



Town of Johnstown

TOWN COUNCIL AGENDA COMMUNICATIONS

AGENDA DATE: September 20, 2021

SUBJECT: **Public Hearing** – Resolution Approving the Service Plan for Podtburg Metropolitan District Nos. 1-6

ACTION PROPOSED: Consider Resolution No. 2021-33

ATTACHMENTS:

1. Proposed Service Plan
2. Cover Letter from Counsel for Proponents of the Districts
3. Financial Consultant’s Memo regarding the Financial Plan
4. Resolution Approving the Service Plan for Podtburg Metropolitan District Nos. 1-6

PRESENTED BY: Town Attorney, Avi Rocklin, Special Counsel, Carolyn Steffl of Dietze and Davis, P.C., and Financial Advisor, Stacey Berlinger of Stifel, Nicolaus & Company, Inc.

AGENDA ITEM DESCRIPTION:

An application for approval of a Service Plan (“Service Plan”) was submitted for Podtburg Metropolitan District Nos. 1-6 (“Districts”) by Podtburg Dairy Limited Partnership, LLLP, a Colorado limited liability limited partnership, the owner of the property (the “Owner”), pursuant to the requirements of the Special Districts Control Act, Title 32, Article 1, Part 2, C.R.S. The Service Plan was submitted in connection with a development known as Podtburg, generally located north of Weld County Road 42, south of Weld County Road 44, east of Weld County Road 11 and west of Weld County Road 13 (Colorado Boulevard) (“Property”). The Property is subject to an Annexation and Development Agreement and to an Outline Development Plan approved on November 2, 2020.

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 Districts boundaries, (5) an estimate of the population and valuation for assessment of the proposed Districts, (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 Districts, and (8) a proposed intergovernmental agreement.

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The initial boundaries of the Districts include approximately one (1) acre and the total area proposed to be included in the Districts is approximately four hundred forty-nine (449) acres. The Districts shall be comprised of commercial and residential districts. One of the districts shall be a “golf course district,” anticipated to contain approximately 290 acres and be privately owned and maintained. The anticipated population of the Districts at full development is approximately 1,950 people.

The Service Plan is generally consistent with the Model Service Plan adopted by the Town Council on February 22, 2017. The maximum debt mill levy for the residential districts is 40 mills and the maximum debt mill levy for the commercial districts is 50 mills. The maximum debt mill levy for the golf course district is 10 mills. The maximum operations and maintenance mill levy is 10 mills, except that, if a majority of the board of directors of a district is composed of end users (any owner, tenant or occupant of any taxable residential property property), the board of directors may eliminate the maximum operations and maintenance mill levy.

The maximum mill levies are subject to an assessed valuation adjustment, meaning, primarily, that if the 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 Districts.

The maximum term for imposition of a debt mill levy is twenty years for developer debt from the initial imposition of an ad valorem property tax by a particular district, 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 a district is composed of end users, the board may 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 \$48,597,200. 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 Districts will have the ability to issue debt in 2023 and 2033 to pay for the public improvements. The total par amount of the bond issuances totals approximately \$28,850,000. To provide flexibility to allow the Districts 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 \$33,376,567.

Prior to the issuance of any debt, the Districts are required to submit the Districts’ resolution approving the debt issuance, setting forth the parameters of the issuance, to the Town. Subsequent to issuance of the debt, the Districts are required to provide the Town with bond counsel’s opinion letter, a certification from the Districts 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 Districts are entitled to impose a one-time development fee to fund Districts expenses.

Pursuant to state law, the Town Council must approve the Service Plan before the Districts are 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 Districts, 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 Districts. 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 Districts.

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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. 2021-33

SUGGESTED MOTIONS:

For Approval: I move to approve Resolution No. 2021-33, a Resolution Approving the Service Plan for Podtburg Metropolitan District Nos. 1-6.

For Approval with Conditions: I move to approve Resolution No. 2021-33, a Resolution Approving the Service Plan for Podtburg Metropolitan District Nos. 1-6, 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. 2021-33, a Resolution Approving the Service Plan for Podtburg Metropolitan District Nos. 1-6.

Reviewed and Approved for Presentation,



Town Manager