

**Shareholders**

Paul R. Cockrel
Evan D. Ela
Linda M. Glesne
David A. Greher
Matthew P. Ruhland

Associates

Joseph W. Norris
Harley G. Gifford
Madison D. Phillips

Paralegals

Micki Mills
Sarah Luetjen

January 13, 2023

Matt LeCerf, Town Manager
Town of Johnstown

VIA EMAIL

Re: Recurring Fees for Operation Services – Johnstown Village Metropolitan District No. 2

Dear Mr. LeCerf:

As you know, our firm serves as general counsel for Johnstown Village Metropolitan District No. 2 (the “**District**”). The District was organized and currently operates pursuant to the Consolidated Service Plan for Johnstown Village Districts Nos. 1-5, approved by the Town of Johnstown (the “**Town**”) on May 21, 2018 (the “**Service Plan**”).

Pursuant to Section V.A.15 of the Service Plan, the District may impose and collect Recurring Fees for administrative, operations and maintenance expenses for services, programs or facilities furnished by the District. However, such imposition of Recurring Fees is subject to review and approval by the Town.

The District has financed and/or currently owns, operates and maintains numerous community public amenities, including:

- Tract B: 1.11 acre park, which includes a playground, walking trails, benches, irrigated turf and landscaping;
- Tract C: 0.83 acre park, which includes a playground, walking trails, benches, irrigated turf and landscaping;
- Tract F: 4.89 acres, which includes landscaping and walking trails;
- Tract I: 1.38 acres, which includes landscaping, irrigated native grasses, benches and walking trails; and

- Tract H: 5.23 acre park, which includes a playground, shade structure, benches, walking trails, open space, irrigated turf and landscaping (*Note: an additional playground is being constructed in Tract H with an estimated delivery date of Q2 2023*).

Pursuant to the Service Plan, the District is authorized to impose an Operations and Maintenance Mill Levy for administrative, operations and maintenance costs. The Operations and Maintenance Mill levy is limited to 10 mills pursuant to Section VI.C.5 of the Service Plan, subject to the Gallagher Adjustment.

In addition, the Maximum Debt Mill Levy under Section VI.C.1 of the Service Plan is 40 mills, subject to a Gallagher Adjustment. However, Section VI.C.1 goes on to state that in the event the District undertakes the planning, design, acquisition, construction, installation, development and financing of the Regional Improvements, the Maximum Debt Mill Levy the District is permitted to impose for the payment of debt shall be 50 mills, subject to Gallagher Adjustment. The additional mills related to the Maximum Debt Mill Levy is for the sole purpose of financing the planning, design, acquisition, construction, installation, and development of the Regional Improvements, and may not be applied to operations and maintenance expenses of any public improvements, including the Regional Improvements.

The District currently provides services, including snow removal and open space and park landscape operations and maintenance. The District has compiled a budget which estimates revenues and expenses related to the District's operations and maintenance services through 2027 (see the included budget).

The revenues generated by the Operations and Maintenance Mill Levy have historically been insufficient to support the District's operations and administration expenses and, as shown in the budget, it is projected that such revenues will to continue to be insufficient at buildout. As developer subsidies are not guaranteed and will certainly not continue indefinitely, it is best public policy for the District to have the financial powers necessary to self-fund its operations and administrative expenses.

To date, the developer of the project has subsidized the District's operations in an amount of at least \$232,000. This budget is also intended to show the extent of the District's current deficit and the need for the District to produce an additional source of revenue to subsidize the District's administrative, operations and maintenance expenses going forward. While the budget shows a per lot fee of \$621.89 (~\$51/monthly) for collection in 2023, it is anticipated that the developer of the project will cover the 2023 operations deficit and the District will not impose any Recurring Fees for collection in 2023.



January 13, 2023

Page 3

As such, the District has determined that imposition of a Recurring Fee is necessary to support the services, programs, and facilities that it currently provides and will continue to provide to its residents and taxpayers. The District currently has a number of residents and, while there is no guarantee, it is expected that residents will become members of the District's Board of Directors as part of the District's 2023 regular election. The District hereby requests the Town Council's approval to impose and collect a Recurring Fee from each residential unit, for collection beginning in 2024, in an amount as determined by the District's Board of Directors.

Representatives from the District and the developer of the project intend to attend the February 6th Town Council meeting and will be available to discuss and answer any questions the Town Council may have.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Matthew P. Ruhland', written in a cursive style.

Matthew P. Ruhland

cc: Avi Rocklin (Town Attorney)