



Memorandum

File No. 5501871

TO: Town of Johnstown

FROM: David S. O’Leary, Esq.

RE: Executive Summary for Proposed Ledge Rock Center Residential Metropolitan District No. 1 (Multi-Family)

DATE: August 31, 2021

The proposed formation of the Ledge Rock Center Residential Metropolitan District No. 1 (the “District”) encompasses the land generally located south of Highway 60/County Road 48 and east of Interstate I-25. The proposed service area includes approximately 50.733 acres of residential land in its proposed boundaries and is anticipated to be include the multi-family portion of the Ledge Rock Center project upon final development.

The service area is anticipated to include potential public infrastructure, improvements and amenities/uses upon acquisition and development. The improvements needed for the Ledge Rock Center Project include approximately 90 Park and Ride parking spaces to be included in the Project based upon a request of the Department of Transit and Rail of the Town, on-site and off-site public improvements that will be determined during the land use review process in accordance with the Town’s ordinances, rules and regulations which include, among other potential improvements: (i) improvements to State Highway 60, as required by and in coordination with the Town and CDOT; (ii) improvements to High Plans Boulevard, as required by and in coordination with the Town and Weld County; (iii) improvements to the Home Supply Ditch, as required by and in coordination with the Town and Consolidated Home Supply Reservoir and Ditch Company; and (iv) undergrounding electric utilities adjacent to the Town Parcel, as required by the Town and in coordination with the Town and the electric utility provider.

The Ledge Rock Center Residential Metropolitan District No. 1 Service Plan is proposed to contain the multi-family residential development within the Ledge Rock Center development. All property within the proposed boundaries has been annexed within the boundaries of the Town of Johnstown (“Town”).

The primary purpose of the District is to provide public improvements consistent with Town-approved development plans that will be dedicated to the Town or dedicated to another public entity (or if permitted by IGA with the Town, retained by the District) for the use and benefit of the District’s constituents, end users, the taxpayers, visitors and the public.

Considerable infrastructure will be constructed to provide the public improvements needed to support the development in and around the District. This Service Plan addresses the improvements to be provided by the District and demonstrates how the District proposed to serve the development will work together to provide the necessary public improvements.

Services and powers provided for metropolitan districts authorized by the Special District Act, pursuant to Title 32, C.R.S. and provided within similar districts within the Town, for consideration on the next possible public hearing of the Town Council in order to meet the requirements of a formation election in November 2021.



I. Major Service Plan Points for Ledge Rock Center Residential Metropolitan District No. 1.

- The owners of the property are proposed to be Ledge Rock Center, LLC and its affiliated entities.
- Developer of the property is Ledge Rock Center, LLC, and their affiliated entities (Michael Schlup and Allen Schlup are their consultants and their representatives)
- The Draft Financing Plan was provided by Piper Sandler & Company.
- Construction cost estimates were assembled by the Developer with consultation with the District Engineer, Point Consulting which has experience in the costing and construction of similar facilities.

II. The Project:

- 50.733 total acres of service area within the boundaries are anticipating. All acres of property in the proposed boundaries are annexed to and within the Town of Johnstown.
- Assumptions upon which this Service Plan is based are reflective of the anticipated initial zoning for the property within the proposed District, the cost estimates, and the Financing Plan are sufficiently flexible to enable the District to provide necessary services and facilities without the need for repeated amendments to the Service Plan.
- Modification of the proposed configuration of improvements, scheduling of construction of such improvements, as well as the locations and dimensions of various facilities and improvements shall be permitted to accommodate development needs consistent with zoning and future development approvals for the property, but consistent with approved development plans of the Town
- Anticipated multi-family residential development is projected to begin in 2022 for a total of 1,218,000 square feet of multi-family property, comprising of 1,008 units absorbing at a rate of approximately 168 multi-family units per year with pricing inflated as the development occurs.
- An economic analysis and impact study will be done by the Town to discuss the use of a Town parcel, and for an incentive package where current sales tax revenue is proposed to be shared between the Town and the District for the purposes of financing the commercial public improvements and acquisition of land for public purposes as well as the economic impact of the residential development as well.
- Assuming development occurs as projected the residential assessed valuation at full buildout for collection year 2030 is expected to be \$24,113,865 for Ledge Rock Residential Metropolitan District No. 1. These values may differ based upon changes in assessed value of the property upon final completion of construction and development with additional assessed valuation possible depending upon final approved development plans with the Town.
- The estimated cost of the public improvements needed for the multi-family residential property portion of the Ledge Rock Center project is currently estimated to be \$18,914,916 for onsite and offsite public improvements based upon current plans, but final values and costs will depend upon approved



development plans which must be approved by the Town prior to construction and development of the multi-family residential property.

- The proposed financing plan provides for a 10 mills for debt and 5 mills for operations purposes. The Service Plan provides for 40 mills for debt and 10 mills for operations pursuant to the Town model service plans, however, it is anticipated that many of the common area charges will be funded through multi-family leases or agreements. The additional mill levies may be used in the future depending upon needs of the project with all intergovernmental agreements which would require prior Town review and approval.
- The proposed and projected public improvements needed for the project will require additional financing to construct and complete. District financing is projected to pay for public improvements constructed through one or more bond issuances for each District. The total par amount of bonds estimated in 2022 is approximately \$2,993,000, which is anticipated to generate approximately \$1,797,587 in net proceeds provided full buildout occurs as anticipated using a 30 year amortization schedule.
- Debt is proposed to be issued in one or more series of bond issuances to allow for financing of constructed infrastructure and expedient completion of the Development.
- Requested Debt Authorization of \$3,600,000 allows for approximately 120% coverage (based upon the financing plan run at \$2,993,000 in capacity with revenue from the proposed ad valorem mill levies and operations and maintenance costs taken into consideration, the additional coverage would allow for contingencies and financing variations based upon changes to construction costs, development build out and absorption of the project. The net proceeds of the initial estimated bond issuances would be approximately \$1,797,587 for the multi-family portion of the Ledge Rock Center Project. Current modeling has not been projected to provide any additional revenue other than property tax for the site initially. Additionally capacity may be available based upon what is ultimately constructed in the project based upon approved development plans. Public improvement costs not financed through the District would be funded through developer advances, private contributions or other financing contributions.
- Maximum voted interest rate of 8%, maximum underwriting discount of 4%. Interest on Developer Debt shall be limited to 8% simple interest.
- Metropolitan district powers allowed by the Special District Act and consistent with other Town of Johnstown metropolitan districts.
- Formation Election after approval of the Service Plan in November 2021.
- There are no current residents within the District and no debt or bonds have been issued.
- Mill levies, interest rate limitations and underwriting discounts will be consistent with the present Town imposed limitations with other service plans approved by the Town.
- Maximum term of any bond issue is 30 years for General Obligation Bonds.
- Intergovernmental Agreement with Town of Johnstown to implement Service Plan restrictions. No operations are currently authorized and future operations and maintenance of public improvements



are subject to prior approval and authorization pursuant to intergovernmental agreement with the Town of Johnstown. It is anticipated that there will be parking lots, lighting and storage structures as well as common areas within the multi-family property that may be dedicated to the District for operations if approved by the Town in the future upon approval of an intergovernmental agreement.

- Ledge Rock Center Residential Metropolitan District No. 1 shall develop and finance its own property.
- Ledge Rock Center, LLC is actively developing and meeting with the Town to complete both onsite and offsite public improvements for the commercial property, residential development and multi-family and hotel/conference center property and park and recreation improvements for the residential property.

The Ledge Rock Center Residential Metropolitan District No. 1 Service Plan will serve the best interests of the taxpayers, property owners and development of the property within the Ledge Rock Center development, will maximize both development and absorption within the District and Town without delays in development. The formation of the District will allow for financing and development to pay for only those improvements and costs which are a direct benefit to the property within the District.