

From: Jacki Marsh <rabbask@yahoo.com>

Date: October 22, 2019 at 5:42:32 PM MDT

To: Jacki Marsh - Mayor <jacki.marsh@cityofloveland.org>, "kim.h.chau@irs.gov" <kim.h.chau@irs.gov>

Subject: Centerra Metro Districts Loveland Colorado

Ms Chau,

I am writing to you as a private citizen, as the Mayor of Loveland, Colorado and as the Chair of the LURA (Loveland Urban Renewal Authority). As you will see after watching and visiting the links below - I am not writing to you on behalf of the Loveland City Council; in my opinion, Members of the Loveland City Council have done everything possible to curtail and to prevent my attempts to provide oversight of the Centerra Metro Districts.

Through CORA Requests (Colorado Open Records Act), I have obtained copies of at least some of the communications between yourself and persons representing Centerra Metro Districts 1 -5. It is my belief that some of the communications you received a few years ago may have led you to believe that the Loveland City Council and the LURA Board (whose Members are all the same people as the Loveland City Council) provide oversight of the Centerra Metro Districts. It is my observation both as a private citizen before my election, and in my capacity as the Mayor of Loveland, that the Loveland City Council and the LURA Board operate more as a "rubber-stamp" vs providing oversight. The current Councilors have repeatedly commented that they have no responsibility to provide oversight over a Metro District after a Metro District is approved. The current and past Loveland City Council continues to willingly authorize increased debt by Centerra, extensions of the debt maturity date and changes to the Master Finance Agreement which seem only to benefit the Centerra Developer.

I believe you were led to believe that by December of 2018, Centerra Metro District1 would have 400 - 1,000 eligible electors added to District 1 and that those new electors would be able to serve on the Centerra Metro District 1 Board and that they would be able to vote on issues affecting them. I do not believe that has occurred and that as of today the only eligible electors on the Centerra Metro District 1 Board Members, are still the Developer, their employees or persons under the Developer's control.

I noticed that one source of revenue was not disclosed in your previous communications with persons representing the Centerra Metro Districts. That revenue source is the 1% Retail Sales Fee (RSF) that is charged on purchases in Centerra, in addition to the 1.25% PIF that is collected. The City of Loveland collects both the RSF and the PIF. I have never been given a good response when I've asked how much has been collected and how have the funds been spent. It is illogical to me that the City of Loveland, per contract with the Developer, is required to audit businesses in Centerra, yet our City Council will not authorize an independent audit of this Developer.

I am very concerned about the huge amount of debt owed by Centerra, the repayment of the debt and the unregulated expenditures. In April of 2017, the previous Bonds were refinanced and additional debt was added in the creation of the Bond Series 2017; in the amount of \$187,975,000.

In November of 2018, the Loveland City Council authorized \$44,000,000 in new debt, which resulted in the 2018 Bond Series in the amount of \$11,000,000. It is my understanding that the \$11,000,000, 2018 Bond Series, will pay interest-only until approx 2038, which will result in a total repayment of \$350,000,000. I believe another Bond Series may exist in the amount of \$20,000,000.

In addition to Centerra Metro Districts 1 -5 in Centerra, there is the Lakes of Centerra Metro Districts 1 -3 (with several HOAs) and Van De Water Metro Districts 1 - 3 (likely with HOAs). Each of these Metro Districts within Centerra carry their own debt, which is in addition to the Centerra Metro Districts 1 - 5 debt. I believe some and perhaps all three of these Metro Districts have their regular property taxes diverted back to the Centerra development via TIF for the Centerra URA.

I have not researched the Van De Water Metro Districts in detail. District 1 of The Lakes at Centerra controls expenditures, revenue, debt and debt repayment. District 1 is less than a quarter of an acre and I believe all Board Members are under the control of the Developer, which is the same Developer as the Centerra Metro Districts 1 -5.

All the Metro Districts in Centerra; Centerra Districts 1 -5, The Lakes at Centerra Districts 1 - 3 and the Van De Water Metro Districts 1 -3, make payments to the McWhinneys, Pinnacle Consulting Group LLC and to Alan Pogue, their Metro District Attorney. I believe that the Pinnacle Consulting Group, LLC was established in coordination with the McWhinneys in 2004.

I believe an unhealthy relationship exists between the Developer and some members of the Loveland City Council, some members of the Loveland City Staff, the Chamber of Commerce and other Boards of influence. As an example, the McWhinneys host quarterly luncheon meetings with Loveland City Staff and Centerra Metro District Board Members; an ex City employee informed me that he was reprimanded in his annual job performance review for failing to attend those meetings, which he believed were unethical.

My hope is that you will revisit the investigation you conducted several years ago and that you will go even further and perform a full and detailed audit of Centerra Metro Districts 1 - 5; The Lakes at Centerra and Van De Water. I have attached several links and a file containing questions I submitted to Centerra in July of 2019 with their responses to my questions. It is my belief, based on statements, actions and non-actions that the Developer has no plans to allow property owners to vote or to serve on the District 1 Board. Many of the expenses do not benefit all property owners. As an example, currently a west to east road is being developed that will provide another route connecting Centerra developments on the east side of Interstate 25 to Centerra Developments on the west side of Interstate 25. In doing so, traffic will be diverted from Highway 34, which from a traffic standpoint is an improvement. However businesses along Highway 34, who pay Centerra Metro Fees will be paying to build a road that will divert traffic away from their business location on Highway 34.

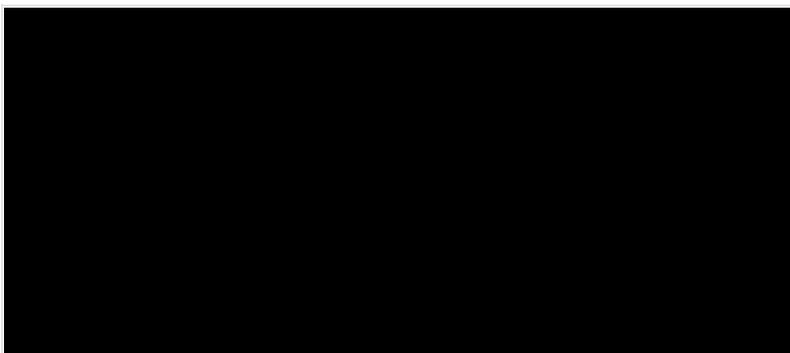
As a side note, per the 2/19/19 Centerra Presentation to the Loveland City Council, as of 12/30/18, PIF paid on purchases within Centerra totaled \$35.4 million. And again, an unknown amount of dollars in Retail Sales Fees.

Sincerely,

Jacki Marsh

[Denver attorney Brian Matise explains metro districts to Loveland City Council](#)

Attorney Alan Pogue explaining to Loveland City Council that the Developer will always have control of the Districts



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10/08/19 [City Council 10/08/2019](#) Mayor Marsh asking for oversight of Metro Districts

02/19/19 [City Council 02/19/2019](#) Second update by Centerra, Mayor Marsh questioning Centerra & Council praising Centerra - it should be noted that this video is missing approx twelve minutes of the meeting and most of my questions. Council started the meeting by limiting the discussion following the Centerra Presentation to thirty minutes, a first for City Council and I believe an attempt to limit or to stop my questions.

01/16/18 [City Council 1/16/2018](#) First Centerra Update, questions by Mayor Marsh & Council praising Centerra

http://lovelandpolitics.com/files/Complaint_part_1_of_2_.pdf Court documents

http://lovelandpolitics.com/files/Answer_Counterclaim_and_Jury_Demand_Filed.pdf Court Documents - 85 acres, a small portion of the blighted land used to establish Centerra URA, is suddenly valued at over \$16 million dollars when it is claimed as a part of the McWhinney Capital Investment in a 50/50 partnership contract to build the Promenade Shops in Centerra. These two valuation discrepancies both occurred in 2004, however the Millions of dollars in diverted tax revenues continues today. I do not know if the McWhinneys are still receiving 10% interest on their \$16 million dollar Capital Land Investment to build the Promenade Shopping Center.

1st file, labeled CMD, is my 7/5/19 questions to Centerra & their response (many were non-responsive).
Second file is a spreadsheet from the Larimer County Treasurers office showing the TIF and Metro Fee Distributions.

<CMD Response LTR to Mayor 7.5.2019.pdf>

<Copy of US 34 CROSSROADS TIF HISTORY.xls>