



# Town of Johnstown

## TOWN COUNCIL AGENDA COMMUNICATIONS

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**AGENDA DATE:** September 21, 2020

**SUBJECT:** **Public Hearing** – Resolution Approving the Service Plan for Johnstown Farms East Metropolitan District

**ACTION PROPOSED:** Consider Resolution No. 2020-28

**ATTACHMENTS:**

1. Financial Consultant’s Memo regarding the Financial Plan
2. Proposed Service Plan
3. Resolution Approving the Service Plan for Johnstown Farms East Metropolitan District

**PRESENTED BY:** Town Attorney, Avi Rocklin, Special Counsel, Carolyn Steffl of Moses, Wittemyer, Harrison & Woodruff, P.C., and Financial Advisor, Stacey Berlinger of Stifel, Nicolaus & Company, Inc.

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### AGENDA ITEM DESCRIPTION:

An application for approval of a Service Plan (“Service Plan”) was submitted for Johnstown Farms East Metropolitan District (“District”) by TF Johnstown Farms, L.P., a Delaware limited partnership, the owner of the property (the “Owner”), pursuant to the requirements of the Special District Control Act, Title 32, Article 1, Part 2, C.R.S. The Service Plan was submitted in connection with a development known as Johnstown Farms East, generally located on the east side of Weld County Road 17 south of Weld County Road 46 ½ (“Property”). The Property was part of the Johnstown Farms Metropolitan District. With approval of Town Council and subsequent order of the Weld County District Court, the Property was excluded from that district. The District is a residential only district. Development is subject to an Annexation Agreement, dated on or about June 18, 2001, and to a Final Development Plan and Final Plat for Johnstown Farms Filing No. 3, approved on or about December 2, 2019.

To satisfy the statutory requirements, the Service Plan includes (1) a description of the proposed services, (2) a financial plan as to how the services are to be financed, (3) a preliminary engineering or architectural survey showing how the proposed services are to be provided, (4) a map of the proposed District boundaries, (5) an estimate of the population and valuation for assessment of the proposed District, (6) a description of the facilities to be constructed and the standards for construction, (7) a general description of the estimated cost of acquiring land, engineering services, legal services, administrative services, initial proposed indebtedness and estimated proposed maximum interest rates and discounts, and other major expenses related to the organization and initial operation of the District, and (8) a proposed intergovernmental agreement.

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The District's service area consists of approximately 157.821 acres. The initial District boundaries include approximately 90.563 acres, known as Filing No. 3 of the Johnstown Farms development. The inclusion area boundaries consist of an additional 67.285 acres, known as Filing No. 2 of the Johnstown Farms development, which property may be included into the District without further action by the Town Council subsequent to the Town's approval of a preliminary or final plat or similar development plan or agreement. The anticipated population of the District at full development is approximately 1,050 people.

The Service Plan is generally consistent with the Model Service Plan adopted by Town Council on February 22, 2017. The maximum debt mill levy for the District is 40 mills. The maximum operations and maintenance mill levy is 10 mills, except that, if a majority of the Board of Directors of the District is composed of owners or occupants of the residential properties, the Board may eliminate the maximum operations and maintenance mill levy.

The maximum mill levies are subject to Gallagher adjustment. A Gallagher adjustment means, primarily, that if the residential assessment rate is changed (the ratio of assessed valuation to actual valuation), the mill levy may be increased above the cap so that the rate change is revenue neutral to the District.

The maximum term for imposition of a debt mill levy is twenty years for developer debt, unless the Town approves a longer term by intergovernmental agreement, and forty years for all debt, except that, if a majority of the Board of Directors of the District is composed of owners or occupants of the residential properties, they can approve a longer term for a refinancing.

The capital plan, attached as Exhibit E to the Service Plan, estimates public improvement project costs of approximately \$17,000,375. The capital plan was reviewed by Greg Weeks, the Town's Engineer, who found that the preliminary estimates of cost are reasonable.

The financial plan, attached as Exhibit F to the Service Plan, provides that the District will have the ability to issue debt in the amount of \$9,685,000. To provide flexibility to allow the District to issue additional debt if the financial capacity increases, without having to seek a modification of the Service Plan, the maximum debt authorization under the Service Plan is \$12,500,000.

Prior to the issuance of any debt, the District is required to submit the District's resolution approving the debt issuance, setting forth the parameters of the issuance, to the Town. Subsequent to issuance of the debt, the District is required to provide the Town with bond counsel's opinion letter, a certification from the District that the debt issuance complies with the terms of the Service Plan and a copy of the marketing documents associated with the debt. Consistent with the Model Service Plan, the District is entitled to impose a one-time development fee to fund District expenses. The financial plan reflects that, in addition to the operations and maintenance mill levy, the District may impose a recurring fee of up to \$50.00 per month per home (similar in nature to an HOA fee) for operating and maintenance costs.

Pursuant to state law, the Town Council must approve the Service Plan before the District is formed and entitled to operate. The Service Plan must be approved through a public hearing process. Upon approval, the Service Plan, along with a petition for organization of the District, must be submitted to the Weld County District Court, who will then hold a hearing on the petition and order an election regarding the

organization of the District. Notice of this public hearing before the Town Council was published in *The Johnstown Breeze* and provided to interested persons by the proponents of the District.

**LEGAL ADVICE:**

The Town Attorney and the Town’s special counsel have reviewed the proposed Service Plan.

**FINANCIAL ADVICE :**

The Town’s financial advisor, Stacey Berlinger, has reviewed the financial plan.

**RECOMMENDED ACTION:** Approve Resolution No. 2020-28

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**SUGGESTED MOTIONS:**

**For Approval:** I move to approve Resolution No. 2020-28, a Resolution Approving the Service Plan for Johnstown Farms East Metropolitan District.

**For Approval with Conditions:** I move to approve Resolution No. 2020-28, a Resolution Approving the Service Plan for Johnstown Farms East Metropolitan District, with the following modifications to the proposed Service Plan, \_\_\_\_\_, and direct the Town Attorney to revise the Service Plan accordingly.

**For Denial:** I move to deny approval of Resolution No. 2020-28, a Resolution Approving the Service Plan for Johnstown Farms East Metropolitan District.

*Reviewed and Approved for Presentation,*

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Town Manager