

REQUEST FOR UNDERWRITING PROPOSALS
for
CERTIFICATES
OF PARTICIPATION

PUEBLO CITY-COUNTY LIBRARY DISTRICT

July 2, 2020

Overview

The Pueblo City-County Library District (the “District”), is seeking proposals from prospective underwriters regarding the anticipated issuance of Certificates of Participation (the “2020 COPs”). Tax-exempt proceeds of the 2020 COPs will be used to finance up to \$7.5 million of improvements to the District’s Rawlings Library. The 2020 COPs will be paid from base rental payments to be made by the District to a qualified trustee bank (the “Trustee”) pursuant to the terms of a lease of real property. The payment of base rentals will be subject to annual budgetary appropriation by the District.

The District reserves the right to reject all proposals, to negotiate with any prospective firm, and to seek financing through other means. The District may request an interview with one or more of the proposing firms after reviewing the proposals. The total amount of the 2020 COPs may be reduced to the extent that the District chooses to apply financial reserves to the Project. If the 2020 COPs are not delivered for any reason, the proposing firms will have no recourse against the Trustee, the District, its financial advisor, bond or special counsel, or any of their affiliates, agents or representatives for any expenses, losses, damages or liability incurred.

Anticipated Legal Structure of the Transaction

The 2020 COPs will be executed as Additional Certificates with respect to the District’s Series 2012 COPs. The 2012 COPs are currently outstanding in the amount of \$8,125,000, and are payable through 2032. The current Leased Property for the 2012 COPs consists of the District’s Pueblo West Library and a portion of the Rawlings (Main Branch) Library, and portions of the properties on which the two libraries are sited. The 2012 COP documents will be amended to add the previously unencumbered portion of the Rawlings Library and site location to the Leased Property. The District’s payments under the amended Lease will be applied equally to the 2012 COPs and the 2020 COPs, and the Leased Property will consist of the entire Pueblo West Library, the entire Rawlings Library, and the properties on which the two libraries are sited. The Leased Property is leased to the Trustee pursuant to a Site Lease which extends through 2052, if not otherwise discharged. The District will also enter into an amended Lease Agreement with the Trustee for the use of the Leased Property, subject to the annual appropriation of base rental payments. Base rental payments under the amended Lease Agreement will extend through 2035, to allow 15 years for repayment of the 2020 COPs. It is anticipated that after a proportionate amount of COPs have been amortized, the Pueblo West facility will no longer be subject to the lease, and that the Rawlings Library will remain subject to the Lease through the full term. When the Lease Agreement is paid in full, both the Lease Agreement and the Site Lease will be automatically terminated.

The Trustee will be acting solely in its capacity as trustee under an Indenture of Trust pursuant to which the 2020 COPs will be executed and delivered. The Underwriter will purchase the 2020 COPs from the Trustee, and the Trustee will use the proceeds to prepay all rentals due to the

District under the Site Lease. The District will apply the funds received as prepaid rentals from the Trustee to the eligible Project.

Neither the 2020 COPs nor the Lease Agreement will be a long-term debt or multiple fiscal year obligation of the District for State law purposes. The Lease Agreement is renewable from fiscal year to fiscal year by the act of appropriation of the rentals due under the Lease Agreement. The District's obligation to make payments under the Lease Agreement will not extend beyond any fiscal year for which an appropriation has been made. Annually appropriated lease payments may be paid from any available revenues of the District.

Legal documents will be drafted by the law firm of Kutak Rock LLP ("Kutak"), which has been retained as the District's bond counsel for this transaction. Kutak will render an opinion in customary form with respect to the validity of the Lease Agreement and tax-exempt treatment of the interest portion of the Base Rentals due under the Lease Agreement for the new money portion of the financing. Drafts of the Indenture of Trust, the Lease, and any other required documents will be available for review and comment by the Underwriter prior to the final action taken to approve the Lease by the Board of Trustees.

Pueblo City-County Library District

The District is a political subdivision of the State of Colorado and was established on January 27, 1969, by an agreement between the City of Pueblo, Colorado and the Pueblo Regional Library District by joint resolution of the City Council of the City and the Pueblo County Board of County Commissioners. The District's boundaries are coterminous with Pueblo County, Colorado. The current population of the District is estimated to be approximately 165,000. Library services are provided at 7 District-owned facilities, 4 satellite locations in educational facilities, and at a small library located in a YMCA building. The District has an annual circulation of approximately 2.3 million library materials and in 2018, library visits totaled approximately 1.3 million on a District-wide basis.

The Pueblo City-County Library District is authorized to levy up to 5.85 mills in annual property taxes. In 1995, the voters of the District approved a District mill levy of 5.25 mills. In the 1995 election, voters also authorized the exemption of District tax collections from the Colorado TABOR revenue limits, and from other revenue limitations defined in Colorado State Revised Statutes. On November 5, 2019, Pueblo County voters approved ballot measure 6B, which allowed the District to levy an additional 0.6 mills of property tax to maintain the revenue stream provided by a previously-authorized property tax which was scheduled to sunset at the end of 2019. The total mill levy which the District certified for collection of taxes in 2020 was 5.865 mills, which includes adjustments for refunds and abatements. Dedicated property tax revenue provide approximately 87% of the District's funding. Other revenues of the District include specific ownership tax revenue, interest on investments, overdue fees, photocopy fees, contracts, grants, miscellaneous revenue, and contributions from the Friends of the Pueblo Library District and the Pueblo Library Foundation.

District information including budgets and audited reports may be found on the District's website: <https://www.pueblolibrary.org/about/reportsandplans>.

Additional Information

The law firm of Kutak Rock LLP has been retained by the District as Bond Counsel for this transaction, and in such capacity will also assist in the preparation of the related official statement. Hilltop Securities Inc. is serving as the District's Financial Advisor.

Submission of Proposals

The District is seeking an underwriter with specific experience in the sale and marketing of COPs for Colorado local governments. The District will take into consideration the firm's specific experience with similar COPs, the relevant experience of the public finance and underwriting professionals, and the ability of the firms to access various sectors of the tax-exempt market. The District expects to select the firm which it believes will best meet its overall expectations for the proposed financing and will not necessarily select the firm with the lowest proposed underwriting spread.

Please limit your overall response to the items listed below to a maximum of 15 pages, excluding a cover letter. Additional or expanded information may be attached as appendices to the proposal. The District encourages each respondent to provide full and complete information to the extent that it may directly apply to the proposed transaction, but encourages each respondent avoid the use of repetitious or boilerplate language. Please submit your proposal via e-mail no later than 3 pm on July 24th, 2020 to:

Sherri Baca	Pueblo City-County Library District	sherri.baca@pueblolibrary.org
Jim Manire	Hilltop Securities Inc.	jim.manire@hilltopsecurities.com

Tentative Schedule of Events

July 2, 2020	Distribution of RFP to selected firms
July 24	Proposals delivered to the District
August 6-7 (tentative)	Interviews with selected candidates, if needed
August 10	Underwriter Selected
October 14	Projected sale of COPs
October 27	Projected closing of COPs

Any information requests, questions about the selection process or questions about the financing should e-mailed to the District's Finance Director and Financial Advisor (contact information provided above).

REQUIRED RESPONSE ITEMS – 15 Pages Maximum

Please provide responses to these items in the general sequence presented. Responses may be combined to economize on space or to improve clarity. The District discourages the use of boilerplate language and exhibits and encourages each proposing firm to prioritize its responses within the stated page limitation according to its sense of the relative importance of the information.

1. Please provide a brief overview of your firm and its municipal underwriting activity in both the national and Colorado markets, and its specific experience with COP issues. Please submit a list of rated or insured, senior-managed COP issues underwritten by your firm for Colorado issuers since January 1, 2017. (This list may be submitted in an Exhibit which will not be included in the page limit.)
2. Please identify the public finance personnel assigned to this transaction and provide brief descriptions of their relevant experience with Colorado Lease/COP issues. Please identify the underwriting or trading desk personnel who will be responsible for pricing this issue and provide brief descriptions of their relevant experience. Please provide the office locations of each of the individuals who will be assigned to the transaction.

3. Please describe your municipal bond sales force, including the number and locations of sales-people.
4. Please quantify your firm's net capital position, and provide examples of when your firm has committed its capital to underwrite unsold balances after an order period for a municipal offering.
5. Please provide your recommendations for securing a credit rating for the 2020 COPs. The District's last public offering was for the 2012 COPs and the District has not had significant interactions with a rating agency since that issuance. The 2012 COPs are currently rated A1 by Moody's. Please also discuss your recommendations for any other credit features for the 2020 COPs, including a description of the conditions under which the use of a reserve fund or municipal bond insurance might benefit the District's transaction.
6. Assuming an optional redemption date of December 1, 2030, please provide a projected tax-exempt interest rate scale for the District's new money 2020 COPs as of July 22, 2020, assuming principal maturities starting on December 1, 2021, and ending on December 1, 2035. The issue should provide \$7.5 million for projects, \$200,000 for issuance costs, plus the proposed underwriting spread. The first interest payment will be on June 1, 2021, and principal payments should be adjusted to create approximately equal annual payments. Include the expected coupon structure your firm would recommend, and a spread analysis of the projected yields to the July 22, 2020, MMD AAA scale. Alternative coupon structures may also be presented. Please provide additional comments on how the indicative interest rate scales could be affected if the COPs are offered with an optional redemption date of December 1, 2028.
7. Please provide your proposed fee structure for the 2020 COPs, including any reimbursable costs you would submit to the District for payment. In addition, please indicate whether you anticipate retaining underwriter's counsel, and, if so, what related costs the District would be expected to absorb.
8. Please describe any changes in your firm's ownership since January 1, 2018.
9. Please describe any litigation, legal, or regulatory proceedings initiated against the firm since January 1, 2015, related directly or indirectly to its activities in the municipal bond market.
10. Please submit any additional information which you believe would be useful to the District in evaluating your performance on similar transactions as well as your qualifications to serve as underwriter.