



## ***Memorandum***

File No. 5501871

TO: Town of Johnstown

FROM: David S. O’Leary, Esq.

RE: Summary for the Proposed First Amendment to the Amended and Restated Service Plan for Ledge Rock Center Residential Metropolitan District No. 1 (Multi-Family)

DATE: November 27, 2023

The proposed First Amendment to the Amended and Restated Service Plan for 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 50.251 acres of residential land in its proposed boundaries and is anticipated to include the multi-family portion of the Ledge Rock Center project upon final development.

The improvements needed for the Ledge Rock Center Project include on-site and off-site public improvements which include, among other potential improvements: (i) improvements to State Highway 60, as required by the Town and CDOT; (ii) improvements to High Plains Boulevard; (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 and High Plains Boulevard as required by the Town and the electric utility provider.

The reason for the request for an amendment are the following:

- Two-year delay in projected construction but three-year reduction in time for development of the multi-family project.
- Updated capital costs, changes in construction costs and installation and development needs for the public improvements for the project.
- Amenities are being provided as well as additional infrastructure required for the Home Supply ditch relocation and additional highway, water and sewer onsite and offsite improvements and roadway expenses are included with increases in capital costs from the time of the drafting of the original service plan in September of 2021 and the Amended and Restated versions in June of 2022 which the developer would request the ability to recover costs based upon the capacity of the Districts run at the current town model Service Plan levels (40 mills for debt and 10 mills for operations and maintenance as is feasible).
- Construction of the improvements have been expedited to both develop and attract end users, commercial retail and builders and businesses to the Ledge Rock Center development have resulted in a renewed and updated request for the Town to consider a debt limit increase for the Residential Metropolitan District No. 1 (multi-family units) and the Residential Metropolitan District No. 2 (single-family units) service plans.

The developer and consultants are currently compiling and coordinating finalization of current construction costs and expenses but have estimated to be in excess of \$40 million in improvements to date, with



additional improvements needed to complete both Districts according to contracts and agreements with end users for the first phases of development.

**I. Amended Service Plan Points for Ledge Rock Center Residential Metro District No. 1.**

- 50.251 total acres of service area within the boundaries are anticipated. All acres of property in the proposed boundaries are annexed to and within the Town of Johnstown.
- Anticipated multi-family residential development was originally 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 252 multi-family units per year with pricing inflated as the development occurs. The modeling has now been modified and the first 252 units are anticipated to be completed in 2024 with approximately 252 for each year thereafter.
- Assuming development occurs as projected the residential assessed valuation at full buildout for collection year 2029 is expected to be \$23,406,210 for Ledge Rock Residential Metropolitan District No. 1. Construction was delayed nearly two years from the original modeling in 2021 but should finish one year earlier than original modeling provided.
- The estimated cost of the public improvements needed for the multi-family residential property portion of the Ledge Rock Center project was estimated to be \$21,030,119 for onsite and offsite public improvements and could exceed that amount in the future should additional costs of construction or installation be incurred upon completion. Current estimates in the capital plan provided anticipate \$21,030,119 in capital costs for the multi-family property alone and could be significantly more to finish.
- The original proposed financing plan provided by Piper Sandler for 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. The Developer has requested an updated model from DA Davidson and Company and now projects and requests the capacity be run at the town limits for residential development in order to potentially cover the additional capital costs and expenses. New modeling will be updated to provide for 40 mills for debt and 10 mills for O&M resulting in an increase from approximately \$3.0 million in par value 2023 A and 2023 B bonds to approximately \$12.7 million with net proceeds of \$9.46 million. The additional capacity of the District with the mill levies run at the model service plan limits will provide additional capacity for public improvements and amenities that multifamily development and market is projected to require. Any additional improvements or amenities will be submitted and approved through approved development plans and documents and require town approval.
- Requested Debt Authorization of \$15,250,000 million will allow for approximately 120% coverage (based upon the financing plan run at \$12,708,000 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 \$9,462,948 for the multi-family portion of the Ledge Rock Center Project.
- 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.
- No other changes to the service plan other than capital improvements or financing plans would be requested and no reduction in services are anticipated. Public improvement costs not financed through the District would be funded through developer advances, private contributions or other financing contributions.