

Piper Sandler Overview

Since 1895 Piper Sandler has served the financing and investing needs of corporate, public, and individual clients from our Minneapolis headquarters and from our expanding network of 42 local offices across the U.S.

**Public Finance**

Our public finance group includes 150 personnel working and residing in local communities across the U.S. As residents of the communities we serve, we possess the understanding, knowledge, creativity, and motivation to serve a diverse group of public and non-profit issuers.

During 2021 Piper Sandler:

- advised 345 issues for \$14.7 billion with a national rank of #5;
- placed 297 issues for \$4.1 billion with a national rank of #1; and
- served as senior underwriter on 1,343 issues for \$21.8 billion with a rank of #2.



With advising, placing, and underwriting combined, we led more transactions than any other firm in 2021 – **and we are on pace to do so again in 2022**. Our comprehensive capability ensures the LOOP Project participants benefit from our finance expertise, best practices, Colorado presence, and water/sewer expertise.

**National Water & Wastewater Expertise**

From 2019 to present, Piper Sandler has advised, placed, or underwritten 443 water & wastewater financings across the U.S. for \$14.5 billion. We are the only firm to rank in the top five for advising, placing, and underwriting water and wastewater issues. These financings ranged in complexity and size from:

- \$835,825,000 ~ Texas Water Development Board ~ Series 2019 Water Implementation, Senior Underwriter
- \$85,000 ~ Hyannis, Nebraska ~ Series 2021 Water Utility BANs, Senior Underwriter

**Colorado Presence**

Our Colorado Public Finance Group includes 26 finance and 5 bond sales personnel. Since January 1, 2019, we have advised, placed, or underwritten 262 Colorado issues for \$6.3 billion. Our expertise includes structuring and rating Colorado issuers with unique security, repayment, and cost allocation features. The combination of our national resources, Colorado presence, and our SRF/Utility Finance Group will prove uniquely beneficial.

Since 2020, our Colorado water/wastewater clients included the following districts:

**Donala Water & Sanitation District**

**Eagle River Water & Sanitation District**

**Norther Colorado Water Conservancy**

**Parker Water & Sanitation District**

**Triview Metropolitan District**



**SRF/Utility Finance Group**

Alongside local colleagues, our SRF/Utility Finance Group serves clients across the U.S. including wholesale and retail utilities, combined utilities, joint project partnerships, stand-alone utilities, publicly owned utilities, non-profit utilities, investor owned utilities, and SRFs. Our SRF/Utility Finance Group includes advising / banking personnel from Kansas City, Los Angeles, Nashville, Phoenix, and Portland.

In addition to market issues and placements, our SRF/Utility Finance Goup assists clients to tailor their “square peg” projects to the “round holes” of various funding sources including Army Corps, Bureau of Reclamation, CDBG, Co-Bank, SRF, USDA Rural Development, WIFIA, and other local/state/federal programs.

Recent Case Study

From a range of options, the following case study highlights our capability with a regional water provider financing water reuse facilities through a variety of lenders.



Soquel Creek Water District (SqCWD), California  
Pure Water Project, 2020, Various Sources, \$185,000,000

Piper Role: Advisor

Issuer Contact: Ron Duncan, General Manager | 831-475-8500

SqCWD is the regional water provider along the California coast west of San Jose and south of Santa Cruz. Compared to most underwriters with resources limited to underwriting and pricing individual issues, Piper Sandler has more resources and a greater range of water/sewer expertise to manage complicated multiple-year projects.

Since joining SqCWD’s finance team, we have contributed to or led efforts to finance Pure Water Soquel – a \$185 million project to accelerate potable reuse of effluent, manage ground water levels/requirements, and reduce sea water intrusion. Our Pure Water Soquel efforts have included:

- **Interim Finance** ~ we originated a \$75 million variable rate revolving credit agreement through CoBank. SqCWD can draw and prepay as frequently as required to interim finance Pure Water Soquel.
- **WIFIA** ~ we assisted SqCWD to submit a WIFIA application with our contributions focused on financial modeling, enhancing the flow of funds, obtaining two indicative/non-public ratings, and demonstrating legal and financial capacity. We originated the \$89 M WIFIA loan at a 1.32% loan rate, no reserve, 5 years of capitalized interest, and principal amortized over 35 years from 2025 to 2059.
- **Refunding** ~ in addition to present value savings in excess of 15%, we refunded prior debt to:
  - restructure and conform the pledged flow of funds across all lenders;
  - reduce reserve requirement to \$0 with flexibility to fund future reserves to enhance or maintain ratings;
  - clarify senior and subordinated pledges.
- **SRF** ~ we assisted SqCWD to obtain a \$50 million grant and \$37 million loan through California’s SRF. To justify the awards, we focused on financial modeling, flow of funds, and demonstrating legal, managerial, and financial capacity.

Our Value to LOOP Project Participants

We have five areas of expertise that few, if any, other firms can comprehensively provide to the LOOP Project Participants:

National Resources

Colorado Presence & Expertise

Water & Wastewater Expertise

Structuring & Rating Support

Bond Marketing & Pricing Support

Contacts

Nate Eckloff and Greg Swartz will serve as the primary contacts to the LOOP Project Participants

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Colorado Public Finance Group

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We can provide a range of Colorado and national water/wastewater references if desired.

Financing Options

□ Debt Financed Portion

Option	Joint Issuer or Separate Issers	Pledge	Repayment Source	Enhance "Weak" Credit	Step-Up Provisions
1	Joint	Net Rev	Net Rev	Yes	Full
2	Joint	Net Rev	Net Rev	Yes	Mutual Support
3	Joint	Net Rev	Net Rev	Yes	None
4	Joint	Net Rev	Net Rev	No	None
5	Joint	COP	Lease / Approp / Net Rev	Yes	Full
6	Joint	COP	Lease / Approp / Net Rev	Yes	Mutual Support
7	Joint	COP	Lease / Approp / Net Rev	Yes	None
8	Joint	COP	Lease / Approp / Net Rev	No	None
9	Separate	Net Rev	Net Rev	Yes	None
10	Separate	Net Rev	Net Rev	No	None
11	Separate	COP	Lease / Approp / Net Rev	Yes	None
12	Separate	COP	Lease / Approp / Net Rev	No	None

□ Key Terms or Concepts

- Joint Issuer – “Joint Issuer” issues or borrows on behalf of the individual participants. The Joint Issuer would also apply for, receive, and manage grants/contributions.
- Separate Issuer – In contrast to “Joint Issuer,” each participants issues its own debt subject to that participant’s credit rating and financing terms/conditions.
- Net Rev – For a Joint Issuer, Net Revenues means revenues received from the participants after the Joint Issuer pays operations, maintenance, and other pre-debt service expenses. For “Separate Issuers,” Net Revenues means revenues sourced to users. Under a Joint Issuer, individual participants would – ideally – pay their share of expenses from gross revenues rather than net revenues.
- COP – Certificate of Participation or similar debt that would likely include appropriated lease payments.
- Enhance “Weak” Credit – For a Joint Issuer, the finance team can enhance individual participants to ensure the weakest credit does not increase the cost of borrowing for all participants. Enhancements would be paid for by individual participants and can include bond insurance, debt service reserves, voter authorized pledge, monthly debt service via demand deposits, and other forms of enhanced terms and conditions.
- Step-Up Provisions – Applies to a Joint Issuer as follows:
  - Full – Non-defaulting participants pay debt service on behalf of a defaulting participant.
  - Mutual Support:
    1. Each participant will authorize its share of the Joint Issuer debt via an authorizing resolution as an obligation/debt documented, disclosed, and reported as a public offering.
    2. The Joint Issuer will hold the participants’ obligations as permissible investments.
    3. If a participant defaults on its share of debt service (“Defaulting Participant”), the following events shall occur:
      - a. Using funds held by the Joint Issuer, the Joint Issuer shall “invest” in the Defaulting Participant’ obligation and shall use the investment proceeds to pay the Defaulting Participant’s share of debt service.
      - b. If funds held by the Joint Issuer are not sufficient, the “Non-Defaulting Participants” shall invest in the obligation previously issued by the “Defaulting Participant.” The Joint Issuer shall use the investment proceeds to pay the Defaulting Participants share of debt service.
      - c. Interest on the Defaulting Participant’s obligation will accrue and will be payable to the Joint Issuer and the Non-Defaulting Participants