

# City & County of Broomfield

Windy Gap Firing Project  
Comparison of Financing Alternatives



Capital  
Markets

## Windy Gap Financing Options Comparison

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### **Option 1: Issue through the Municipal Subdistrict of Northern Colorado Water Conservancy District**

- Issue bonds through a pooled financing with an anticipated 'Aa3' rating
- Subject to the provisions outlined in the bond indentures and governing documents (negotiated with other entities)
- 30 year term with 90% of the debt repaid within the first 20 years
- Subject to step up provisions if any other entity within the pool is unable to pay Broomfield will be required to makeup the shortfall

### **Option 2: Issue C&C of Broomfield Water Enterprise Revenue Bonds**

- The City is currently rated Aa3
- Current debt retires in 2022 with net debt service of \$5.7 million per year
- Subject to the provisions outlined in the existing bond indentures
- Debt remains within the control of Broomfield including any future refinancing

## Windy Gap Financing Options Comparison

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### Pooled Financing with Northern Colorado Water Conservancy District vs Broomfield Stand-Alone Financing

#### **Pooled Financing Positives**

- Potentially Lower Rates from Pooling Several Highly Rated Entities into the Financing
- Other Participants are Required to Make-Up any Non-Payments by Broomfield

#### **Pooled Financing Considerations**

- Broomfield is Required to Make-Up any Non-Payments by Other Participants
- Broomfield's Liability for Make-Up Provisions Continues for 10 years after Broomfield's Repayment Term of 20 years
- No Repayment Flexibility that could incorporate Broomfield's Existing Water Revenue Bonds
- No Control Over Refinancing Timing
- No Control Over Refinancing Options
- Uncertainty about the Application of Refinancing Savings in the Future
- Lack of Complete Control Due to Other Participants
- Loss of Flexibility in Broomfield's Ability to Set Rates and Charges

#### **Other Considerations**

- Political Issues
- Collaboration on regional water solution
- Decision making

# Northern Colorado Water Conservancy District – Municipal Subdistrict

## Information provided by PFM in February Update

- Current capital structure assumed:
  - All participants will participate in the same term of debt.
  - All Participants sign same Agreement with step-up provision; one series of bonds sold to the marketplace for 30 year term
- 2 Groups of participants in either a 20- or 30-Year repayment term
  - 20 Year repayment amortizes 90% in 20 Years, and 10% in years 21-30
- 20-year group is billed on revised ‘20 year Financing Participation %s’
  - Step-up in Place for 30 years at the Financing Participation %s
  - 10% of principal must be repaid in years 21-30

20-Year Repayment	30-Year Repayment
Broomfield	Loveland
Platte River Power Authority	Greeley
Erie	Superior
Little Thompson Water District	Louisville
Lafayette	Fort Lupton

	Rating	Storage Capacity (AF)	Storage Capacity (%)	Construction Cost Share (\$mm)	Cash (\$mm)	Pooled Financing (mm)	Pooled Financing (%)	Subordinate Loan (\$mm)	Subordinate Loan (%)	Senior Financing (mm)	Senior Financing (%)
Broomfield	Aa3/-	26,464	29.40%	\$176.43	\$22.00	\$154.43	32.26%	\$28.75	32.26%	\$125.68	32.26%
Platte River Power Authority	Aa2/AA/A A	16,000	17.78%	\$106.67	\$27.00	\$79.67	16.64%	\$14.83	16.64%	\$64.84	16.64%
Loveland	-/-	10,000	11.11%	\$66.67	\$20.00	\$46.67	9.75%	\$8.69	9.75%	\$37.98	9.75%
Greeley	Aa2/AA+/-	9,189	10.21%	\$61.26		\$61.26	12.80%	\$11.40	12.80%	\$49.86	12.80%
Longmont	-AA/-	7,500	8.33%	\$50.00	\$50.00	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Erie	A1/-	6,000	6.67%	\$40.00		\$40.00	8.36%	\$7.45	8.36%	\$32.55	8.36%
Little Thompson Water District	-AA/-	4,850	5.39%	\$32.33		\$32.33	6.75%	\$6.02	6.75%	\$26.31	6.75%
Superior	-/-	4,726	5.25%	\$31.51		\$31.51	6.58%	\$5.86	6.58%	\$25.64	6.58%
Louisville	-AA+/AA+	2,835	3.15%	\$18.90		\$18.90	3.95%	\$3.52	3.95%	\$15.38	3.95%
Fort Lupton	-A/-	1,190	1.32%	\$7.93		\$7.93	1.66%	\$1.48	1.66%	\$6.46	1.66%
Lafayette	-AAA/-	900	1.00%	\$6.00		\$6.00	1.25%	\$1.12	1.25%	\$4.88	1.25%
Central Weld County Water District	-/-	346	0.38%	\$2.31	\$2.31	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
<b>Total</b>		<b>90,000</b>	<b>100.00%</b>	<b>\$600.00</b>	<b>\$121.31</b>	<b>\$478.69</b>	<b>100.00%</b>	<b>\$89.11</b>	<b>100.00%</b>	<b>\$389.58</b>	<b>100.00%</b>

# Windy Gap Financing Options – Broomfield Issuance

Overview	<b>Purpose</b> - Finance the construction of Broomfield's portion of the Windy Gap project.	
	Par at Issuance	\$161,075,000
Structure	Tax Status	Tax Exempt
	Underlying Mode	Fixed Rate
	Redemption Provisions	Callable 12/1/2031
	Final Maturity	12/01/2042
Statistics	Dated Date	08/27/2021
	Interest Rate	2.50%
	Average Annual Debt Service	\$10,334,875
Security	Bond Ratings (At Issuance)	Aa3 / NR / NR
	Debt Service Reserve Fund	\$10,334,875
	Bond Insurer	-
	Credit Enhancer	-

- The following chart shows the overall debt service assuming a 'Aa3' rating if Broomfield were to issue debt as a standalone issuance.
- The Broomfield issuance is currently sized as level debt service.
- Amortization on the issuance can be modified if necessary to be extended or provide for a ramp-up period before debt levels off.

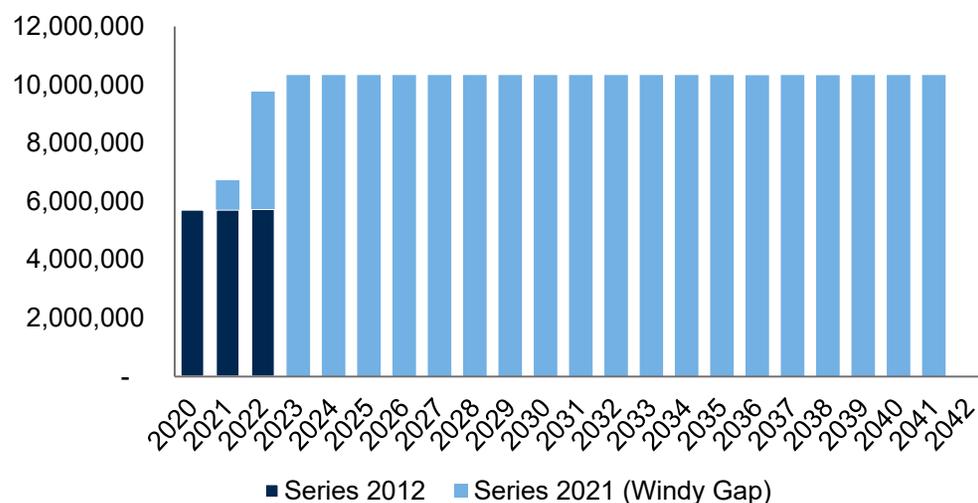
## City and County of Broomfield

### Water Enterprise

### Windy Gap Project

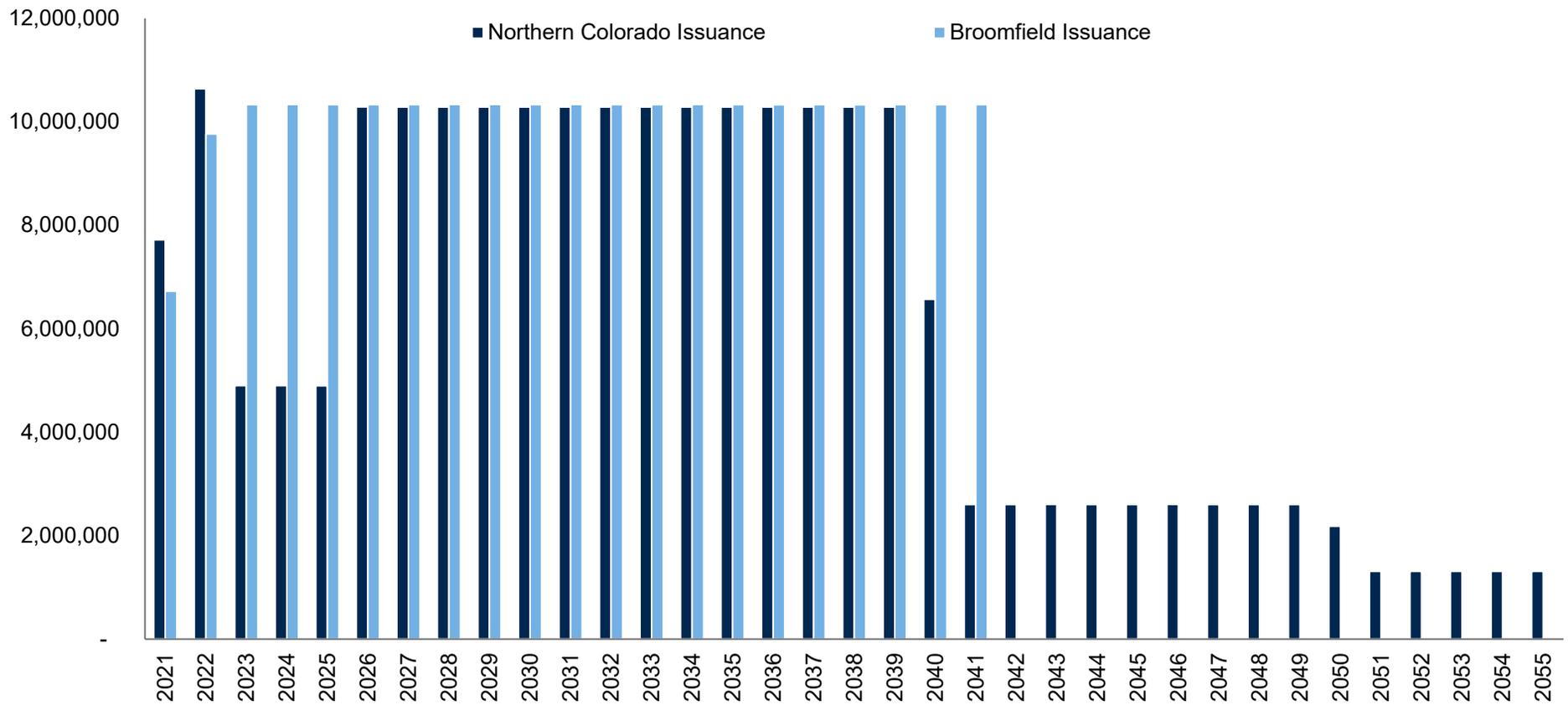
#### Cash Flows

	2019	2020	2021
<b>Revenues</b>			
Charges for Services	16,325,469	18,174,825	18,174,825
Development Fees (Tap Fees)	20,346,207	15,230,607	15,230,607
Other Services	236,221	252,211	252,211
Water Leases and Royalties	442,924	279,543	279,543
Miscellaneous	198,855	125,231	125,231
<b>Total Revenues</b>	<b>37,549,676</b>	<b>34,062,417</b>	<b>34,062,417</b>
<b>Expenses</b>			
Personnel Services	3,316,433	3,299,169	3,299,169
Supplies and Materials	987,018	887,253	887,253
Contractual Services	5,540,673	6,993,235	6,993,235
Utilities	600,472	670,723	670,723
Services Provided by General Fund (COOB Services)	2,467,528	2,390,895	2,390,895
Water Purchases	6,589,603	6,445,695	6,445,695
<b>Total Expenses</b>	<b>19,501,727</b>	<b>20,686,970</b>	<b>20,686,970</b>
<b>Net Revenue Available for Debt Service</b>	<b>18,047,949</b>	<b>13,375,447</b>	<b>13,375,447</b>
<b>Debt Service</b>	<b>5,724,450</b>	<b>5,714,250</b>	<b>6,724,219</b>
<b>Net Cash Flow</b>	<b>12,323,499</b>	<b>7,661,197</b>	<b>6,651,228</b>
D/S Coverage (with Tap Fees)	3.15	2.34	1.99
D/S Coverage (without Tap Fees)	(0.40)	(0.32)	(0.28)
Beginning Cash on Hand	57,648,357	69,971,856	77,757,221
Plus: Net Cash Flow	12,323,499	7,661,197	6,651,228
Less: Windy Gap Project	-	-	(22,000,000)
Ending Cash on Hand	69,971,856	77,633,053	62,408,449
Days of Cash on Hand for Operating Expenses & D/S	1,417 3.9 Years	1,471 4.0 Years	1,220 3.3 Years



# Debt Service Comparison

- The following chart compares the total debt service for Broomfield issuing through Northern Colorado vs. the Broomfield Water Enterprise. The debt service for each takes into account the exiting Series 2012 debt.
  - The issuance through Northern Colorado goes through 2055 vs. 2041 for Broomfield
  - The Broomfield issuance is currently sized as level debt service (can be modified as necessary)



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