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August 4, 2023

VIA E-MAIL

Town of Johnstown
c/o Carolyn Steffl, Special Counsel to Town
Dietze and Davis, P.C.
2060 Broadway, Suite 400
Boulder, CO 80302

Re: Service Plan for Proposed High Plains Estates Metropolitan District

Dear Ms. Steffl:

Enclosed, please are the following versions of the proposed Service Plan for High Plains Estates Metropolitan District (the “**District**”): (1) PDF version with exhibits, (2) Word version with Intergovernmental Agreement and Disclosure Notice, and (3) Word version redlined against Town’s Model Service Plan.

The District is proposed to support the planned 101-acre single family residential development, which will also include several parks and open space detention areas. The development within the Initial District Boundaries is anticipated to include around 400 residential units. The Service Area for the District also includes an approximately 20-acre Inclusion Area. All of the property within the Initial District Boundaries and Inclusion Area is owned by High Plains Estates JV, LLC, the proponent of the District. The 20-acre parcel is designated as an Inclusion Area rather than within the Initial District Boundaries because the property use has yet to be determined and this parcel may be developed in such a way that it would not be conducive to inclusion in the District.

The Service Plan proposes 40 mills as the Maximum Debt Mill Levy and 10 mills as the Maximum Operations and Maintenance Mill Levy, which is in line with Service Plans recently approved by the Town.

As costs for development have increased exponentially in recent years, it is increasingly essential for a developer to share the costs of public infrastructure with builders and homeowners in order to construct, market, and sell homes to buyers at reasonable market prices. Without the District and its financing mechanisms, the cost of the homes planned for the community would be

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significantly more expensive, further exacerbating the housing affordability issues prevalent across Front Range communities and throughout Colorado.

The proposed Maximum Debt Authorization is \$39,000,000. This amount incorporates the District's plan to finance the construction of public infrastructure to serve the community, as well as to finance the costs of acquiring water resources to support the development. The proposed Maximum Debt Authorization is supported by the Financial Plan, which shows the District's ability to finance and repay this level of Debt. The Financial Plan models two issuances, one in 2024 and another in 2034.

The 2024 issuance is modeled with pledged revenues inclusive of the debt service mill levy, the specific ownership taxes, the Development Fee, and the Water Resource Fee; however, the District intends to issue a series of revenue bonds with pledged revenues coming solely from the Water Resource Fee. The Water Resource Fee is calculated based on the anticipated total cost of the water resources necessary to support the development, divided among the residential units, and is paid by builders, not residents or homebuyers. The Water Resource Fees would be paid at the same time as issuance of the building permit, at which time, it is anticipated that the Water Resource Fees received would be applied to the outstanding revenue bonds until paid in full.

One of the main hurdles to creating more housing in northern Colorado, especially reasonably priced housing, is the cost of the water resources required to support new households. By financing the acquisition of water through the District, the cost of water for the community and the cost per lot is significantly lower than it would be if private financing was used. This is because the District has access to more advantageous financing terms through public financing structures.

We look forward to discussing this matter further with the Town. In the meantime, should you have any questions regarding this submittal, please do not hesitate to contact me.

Sincerely,

WHITE BEAR ANKELE TANAKA & WALDRON



Eve M. G. Velasco

Attorney