

Agenda Item: Consent Agenda - d.

Meeting Date: April 11, 2022

Subject: Letter of Engagement with Hilltop Securities, Inc.

Staff Member: A.J. Euckert, City Manager

d. Resolution 22-31, approving a Letter of Engagement with Hilltop Securities, Inc. for financial consulting services

Background: To assist the City with reviewing Metro District Service Plans, Hilltop will provide the critical review of the financing plans and debt structure submitted by Districts as part of their service plans.

Hilltop is widely regarded as the leader in the review of these aspects of Metro District Service Plans.

Recommended Action: Consideration and approval of Resolution 22-31, approving a Letter of Engagement with Hilltop Securities, Inc. for financial consulting services

RESOLUTION NO. 22-31

**A RESOLUTION APPROVING AN ENGAGEMENT LETTER WITH HILLTOP
SECURITIES, INC FOR FINANCIAL CONSULTING SERVICES**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DACONO, COLORADO:

Section 1. The Engagement Letter by and between the City of Dacono and Hilltop Securities, Inc. is hereby approved in essentially the same form as the copy of such Letter accompanying this resolution.

Section 2. The City Manager is hereby authorized to execute the Letter. The City Council further authorizes the City Manager to negotiate and approve on behalf of the City such revisions to the Letter as the Mayor and City Attorney's Office determines are necessary or desirable for the protection of the City, so long as the essential terms and conditions of the Letter are not altered.

INTRODUCED, READ, and ADOPTED this 11th day of April, 2022.

CITY OF DACONO, COLORADO

Adam Morehead, Mayor

ATTEST:

Valerie Taylor, City Clerk



March ____, 2022

A.J. Euckert
City Manager
City of Dacono
512 Cherry Street
Dacono, CO 80514

Dear Mr. Euckert:

On behalf of Hilltop Securities Inc. (“Hilltop”) we appreciate the opportunity to provide financial consulting services in conjunction with the City of Dacono’s (the “City”) consideration of a proposal for the creation of a new metropolitan district within the City boundaries. The City has requested that we review the service plan focusing on the financial projections and the permitted debt structures in the proposed service plan submitted related to the NAME Metropolitan District (the “District”).

The following outlines the scope of this engagement (collectively, the “Requested Services”):

Scope of Services:

- Review the draft Service Plan submitted by the proponents of the District and their counsel;
- Review the financing plan and debt structure submitted by the District as a part of their Service Plan;
- Participate in discussions with City staff, and with counsel and consultants to the developer regarding content of the proposed Service Plan;
- Participate in any meetings as requested by City staff;
- Provide a written summary of the financial provisions of the proposed Service Plan; and,
- Provide written comments on the reasonability of the assumptions made in the Financing Plan, and the ability of the District to discharge their financial obligations if development occurs as projected by the proponents.

Limitations of Review

Hilltop’s expertise is in the area of structuring and marketing tax-exempt financings. Hilltop’s review of the Financing Plan will be based on the assumptions provided by the developer and proponents of the District. Our report should not be viewed as an independent confirmation of the developer’s assumptions related to the real estate market, property valuations, construction buildout, or absorption rates. If the City wishes to seek such confirmation, then an independent market study of real estate conditions and the potential development of new residential projects should be sought separately from a qualified firm or firms.

Duration and Compensation:

This engagement shall be effective as of, the date executed by the Issuer as set forth on the signature page hereof (the "Effective Date"), and shall remain in effect until (i) the completion of all the Requested Services set forth above, or (ii) notification provided by the City to Hilltop that the District is no longer proceeding with the transaction, or (iii) one-year from the Effective Date. Hilltop's compensation for performing these services on behalf of the City will be based on hourly rates as follows:

| | |
|----------------------------|-------|
| Managing Director: | \$350 |
| Senior Vice President: | \$300 |
| Vice Presidents: | \$250 |
| Assistant Vice Presidents: | \$200 |
| Associate/Analyst: | \$150 |

An invoice for Consulting Services shall be submitted after the City has completed or terminated its review of the draft Service Plan, whether or not the Service Plan is approved by the City.

Miscellaneous:

The City of Dacono and Hilltop Securities Inc. acknowledge and agree that:

- In any event, regardless of the cause of action, Hilltop's total liability (including loss and expense) to the City of Dacono in the aggregate shall not exceed the gross amount of fees received by Hilltop pursuant to this letter agreement. The limitations of liability set forth in this letter agreement are fundamental elements of the basis of the bargain between Hilltop and the City of Dacono and the pricing of the services set forth above reflect such limitations.
- This letter agreement shall be governed by and construed in accordance with the laws of the State of Colorado applicable to agreements made and to be fully performed therein.

We look forward to working with you during this engagement. Please acknowledge acceptance of these terms by signing in the space provided below and returning an executed copy to me.

Sincerely,

Jason Simmons
Senior Managing Director

Agreed and Accepted:

By: _____

Title: _____

Name: _____

Date: _____