



# Town of Johnstown

## TOWN COUNCIL AGENDA COMMUNICATIONS

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**AGENDA DATE:** August 29, 2022

**SUBJECT:** Purchase & Sale Agreement Between the Town of Johnstown and Anadarko E&P Onshore LLC

**ACTION PROPOSED:** Consider Resolution 2022-38

**ATTACHMENTS:**

1. Resolution 2022-38
2. Purchase & Sale Agreement Between the Town of Johnstown and Anadarko E&P Onshore LLC

**PRESENTED BY:** Sarah Crosthwaite, Economic Development Manager

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### AGENDA ITEM DESCRIPTION:

In 2019, the Town entered into an Oil & Gas (O & G) Operating Agreement with Occidental (*DBA* Anadarko E&P Onshore LLC). This agreement permitted Occidental to access their O & G minerals. As part of the agreement, the Town requested conveyance of property along the southeast corner of the I-25/Highway 60 interchange to explore development opportunities. In December 2021, that land (Lot 2) was conveyed to the Town and after right of way dedication consisted of 33.22 acres.

In March 2021, the Town entered into a Memorandum of Understanding (MOU) to proceed with a development project that would be exclusively commercial development on Lot 2 with Ledge Rock Center, LLC. As the financial feasibility studies were completed and Ledge Rock proceeded on pursuing funding and designing the project, the Town approved an Ordinance to convey Lot 2 at the southeast corner of I-25 and Hwy-60 to Ledge Rock Center, LLC in February 2022. The conveyance of the property to Ledge Rock Center, LLC is subject to completion of additional objectives identified in the Ordinance.

Based on the site plans currently in review by the Town, it was identified that an additional 25.15 acres were needed to complete the intended commercial portions of that property. Town Staff has been working with Occidental to execute a land transaction to facilitate completion of the project. Occidental has agreed to sell the additional 25.15 acres at \$60,000/acre; which totals to \$1,509,000. The following conditions and provisions should be noted within the Purchase & Sale Agreement:

- Lot 4 will have a restrictive covenant included within the deed that limits the allowed uses on the property for a period of 50 years. The restrictive uses include High Occupancy Buildings as defined by the Colorado Oil and Gas Conservation Commission (COGCC) including residential,

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schools, hospitals, nursing facilities, and childcare. This definition does not include urgent cares, medical, or dental clinics, or similar uses not included within the High Occupancy Buildings definition.

- The Town will have a 60-day contingency period from the effective date of the agreement to conduct any due diligence on the property including onsite inspection. Any required due diligence including onsite inspection will be at the discretion and cost of the developer. The developer and seller will enter into a Right of Entry agreement which outlines the conditions and terms for onsite inspection; see Exhibit B of the Purchase & Sale agreement.

If the Town purchases the property, it will act as a facilitator and sell the land to the developer for at least the same purchase price. It is important to note that a separate Purchase & Sale agreement will be drafted that outlines the terms and conditions between the Town and developer to ensure certain objectives and performance measures are met prior to selling the property. The developer has reviewed the Purchase & Sale Agreement and Right of Entry form and is agreeable to the purchase price.

Based on the terms and conditions of the Purchase and Sale Agreement, the Town will need to make a budget amendment to purchase this property which is expected to take place before the end of the FY 2022.

**LEGAL ADVICE:**

The Town Attorney has drafted and reviewed the Purchase & Sale agreement between the Town of Johnstown and Anadarko E&P Onshore LLC.

**FINANCIAL ADVICE:**

The Town will purchase the property for a total of \$1,509,000 and subject to terms and conditions, can resell the property to the developer for at least the same purchase price.

**RECOMMENDED ACTION:** Approve Resolution 2022-38 allowing the Town to purchase property from Anadarko E&P Onshore LLC.

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**SUGGESTED MOTIONS:**

**For Approval:** I move to approve Resolution 2022-38 allowing the Town to purchase property from Anadarko E&P Onshore LLC.

**For Denial:** I move to deny Resolution 2022-38.

*Reviewed and Approved for Presentation,*



Town Manager

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