banker and Quantitative Analysis

Lauren has 10 years of experience executing transactions for Colorado and regional issuers. She recently executed transactions for Cherokee Metropolitan District, City of Aurora, Aspen Valley Hospital District, Mesa County and Salt Lake City Public Utilities. Lauren specializes in transaction execution, quantitative analysis and structuring.

Lauren joined RBCCM in 2011 after interning at George K. Baum & Company. She has an MBA from the University of Denver and a Bachelor's Degree in Finance from Miami University in Oxford, Ohio. Lauren holds Series 7, 50, 63 and 79 licenses. She is a past President of the Colorado Municipal Bond Dealers Association and is a member of the Mountain Chapter of Women in Public Finance.

Jon Moellenberg, Managing Director

Senior Oversight

Jon serves as Manager of RBCCM's Denver Public Finance office, Colorado's leading underwriter of tax-exempt and taxable securities and COPS. He is charged with further expanding the firm's presence in Colorado and throughout the Western Region. Jon has more than 20 years of experience serving state and local government clients on more than \$20 billion in securities and financial products in 17 different states. He frequently serves Colorado's largest governmental entities: the State of Colorado, the University of Colorado, Colorado State University, the Colorado Department of Transportation, and the Regional Transportation District.

A fourth generation native of Colorado, Jon holds a Bachelor of Science degree in Business Administration with a concentration in Finance from Colorado State University and a Juris Doctor degree from the University of Colorado School of Law. Jon holds Series 7, 24, 50, 53 and 63 FINRA licenses.

Underwriting

Marc Greer, Senior Underwriter

Colorado Underwriter

Marc has been engaged in investment banking for over 35 years, working primarily in municipal trading and underwriting. Because of his daily involvement in municipal bond underwriting, he is a primary resource for assistance in determining current rate levels, market trends and market reaction and acceptance of alternative financing structures and legal opinion variations. In addition to his underwriting duties, he is responsible for regional municipal bond trading at RBCCM including Colorado paper.

Marc has been active in the municipal bond industry, having served on the Board of Trustees of the Municipal Advisory Council for Texas and as President of the Houston Bond Club. He holds a Bachelor of Business Administration from The University of Texas at Austin and has Series 7, 63 and 52 securities licenses.

III. Firm's tax-exempt underwriting activity in both the national and Colorado markets since 2016.

Municipal Market Experience

RBCCM brings considerable national presence and a 100 year history of serving Colorado local governments to the City. RBCCM is an indirect wholly-owned broker-dealer subsidiary of Royal Bank of Canada (RBC) and is headquartered in New York City. RBC is a publicly traded corporation (NYSE: RY) and operates in the United States as a national firm anchored by its regional offices offering a full suite of financial products, including a significant municipal finance practice. RBC is one of the strongest financial institutions in the world and is the highest rated bank (Aa2/AA-/AA) in the municipal market today.

RBCCM's Municipal Finance department is a nationally-ranked underwriting and financial advisory practice with involvement in both the primary and secondary bond markets.

RBCCM Office Locations



Year-to-date in 2020, we rank as the industry's #4 negotiated senior manager, having led 547 financings, totaling \$25.2 billion in par amount.

Employing more than 330 banking, sales, trading, and underwriting professionals, the size and breadth of our Municipal Finance Group has matured over the past 80 years. Colorado has long been one of the firm's most significant markets. Our Denver office employs nine municipal finance professionals, dedicated to serving the needs of our Centennial State municipal clients and thus our focus, time, talent, and resources are directed towards ensuring the successful execution of the underwriting and advisory transactions on which we serve.

Water and Wastewater Financing Experience. RBCCM's commitment to the water and sewer sector is strong and continues to grow – we senior managed 255 water and sewer transactions since 2016 for a total of \$6.7 billion. RBCCM has a dedicated Public Power and Utilities Group, which includes senior utility professionals with vast national and regional experience; our bankers are among the most experienced water and sewer utility professionals in the nation. This experience gives us exceptional insight into the sector. Leveraging recent Colorado and National water/wastewater bond experience, we have worked closely with our underwriting desk to present structuring and marketing strategies that can help the City to achieve a low true interest cost, further described in our response. Below we highlight some of our recent water and/or sewer utility financings.

Recent RBCCM Water/Sewer Utility Financings

 Pierce County \$200,780,000 Pierce County, Washington Sewer Revenue Refunding Bonds, 2020A (Tax-exempt), 2020B (Taxable) (Green Bonds), LTGO 2020 Sole Manager October 2020	 Lehigh County, Pennsylvania \$161,035,000 Water and Sewer Revenue Bonds (Taxable) Senior Manager September 2020	 Public Utilities \$157,390,000 Salt Lake City Public Utilities Revenue Bonds, Series 2020 Senior Manager July 2020	 The City of SAN DIEGO \$114,195,000 City of San Diego Senior Water Revenue Refunding Bonds, 2020B (Taxable) Senior Manager April 2020	 NORTH HUDSON SEWERAGE AUTHORITY \$160,625,000 North Hudson Sewerage Authority Gross Revenue Senior Lien Lease Certificates (Taxable) Sole Manager November 2019	 KCWATER \$72,865,000 Kansas City, Missouri Water Refunding Revenue Bonds Senior Manager July 2019	 Ohio Water Development Authority \$250,000,000 Ohio Water Development Authority Drinking Water Assistance Fund Revenue Bonds Senior Manager June 2019	 Environmental Facilities Corporation \$120,700,000 New York State Environmental Facilities Corporation State Clean Water & Drinking Revolving Bonds Lead Manager May 2019
--	--	---	--	--	--	--	--

Case Study: Salt Lake City Public Utilities \$157,390,000 Public Utilities Revenue Bonds, Series 2020

On July 30, 2020, RBCCM served as senior manager on Salt Lake City's (the "City") \$157,390,000 Public Utilities Revenue Bonds, Series 2020 (the "Bonds"). The Bonds are rated AAA and Aa1 by S&P and Moody's, respectively. Proceeds of the sale will be used finance various improvement to the City's Utility System, including a portion of the City's match of its WIFIA loan for the new Water Reclamation Facility to meet regulatory requirements by 2025.

The bonds represent the first phase of funding for significant capital investment into Utilities infrastructure and are part of an overall \$1.1 billion capital improvement program over the next five years. RBCCM prepared an investor presentation to introduce investors to the credit and the City's long term plans which was posted alongside the preliminary offering statement. With the strong ratings and large block sizes, the bonds were structured with serials through 25 years and two term bonds in 2047 and 2050. The long bond in 2050 had a yield of 1.53%. The bonds also had a 9 year par call option to provide additional future financing flexibility. The bonds were priced with a mix of 4% and 5% coupons which were strategically used to garner interest and also lower the City's borrowing cost. Over \$1.1 billion in orders were placed by 41 investors. The bonds were repriced between 1 and 11 basis points, at an All-In TIC of 2.80%.

This transaction marked RBCCM’s sixth senior managed transaction for Salt Lake City, including general obligation, lease revenue and TIF bond financings. RBCCM also led the City’s Series 2017 Public Utilities Revenue Bonds, which kicked off the Water Reclamation Facility project.

Colorado Underwriting Experience and Presence.

RBCCM’s Colorado story spans over 100 years as Dain Rauscher (and other prior entities). We have a consistent history of providing significant coverage of and services to Colorado clients. **Over the past five years, RBCCM claimed nearly 20% of the \$45 billion Colorado municipal market as senior manager.** As a firm with Colorado roots, Colorado municipal issuers, mostly comprising of middle market issuers (transactions less than \$50 million in par amount) have been a priority of our bankers and underwriters since our founding and remains so today. Our history and commitment to Colorado and all of its unique municipalities and districts contributes to our ability to capably serve City.

2016 - Present: Top Colorado Negotiated Senior Managers

Rank	Senior Manager	Par Amt. (US\$ mil)	% Mkt. Share	# of Issues
1	RBC Capital Markets	\$7,034.0	17.0%	130
2	D A Davidson & Co	5,918.4	14.3	399
3	Stifel Nicolaus & Co Inc	4,231.4	10.2	126
4	Citi	3,505.5	8.5	28
5	BofA Securities LLC	3,337.5	8.1	15
Industry Total		\$41,448.6	100.0	994

Source: Thomson Financial (SDC) Negotiated: True Economics to Bookrunner Excludes private placements and competitive sales; 01/01/2016 – 10/30/2020

Our relevant experience includes Northglenn URA, Metro Wastewater Reclamation District, City and County of Broomfield, Adams 12 Five Star Schools, Arapahoe County Water and Wastewater Authority, and water/wastewater enterprise transactions for the City of Aurora, East Adams Metropolitan District, Raindance Metropolitan District and Cherokee Metropolitan District. Our Colorado water and sewer underwriting experience is highlighted in the case studies in Question iv.

Our Colorado municipal finance banking team is dedicated to serving the needs of Centennial State municipal clients and thus our focus, time, talent, and resources are directed towards ensuring the successful execution of the underwriting and advisory transactions on which we serve. Our Colorado retail brokerage network focuses specifically on Colorado retail investors. In total, RBCCM has seven offices in the State of Colorado – six retail offices and our municipal finance office located in Denver.

IV. Firm’s experience underwriting utility credits in Colorado; please highlight three case studies.

Colorado Utility Case Studies

Case Study: Cherokee Metropolitan District

\$38,755,000 Water and Wastewater Enterprise Revenue Bonds, Series 2020



On October 14, 2020, RBCCM served as senior manager for Cherokee Metropolitan District’s (the “District”) Water and Wastewater Enterprise Revenue Bonds, Series 2020. Proceeds of the bonds will be used to finance the District’s reverse osmosis water reclamation facility. The facility is being built to reach compliance requirements with the State of Colorado Department of Health, and will have enough capacity for future District growth as well as provide wastewater services to nearby districts and municipalities. The District had not been in the market since 2013. RBCCM led the development of a rating presentation to S&P and also managed discussions with the bond insurers. The District received an A underlying rating. After receiving bids from both insurers, the District selected Build America Mutual (BAM) insurance and surety policies. Additionally, the bonds also qualified for BAM’s GreenStar program, which provided added marketability for the bonds as they were designated ‘Green’ bonds.

Leading into the pricing, the total municipal bond issuance was up 22% over the same period in 2019. Despite this challenge, the bonds received orders from 26 accounts that totaled \$247.5MM (6.4x’s oversubscription). Investors were a mix of individuals, banks, bond funds, asset managers and insurance companies. As a result of having more orders than available bonds we were able to lower the interest rate on the bonds. After the order period the District’s issuance ended up at a true interest cost of 3.11% through 2050.

Case Study: Eastern Adams County Metropolitan District

\$7,435,000 Water Activity Revenue Refunding Bonds, Series 2020

On June 4, 2020, RBCCM served as sole manager for Eastern Adams County Metropolitan District’s (the “District”) Water Activity Revenue Refunding Bonds, Series 2020. The issuance of bonds was for the refunding of outstanding bank and developer held debt. The issuance was secured by water and wastewater revenues within the District and Strasburg. This issuance was the first public offering for the District as it had continually built out over time as a single family development



with primarily bank debt. With this offering RBCCM determined that the build out was likely sufficient to qualify for an investment grade rating. Through this process we worked on structuring and a rating model based upon some of the available public rating criteria provided by S&P to arrive at a structure that would be viable in the market. The District still has some growth remaining which needed to be accounted for in the overall model with potential tap fees. Ultimately we went to S&P and presented the credit initially for a confidential rating prior to preparing any of the relevant bond documents. Through this process we were able to achieve a 'BBB' rating from S&P which allowed the District to get bond insurance and lower the overall cost of capital. With the rating in hand we marketed and priced bonds to investors the week of June 1st. The bond issuance was very well received by investors and the District was able to lock in a true interest cost of 2.82% with present value savings of \$868,000 or 12.2% of the par amount. This result helped the District to lock in long term savings and not subject itself to future rate resets.

Case Study: City of Aurora
\$437,025,000 First-Lien Water Refunding Revenue Bonds, Series 2016 (Green Bonds)



In July 2016, RBCCM served as co-senior manager on the City of Aurora's (the "City") \$437MM First-Lien Water Refunding Revenue Bonds. Proceeds of the bonds were used to refund the City's Series 2007A and Series 2008A Water Revenue Bonds and Colorado Water Conservation Board Loan. In order to maximize savings, the bonds were issued without a reserve fund (as required on the prior bond indentures). With strong AA+ ratings from both S&P and Fitch, the underwriting team was confident that the bonds would be well received even without a reserve fund. The bonds were designated as Green Bonds under accordance of the generally accepted Green Bond Principles. The majority of the refunding was attributed to bonds that financed the Prairie Waters project, which had the goals of providing a sustainable long-term water supply to the City. As co-senior manager, RBCCM placed over \$112MM in orders for the transaction, which included retail and priority orders.

- V. Please provide your firm's expected current market scale for the City's contemplated transaction assuming an 'A+' rating, with MMD as of November 2, 2020, as well as any structuring considerations.

Preliminary Scales and Structuring Ideas

RBCCM's preliminary scale for the City's Wastewater Revenue Bonds follows. Our scale assume market conditions as of November 2, 2020, an A+ underlying rating and a 10-year par call option. We also included an additional scale – A+ underlying with bond insurance. Our desk estimates an approximate 10-15 basis point benefit in yield on an insured basis. The true value of insurance is calculated using a breakeven analysis to determine the necessary premium cost, which we further discussed below. Our scales include a mix of coupons, based on current investor appetite along the curve. In today's absolute low interest rate environment, investors are seeking incremental yield where possible, which can be achieved with lower coupons. As an added benefit for the City, lower coupons decrease the all-in borrowing cost. **Assuming the requested scale, the City's estimated all-in borrowing cost (inclusive of all fees) is approximately 2.80%.** Detailed schedules are included in the Appendix.

Year	11/02/2020 MMD	UNINSURED			INSURED / AA- Underlying		
		Coupon	Spread to MMD	Yield	Coupon	Spread to MMD	Yield
12/01/2021	0.21%	2.00%	25	0.46%	2.00%	22	0.43%
12/01/2022	0.22%	4.00%	30	0.52%	4.00%	25	0.47%
12/01/2023	0.23%	4.00%	35	0.58%	4.00%	28	0.51%
12/01/2024	0.26%	4.00%	40	0.66%	4.00%	30	0.56%
12/01/2025	0.32%	4.00%	45	0.78%	4.00%	35	0.68%
12/01/2026	0.44%	5.00%	50	0.94%	5.00%	40	0.84%
12/01/2027	0.59%	5.00%	55	1.14%	5.00%	45	1.04%
12/01/2028	0.73%	5.00%	60	1.34%	5.00%	50	1.24%
12/01/2029	0.84%	5.00%	62	1.46%	5.00%	52	1.36%
12/01/2030	0.94%	5.00%	65	1.59%	5.00%	55	1.49%
12/01/2031	1.03%	5.00%	68	1.74%	5.00%	58	1.61%
12/01/2032	1.11%	4.00%	75	1.86%	4.00%	65	1.76%
12/01/2033	1.19%	4.00%	78	1.97%	4.00%	66	1.85%
12/01/2034	1.23%	4.00%	80	2.03%	4.00%	67	1.90%
12/01/2035	1.28%	4.00%	81	2.09%	4.00%	68	1.96%

Year	11/02/2020 MMD	UNINSURED			INSURED / AA- Underlying		
		Coupon	Spread to MMD	Yield	Coupon	Spread to MMD	Yield
12/01/2036	1.33%	4.00%	82	2.15%	4.00%	68	2.01%
12/01/2037	1.37%	4.00%	83	2.20%	4.00%	68	2.05%
12/01/2040	1.49%	4.00%	85	2.34%	4.00%	70	2.19%
12/01/2045	1.66%	4.00%	85	2.51%	4.00%	70	2.36%

Tenor Considerations. Based on information provided in the RFP, the City anticipates issuing a 25-year financing. Utility bonds for long lived projects can be issued with a longer final maturity, such as 30-years. Out long, the yield curve is quite flat, with the difference between 25 and 30-year MMD at only 5 basis points. Extending the final maturity out to 2050 decreases average annual debt service by \$139,000 (from \$1,444,255 for 25-years to \$1,305,007 for 30-years) at an additional interest cost of 20 basis points. This also allows future ratepayers to bear additional burden of the project cost. Average annual debt service coverage also increases from ~1.60x's to 1.80'x.

In talking with the City and Municipal Advisor, the Series 2021 debt should be structured to also account for future issuances and any future rate increases. While our initial analyses assumes level annual coverage with gradually increasing debt service, other structures could be considering, including step-downs in the future and level overall debt.

Call Option Considerations. Depending on market conditions, the City can explore a shorter call option versus the traditional 10-year call. Shorter calls can help maintain flexibility for future debt service management and refundings. They do come at the cost of an additional yield kick on the callable maturities, however, that assumes that the bonds are not called.

- VI. Given the proposed transaction and with no outstanding obligations on this credit, please include an analysis of rating and insurance considerations evaluating the relative trade-offs for ratings and bond covenants for an efficient execution and any related investor preferences for inaugural utility credits.

Credit and Insurance Considerations

Credit Rating. RBCCM's initial analysis of the City's Wastewater Enterprise results in an S&P AA-/A+ rating category. Our analysis includes projected wastewater net revenues provided in the RFP and current market conditions for a 25-year wastewater revenue bond. S&P's framework assesses enterprise and financial risks. The City's enterprise profile is strong with high median household income and affordable rates. The financial profile is also strong, although the proposed debt puts some pressure on debt to capitalization ratio. S&P also adjusts for economies of scale based on the size of operations. The relatively small operations of the wastewater enterprise (~\$5 million annual revenue) notches the rating because of fewer operating efficiencies compared to larger utilities.

RBCCM's initial analysis of the City's Wastewater Enterprise results in an S&P AA-/A+ rating category

Credit Strengths

- High socioeconomic factors
- Affordable rates
- Autonomous rate setting ability
- Strong market position
- Strong liquidity (380 days cash on hand)
- Preliminary debt service coverage ~1.6x's
- Strong financial and operations management and planning

Credit Factors

- Smaller scale operation
- Weakening debt to capitalization ratio (36%)

**Northglenn Wastewater Enterprise,
S&P: U.S. Public Finance Waterworks, Sanitary Sewer, and Drainage Utility Systems**

Enterprise Risk Profile		Rating Value	Extremely Strong 1	Very Strong 2	Strong 3	Adequate 4	Vulnerable 5	Highly Vulnerable 6
Economic Fundamentals	Measure of the strength of the utility's service area economy	45%	✓					
Industry Risk	Evaluation of the external environment in which the utility operates	20%	✓					
Market Position	Measure of the relative affordability of utility rates	25%		✓				
Operational Management Assessment	Analysis of management's operational effectiveness	10%		✓				
Total		1.35	0.65	0.70	0.00	0.00	0.00	0.00

Financial Risk Profile		Rating Value	Extremely Strong 1	Very Strong 2	Strong 3	Adequate 4	Vulnerable 5	Highly Vulnerable 6
All-in Coverage	Evaluation of ability to cover debt service requirements	40%	✓					
Liquidity and Reserves	Measure of readily available cash reserves	40%		✓				
Debt and Liabilities	Analysis of indebtedness and capacity to support additional debt	10%			✓			
Financial Management Assessment	Analysis of management's financial performance	10%		✓				
Total		1.70	0.40	1.00	0.30	0.00	0.00	0.00

Initial Indicative Rating	AA+
Overriding Factors - Economies of Scale (operating revenue ~\$5MM), comparisons	-1.00

Indicative Rating	AA
Peer Comparisons (one-notch adjustment, assuming no cap)	-1.00

RBCCM also performed a peer comparison analysis of the City's north metro peers. Certain statistical information is summarized below. In terms of size, Erie is probably the closest comparison. Erie's wastewater enterprise is rated A+. S&P cites Erie as being more dependent on tap fees (reliance on growth) to be a credit factor. We believe that Northglenn not to be reliant on growth and thus estimate a higher rating outcome.



Covenants and Security Considerations. Given this is the Wastewater Enterprise's first rating, with additional future debt expected, we recommend covenants and security package that balance 1) achieving a strong initial rating and 2) maintaining the rating over the long-term. Covenants important to the rating agencies include debt service coverage (DSC) and additional bonds test (ABT). Often times, these are set at the same coverage level. The higher the DSC and ABT covenants, the better the potential rating outcome. For additional security, we recommend a debt service reserve and rate stabilization fund. Both are viewed as credit positives. The reserve fund could be funded with a surety policy from a bond insurer, decreasing the amount of bond proceeds borrowed and annual debt service. We recommend the reserve fund requirement to be either maximum annual debt service or the standard three prong test.

Bond Insurance. Depending on the underlying rating, bond insurance could provide value in terms of a lower overall borrowing cost. As shown in our preliminary scales for an A+ underlying rating in Question v, insurance is estimated to provide between 10 and 15 basis points in yield benefit. Assured Guaranty (AGM) and Build America Mutual (BAM) are the only active bond insurers and are both rated AA by S&P. In order to determine the true value of bond insurance, a breakeven calculation can be performed for the premium cost. Based on our scales, we calculate this premium amount to be 115 basis points of total debt service. Leading up to pricing, RBCCM will seek both insurance premium and surety quotes (discussed above) from both AGM and BAM, and determine the insurer that provides the most value the City's financing. Should the City receive an AA- rating, insurance does not provide a yield benefit with the spreads the same as the insured scale.

RBCCM recommendation: Use a dual track approach and analyze the value of bond insurance leading up to pricing.

Green Bonds. While there is no hard market evidence that a Green Bond designation provides a yield benefit, it may lead to additional investors and also creates positive public relations for the City. An interesting distinction of BAM is the BAM GreenStar program, which designates certain bonds as green based on the use of proceeds. The Wastewater facility may

qualify under this program. RBCCM recently led Cherokee Metropolitan District’s Water and Wastewater Enterprise Revenue Bonds, Series 2020 transaction, which received the BAM GreenStar designation in addition to bond insurance and surety policies. This designation helped Cherokee to differentiate themselves in a crowded market. Alternatively, the City could apply for a Green Bond certification from another third party.

- VII. Considering your response to the prior question, please include your firm’s recommendation of covenants as this is an inaugural credit for the wastewater system, with the intention of issuing additional bonds in the next 5-10 years (additional debt will likely have corresponding rate increases).

Covenant Considerations for Future Bonds

The initial bond issuance for any Issuer is key to set up the plan of finance for the entire system. For Northglenn this initial issuance has the ability to set out certain covenants and requirements that will be required for this issuance and into the future. While an initial issuance can be refunded and covenants changed it typically takes a significant period of time for this to make economic sense. We will want to make sure in discussion with the City and your financial advisor that we are contemplating any future issuances as we design the covenants required in this initial offering. A couple of the key items that we would recommend:

Debt Service Coverage. We would recommend a debt service coverage test of at least 1.10x given historical revenues. This is right at the level where we would expect at least an ‘A’ rating on the bonds. A covenant to maintain rates and charges above 1.2x has the potential to receive a higher rating but is offset by higher charges to customers. Typically we try to find a balance between achieving the lowest cost of capital and keeping rates competitive. In this case a 1.10 covenant would achieve that balance.

Understanding the City’s plans to issue future debt, RBCCM recommends DSC and ABT covenants of 1.10x’s

Additional Bonds Test. With the additional bonds test there will be consideration for the future capital needs versus investor/rating agency requirements. The stronger an additional bonds test (above 1.3x), the better the rating outcome and increased investor base as they know the system won’t be adding to the debt burden in the near term or will have significant revenue. We recommend at least a 1.10x additional bonds test based on 12 consecutive months in any 18 month period for maximum annual debt service similar to the debt service coverage.

Based on our current assessment, the City’s DSC is 1.60 times. DSC and ABT covenants of 1.10x’s would mean that the City has debt capacity of \$10MM for future bonds without additional rate increases. Since the City anticipates corresponding rate increases for additional debt, DSC should stay strong as debt is added.

Days Cash on Hand: The Enterprise should target holding approximately six months to a year days cash on hand. This does not need to be a bond covenant in this transaction given the strength of the system but should be a discussion on the cash reserve policy of the Enterprise

Rate Maintenance Reserve: While not necessarily identified in the bond documents or needed based on the credit, some of our clients choose to fund a rate stabilization/maintenance reserve fund. This may be something for the enterprise to consider with this issuance to minimize rate increases in the future or smooth out those increases for future debt.

- VIII. Proposed fee structure for the Bonds, including a breakout of 1) average takedown, 2) underwriting expenses, and 3) management fee. Please propose a firm to be used as underwriter’s counsel, if applicable.

Proposed Fees

RBCCM’s proposed underwriter’s discount is summarized below. Our fee assumes RBCCM as sole manager for an approximate par amount of \$21 million wastewater revenue bond financing with a final maturity in 2045. Underwriting expenses will vary depending on the final par amount and structure of the bond issue. RBCCM does not propose a management fee.

Underwriter’s Discount Breakdown

Gross Spread	Total per bond	Breakdown of Underwriter’s Expenses	Total per bond
Average Takedown	3.00	CUSIP	0.032
Underwriter’s Expenses	0.20	DTC	0.038
Total Gross Spread	\$3.20	IPREO	0.082
		Dayloan	0.028
		DAC	0.017
		Total Underwriter’s Expenses	0.196

RBCCM will require underwriter’s counsel for this transaction. We propose Scott Shaver of Stradling Yocca Carlson and Rauth to serve as underwriter’s counsel. Scott’s fee of \$15,000 - \$20,000.

We welcome the opportunity to work with the City on this important financing. We don’t believe that the underwriting fee should be the ultimate decider in selecting an underwriter, therefore we look forward to discussing our fee in further detail (if necessary) to arrive at a mutually agreeable underwriting discount.

- IX. Three (3) underwriting references for which similar services have been provided. Include current contact names, addresses, telephone numbers, and a description of the relevant financing/project.

References

We encourage the City and its Municipal Advisors to contact the references listed below, as clients we have previously served with comparable transactions. They can provide the strongest testament to the capabilities of RBCCM and the individuals assigned to serve the City. Detailed descriptions of each financing and projects are included in the case studies in Question iii.

City of Aurora	Cherokee Metropolitan District	East Adams Metropolitan District
Terri Velasquez Finance Director 1551 Alameda Pkwy, Suite 5700 Aurora, CO 80012 T: (303) 739-7780 tvelasqu@auroragov.org Financings: Series 2020 COPs and Series 2016 First-Lien Water Refunding Revenue Bonds	Amy Lathen District Manager 6250 Palmer Park Blvd Colorado Springs, CO 80915 T: (719) 597-5080 x116 alathen@cherokeemetro.org Financing: Series 2020 Water and Wastewater Enterprise Revenue Bonds	Mike Serra The Pauls Corporation (District Developer) 100 St. Paul St., Suite 300 Denver, CO 80206 T: (303) 371-9000 mikes@paulscorp.com Financing: Series 2020 Water Activity Revenue Refunding Bonds

- X. If applicable, please detail prior correspondence and/or experience with the City.

Experience and Correspondence with Northglenn

Since serving as underwriter for Northglenn URA’s Series 2019 Tax Increment Revenue Bonds, RBCCM has demonstrated consistent and continued coverage of the City. These meetings and topics covered are summarized in the table that follows.

Date	Meeting/Update/Bonds	Topic(s)
Daily	Market Update	RBCCM Daily Municipal Market Update Email
07/07/2020	Update	Market and City Wastewater Financing Updates
01/16/2020	Analysis	Wastewater Enterprise Credit Assessment Memo
12/10/2019	Competitive Bid	Bid on City’s Series 2019 COPs
10/24/2019	Meeting	Lunch meeting re: upcoming City financings
10/03/2019	NURA TIF Issuance	Pricing of NURA Series 2019 TIF Bonds (case study below)

Date	Meeting/Update/Bonds	Topic(s)
08/22/2019	RFP	NURA Underwriter RFP

**Case Study: Northglenn Urban Renewal Authority
\$11,210,000 Tax Increment Revenue Bonds, Series 2019 (Urban Renewal Plan 2)**



On October 3, 2019, RBCCM served as sole manager for the Northglenn Urban Renewal Authority’s (“NURA” or the “Authority”) \$11.21 million Series 2019 Tax Increment Revenue Bonds. Proceeds of the bonds were used to finance improvements for the development of the Northglenn Civic Center. These improvements are part of a project for a new municipal recreation center. The Authority’s bonds financed improvements for the recreation center project including construction of a new parking lot, access streets, upgraded public utilities and other public infrastructure improvements.

The bonds are secured by tax increment revenues within the Authority’s Urban Renewal Plan 2, which consists of three Tax Increment Areas. A hospital is the largest taxpayer in the three TIF areas, and is leased to a non-profit corporation. The City of Northglenn and the hospital property owner entered into a purchase agreement in 2014. Under the agreement, the owner agreed that it would not transfer, sell, convey or otherwise assign any interest in the Hospital property to a tax-exempt entity for a period of 25 years from the date of closing of the sale, a period corresponding to the 25-year period for which taxes were allocated pursuant to Urban Renewal Plan 2.

RBCCM worked closely with the Authority and Municipal Advisor, helping the Authority achieve a BBB- rating. The rating was achieved through an extensive presentation and modeling exercise with the rating agency to demonstrate the relative volatility factor associated with the transaction. With the investment grade rating the Authority was able to significantly expand the investor audience and reduce the overall interest cost. On the day of pricing, the Bonds were well received by a wide range of institutional, retail and professional retail investors. As a result the bonds were 3.6 times oversubscribed allowing for the interest rate to be reduced after the order period. The bonds priced with a final True Interest Cost of 3.25% through the final maturity in 2038.

Appendix



Capital
Markets

Preliminary Series 2021 Cash Flows

TABLE OF CONTENTS

City of Northglenn
Wastewater Enterprise Revenue Bonds, Series 2021
Optional Call Date = 12/01/2030 @ 100 | A+ Underlying Rating
11/02/2020 Market Rates **Preliminary; subject to change**

Report	Page
Sources and Uses of Funds	1
Bond Pricing	2
Bond Summary Statistics	4
Bond Debt Service	6
Bond Solution	7

SOURCES AND USES OF FUNDS

City of Northglenn
Wastewater Enterprise Revenue Bonds, Series 2021
Optional Call Date = 12/01/2030 @ 100 | A+ Underlying Rating
11/02/2020 Market Rates **Preliminary; subject to change**

Dated Date	01/28/2021
Delivery Date	01/28/2021

Sources:

Bond Proceeds:	
Par Amount	21,965,000.00
Premium	3,729,821.40
	<hr/>
	25,694,821.40
	<hr/> <hr/>

Uses:

Project Fund Deposits:	
Project Fund	24,000,000.00
Other Fund Deposits:	
Debt Service Reserve Fund	1,473,600.00
Delivery Date Expenses:	
Cost of Issuance	150,000.00
Underwriter's Discount	<u>70,288.00</u>
	220,288.00
Other Uses of Funds:	
Additional Proceeds	933.40
	<hr/>
	25,694,821.40
	<hr/> <hr/>

BOND PRICING

City of Northglenn
Wastewater Enterprise Revenue Bonds, Series 2021
Optional Call Date = 12/01/2030 @ 100 | A+ Underlying Rating
11/02/2020 Market Rates **Preliminary; subject to change**

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity
Serial bonds:						
	12/01/2021	205,000	2.000%	0.460%	101.291	
	12/01/2022	275,000	4.000%	0.520%	106.369	
	12/01/2023	425,000	4.000%	0.580%	109.624	
	12/01/2024	585,000	4.000%	0.660%	112.648	
	12/01/2025	610,000	4.000%	0.780%	115.269	
	12/01/2026	635,000	5.000%	0.940%	123.023	
	12/01/2027	665,000	5.000%	1.140%	125.334	
	12/01/2028	700,000	5.000%	1.340%	127.156	
	12/01/2029	735,000	5.000%	1.460%	129.261	
	12/01/2030	770,000	5.000%	1.590%	130.950	
	12/01/2031	810,000	5.000%	1.740%	129.367 C	1.977%
	12/01/2032	850,000	4.000%	1.860%	119.162 C	2.157%
	12/01/2033	885,000	4.000%	1.970%	118.078 C	2.360%
	12/01/2034	920,000	4.000%	2.030%	117.491 C	2.497%
	12/01/2035	955,000	4.000%	2.090%	116.908 C	2.618%
	12/01/2036	995,000	4.000%	2.150%	116.328 C	2.724%
	12/01/2037	<u>1,035,000</u>	4.000%	2.200%	115.848 C	2.812%
		12,055,000				
Term bond due 2040:						
	12/01/2038	1,075,000	4.000%	2.340%	114.514 C	3.022%
	12/01/2039	1,120,000	4.000%	2.340%	114.514 C	3.022%
	12/01/2040	<u>1,165,000</u>	4.000%	2.340%	114.514 C	3.022%
		3,360,000				
Term bond due 2045:						
	12/01/2041	1,210,000	4.000%	2.510%	112.919 C	3.239%
	12/01/2042	1,255,000	4.000%	2.510%	112.919 C	3.239%
	12/01/2043	1,310,000	4.000%	2.510%	112.919 C	3.239%
	12/01/2044	1,360,000	4.000%	2.510%	112.919 C	3.239%
	12/01/2045	<u>1,415,000</u>	4.000%	2.510%	112.919 C	3.239%
		6,550,000				
		<u>21,965,000</u>				

BOND PRICING

City of Northglenn
Wastewater Enterprise Revenue Bonds, Series 2021
Optional Call Date = 12/01/2030 @ 100 | A+ Underlying Rating
11/02/2020 Market Rates **Preliminary; subject to change**

Dated Date	01/28/2021	
Delivery Date	01/28/2021	
First Coupon	06/01/2021	
Par Amount	21,965,000.00	
Premium	3,729,821.40	
	<hr/>	
Production	25,694,821.40	116.980748%
Underwriter's Discount	-70,288.00	-0.320000%
	<hr/>	
Purchase Price	25,624,533.40	116.660748%
Accrued Interest		
	<hr/>	
Net Proceeds	25,624,533.40	

BOND SUMMARY STATISTICS

City of Northglenn
Wastewater Enterprise Revenue Bonds, Series 2021
Optional Call Date = 12/01/2030 @ 100 | A+ Underlying Rating
11/02/2020 Market Rates **Preliminary; subject to change**

Dated Date	01/28/2021
Delivery Date	01/28/2021
Last Maturity	12/01/2045
Arbitrage Yield	2.077556%
True Interest Cost (TIC)	2.743792%
Net Interest Cost (NIC)	3.026747%
All-In TIC	2.794864%
Average Coupon	4.107045%
Average Life (years)	15.422
Duration of Issue (years)	11.667
Par Amount	21,965,000.00
Bond Proceeds	25,694,821.40
Total Interest	13,912,705.42
Net Interest	10,253,172.02
Total Debt Service	35,877,705.42
Maximum Annual Debt Service	1,473,600.00
Average Annual Debt Service	1,444,255.17
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	3.200000
	<hr/>
Total Underwriter's Discount	3.200000
Bid Price	116.660748

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial bonds	12,055,000.00	119.875	4.290%	10.388	10,100.90
Term bond due 2040	3,360,000.00	114.514	4.000%	18.868	3,192.00
Term bond due 2045	6,550,000.00	112.919	4.000%	22.920	6,091.50
	21,965,000.00			15.422	19,384.40

BOND SUMMARY STATISTICS

City of Northglenn
Wastewater Enterprise Revenue Bonds, Series 2021
Optional Call Date = 12/01/2030 @ 100 | A+ Underlying Rating
11/02/2020 Market Rates **Preliminary; subject to change**

	TIC	All-In TIC	Arbitrage Yield
Par Value	21,965,000.00	21,965,000.00	21,965,000.00
+ Accrued Interest			
+ Premium (Discount)	3,729,821.40	3,729,821.40	3,729,821.40
- Underwriter's Discount	-70,288.00	-70,288.00	
- Cost of Issuance Expense		-150,000.00	
- Other Amounts			
Target Value	25,624,533.40	25,474,533.40	25,694,821.40
Target Date	01/28/2021	01/28/2021	01/28/2021
Yield	2.743792%	2.794864%	2.077556%

BOND DEBT SERVICE

City of Northglenn
Wastewater Enterprise Revenue Bonds, Series 2021
Optional Call Date = 12/01/2030 @ 100 | A+ Underlying Rating
11/02/2020 Market Rates **Preliminary; subject to change**

Period Ending	Principal	Coupon	Interest	Debt Service	Bond Balance	Total Bond Value
12/01/2021	205,000	2.000%	772,355.42	977,355.42	21,760,000	21,760,000
12/01/2022	275,000	4.000%	913,550.00	1,188,550.00	21,485,000	21,485,000
12/01/2023	425,000	4.000%	902,550.00	1,327,550.00	21,060,000	21,060,000
12/01/2024	585,000	4.000%	885,550.00	1,470,550.00	20,475,000	20,475,000
12/01/2025	610,000	4.000%	862,150.00	1,472,150.00	19,865,000	19,865,000
12/01/2026	635,000	5.000%	837,750.00	1,472,750.00	19,230,000	19,230,000
12/01/2027	665,000	5.000%	806,000.00	1,471,000.00	18,565,000	18,565,000
12/01/2028	700,000	5.000%	772,750.00	1,472,750.00	17,865,000	17,865,000
12/01/2029	735,000	5.000%	737,750.00	1,472,750.00	17,130,000	17,130,000
12/01/2030	770,000	5.000%	701,000.00	1,471,000.00	16,360,000	16,360,000
12/01/2031	810,000	5.000%	662,500.00	1,472,500.00	15,550,000	15,550,000
12/01/2032	850,000	4.000%	622,000.00	1,472,000.00	14,700,000	14,700,000
12/01/2033	885,000	4.000%	588,000.00	1,473,000.00	13,815,000	13,815,000
12/01/2034	920,000	4.000%	552,600.00	1,472,600.00	12,895,000	12,895,000
12/01/2035	955,000	4.000%	515,800.00	1,470,800.00	11,940,000	11,940,000
12/01/2036	995,000	4.000%	477,600.00	1,472,600.00	10,945,000	10,945,000
12/01/2037	1,035,000	4.000%	437,800.00	1,472,800.00	9,910,000	9,910,000
12/01/2038	1,075,000	4.000%	396,400.00	1,471,400.00	8,835,000	8,835,000
12/01/2039	1,120,000	4.000%	353,400.00	1,473,400.00	7,715,000	7,715,000
12/01/2040	1,165,000	4.000%	308,600.00	1,473,600.00	6,550,000	6,550,000
12/01/2041	1,210,000	4.000%	262,000.00	1,472,000.00	5,340,000	5,340,000
12/01/2042	1,255,000	4.000%	213,600.00	1,468,600.00	4,085,000	4,085,000
12/01/2043	1,310,000	4.000%	163,400.00	1,473,400.00	2,775,000	2,775,000
12/01/2044	1,360,000	4.000%	111,000.00	1,471,000.00	1,415,000	1,415,000
12/01/2045	1,415,000	4.000%	56,600.00	1,471,600.00		
	21,965,000		13,912,705.42	35,877,705.42		

BOND SOLUTION

City of Northglenn
Wastewater Enterprise Revenue Bonds, Series 2021
Optional Call Date = 12/01/2030 @ 100 | A+ Underlying Rating
11/02/2020 Market Rates **Preliminary; subject to change**

Period Ending	Proposed Principal	Proposed Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
12/01/2021	205,000	977,355	977,355	1,570,869	593,514	160.72648%
12/01/2022	275,000	1,188,550	1,188,550	1,907,365	718,815	160.47831%
12/01/2023	425,000	1,327,550	1,327,550	2,126,729	799,179	160.19954%
12/01/2024	585,000	1,470,550	1,470,550	2,360,084	889,534	160.48988%
12/01/2025	610,000	1,472,150	1,472,150	2,360,084	887,934	160.31546%
12/01/2026	635,000	1,472,750	1,472,750	2,360,084	887,334	160.25014%
12/01/2027	665,000	1,471,000	1,471,000	2,360,084	889,084	160.44079%
12/01/2028	700,000	1,472,750	1,472,750	2,360,084	887,334	160.25014%
12/01/2029	735,000	1,472,750	1,472,750	2,360,084	887,334	160.25014%
12/01/2030	770,000	1,471,000	1,471,000	2,360,084	889,084	160.44079%
12/01/2031	810,000	1,472,500	1,472,500	2,360,084	887,584	160.27735%
12/01/2032	850,000	1,472,000	1,472,000	2,360,084	888,084	160.33179%
12/01/2033	885,000	1,473,000	1,473,000	2,360,084	887,084	160.22295%
12/01/2034	920,000	1,472,600	1,472,600	2,360,084	887,484	160.26647%
12/01/2035	955,000	1,470,800	1,470,800	2,360,084	889,284	160.46261%
12/01/2036	995,000	1,472,600	1,472,600	2,360,084	887,484	160.26647%
12/01/2037	1,035,000	1,472,800	1,472,800	2,360,084	887,284	160.24470%
12/01/2038	1,075,000	1,471,400	1,471,400	2,360,084	888,684	160.39717%
12/01/2039	1,120,000	1,473,400	1,473,400	2,360,084	886,684	160.17945%
12/01/2040	1,165,000	1,473,600	1,473,600	2,360,084	886,484	160.15771%
12/01/2041	1,210,000	1,472,000	1,472,000	2,360,084	888,084	160.33179%
12/01/2042	1,255,000	1,468,600	1,468,600	2,360,084	891,484	160.70298%
12/01/2043	1,310,000	1,473,400	1,473,400	2,360,084	886,684	160.17945%
12/01/2044	1,360,000	1,471,000	1,471,000	2,360,084	889,084	160.44079%
12/01/2045	1,415,000	1,471,600	1,471,600	2,360,084	888,484	160.37537%
	21,965,000	35,877,705	35,877,705	57,526,811	21,649,106	



November 10, 2020

Attn: Jason Loveland
City of Northglenn, Colorado
11701 Community Center Drive
Northglenn, CO 80233

Re: \$22,000,000* - Wastewater Revenue Bonds, Series 2021 (Bonds)

Dear Mr. Loveland:

RBC Capital Markets, LLC (RBC CM) is writing the Director of Finance of City of Northglenn, Colorado (Issuer) to:

- (i) Confirm the engagement of RBC Capital Markets, LLC as underwriter relating to the above-captioned Bonds pursuant to the Securities and Exchange Commission's Municipal Advisor Rule, and
- (ii) Provide certain disclosures as required by the Municipal Securities Rulemaking Board (MSRB) Rule G-17 as set forth in MSRB Notice 2012-25 (May 7, 2012)¹.

As part of our services as Sole Managing Underwriter, RBC CM may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Bonds.

I. Disclosures Concerning the Underwriter Role:

- (i) MSRB Rule G-17 requires an underwriter to deal fairly at all times with municipal issuers, obligors, and investors.
- (ii) The underwriter's primary role is to purchase the Bonds with a view to distribution in an arm's length commercial transaction with the Issuer and/or the Obligor. The underwriter has financial and other interests that differ from those of the Issuer and/or the Obligor.
- (iii) The underwriter does not have a fiduciary duty to the Issuer and/or the Obligor under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer and/or the Obligor without regard to its own financial or other interests.

¹ Interpretive Notice Concerning the Application of MSRB Rule G-17 to Underwriters of Municipal Securities (effective August 2, 2012).

- (iv) The underwriter has a duty to purchase the Bonds from the Issuer and/or the Obligor, at a fair and reasonable price, but must balance that duty with its duty to sell the Bonds to investors at prices that are fair and reasonable.
- (v) The underwriter will review the official statement for the Bonds in accordance with, and as part of, its respective responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction².

II. Disclosures Concerning the Underwriter Compensation:

The underwriter will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriter may have an incentive to recommend to the Issuer and/or the Obligor a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

III. Conflicts of Interest Disclosures:

RBC CM has identified the following additional potential or actual material conflicts:

ORDINARY COURSE OF BUSINESS ACTIVITIES AND RELATIONSHIPS

- RBC CM and its affiliates comprise a full service securities firm and a commercial bank among other entities. RBC CM engages in municipal advisory activities, securities trading and underwriting, corporate investment banking, asset management, retail and institutional brokerage, and other commercial and investment banking products and services for a wide range of corporations, municipal entities and individuals.
- The activities of RBC CM and its affiliates may include investment in, and trading of, securities and other financial instruments for their own account or the account of customers relating to the securities and/or financial instruments of the Issuer and/or Obligor.
- RBC CM and its affiliates may also communicate independent investment recommendations, market advice or trading ideas and/or publish or express independent research views relating the securities of the Issuer and/or Obligor.
- RBC CM maintains business relationships with municipal advisory firms, broker-dealers, law firms and other transaction participants as part of its national municipal securities business but does not utilize referral arrangements with such entities regarding municipal underwriting, sales or trading. Further, RBC CM does not maintain any distribution agreements with respect to municipal securities offerings.

IV. Disclosures Concerning Complex Municipal Securities Financing:

Since RBC CM has not recommended a “complex municipal securities financing” to the Issuer, additional disclosures regarding the financing structure for the Bonds are not required under MSRB Rule G-17.

² Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the underwriters is solely for purposes of satisfying the underwriters’ obligations under the federal securities laws and such review should not be construed by an issuer as a guarantee of the accuracy or completeness of the information in the official statement.

If you or any other Issuer and/or Obligor officials have any questions or concerns about the engagement of RBC CM as underwriter or these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with the Issuer's and/or Obligor's own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate. This engagement is preliminary, non-binding and may be terminated at any time without penalty or liability for costs incurred by the underwriter.

It is our understanding that you are an authorized official of the Issuer and/or Obligor, responsible for municipal finance with the authority to approve this engagement and acknowledge these disclosures and that you are not a party to any conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

Please sign and return the enclosed copy of this letter to me via PDF or to the address set forth herein. Depending on the structure of the transaction that the Issuer and/or the Obligor decides to pursue, or if additional potential or actual material conflicts are identified, we may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction and/or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures.

We look forward to working with you in connection with the issuance of the Bonds.

Sincerely,



Michael Persichitte, Director
RBC CAPITAL MARKETS, LLC

Acknowledged:

Jason Loveland, Director of Finance
City of Northglenn, Colorado

Date: _____

CC: Corey Y. Hoffmann, Hoffmann, Parker, Wilson & Carberry, P.C. – Issuer's Counsel
Daniel Lynch, Kutak Rock LLP - Bond Counsel
Bryan Stelmack, Stifel – Financial Advisor
Scott W. Shaver, Stradling Yocca Carlson & Rauth - Underwriter's Counsel