



WESTMINSTER

COLORADO

CITY COUNCIL MEETING

AUGUST 14, 2023 at 7:00 PM

- A. Retaining Special Legal Counsel for Financing a Replacement Municipal Court Facility



Agenda Memorandum

Agenda Item – 8.A.

City Council Meeting
August 14, 2023



Strategic Priority 1: Preparedness and Resilience

Build a system of intentional support for residents, businesses and the environment that mitigates risks and proactively seeks out ways to ensure the community not only endures, but thrives.

Subject: Retaining Special Legal Counsel for Financing a Replacement Municipal Court Facility

Prepared By: Dave Frankel, City Attorney
Robert Byerhof, Treasury Manager

Recommended City Council Action:

Authorize the City Manager to execute an agreement for continuing disclosure counsel with Kutak Rock, LLP for a fee not to exceed \$57,500 in connection with the issuance of tax-exempt Certificates of Participation (COPs) by the City of Westminster for financing a Replacement Municipal Court facility.

Summary Statement:

- Retaining special legal counsel is subject to approval by City Council in accordance with the Westminster City Charter.
- Representatives from Kutak Rock, LLP have provided legal counsel on a number of previous City financings, including those for the Water and Wastewater Utility Enterprise, Sales and Use Tax Revenue Bonds, Park, Open Space, and Trails (POST) Bonds, and various Certificates of Participation (COPs).

Fiscal Impact:

\$57,500 in expenditures.

Source of Funds:

Certificate of Participation (COPs) proceeds.

Policy Issue(s):

Should the City retain special legal counsel for the anticipated issuance of Certificates of Participation (COPs), for the financing of a replacement municipal court building?

Alternative(s):

City Council could direct Staff not to retain special counsel for this transaction. This is not recommended because the tax-exempt Certificate of Participation (COPs) financing cannot be closed without an opinion of special counsel.

Background Information:

On May 22, 2023, City Council approved a reimbursement resolution and further directed staff to retain special legal counsel for the issuance of COPs. The City must complete certain documents related to the financing which requires special legal services to prepare and disseminate. Continuing disclosure counsel ensures the City complies with regulatory requirements that necessitate a Preliminary Official Statement and Final Official Statement which detail the project, set forth the City's profile, and financial information providing investors critical information. The proposed external legal fees would be paid from the COP proceeds at closing.

Federal securities law requires the City to issue an Official Statement in connection with this financing. Mr. Tom Peltz is a partner in the law firm of Kutak Rock, LLP and is a recognized expert in disclosure matters under federal securities law. The firm has acted in this capacity on numerous other bond issues and financings, and Mr. Peltz is closely familiar with the City's financial position, the general economic condition of the City, the City's detailed financial information, and other material facts related to the City's preparation of a satisfactory Official Statement in connection with this financing.

The fees quoted by Kutak Rock are reasonable and consistent with past financings, and the familiarity of the legal team with the City and its financial and legal documents is critical to a successful debt issuance. The efficiencies in retaining Kutak Rock as the City's disclosure counsel are significant and will help ensure an expeditious closing of the financing.

Obtaining bond counsel services in connection with the anticipated issuance of tax-exempt Certificates of Participation (COPS) supports the City's Strategic Goal of Preparedness and Resilience, as this anticipated financing requires the services of external legal services to help the City issue COPS.

Respectfully Submitted,

Mark A Freitag

Mark A. Freitag
City Manager

Attachments:

Attachment 1 – Kutak Rock Engagement Letter 23 COPS

Attachment 2 – Kutak Rock LLP – 2023 Legal Services Contract – COPS (Municipal Court)

June 12, 2023

VIA E-MAIL

David Frankel, Esq., City Attorney
City of Westminster
4800 W. 92nd Avenue
Westminster, CO 80031

Re: Proposed City of Westminster, Colorado Certificates of Participation, Series 2023

Dear David:

We are pleased to submit this letter for our engagement Disclosure Counsel to the City of Westminster (the "City") in the issuance of Certificates of Participation, Series 2023 Representing Proportionate Interests in the Right to Receive Certain Revenues Pursuant to an Annually Renewable Lease Purchase Agreement between a national bank serving in the capacity as financing trustee under an Indenture of Trust, as lessor and the City, as lessee (the "Certificates"). The Certificates are expected to be issued in the approximate principal amount of \$37,000,000 for the purpose of financing a new courthouse, and the financing is anticipated to close approximately three to four months following the commencement of this engagement. The City will be assisted in the financing by its financial advisor, Hilltop Securities.

Legal Services Provided

Official Statement. In this engagement, we expect to render legal advice to the City in the preparation of an official statement to be used in the offer and sale of the Certificates (the "Official Statement"), as well as serving as a principal document used in the rating of the Certificates. In connection with this service, Kutak Rock LLP ("Kutak Rock") will represent to the City that, while we are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to the attention of the attorneys in our firm who have worked on this engagement which leads us to believe that the final Official Statement (other than the financial, statistical or engineering data and information contained therein, any expressions of opinion or projections contained therein, and information provided for inclusion by any Certificate insurer or other providers of credit enhancement as to which we express no view or belief) as of its date contained, or as of the date hereof contains, any untrue statement of a material fact or as of its date omitted, or as of the date hereof omits, to state

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City of Westminster

June 12, 2023

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any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Certificate Purchase Agreement. In our engagement, we also are expected to draft a Certificate Purchase Agreement between the City and the underwriter selected by the City, which document will outline the terms and conditions relating to the purchase of the Certificates by the underwriter and the sale of the Certificates by the City.

Secondary Market Disclosure. In our engagement, we expect to provide the City with legal advice regarding its secondary market disclosure in connection with outstanding obligations and prior compliance reporting by the City on EMMA website operated by the Municipal Securities Rulemaking Board.

Limitation of Duties. Our duties in this engagement are limited to those expressly set forth above. Among other things, our duties do not include preparing blue sky or investment surveys with respect to the Certificates or making an investigation or expressing any view as to the creditworthiness of the City or the Certificates.

Responsible Attorney. The attorney assigned to this engagement will be Tom Peltz. Mr. Peltz has been acting as counsel to the City of Westminster and related entities for more than 30 years. In providing legal services to the City at the most efficient costs, Mr. Peltz will be assisted by Ashley Dennis, a junior partner, and our paralegals who has worked on a number of prior City financings.

Attorney Client Relationship

Upon execution of this engagement letter, the City will be our client and an attorney client relationship will exist between us. We assume that all other parties will retain such counsel as they deem necessary and appropriate to represent their interests in this transaction. We further assume that all other parties understand that in this transaction we represent only the City, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services as Disclosure Counsel are limited to those contracted for in this letter; the City's execution of this engagement letter will constitute an acknowledgment of those limitations. Our representation of the City and the attorney client relationship created by this engagement letter will be concluded upon issuance of the Certificates.

Conflicts

As you are aware, our firm represents many political subdivisions, companies and individuals. It is possible that during the time that we are representing the City, one or more of our present or future clients will have transactions with the City. It is also possible that we may

be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of the Certificates. We do not believe such representation, if it occurs, will adversely affect our ability to represent you as provided in this letter, either because such matters will be sufficiently different from the issuance of the Certificates so as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Certificates. Execution of this letter will signify the City's consent to our representation of others consistent with the circumstances described in this paragraph.

Legal Fees

Based upon: (a) our current understanding of the terms, structure, size and schedule of the financing represented by the Certificates; (b) the duties we will undertake pursuant to this engagement letter; (c) the time we anticipate devoting to the financing; and (d) the responsibilities we will assume in connection therewith, our fee will be \$57,500 (inclusive of expenses). We understand and agree that our fees will be paid on or about the Closing Date. If the financing is not consummated, for whatever reason, we understand and agree that we will not be paid for services rendered to the City pursuant to this engagement.

This engagement may be terminated by either party at any time. Our Firm will follow the requirements of the Colorado Code of Professional Responsibility and any applicable court rules before terminating our services.

The Firm will perform all of its obligations in accordance with the standards of professional responsibility applicable to attorneys.

Records

At your request, papers and property furnished by you will be returned. Our own files, including lawyer work product, pertaining to the transaction will be retained by us. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to dispose of any documents or other materials retained by us after the termination of this engagement.

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City of Westminster

June 12, 2023

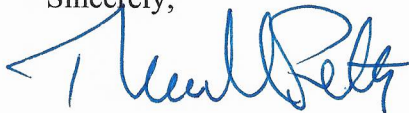
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Undertaking the Engagement

This proposal, if executed, shall serve as the engagement letter between us and shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

If the foregoing terms are acceptable to you, please so indicate by returning the enclosed copy of this engagement letter dated and signed by an authorized officer, retaining the original for your files. We look forward to working with you.

Sincerely,



Thomas M. Peltz
Partner, Kutak Rock LLP

CONFIRMED AND AGREED TO:
CITY OF WESTMINSTER

By: _____

cc: Bob Byerhof, Treasury Manager

CONTRACT FOR LEGAL SERVICES

THIS CONTRACT FOR LEGAL SERVICES (the “Contract”) is made this 14th day of August, 2023, by and between KUTAK ROCK LLP (the “Firm”) and the CITY OF WESTMINSTER, COLORADO (the “City”).

RECITALS

- A. The City is desirous of contracting with the Firm for legal services.
- B. The Firm and its attorneys are authorized to practice law in the State of Colorado.

AGREEMENT

- 1. The Firm shall furnish the following special legal services to the City (the “Services”: The Firm shall act as Continuing Disclosure Counsel to the City in connection with the anticipated issuance of Certificates of Participation (“COPs”), for the financing of a Municipal Court building.
- 2. Thomas M. Peltz and Ashley S. Dennis of the Firm shall be principally responsible for the Services.
- 3. The Firm is acting as an independent contractor; therefore, the City will not be responsible for FICA taxes, health or life insurance, vacation, or other employment benefits.
- 4. The City shall pay for the Services an estimated fee of \$57,500 to be paid from the proceeds of the financing.
- 5. This Contract may be terminated by the City with or without cause.
- 6. No payments to the Firm shall be made prior to the approval of this Contract by the Westminster City Council.
- 7. Payments pursuant to this Contract shall not exceed \$57,500 without further written authorization by the City.
- 8. The Westminster City Council authorized this Contract on August 14, 2023.

CITY OF WESTMINSTER, COLORADO

By: _____
Mark A. Freitag, City Manager

Approved as to legal form:

City Attorney’s Office

KUTAK ROCK LLP

By: _____

Its: _____