

TOWN OF JOHNSTOWN, COLORADO

ORDINANCE NO. 2022-225

AN ORDINANCE AUTHORIZING THE CONVEYANCE OF REAL PROPERTY LOCATED AT LOT 2, OXY LAND SUBDIVISION, IN THE NORTHWEST ¼, SECTION 11, TOWNSHIP 4 NORTH, RANGE 68 WEST OF THE 6TH P.M., TOWN OF JOHNSTOWN, COUNTY OF WELD, STATE OF COLORADO, CONSISTING OF APPROXIMATELY 33.22 ACRES, TO LEDGE ROCK CENTER, LLC

WHEREAS, the Town of Johnstown, Colorado (“Town”) is a Colorado home rule municipality, duly organized and existing under the laws of the State of Colorado and the Town’s Home Rule Charter; and

WHEREAS, the Town Council is vested with authority to administer the affairs of the Town; and

WHEREAS, the Town owns real property located at Lot 2, Oxy Land Subdivision, in the Northwest ¼, Section 11, Township 4 North, Range 68 West of the 6th P.M., Town of Johnstown, County of Weld, State of Colorado, consisting of approximately 33.22 acres (“Property”); and

WHEREAS, the Property was conveyed to the Town pursuant to that certain Oil and Gas Operator Agreement and Encroachment License executed between the Town and Kerr-McGee Oil & Gas Onshore LP on or about December 16, 2019, and recorded at Reception Number 4553635 on December 27, 2019, in the Weld County Clerk and Recorder’s Office; and

WHEREAS, the Ledge Rock Center Commercial Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado and Ledge Rock Center, LLC, a Kansas limited liability company (“Developer”), desire to develop the Property, along with other real property, as a commercial retail center to be known as the Ledge Rock Center containing approximately 785,000 square feet of new retail uses (“Project”); and

WHEREAS, to facilitate the development of the Project, the Developer has requested that the Town convey the Property to the Developer for nominal consideration; and

WHEREAS, Colorado municipalities are entitled to encourage new and expanded retail development through inducements and incentives; and

WHEREAS, the Town has determined the Project will serve a public use and promote the health, safety, prosperity, security and general welfare of the citizens of the Town; and

WHEREAS, Section 19.4 of the Home Rule Charter of the Town of Johnstown provides that the Town may receive bequests, gifts and donations of all kinds of property with the power to manage, sell, lease or otherwise dispose or provide for the disposition of same; and

WHEREAS, Section 11-7 of the Johnstown Municipal Code provides that the Town may sell or dispose of real property and public buildings, used or held for any purpose, by ordinance upon such terms and conditions as Town Council deems to be in the best interests of the Town; and

WHEREAS, based on the foregoing, including the anticipated economic benefits and additional employment opportunities presented by the location of the Project in the Town, and after due consideration, the Town Council desires to accommodate the Developer's request and convey the Property to the Developer for nominal consideration upon the terms and conditions set forth in the Agreement Concerning Purchase and Sale of Real Property for Ledge Rock Center Commercial, attached hereto and incorporated herein by reference as Exhibit 1; and

WHEREAS, the Town Council further finds, determines and declares that this Ordinance is promulgated under the general police power of the Town for the benefit of the public health, welfare, peace, safety and property and that adoption of the Ordinance is in the best interests of the citizens of the Town.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF JOHNSTOWN, COLORADO, AS FOLLOWS:

Section 1. The Town Council hereby authorizes the conveyance of the real property located at Lot 2, Oxy Land Subdivision, in the Northwest ¼, Section 11, Township 4 North, Range 68 West of the 6th P.M., Town of Johnstown, County of Weld, State of Colorado, consisting of approximately 33.22 acres, to Ledge Rock Center, LLC, a Kansas limited liability company, in accordance with the terms and conditions of the Agreement Concerning Purchase and Sale of Real Property for Ledge Rock Center Commercial attached hereto as Exhibit 1.

Section 2. Subsequent to the effective date of this Ordinance, the Town Council hereby authorizes the Mayor to execute the Agreement Concerning Purchase and Sale of Real Property for Ledge Rock Center Commercial on behalf of the Town.

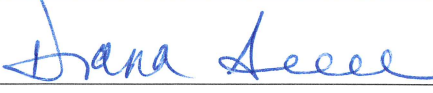
Section 3. This Ordinance shall be interpreted and construed to effectuate its meaning and purpose. If any section, clause, phrase, word or other provision of this Ordinance is for any reason held to be unconstitutional or otherwise invalid, such holding shall not affect the validity of the remaining sections, sentences, clauses, phrases, words or other provisions of this Ordinance or the validity of this Ordinance as an entirety, it being the legislative intent that this Ordinance shall stand, notwithstanding the invalidity of any section, sentence, clause, phrase, word or other provision.

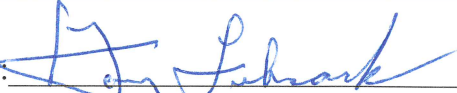
Section 4. This Ordinance, after its passage on final reading, shall be numbered, recorded, published and posted as required by the Home Rule Charter of the Town of Johnstown, Colorado ("Charter") and the adoption, posting and publication shall be authenticated by the signature of the Mayor and the Town Clerk and by the Certificate of Publication. This Ordinance shall become effective upon final passage as provided by the Charter. Copies of the entire Ordinance are available at the office of the Town Clerk.

INTRODUCED AND APPROVED on first reading by the Town Council of the Town of Johnstown, Colorado, this 7th day of February, 2022.

TOWN OF JOHNSTOWN, COLORADO

ATTEST:

By: 
Diana Seele, Town Clerk

By: 
Gary Lebsack, Mayor

PASSED UPON FINAL APPROVAL AND ADOPTED on second reading by the Town Council of the Town of Johnstown, Colorado, this ___ day of _____, 2022.

TOWN OF JOHNSTOWN, COLORADO

ATTEST:

By: _____
Diana Seele, Town Clerk

By: _____
Gary Lebsack, Mayor

EXHIBIT 1

AGREEMENT CONCERNING PURCHASE AND SALE OF REAL PROPERTY FOR LEDGE ROCK CENTER COMMERCIAL

THIS AGREEMENT CONCERNING PURCHASE AND SALE OF REAL PROPERTY FOR LEDGE ROCK CENTER COMMERCIAL (“Agreement”) is made and entered into on this ___ day of _____, 2022, by and between THE TOWN OF JOHNSTOWN, COLORADO, a home-rule municipality of the Counties of Larimer and Weld, State of Colorado (“Town”), LEDGE ROCK CENTER, LLC, a Kansas limited liability company (“Developer”), and LEDGE ROCK CENTER COMMERCIAL METROPOLITAN DISTRICT, a quasi-municipal corporation and political subdivision of the state of Colorado (“District”) (collectively, the “Parties”).

RECITALS

WHEREAS, the Town is the owner of a parcel of land known as Lot 2, Oxy Land Subdivision, located in the Northwest ¼, Section 11, Township 4 North, Range 68 West of the 6th P.M., Town of Johnstown, County of Weld, State of Colorado, and recorded at Reception Number 4785196, on December 15, 2021 in the Weld County Clerk and Recorder’s Office, consisting of approximately 33.22 acres (“Property”); and

WHEREAS, the District and Developer intend to develop the Property, along with other real property, as a commercial retail center to be known as the Ledge Rock Center containing approximately 785,000 square feet of new retail uses (“Project”); and

WHEREAS, in consideration of the Developer’s agreement to convey the Property, excepting the portions of the Property upon which Private Improvements will be constructed, to the District at no cost to the District, and to facilitate the development of the Project, the Developer has requested that the Town convey the Property to the Developer for nominal consideration; and

WHEREAS, Colorado municipalities are entitled to encourage new and expanded retail development through inducements and incentives; and

WHEREAS, the Town has determined the Project will serve a public use and promote the health, safety, prosperity, security and general welfare of the citizens of the Town; and

WHEREAS, in furtherance of the development of the Project, on or about January 3, 2022, the Town, the District and the Developer entered into that certain Development and Reimbursement Agreement for Ledge Rock Center Commercial, Johnstown, Colorado, recorded at Reception Number _____, on _____, 2022 in the Weld County Clerk and Recorder’s Office (“Development Agreement”); and

WHEREAS, pursuant to the Development Agreement, and the District’s and Developer’s representations made therein regarding the construction and installation of the Project on the Property, the Town agreed to negotiate a purchase and sale agreement with the Developer and the District regarding conveyance of the Property; and

WHEREAS, based on the foregoing, including the anticipated economic benefits and additional employment opportunities presented by the location of the Project in the Town, the Town desires to accommodate the Developer's request for conveyance of the Property to the Developer for nominal consideration; and

WHEREAS, pursuant to C.R.S. § 29-1-203, the Parties are authorized to enter into cooperative agreements and contracts for certain specified purposes, and intend that, as between the Town and the District, this Agreement constitute such an intergovernmental agreement with respect to the conveyance of the Property; and

WHEREAS, capitalized terms used herein not otherwise defined shall have the meaning set forth in the Development Agreement; and

WHEREAS, to effectuate the foregoing, the Parties desire to enter into this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the terms, conditions and covenants set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Recitals. The Recitals set forth above are incorporated herein by reference.
2. Conveyance. Based upon the terms and conditions set forth herein, within three (3) business days of the District's first issuance of Bonds, the Town shall convey the Property to the Developer by special warranty deed, in substantially the same form as attached hereto and incorporated herein by reference as Exhibit A ("Conveyance Date"). If the District has not issued Bonds by June 30, 2022, then, unless the Town consents to an extension of time, this Agreement shall terminate and the Town shall not be obligated to convey the Property to the District.
3. Completion of Public Improvements. As a material term of this Agreement, the District and Developer agree to complete construction of the Public Improvements required for commercial use of the Property, the scope of which shall be agreed upon by the Parties, within five (5) years of the Conveyance Date. If, after due diligence, the District and Developer anticipate that they will not be able to complete the Public Improvements within the five (5) year period, within at least three and one-half years (3.5) from the Conveyance Date, the District and Developer may submit a written request to the Town for an extension of time to complete the Public Improvements along with an explanation of the reason for the request. The Town shall review the request and, if agreeable, at the Town's discretion, provide written consent to the extension of time in the form of an amendment to this Agreement. If the request is based on good cause, as determined by the Town, the Town's approval shall not be unreasonably withheld, delayed or conditioned.
4. Conveyance of Property to District. As a material term of this Agreement, the Developer agrees to convey the Property to the District, excepting the portions of the Property upon which Private Improvements will be constructed, within four (4) months of the Conveyance Date. The Developer further agrees to convey the Property to the District at no cost.

5. Restrictive Covenants. Absent written consent of the Town in the form of an amendment to this Agreement recorded in the Weld County Clerk and Recorder's Office, except as otherwise set forth herein, the Developer and the District and shall not:

- a. Convey the Property to a third-party, except that the Developer may convey the Property to the District as set forth herein;
- b. Secure any financing for Public Improvements with a mortgage or other encumbrance on the Property except for any PILOT which may exist on the Property; or
- c. Secure any financing for Private Improvements with a mortgage or other encumbrance on the Property except for (i) financing by a third-party who purchases portions of the Property pursuant Paragraph 6; or (ii) financing approved by the Town pursuant to Paragraph 7. Without limiting the Town's rights, the Town commits and affirms that, if the Town determines that the Developer is making substantial progress toward development of the Property, upon the written request of the Developer, the Town would be inclined to agree to release the foregoing restriction with respect to the Private Property.

6. Conveyance of Portions of the Property to Third-Party Retailers. Notwithstanding the foregoing, the Town understands and agrees that, as the Project develops, the Developer may desire to convey portions of the Property proposed for pad sites to third-parties for Private Improvements and the construction of buildings for commercial use. Such conveyance shall be subject to the following:

- a. Conditions of Sale. The Developer shall only be entitled to convey portions of the Property proposed for pad sites on the condition that the purchase and sale agreement between the Developer and the third-party purchaser contain provisions requiring that the third-party purchaser submit an application to the Town for a building permit within six (6) months of the acquisition of the property and commence construction of the Private improvements within three (3) months of the issuance of a building permit, except that, for good cause, the purchaser may provide a written request for an extension of either of the deadlines to the Town Manager at least thirty (30) days before the expiration of such deadline and the Town Manager may, at the Town Manager's discretion, extend the deadline upon a finding of good cause, which consent shall not be unreasonably withheld, delayed or conditioned if the request is based on good cause. If those conditions are not satisfied, the purchase and sale agreement shall provide that the third-party purchaser be required to reconvey the property to the Developer and that the Developer be required to accept reconveyance of the property from the third-party. The Developer shall also prohibit the third-party purchaser from selling the property to a different purchaser absent the Developer's consent and the new purchaser's assumption of the development obligations set forth above. Prior to the sale of the property by the Developer to a third-party, the Developer shall provide the portions of the purchase and sale agreement containing the above-conditions to the Town for review and

approval.

- b. Developer Funds. Upon the sale of property to a third-party, the Developer shall not be entitled to Developer Funds, as defined in the Escrow Agreement, for such portion of the Property absent written approval of the Town Manager, at the Town Manager's discretion. To determine whether to allow disbursement of Developer Funds, the Town Manager may request, among other information, documentation evidencing: (i) the identity of the purchaser of the property and the anticipated retail use; (ii) the anticipated construction schedule and date by which the purchaser intends to be open for retail business; and (iii) as between the Developer and the third-purchaser, the financial terms of the construction of the Private Improvements.

7. Encumbrance on Private Property.

- a. Pad Sites. Notwithstanding the foregoing, as provided in this Paragraph 7, the Developer may mortgage or encumber portions of the Property proposed for pad sites for Private Improvements when the Developer is prepared to commence construction of the Private Improvements on such pad site(s). In such case, the Developer shall provide written notice to the Town Manager. The Town Manager shall review and, if acceptable, at the Town Manager's discretion, provide written consent to the mortgage or encumbrance. The Town Manager's approval shall not be unreasonably withheld, delayed or conditioned.
- b. Consent to Encumber Lots 7, 8, 9 and 10. Developer has indicated that, as of the effective date of this Agreement, it intends to commence construction of the Public Improvements and thereafter the Private Improvements associated with Lots 7, 8, 9 and 10 ("Lots"), as such Lots are preliminarily shown and depicted on Exhibit B attached hereto and incorporated herein by reference. The Town hereby provides consent for the mortgage or encumbrance of those Lots.

8. Consent to Transfer. Upon the conveyance of the Property from the Developer to the District, the District shall not be entitled to transfer or convey the Property to the Developer or to a third party absent the written consent of the Town.

9. Remedy. If the Developer and/or the District fail to comply with any term or conditions of this Agreement, the Developer and/or the District, as the case may be, shall be liable to the Town for the fair market value of the Property at the time of such failure, determined by an independent appraisal obtained at the Developer's expense. The Town shall be entitled to any and all other remedies available, including the right, at its discretion, to seek to rescission of the conveyance and transfer of the Property in violation of the terms of this Agreement. The Parties acknowledge that the Escrow Agreement will contain a cross default provision that will suspend the distribution of any Developer Funds until such time as any default by the Developer or the District under this Agreement has been cured.

10. References to Property. Each and every reference herein to the "Property" shall mean and include the whole of the Property or portions thereof.

11. Consent of the Town. Except as otherwise provided herein, the requirement to obtain the consent of the Town shall mean the consent of the Town Council of the Town of Johnstown.

12. Mediation. If a dispute arises under this Agreement that the Parties are not able to mutually resolve, prior to commencing litigation, the non-breaching Party shall first submit the matter to mediation conducted by a neutral mediator. The Parties shall attempt to agree upon a mediator and shall endeavor to find a mediator having experience in construction-related matters. If the Parties are unable to agree upon a mediator, either Party may apply to the Judicial Arbitrator Group in Denver, Colorado, for appointment of a mediator. The cost of the mediation shall be shared equally by the Parties.

13. Governing Law and Venue. This Agreement and the interpretation thereof shall be governed by the laws of the State of Colorado. Venue for any claim, proceeding or action arising out of this Agreement shall be in the County of Weld, State of Colorado.

14. Severability. If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect so long as enforcement of the remaining provisions would not be inequitable to the Party against whom they are being enforced under the facts and circumstances then pertaining or substantially deprive such Party of the benefit of its bargain under this Agreement. The Parties shall cooperate in reforming this Agreement to the extent required to most fully effect the intent of any such invalid, void or unenforceable term, provision, covenant or condition.

15. Recordation. This Agreement shall be recorded in the Weld County Clerk and Recorder's Office.

16. Runs with the Land. The terms and provisions of this Agreement shall constitute covenants running with the land (the Property) and shall be binding upon and inure to the benefit of the respective successors, assigns, transferees, personal representatives and heirs of the Parties hereto.

17. Costs and Attorneys' Fees. If the Developer or the District breaches this Agreement, the Developer or the District, as the case may be, shall pay the Town's reasonable costs and expenses, including attorney's fees, incurred in the enforcement of the terms, conditions and obligations of this Agreement.

18. Entire Agreement. This Agreement constitutes the entire agreement and understanding between the Parties related to the subject matter contained herein and supersedes all prior agreements or understandings.

19. No Presumption. Each Party acknowledges that it has obtained, or has had the opportunity to obtain, the advice of legal counsel of its own choosing in connection with the negotiation and execution of this Agreement and with respect to all matters set forth herein. In the

event of any dispute, disagreement or controversy arising from this Agreement, the Parties shall be considered joint authors and no provision shall be interpreted against any Party because of authorship.

20. Findings. The Town hereby finds and determines that execution of this Agreement is in the best interests of the public health, safety and general welfare of the citizens of the Town. The District hereby finds that this Agreement is in the best interests of the District.

21. Further Assurances. Each Party shall execute and deliver to the others all such other further instruments and documents as may be reasonably necessary or requested by another Party to confirm or clarify the intent of the provisions of this Agreement, and to carry out and effectuate this Agreement in order to provide and secure to the other Parties the full and complete enjoyment of their rights and privileges under this Agreement.

22. Authority. The signatories to this Agreement affirm and warrant that they are fully authorized to enter into and execute this Agreement, and all necessary actions, notices, meetings and/or hearings pursuant to any law required to authorize their execution of this Agreement have been made.

23. Headings. The paragraph headings herein are for the convenience and reference of the parties and are not intended to define or limit the scope or intent of this Agreement.

24. Counterparts. This Agreement may be executed in multiple counterparts, each of which will be deemed to be an original and all of which taken together will constitute one and the same agreement.

25. Effective Date. This Agreement shall be effective on the date set forth above in the opening paragraph.

[Remainder of page intentionally left blank.]

EXHIBIT A
SPECIAL WARRANTY DEED

THIS DEED, made this ___ day of _____, 2022, between the TOWN OF JOHNSTOWN, a Colorado home rule municipality located in County of Weld, State of Colorado (“**Grantor**”), and LEDGE ROCK CENTER, LLC, a Kansas limited liability company (“**Grantee**”):

GRANTOR, for the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, has granted, bargained, sold and conveyed, and by these presents does grant, bargain, sell, convey and confirm unto Grantee, its heirs and assigns forever, all the real property together with improvements, if any, situate, lying and being in the County of Weld, State of Colorado, described as follows:

Lot 2, Oxy Land Subdivision, located in the Northwest ¼, Section 11, Township 4 North, Range 68 West of the 6th P.M., Town of Johnstown, County of Weld, State of Colorado, consisting of approximately 33.22 acres.

TOGETHER with all and singular the hereditaments and appurtenances thereto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof; and all the estate, right, title, interest, claim and demand whatsoever of the Grantor, either in law or equity, of, in and to the above bargained premises, with the hereditaments and appurtenances;

TO HAVE AND TO HOLD the said premises above bargained and described with the appurtenances, unto the Grantee, its heirs and assigns forever. The Grantor, for itself, its heirs and personal representatives or successors, does covenant and agree that it will WARRANT AND FOREVER DEFEND the above-bargained premises in the quiet and peaceable possession of the Grantee, its heirs and assigns, against all and every person or persons claiming the whole or any part thereof, by, through or under the Grantor. Said warranty is subject to rights-of-way, easements, covenants, plats, agreements and other restrictions of record as of the date of this Deed and any other exceptions or exclusions or rights of third parties not shown by the public records of which Grantee has actual knowledge, and subject to the inclusions of the property within any special taxing district. The singular shall include the plural and the plural the singular and the use of any gender shall be applicable to all genders.

IN WITNESS WHEREOF, Grantor has executed this Deed on the date set forth above.

TOWN OF JOHNSTOWN

By: _____
Title: Gary Lebsack, Mayor

STATE OF COLORADO)
)ss.
COUNTY OF WELD)

The foregoing instrument was acknowledged before me by Gary Lebsack, Mayor of the Town of Johnstown this _____ day of _____, 2022.

Witness my hand and official seal.

My commission expires _____.

Notary Public

EXHIBIT B
DEPICTION OF LOTS

[Attached]