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**Memorandum**

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To: Town Council of Town of Johnstown

From: Spencer Fane LLP  
David S. O’Leary Esq.

Re: Executive Summary – Proposed Riverbend Estates Metropolitan District Nos. 1-3

Date: Submitted September 12, 2021

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The proposed formation of the Riverbend Estates Metropolitan District Nos. 1-3 (the “Districts”) encompasses the property generally located southwest of the intersection of Weld County Road 46 and Weld County Road 17 and is proposed to include approximately 167.11 acres of primarily residential land in its boundaries, all entirely within the boundaries of the Town of Johnstown (the “Town”). The Districts are proposed to provide 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 (the “Council”) of the Town in order to meet the requirements of a formation election in November 2021.

The owner of the property in the current boundaries of the Districts, George Seward, is the primary owner and principal of Riverbend Development Co. LLC. Either Riverbend Development Co. LLC or Riverbend Estates Partners, LLC is the intended Developer of the project. Construction cost estimates were assembled by the Developer with consultation with Wohnrade Civil Engineers, Inc., which has experience in the costing and construction of similar facilities.

Developer representatives or its affiliates will make up the initial District Boards in order to develop the area in accordance with approved development plans with the Town. The new Districts will help pay for and structure the financing of public improvements and to make the lots and the property permit ready and will help absorb finished lots and homes into the Town tax base.

**I. Major Service Plan Points for Riverbend Estates Metropolitan District Nos. 1-3.**

- Approximately 167.11 acres of property in the initial boundaries within the Town to be part of the area referred to as “Riverbend Estates.”
- Initial estimates of capital public improvements totaling approximately \$25,956,406 are estimates for two (2) primary phases of development which are currently planned for the project. The final costs of construction and the installation or acquisition of improvements will be determined based upon actual construction of improvements according to approved development plans with the Town.



- Anticipated development of approximately 377-387 single family residential units depending upon final development plan approvals.
- The estimated assessed value (in 2021 dollars) at full build-out is \$14,874,288 in 2029. Any additional oil and gas revenue and related assessed valuation is also possible and would assist in the financial proforma attached to the service plan.
- The estimated cost of the public improvements needed for the project is an estimated \$25,956,406, which is needed for development of the property within the Districts.
- Public Improvements need additional financing from the Districts to complete.
- 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.
- Maximum Mill Levy cap on residential property of 40 mills for debt, and an estimated operations and administration mill levy of 10-15 mills (as discussed further below) is proposed.
- Total projected mill levy of 40 mills for debt (residential) allows for financing of approximately \$20,757,000 par amount, inclusive of any amounts needed for debt service reserve funds, surplus fund deposits, capitalized interest and costs of issuance.
- Requested Debt Authorization of \$25,075,000 allows for approximately 120.8% coverage of the projected financial plan capacity for the initial 167.11 acres of land proposed to be developed. The proponents for the Districts respectfully ask for the additional flexibility in financing to provide for additional prospective capacity and provision of supplemental financial proforma based upon approved development plans or preliminary plats. This additional capacity is requested to allow for contingencies and financing variations based upon changes to construction costs, development build out and absorption of the project and potential financing of capital costs needed. Updated financial proforma will be provided to the Town based upon actual construction and development plan approvals of the Town to be provided in the future.
- Maximum voted interest rate of 12%, maximum underwriting discount of 3%.
- Metropolitan district powers allowed by the Special District Act and consistent with other Town of Johnstown metropolitan districts.
- It is the intent of the Districts to provide for covenant enforcement, design review and operations of District improvements in lieu of a homeowners association.
- Formation and TABOR Election in November 2021 after approval of the Service Plan.
- There are no current residents within the Districts 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. An additional 5 mill levy for operations will be authorized if the Districts determine to provide enhanced amenities, including a pool and clubhouse facility.
- Maximum term of any bond issue is 40 years for General Obligation Bonds sold to third parties and 20 years for Developer Debt.
- Intergovernmental Agreement with the Town of Johnstown to implement Service Plan restrictions.
- Riverbend Estates Metropolitan District Nos. 1-3 shall develop and finance its own property.

The Riverbend Estates Metropolitan District Nos. 1-3 Service Plan will serve the best interests of the taxpayers, property owners and development of the property within the project area, will minimize non-interested party obligations, and will maximize both development and absorption within the Districts and Town without delays in development. The formation of the Districts will allow for financing and development to pay for only those improvements and costs which are a direct benefit to the property within the Districts.

We look forward to working with the Town on this matter.