



Town of Johnstown

TOWN COUNCIL AGENDA COMMUNICATIONS

AGENDA DATE: October 17, 2022

SUBJECT: Second Amendment and Restated Escrow Agreement

ACTION PROPOSED: Consider Second Amendment and Restated Escrow Agreement Ledge Rock Center Commercial

ATTACHMENTS: 1. To Be Presented at Council Meeting

PRESENTED BY: Avi Rocklin, Town Attorney
MaryAnn McGeady, Special Counsel
Matt LeCerf, Town Manager

AGENDA ITEM DESCRIPTION:

Enclosed for your review and consideration is a Second Amendment and Restated Escrow Agreement. To say the municipal bond market is in a complete flux of unknown would be an understatement. The bond underwriting company, Piper Sandler have been actively advertising and marketing the Ledge Rock Commercial Center Bonds. Unfortunately, there have not been any buyers of the bonds currently. Consequently, they have had to reach out to specific investors to discuss alternative methods to ensure a sale of the bonds. The modifications that will be presented in the amendment for the Escrow Agreement will modify the terms the Town and Ledge Rock Commercial Center have negotiated originally to ensure they are sold. The terms will in general include the items listed below which may be modified, but could include additional terms:

- Increase the Debt Service Coverage Ratio from 1.3X to 1.5X to ensure the bond debt service is satisfied.
- A more conservative release trigger of the vertical construction dollars release; changing the amount from an aggregate total of \$200/ft to about \$135/ft.
- An additional \$15 million of the Developers' own moneys (\$17 million in total of the developers own cash) will be sent into the Developer Funds Account/Restricted Account immediately at closing (not June 2023 as currently contemplated). This would satisfy the terms of the Developer Contribution Agreement approved by Council on August 29, 2022.

It has been communicated to the Town that the parties involved in this agreement believe this will complete the bond sale and bring roughly \$74 MM to the project to complete both the public improvements and vertical construction of the lease agreements that are currently in place.

The Community That Cares

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LEGAL ADVICE:

The Town Attorney and the Town’s Special Counsel, MaryAnn McGeady, prepared the Amendment presented for consideration.

FINANCIAL ADVICE:

N/A

RECOMMENDED ACTION: Approve the Amendment presented for consideration.

SUGGESTED MOTIONS:

For Approval: I move to approve the Second Amendment and Restated Escrow Agreement and authorize the Mayor or Town Manager to execute the agreements as necessary to expedite the project objectives.

For Denial: I move to deny approval of the Amendment as presented for the Ledge Rock Center Commercial Project.

Reviewed and Approved for Presentation,



Town Manager