



Loveland Urban Renewal Authority

Civic Center • 500 East Third Street • Loveland, Colorado 80537
(970) 962-2000 • FAX (970) 962-2901 • TDD (970) 962-2620

www.lovgov.org

**6:00 PM LOVELAND URBAN RENEWAL AUTHORITY BOARD
TUESDAY, OCTOBER 14, 2025
CITY COUNCIL CHAMBERS
500 EAST THIRD STREET
LOVELAND, COLORADO**

Notice:

All Loveland Urban Renewal Authority (LURA) meetings are conducted in a hybrid format with a Zoom meeting in addition to the in-person meeting.

LURA board members may participate in this meeting via electronic means pursuant to their adopted policies and protocol.

To contact the Loveland Urban Renewal Authority please email: LURAcollection@cityofloveland.org

How to View this Meeting:



Meetings are open to the public and can be attended in-person by anyone.



Meetings are televised live on:

- Pulse TV Channel 16
- Comcast Channel 16/880



Meetings are available through Zoom by PC, laptop or phone:

- Webinar ID: 975 3779 6504
- Passcode: 829866



Meetings are livestreamed on the City's website. You can find the link here: lovgov.org/tv

Public Comment Rules:

General Public Comment:

- Public comment rules are established in the Loveland Urban Renewal Authority Bylaws, adopted by Resolution 27-2025.
- There are two public comments periods: 1) general public comment and 2) public comment for public hearing items. During general public comment, individuals may speak to any item that is NOT set for a public hearing. During public comment for a public hearing, individuals may speak to the public hearing item.
- Individuals who wish to speak are asked to fill out a card provided in Chambers and give this to

the City Clerk prior to the start of the meeting. The Chair will call people up to comment in the order the cards were received.

- Each person will have three minutes to speak.
- General public comment and public comment for public hearing is limited to 60 minutes each.
- Members of the public who wish to provide public comment remotely, can log in using the meeting ID provided above, or opening your [meeting app or accessing the web browser](#) and entering the Meeting ID shown above after 5:45 pm, at which time you will be muted and added to the meeting. All virtual public commenters must use the raise their hand feature when prompted by the City Clerk.

1. INTRODUCTION

(6:00) 1.1. **CALL TO ORDER**

1.2. **PLEDGE OF ALLEGIANCE**

1.3. **ATTENDANCE REPORT OUT**

2. CONSENT AGENDA

2.1. **CITY CLERK'S OFFICE** (presenter: Ashley Macdonald)
APPROVAL OF MINUTES

A motion to approve the Loveland Urban Renewal Authority Regular Meeting Minutes for April 8, 2025

Approval of the Loveland Urban Renewal Authority minutes for the April 8, 2025 Regular Meeting.

[04-08-25 Minutes](#)

3. GENERAL PUBLIC COMMENT

Individuals may comment on any item not set for public hearing at this time

4. GENERAL BUSINESS

4.1. **LURA ATTORNEY** (presenter: Austin Flanagan)
RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE LOVELAND URBAN RENEWAL AUTHORITY APPROVING THE SALE OF CERTAIN PROPERTY WITHIN THE CITY OF LOVELAND AND ASSIGNING A LEASE FOR

THE SAME PROPERTY TO THE CITY OF LOVELAND

A motion to approve Resolution #R-75-2025 of the Board of Commissioners of the Loveland Urban Renewal Authority approving the sale of certain property within the City of Loveland and assigning a lease for the same property to the City of Loveland

This item comes at the request of LURA to sell property currently owned by LURA and operated by the City as a parking lot to the City. It will assign the parking lot lease with a developer on the property to the City who currently manages the lease.

[AIR-101425](#)

[Resolution](#)

4.2. **FINANCE** (presenter: Brian Waldes) **RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE LOVELAND URBAN RENEWAL AUTHORITY (LURA) ADOPTING THE 2026 LURA BUDGET**

A motion to adopt Resolution #R-76-2025 of the Commissioners of the Board of the Loveland Urban Renewal Authority (LURA) adopting the 2026 LURA Budget

Each year the Loveland Urban Renewal Authority (LURA) sets a budget that adheres to the requirements of the three extant URAs within the LURA. There is generally no discretionary component to this budget, as all revenues/expenses in the fund are allocated by the three plans. The FY2026 Proposed Budget for Fund 603 Loveland Urban Renewal Authority is included in the resolution, Exhibit A, and has not undergone any changes since City Staff's August LURA presentation.

[AIR-0335](#)

[Resolution](#)

[Att 1 August 12 2025 Presentation - Financial Overview - Budget](#)

4.3. **CONSIDERATION OF ITEMS REMOVED FROM CONSENT AGENDA**

5. STAFF AND INFORMATION ONLY REPORTS

5.1. **ERNST & YOUNG** (presenter: Ernst & Young) **UPDATE REGARDING ERNST & YOUNG**

Information Only

The purpose of this item is for Ernst & Young to provide an update on the Centerra Audit.

[EY Oct 14 Presentation](#)

[EY Aug 12 Interim Update Presentation](#)

[August Ernst & Young Update Centerra Audit](#)

[July Ernst & Young Update Centerra Audit](#)

6. GENERAL BUSINESS

6.1. **LURA ATTORNEY** (presenter: Austin Flanagan)
**EXECUTIVE SESSION TO HOLD A CONFERENCE WITH LURA'S ATTORNEY TO
RECEIVE LEGAL ADVICE ON SPECIFIC LEGAL QUESTIONS, PURSUANT TO
C.R.S. § 24-6-402(4)(B) REGARDING THE CENTERRA NORTH AUDIT.**

The executive session would be held:

- *To hold a conference with LURA's attorney to receive legal advice on specific legal questions, pursuant to C.R.S. § 24-6-402(4)(b) regarding the Centerra North audit.*

The purpose of the Executive Session is to receive legal advice on specific questions regarding the Centerra North Audit.

7. ADJOURN



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Board Members Present:

Chair Shaddock-McNally, Marsh, Molloy, Foley, Kruse, Mallo, Olson, Light-Kovacs, Macias and Swanty.

Board Members Online:

Commissioner Samson and Black

Board Members Absent:

Commissioner McFall

1. Introduction

1.1 Call to Order

The Chair called the meeting to order at 6:00 p.m., on April 8, 2025.

1.2 Pledge of Allegiance

The Chair invited all who were able to stand and join her in reciting the Pledge of Allegiance.

1.3 Attendance Report Out

The City Clerk, Ashley Macdonald, stated there were 10 Commissioners present and 2 Commissioners online.

1.4 Election of Chair and Vice Chair

Election of Chair:

Chair Shaddock-McNally self-nominated for Chair. Commissioner Light-Kovacs provided the SECOND.

NOMINATION PASSED 9-3.
(Commissioners Foley, Olson and Samson dissenting.)

Election of Vice Chair:

Commissioner Light-Kovacs self-nominated for Vice Chair. Mayor Marsh provided the SECOND.

NOMINATION PASSED 11-1.
(Commissioner Samson dissenting.)

1.5 Procedural Information

There was no procedural information for this meeting.

2. Public Comment

There were no Public Comments.

Chair closed Public Comment.

3. CONSENT AGENDA

3.1 City Clerk's Office Approval of Minutes

Approval of the Loveland Urban Renewal Authority minutes for the July 9, 2024 and December 10, 2024 Meetings.

Commissioner Light-Kovacs made a MOTION to ADOPT the Consent Agenda, Item 3.1, which included a MOTION to APPROVE the Loveland Urban Renewal Authority Minutes for the July 9, 2024 and December 10, 2024 Meetings. Commissioner Molloy provided the SECOND.

MOTION CARRIED 12-0

4. Motion to Adopt the Consent Agenda

Vice Chair Light-Kovacs made a MOTION to ADOPT the Consent Agenda, Item 3.1. Commissioner Molloy provided the SECOND.

MOTION CARRIED 12-0

5. New Business From LURA

Vice Chair Light-Kovacs stated that it was National Library Week and wanted to recognize the week as National Library Week and spoke on the significance of the Loveland Library and the various services provided.

Commissioner Samson spoke about Commissioner Black being asked to resign from this Board at the last City County Meeting. The Council had requested limitations on Commissioner Black for Boards and Commissions. Commissioner Black was requested not to attend her Boards and Commissions in person and only attend remotely. Commissioner Samson asked for clarification from the City Attorney and LURA Attorney about the procedures, should the Chair of this Board make a request from Commissioner Black not to participate/attend any Board meetings in person. Both the City Attorney and LURA Attorney responded with clarification.

Commissioner Samson made a MOTION to place on the next LURA meeting regular agenda an Item to address the behaviors and actions of Commissioner Black for the incident that took place at Dwayne Webster Park. Commissioner Olson provided the SECOND.

Board Questions and Deliberations:

- Commissioner Molloy stated that he was not familiar with the situation regarding Commissioner Black and asked if an investigation was ongoing.
- Commissioner Light-Kovacs stated that City Council has already addressed issue and asked Commissioner Samson clarifying questions regarding her requested actions to be taken by LURA Board. Commissioner Samson responded with clarification.
- Commissioner Olson stated that the matter is under investigation by the Larimer County Sheriff's Department. Stated that action is not necessary with LURA Board, due to action already taken by the City Council.

Commissioner Samson restated the MOTION to place on the next LURA meeting regular agenda an Item to address the behaviors and actions of Commissioner Black for the incident that took place at Dwayne Webster Park. Commissioner Olson provided the SECOND.

MOTION FAILED 2-9

(Commissioners Shadduck-McNally, Olson, Light-Kovacs, Swanty, Molloy, Kruse, Macias, Mallo and Marsh dissenting. Black recused).

- Commissioner Olson read a letter from a gentleman representing the Loveland High School Social Studies Department regarding a seminar being held on April 10 and April 11, 2025.

6. Regular Agenda

The Chair provided procedural information for this portion of the meeting.

6.1. LURA ATTORNEY

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE LOVELAND URBAN RENEWAL AUTHORITY REPEALING AND REENACTING THE AUTHORITY'S BYLAWS

The purpose of this proposed Resolution is to review and approve amended LURA rules bylaws.

Commissioner Macias made a MOTION to APPROVE Resolution #R-27-2025 of the Board of Commissioners of the Loveland Urban Renewal Authority Repealing and Reenacting the Authority's Bylaws. Commissioner Foley provided the SECOND. – NO VOTE

Austin Flanagan, LURA Attorney and Vince Junglas, City Attorney provided the Staff Presentation on this item.

The Board was presented with various options regarding the LURA Proposed Rules Options.

1. Parliamentary Procedure:

Option 1: Bob's Rules (Proposed Version) – **Most Support**

Option 2: Robert's Rules (Current Version)

Option 3: Different Options – **1 indicated support**

OPTION 1 – had the most support: 11-0-1

2. Public Comment – Number of Public Comment Periods

Option 1: One for General Public comment at beginning of meeting and one for each Public Hearing. (Proposed Rule) - **8 indicated support**

Option 2: One for General Public Comment at beginning of meeting and one for each Agenda Item. (Current Rule) – **0 indicated support**

Option 3: Follow City Council Rule. General Public Comment and a Public Comment at all Regular Agenda Item. - **4 indicated support**

Board Questions and Deliberations regarding 2. Public Comment – Number of Public Comment Periods:

- Commissioner Olson asked clarifying questions. Attorney Flanagan responded with clarification.
- Commissioner Foley stated that public should be heard regarding any public hearing items.

- Commissioner Molloy stated that public hearings are for public and those items are set up for public hearings. Agenda items could be brought up during General Public Comment.
- Commissioner Marsh stated that Items on the Regular Agenda should get Public Comment, items that are Informational only or Consent Agenda Items are not open to Public Comment.

OPTION 1 – had the most support: 8-4

3. Public Comment – Max Total Time per Period

Option 1: Maximum 30 minutes per Period; LURA may extend by majority vote. (Proposed Rule) – **5 indicated support**

Option 2: Maximum 60 minutes per Period; LURA may extend by majority vote. (Current Rule) – **7 indicated support**

Board Questions and Deliberations regarding 3. Public Comment – Max Total Time Per Periods:

- Chair Shadduck-McNally asked about Chair Prerogative Time for 2 or 3 minutes per Public Comment. Attorney Flanagan responded with clarification.
- Commissioner Molloy spoke about previous meeting times and meeting time efficiency. Asked if there is going to be a meeting date schedule change, so they are not on the same evenings at City Council Meetings. Attorney Flangan stated that LURA meetings have been moved to quarterly on the first Tuesday at 6:00 p.m.
- Commissioner Marsh stated she was in favor of the 60 minute per period option.
- Commissioner Olson stated he was in favor of the 30 minute per period option.
- Commissioner Samson stated she was in favor of the 30 minute per period option.
- Commissioner Black stated she was in favor of the 60 minute per period option.

OPTION 2 – had the most support: 7-5

4. Public Comment – Time Pooling

Option 1: Time Pooling Prohibited. (Proposed Rule) – **4 indicated support**

Option 2: Time Pooling Permitted. (Current Rule) – **8 indicated support**

Board Questions and Deliberations regarding 4. Public Comment – Time Pooling:

- Chair Shadduck-McNally stated that in other Boards, it is allowed for coordinated time for a group of people to speak from the same script with several people using their own allotted time. Attorney Flanagan responded with clarification.
- Commissioner Foley stated concerns regarding a coordinated time for a group to speak and would like an Option 3 wherein citizens can have the option to give a presentation.
- Commissioner Marsh stated that time pooling saves time and asked if the maximum would be 10 minutes for each pooled time speaker.
- Commissioner Olson stated he is not in favor of time pooling.
- Commissioner Samson stated she is in favor of pooling time in certain instances.

OPTION 2 – had the most support: 8-4

5. Commissioner Speaking – Questions to Staff/Applicants

Option 1: 1 Round of 4 Minutes each to ask questions; response time included. (Proposed Rule) – **0 indicated support**

- Option 2: 2 Questions at a time; no limit to number of rounds, unless the Chair state one for a matter of efficiency. (Current Rule) **1 indicated support**
- Option 3: 2 Rounds for 2 Minutes, Response time not included. **3 indicated support**
- Option 4: Follow Bob’s Rules, 5 Minutes per speaker with unlimited rounds of Open Dialogue. **4 indicated support**
- Option 5: 2 Questions for 1 Minute, unlimited Rounds. **2 indicated support**
- Option 6: 4 Rounds maximum of 1 Munte to formulate 2 questions, Response time in included. **1 indicated support**
- Option 7: 3 Rounds of Open Dialogue for 3 Minutes. **1 indicated support**

Board Questions and Deliberations regarding 5. Commissioner Speaking – Questions to Staff/Applicants:

- Commissioner Samson asked for an Option 3, not have unlimited rounds, but to more than 1 round for 4 minutes. Perhaps 2 rounds for 2 minutes with response time not included.
- Commissioner Olson spoke about various Bob’s Rules regulations and rules. Stated there should not be limits in terms of frequency.
- Commissioner Molloy stated he is in favor of no limit on questions, if it is limited to questions only and not options, etc.
- Commissioner Foley stated he is in favor of following Bob’s Rules, with time limits.
- Commissioner Molloy stated she is in favor of unlimited questions, with a limit of 1 minute to ask 2 questions with 2 rounds.
- Chair Shadduck-McNally stated that questions are important and offered Option 6.
- City Attorney spoke about current City Council Rules regarding Open Dialogue.
- Commissioner Olson spoke about Bob’s Rules and stated there needs to be dialogue among Commissioners.
- Commissioner Black stated she is in favor of open dialogue, 2 open dialogue rounds with 5 minutes per round, unlimited.
- Commissioner Mallo stated he would favor limiting the rounds, 3 minutes for open dialogue for 3 rounds.
- Commissioner Foley asked a POINT OF CLARIFICATION asked with Option was to follow Bob’s Rule. Attorney Flanagan responded with Option 4.

OPTION 4 – had the most support

Chair Shadduck-McNally asked to take top 3 Options with the most votes and have another vote.

Option 3: 2 Rounds for 2 Minutes, Response time not included.

1st Poll: 3

2nd Poll: 6

Option 4: Follow Bob’s Rules, 5 Minutes per speaker with unlimited rounds of Open Dialogue.

1st Poll: 4

2nd Poll: 6

Option 5: 2 Questions for 1 Minute, unlimited Rounds.

1st Poll: 2

2nd Poll: 0

OPTION 4 and OPTION 3 – tied with the same support

- Commissioner Foley stated that City Council currently does Option 4 and it works well.

- Commissioner Olson state that City Council currently does Option and it expedites the process.
- Chair Shadduck-McNally stated that previous LURA meetings have gone 4 and 5 rounds.
- Commissioner Molloy stated he was in favor of the open dialogue rather than Bob's Rules of just questions.
- Commissioner Samson stated she was in favor of shorter times per round given the number of Commissioners on the Board.
- Commissioner Light-Kovacs stated she would like to change her vote to Option 3.
- The City Manger clarified the process and procedures City Council are currently using.
- Commissioner Foley asked to add an AMENDMENT to OPTION 4 to – 2 Minutes per speaker with Unlimited Rounds of Open Dialogue.

Option 3/Option 1: 2 Rounds for 2 Minutes, Response time not included.

1st Poll: 3

2nd Poll: 6

3rd Poll: 5

Option 4/Option 2: Follow Bob's Rules, 5 Minutes per speaker with unlimited rounds of Open Dialogue.

1st Poll: 4

2nd Poll: 6

3rd Poll: 3

- Commissioner Foley asked to add an AMENDMENT to OPTION 4 to – 2 Minutes per speaker with Unlimited Rounds of Open Dialogue.

Option 3 was added for the 3rd round of polling only.

Option 3: 2 Minutes per round with unlimited rounds of Open Dialogue:

Poll: 4

OPTION 3/OPTION 1 – with the most support

6. Commissioner Speaking – Questions to Staff/Applicants

Option 1 – 1 Round of 4 Minutes Each (Proposed Rule) – **0 indicated support**

Option 2 – 2 Rounds of 5 Minutes Each (Current Rule) – **10 indicated support**

Board Questions and Deliberations regarding 6. Deliberations:

- Commissioner Foley stated it is more efficient to combine questions and deliberations as that procedure has been working with City Council meetings.
- Commissioner Olson asked the City Manger to clarify the procedures for City Council meetings. The City Manager responded with clarification.
- Commissioner Light-Kovacs stated that open dialogue is working will with City Council meetings and questions as one category and deliberations with another category cause people to pontificating and slows the meeting down.
- Commissioner Molloy stated that deliberations portion is important and is favor of Option 4/Option 2.
- Commissioner Foley asked for a POINT OF CLARIFICATION asking about deliberation periods potentially going away. Attorney Flanagan responded with clarification.

- Chair Shadduck-McNally asked for a clarifying question regarding the Chair being able to Call a Vote and stop deliberations. Attorney Flanagan responded with clarification.
- Commissioner Foley reiterated that the procedures that are working well for City Council meetings.
- Commissioner Olson stated Rule 7.6 of Bob's Rules regarding Motion to Close Deliberations.
- The City Manager spoke about the process and procedures regarding Motion to Close Deliberations.
- Chair Shadduck-McNally spoke about LURA procedures and rules being different from current City Council procedures.
- The City Manager clarified that a Motion to Close Deliberations does need a 2/3 vote to Call the Vote.

Option 1: 2 Rounds for 2 Minutes, Response time not included. – **3 indicated support**

Option 2: Follow Bob's Rules, 5 Minutes with unlimited rounds of Open Dialogue. – **3 indicated support**

Option 3: 2 Minutes each with Open Dialogue with unlimited rounds. – **6 indicated support**

Option 4: Open Session not limited to questions. - **0 indicated support**

OPTION 3 CARRIED with Majority of support

Public Comment

- Cindy V, Ward 2, asked about Public Comment procedures for LURA Board Meetings. Stated that she would recommend doing the same procedures as City Council meetings as Public Comment is important.

Chair closed Public Comment.

Board Questions and Deliberations – Agenda Item 6.1:

- Commissioner Olson spoke about various Bylaws and Bob's Rules. Attorney Flanagan responded with clarification.
- Commissioner Molloy asked for clarification regarding Rule to Abstain. Attorney Flanagan responded with clarification.
- Commissioner Macias asked for clarification regarding Rule to Abstain. Attorney Flanagan responded with clarification.

Commissioner Macias made a MOTION to AMEND RULES to allow for ABSTENTIONS and would not count affirmatively or negatively on the vote and having to state why you are asking to abstain. Commissioner Foley provided the SECOND.

MOTION CARRIED 12-0.

- Commissioner Foley asked for a POINT OF CLARIFICATION and asked for clarification on the Public Comment aspect of the procedures at this juncture. Attorney Flanagan responded with clarification. Commissioner Foley asked to go back and reopen the Public Comment Rules.
- Commissioner Olson stated that the Public Comments have already been decided.

Chair closed Board deliberations.

Attorney Flanagan recapped the majority voting:

1. Bob's Rules
2. 1 General Public Comment at beginning of meeting and 1 Public Comment for each Public Hearing Item.
3. Public Comment has maximum 60 minutes per period – LURA may be extended by majority vote.
4. Time Pooling will be permitted – with a 10-minute maximum per speaker
5. Move to 2-minutes each for an Open Dialogue with no round limitation regarding deliberations and questions.
6. Allow abstentions as long as the reason for the abstention are stated on the record and that vote will not count either in the affirmative or negative.

Commissioner Light-Kovacs MOTION to APPROVE the Resolution repealing and reenacting the Rules of Procedure as shown in the packet with the following Amendments:

1. *Maximum time for Public Comment be 60 Minutes per period.*
2. *Time polling is permitted with 10 minutes maximum per speaker.*
3. *2 Minutes of open dialogue, deliberation and questions asking is permitted per Commissioner for an unlimited number of rounds.*
4. *Abstentions will be allowed as long as the reasons for the abstention are stated in the record, then that abstention will not count as an affirmative or negative vote.*

Commissioner Foley provided the SECOND. Roll Call was taken.

MOTION CARRIED 10-1.

(Commissioner Foley dissenting and Commissioner Samson and McFall absent.)

6.2. CONSIDERATION OF ITEMS REMOVED FROM CONSENT AGENDA**7. REPORTS**

- Commissioner Marsh stated that she met with staff regarding a discrepancy of the number of bids that she received from a CORA request of 2023 and spoke about the expectations and time involved in doing deep-dives regarding CORA requests and audits. Commended City Staff for their help and thank them for their hard work.
- Staff Report from Brian Waldes, Chief Financial Officer. Spoke about audit and review of the Annual Report and confirmed the information in the Annual Report is correct.

7.2 EXECUTIVE DIRECTOR REPORT

There were no reports from the Executive Director.

7.3. LURA ATTORNEY REPORT

There were no reports from the LURA Attorney.

9. ADJOURN

The Chair ADJOURNED the meeting at 7:57 p.m.

Respectfully Submitted,

Jody Shadduck-McNally, LURA
Chair

Ashley Macdonald, City Clerk

MEETING DATE: October 14, 2025
TO: Loveland Urban Renewal Authority
DEPARTMENT: Legal
DIRECTOR:
PRESENTER: Austin Pierce Flanagan
STRATEGIC PLAN
FOCUS AREA:

AGENDA ITEM:
A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE LOVELAND URBAN RENEWAL AUTHORITY APPROVING THE SALE OF CERTAIN PROPERTY WITHIN THE CITY OF LOVELAND AND ASSIGNING A LEASE FOR THE SAME PROPERTY TO THE CITY OF LOVELAND.

RECOMMENDED LOVELAND URBAN RENEWAL AUTHORITY ACTION:

A motion to approve Resolution #R-75-2025 of the Board of Commissioners of the Loveland Urban Renewal Authority approving the sale of certain property within the City of Loveland and assigning a lease for the same property to the City of Loveland

OPTIONS:

COUNCIL ACTION OPTIONS	CONSEQUENCE
Approve the Motion	Approval will result in sale of the property and assignment of a lease for the property to the City of Loveland
Deny the motion or take no action	The property and lease will remain with LURA.
Adopt a Modified Action	Specify in the motion.

SUMMARY:

Purpose: This item comes at the request of LURA to sell property currently owned by LURA and operated by the City as a parking lot to the City. It will assign the parking lot lease with a developer on the property to the City who currently manages the lease.

Impact: Because the City currently manages the parking lot, there will not be practical effects.

BUDGET IMPACT: N/A

BACKGROUND:

On August 12, 2025, LURA and 6th Street Library, LLC, a Colorado Limited Liability Company, executed that certain lease agreement (the "Lease") for the real property owned by LURA and used as a parking lot that is legally described as lots 9 through 13 and the north 10 feet of lot

14, block 11, except the east 16 feet thereof conveyed by deed recorded April 13, 1945, in book 787 at page 238, City of Loveland, County of Larimer, State of Colorado (the "Property"). Pursuant to section 12 of the Lease, LURA may assign the Lease upon the transfer of the Property. LURA desires to convey the Property and assign the Lease to the City of Loveland. The Property is not a part of any current urban renewal area or project.

ANALYSIS TABLE:

Yes: No:

LIST OF ATTACHMENTS:

Resolution

RESOLUTION
#R-75-2025

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE
LOVELAND URBAN RENEWAL AUTHORITY APPROVING THE SALE
OF CERTAIN PROPERTY WITHIN THE CITY OF LOVELAND AND
ASSIGNING A LEASE FOR THE SAME PROPERTY TO THE CITY OF
LOVELAND**

WHEREAS, the Loveland Urban Renewal Authority ("LURA") is a body corporate and politic of the State of Colorado established pursuant to Title 31, Article 25, Part 1, Colorado Revised Statutes ("C.R.S.") (the "Urban Renewal Law");

WHEREAS, on August 12, 2025, LURA and 6th Street Library, LLC, a Colorado Limited Liability Company, executed that certain lease agreement (the "Lease") for the real property owned by LURA and used as a parking lot that is legally described as lots 9 through 13 and the north 10 feet of lot 14, block 11, except the east 16 feet thereof conveyed by deed recorded April 13, 1945, in book 787 at page 238, City of Loveland, County of Larimer, State of Colorado (the "Property");

WHEREAS, pursuant to section 12 of the Lease, LURA may assign this Lease upon the transfer of the Property;

WHEREAS, LURA desires to convey the Property and assign the Lease to the City of Loveland; and

WHEREAS, the Property is not a part of any current urban renewal area or project.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF
COMMISSIONERS OF THE LOVELAND URBAN RENEWAL AUTHORITY:**

Section 1. The foregoing recitals are incorporated herein by reference and adopted as findings and determinations of the Board. All actions heretofore taken (not inconsistent with the provisions of this Resolution) by LURA and by the officers, agents or employees of the Board or LURA directed toward the execution and delivery of the Agreements are hereby ratified, approved, and confirmed.

Section 2. LURA hereby approves the quitclaim deed attached hereto as **Exhibit A** to transfer the Property to the City of Loveland.

Section 3. LURA hereby approves the assignment of the Lease as more particularly described in **Exhibit B**.

Section 4. This Resolution shall be effective as of the date of its adoption.

ADOPTED this 14th day of October, 2025.

LOVELAND URBAN RENEWAL AUTHORITY

Jody Shaddock-McNally, Chair

ATTEST:

Ashley Macdonald, Board Secretary

QUITCLAIM DEED

THIS DEED made this 14th day of October, 2025, between the Loveland Urban Renewal Authority, a body corporate duly organized as an urban renewal authority of the State of Colorado ("Grantor") and the City of Loveland, Colorado, a home rule municipality of the State of Colorado ("Grantee") (each a "Party" and collectively the "Parties").

WITNESS, that Grantor, for and in consideration of the sum of One Dollar (\$1.00) and other valuable consideration, the receipt of which is hereby confessed and acknowledged, has remised, released, sold, conveyed, and quitclaimed to Grantee the right, title, interest, and claim, to the following real estate with all its appurtenances:

Lots 9 through 13 and the north 10 feet of lot 14, block 11, except the east 16 feet thereof conveyed by deed recorded April 13, 1945, in book 787 at page 238, City of Loveland, County of Larimer, State of Colorado

TO HAVE AND TO HOLD, the same together with all and singular the appurtenances thereunto belonging or in anywise appertaining, and all the estate, right, title, interest, lien, equity and claim whatsoever held by Grantor, either in law or equity, to the only proper use, benefit and behoof of Grantee forever.

IN WITNESS WHEREOF, Grantor has caused its name to be hereunto subscribed the day and year first above written.

GRANTOR:

Loveland Urban Renewal Authority

Jody Shaddock-McNally, Chair

ATTEST:

Ashley Macdonald, Board Secretary

ASSIGNMENT AND ASSUMPTION OF LEASE

This Assignment and Assumption of Lease ("Agreement") is effective October 14, 2025, ("Effective Date") by and between the Loveland Urban Renewal Authority, a body corporate duly organized as an urban renewal authority of the State of Colorado ("Assignor") and the City of Loveland, Colorado, a home rule municipality of the State of Colorado ("Assignee") (each a "Party" and collectively the "Parties").

RECITALS

WHEREAS, on August 12, 2025, Assignor and 6th Street Library, LLC, a Colorado Limited Liability Company, executed that certain lease agreement (the "Lease") for the real property used as a parking lot and legally described as lots 9 through 13 and the north 10 feet of lot 14, block 11, except the east 16 feet thereof conveyed by deed recorded April 13, 1945, in book 787 at page 238, City of Loveland, County of Larimer, State of Colorado (the "Property");

WHEREAS, pursuant to section 12 of the Lease, Assignor may assign this Lease upon the transfer of the Property; and

WHEREAS, on October 14, 2025, Assignor transferred the Property to Assignee and now desires to assign the Lease.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby agreed upon and acknowledged, the Parties agree as follows:

1. **Assignment, Acceptance, and Assumption.** Assignor hereby assigns to Assignee all of Assignor's right and interest in and to the Lease and Assignee hereby accepts such assignment and assumes and agrees to all the obligations and benefits contained in the Lease.
2. **Assignor Released.** Assignor is hereby released from all agreements, covenants, and obligations under the Lease.
3. **Counterparts; Electronic Signatures.** This Agreement may be executed in counterparts, each of which shall be deemed a duplicate original. The Parties may execute this Agreement by PDF copy or electronic means, which shall constitute originals hereunder.
4. **Recording.** This Agreement shall be recorded in the real property records of the Clerk and Recorder of Larimer County, Colorado.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

ASSIGNOR:

Loveland Urban Renewal Authority

Jody Shaddock-McNally, Chair

ATTEST:

Ashley Macdonald, Board Secretary

ASSIGNEE:

City of Loveland

Jacki Marsh, Mayor

ATTEST:

Ashley Macdonald, City Clerk

MEETING DATE: October 14, 2025
TO: Loveland Urban Renewal Authority
DEPARTMENT: Finance
DIRECTOR: Brian Waldes
PRESENTER: Brian Waldes, Chief Financial Officer
STRATEGIC PLAN
FOCUS AREA: Fiscal Stability & Strength



AGENDA ITEM:
RESOLUTION OF THE COMMISSIONERS OF THE BOARD OF THE LOVELAND URBAN RENEWAL AUTHORITY (LURA) ADOPTING THE 2026 LURA BUDGET

RECOMMENDED LOVELAND URBAN RENEWAL AUTHORITY ACTION:

A motion to adopt Resolution #R-76-2025 of the Commissioners of the Board of the Loveland Urban Renewal Authority (LURA) adopting the 2026 LURA Budget

SUMMARY:

Each year the Loveland Urban Renewal Authority (LURA) sets a budget that adheres to the requirements of the three extant URAs within the LURA. There is generally no discretionary component to this budget, as all revenues/expenses in the fund are allocated by the three plans. The FY2026 Proposed Budget for Fund 603 Loveland Urban Renewal Authority is included in the resolution, Exhibit A, and has not undergone any changes since City Staff's August LURA presentation.

This item only impacts Fund 603 and is considered a routine Board action.

A detailed annual update for all three plan's and a FY2026 Fund 603 Budget Preview was provided to the LURA Board on August 12, 2025 (**Attachment 1**).

STRATEGIC PLAN FOCUS AREA

Focus	Fiscal Stability & Strength
Strategy (if applicable)	Optimize Financial Structure & Systems
Priority (if applicable)	Transparent & Accessible Financial Information
Notes	

BACKGROUND:

The LURA was established to enable the use of tax increment financing to fund redevelopment and infrastructure improvements within the boundaries of the LURA. The revenues collected in these areas are passed through to the taxing entities. City staff always budgets conservatively to prevent the need for amending the budget mid-year which could delay the sharing of revenues through the various agreements.

LURA comprises three active URAs in the City of Loveland:

- US34/Crossroads URA aka “Centerra North”
- Block 41 – Finley’s Addition URA
- Centerra South URA

For a more detailed review of each Urban Renewal Area's Financial activity, please refer to the August 12, 2025 LURA Board meeting.

LIST OF ATTACHMENTS:

Resolution

Att 1 August 12, 2025 Presentation - Financial Overview & Budget

RESOLUTION #R-76-2025

**A RESOLUTION OF THE COMMISSIONERS OF THE BOARD OF THE
LOVELAND URBAN RENEWAL AUTHORITY (LURA) ADOPTING THE 2026
LURA BUDGET**

**BE IT RESOLVED BY THE COMMISSIONERS OF THE BOARD OF THE LOVELAND
URBAN RENEWAL AUTHORITY:**

Section 1. That the 2026 Loveland Urban Renewal Authority Budget as set forth in **Exhibit A** attached hereto and incorporated herein by this reference is hereby adopted.

Section 2. That out of monies and revenues to be derived from all sources, as set forth in the 2026 budget, to be received into the Loveland Urban Renewal Authority Fund 603 during the year 2026, with estimated revenues and fund balance as of January 1, 2025, provide for estimated total resources in the amount of \$25,142,649 (\$1,834,169 in beginning fund balance and \$23,308,480 in total revenues), there is hereby appropriated \$22,963,997 to the Loveland Urban Renewal Authority Fund 603.

Section 3. That the budget for the Loveland Urban Renewal Authority for the year 2026, which has been filed with the City Clerk's Office, setting forth expenditures of \$22,963,997 and providing revenues from taxes, which together with all other sources of revenue available to it is adequate to meet the proposed expenditures.

Section 4. That this Resolution shall be effective as of the date and time of its adoption.

ADOPTED this 14th day of October, 2025.

Jody Shaddock-McNally, Chair

ATTEST:

Ashley Macdonald, Secretary

APPROVED AS TO FORM:



Assistant City Attorney

A RESOLUTION OF THE COMMISSIONERS OF THE BOARD OF THE LOVELAND URBAN RENEWAL AUTHORITY (LURA)
ADOPTING THE 2026 LURA BUDGET

City of Loveland
Loveland Urban Renewal Authority (603) Fund Summary
 2026

	2024 ACTUAL	2025 ADOPTED	2025 REVISED	2026 ADOPTED		
	2024	2025	2025	FY2026	Prior Year Change \$	Prior Year Change %
Revenues by Division						
Non-Departmental	\$84,770	-	-	-	\$0	-
Downtown	\$0	-	-	-	\$0	-
Finley/Lincoln Place	\$435,416	\$1,512,000	\$2,512,000	\$646,600	-\$865,400	-57%
Centerra	\$20,241,394	\$24,027,165	\$24,027,165	\$22,661,880	-\$1,365,285	-6%
LURA Debt Service	\$0	-	-	-	\$0	-
REVENUES BY DIVISION TOTAL	\$20,761,579	\$25,539,165	\$26,539,165	\$23,308,480	-\$2,230,685	-9%
Revenues by Class						
Interest Income	\$217,839	\$36,948	\$36,948	\$213,380	\$176,432	478%
Intergovern	-	-	\$1,000,000	-	\$0	-
Miscellaneous	\$10,000	\$10,000	\$10,000	\$10,000	\$0	0%
Taxes	\$20,533,741	\$25,492,217	\$25,492,217	\$23,085,100	-\$2,407,117	-9%
REVENUES BY CLASS TOTAL	\$20,761,579	\$25,539,165	\$26,539,165	\$23,308,480	-\$2,230,685	-9%
Expenses by Division						
Non-Departmental	\$2,462,439	-	-	\$46,650	\$46,650	-
Downtown	\$30,142	-	-	-	\$0	-
Finley/Lincoln Place	\$32,133	\$347,610	\$347,610	\$303,155	-\$44,455	-13%
Centerra	\$20,155,819	\$24,027,165	\$24,027,165	\$22,614,192	-\$1,412,973	-6%
LURA Debt Service	\$0	-	-	-	\$0	-
Draper Project	\$0	-	\$4,000,000	-	\$0	-
EXPENSES BY DIVISION TOTAL	\$22,680,533	\$24,374,775	\$28,374,775	\$22,963,997	-\$1,410,778	-6%
Expenses by Class						
Capital Outlay	\$0	-	\$4,000,000	-	\$0	-
Purchased Services	\$84,084	\$1,125,000	\$1,125,000	\$111,650	-\$1,013,350	-90%
Cost Allocations	\$1,217	\$2,165	\$2,165	\$6,151	\$3,986	184%
Debt Service-Exp	\$20,136,735	\$23,247,610	\$23,247,610	\$22,846,196	-\$401,414	-2%
Transfers	\$2,458,497	-	-	-	\$0	-
EXPENSES BY CLASS TOTAL	\$22,680,533	\$24,374,775	\$28,374,775	\$22,963,997	-\$1,410,778	-6%
Exp. by Operating vs. Capital						
Operating Expenses	\$22,680,533	\$24,374,775	\$28,374,775	\$22,963,997	-\$1,410,778	-6%
EXP. BY OPERATING VS. CAPITAL TOTAL	\$22,680,533	\$24,374,775	\$28,374,775	\$22,963,997	-\$1,410,778	-6%



Financial Overview & Budget

Loveland Urban Renewal Authority

Brian Waldes, Chief Financial Officer

Finance

August 12, 2025

Agenda

City Staff is returning to the LURA Board for an **information only** update on the LURA Budget and financial activities of the three active Urban Renewal Areas in Loveland.

Loveland Urban Renewal Authority Budget Urban Renewal Areas – Annual Update

- **US34 / Crossroads Corridor**
- **Block 41 – Finley’s Addition**
- **Centerra South**

Loveland Urban Renewal Authority

2026 Budget Overview – Detail in Attachment 1

	2024 ACTUAL	2025 ADOPTED	2025 REVISED	2026 PROPOSED	Prior Year Change	Prior Year Change %
Beginning Fund Balance	\$ 4,773,687	\$ 2,060,710	\$ 2,854,733	\$ 1,019,123		
REVENUES BY <u>DIVISION</u> TOTAL	\$ 20,761,579	\$ 25,539,165	\$ 26,539,165	\$ 23,308,480	\$ (2,230,685)	-9%
REVENUES BY <u>CLASS</u> TOTAL	\$ 20,761,579	\$ 25,539,165	\$ 26,539,165	\$ 23,308,480	\$ (2,230,685)	-9%
EXPENSES BY <u>DIVISION</u> TOTAL	\$ 22,680,533	\$ 24,374,775	\$ 28,374,775	\$ 22,963,997	\$ (1,410,778)	-6%
EXPENSES BY <u>CLASS</u> TOTAL	\$ 22,680,533	\$ 24,374,775	\$ 28,374,775	\$ 22,963,997	\$ (1,410,778)	-6%
EXP. BY OPERATING VS. CAPITAL TOTAL	\$ 22,680,533	\$ 24,374,775	\$ 28,374,775	\$ 22,963,997	\$ (1,410,778)	-6%
<i>Draper Project Reserve</i>		(1,000,000)				
Ending Fund Balance*	\$ 2,854,733	\$ 2,225,100	\$ 1,019,123	\$ 1,363,606		

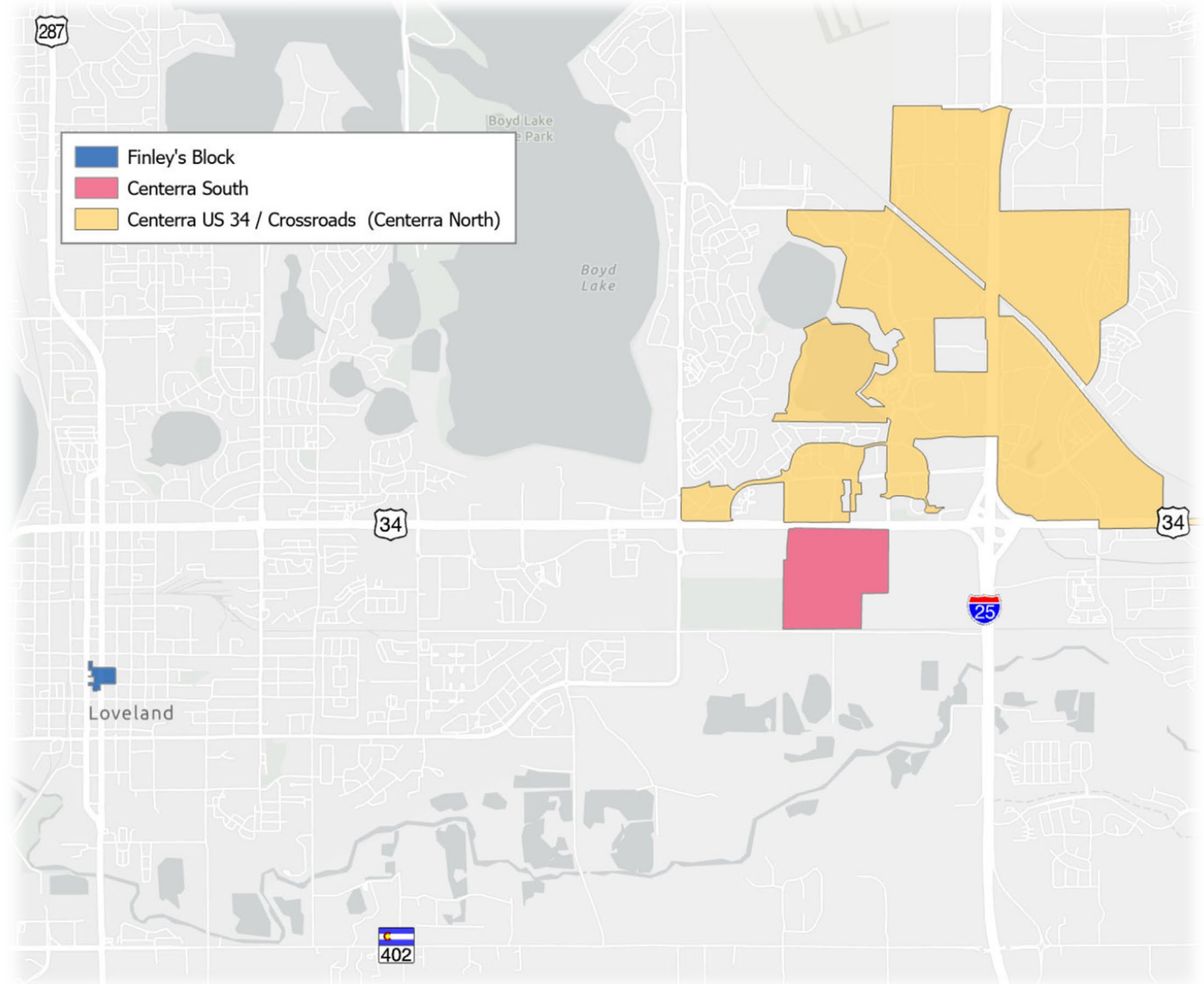
*Note: The 2024 Ending Fund Balance is comprised of \$537,025 in Centerra-Crossroads and \$2,317,708 in Finley-Lincoln.

Urban Renewal Areas

Loveland has three active Urban
Renewal Areas.

-  **US34/Crossroads Corridor**
-  **Block 41 – Finley’s Addition**
-  **Centerra South**

The Downtown Loveland URA was
dissolved in 2023.



US/34 Crossroads Corridor URA “Centerra North”

Funding Mechanisms Utilized

- Sales Tax Share with the Project for Financing Public Improvements
- Property Tax – Tax Increment Financing
- Other Fees Imposed by the Project

Approved: 2004

Last Modified: 2023



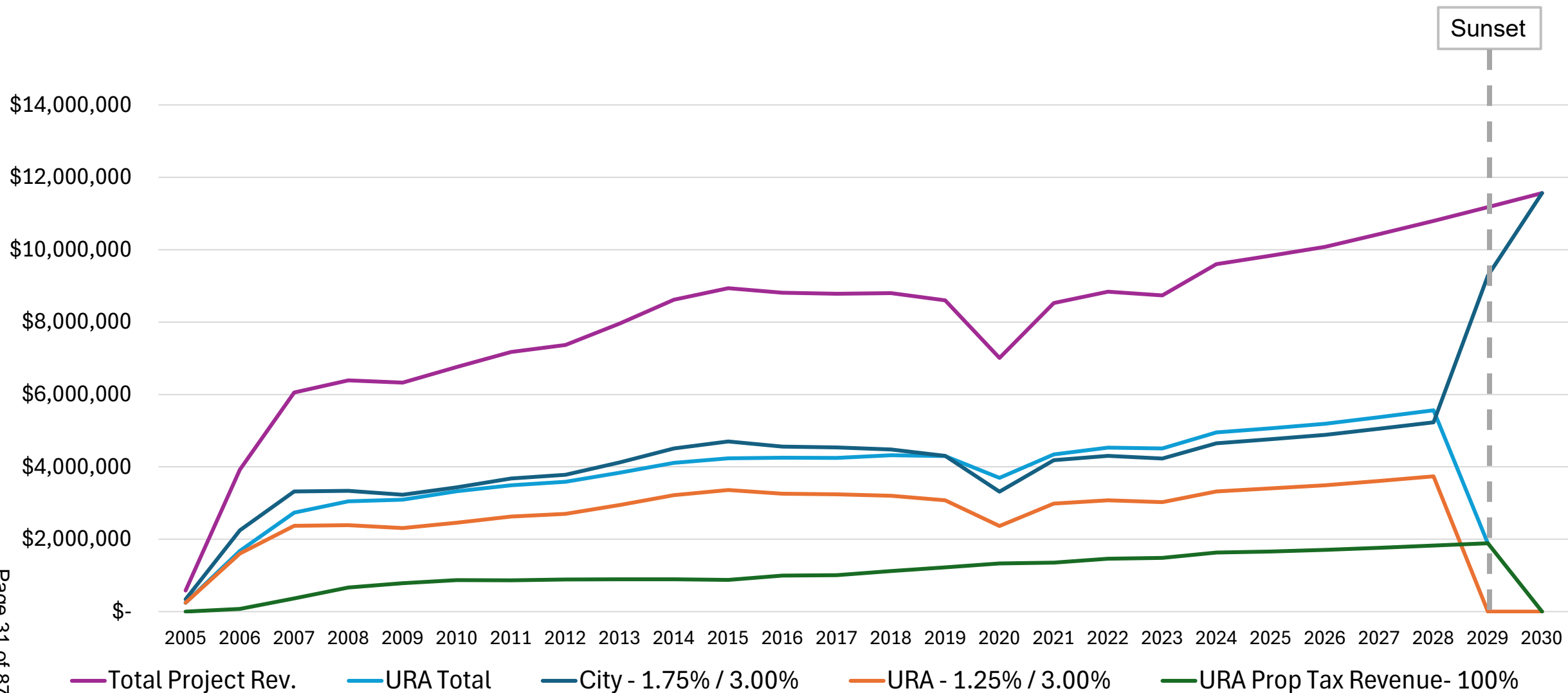
US34/Crossroads Corridor: “Centerra North”

2026 Budget Overview – Detail in Attachment 1

	2024 ACTUAL	2025 ADOPTED	2025 REVISED	2026 PROPOSED	Prior Year Change	Prior Year Change %
REVENUES BY CLASS TOTAL	\$ 20,241,394	\$ 24,027,165	\$ 24,027,165	\$ 22,661,880	\$ (1,365,285)	-6%
EXPENSES BY CLASS TOTAL	\$ 20,155,819	\$ 24,027,165	\$ 24,027,165	\$ 22,614,192	\$ (1,412,973)	-6%
EXP. BY OPERATING VS. CAPITAL TOTAL	\$ 20,155,819	\$ 24,027,165	\$ 24,027,165	\$ 22,614,192	\$ (1,412,973)	-6%

Crossroads / Centerra (URA) - Loveland

Total Tax Revenues 2005 – 2030: Detail found in Attachment 2



Revenue Summary Totals: 2005 - 2024



City of Loveland Revenue

Sales Tax (1.75%)	\$ 75,264,566
Property Tax (TIF)	-
Total	\$ 75,264,566

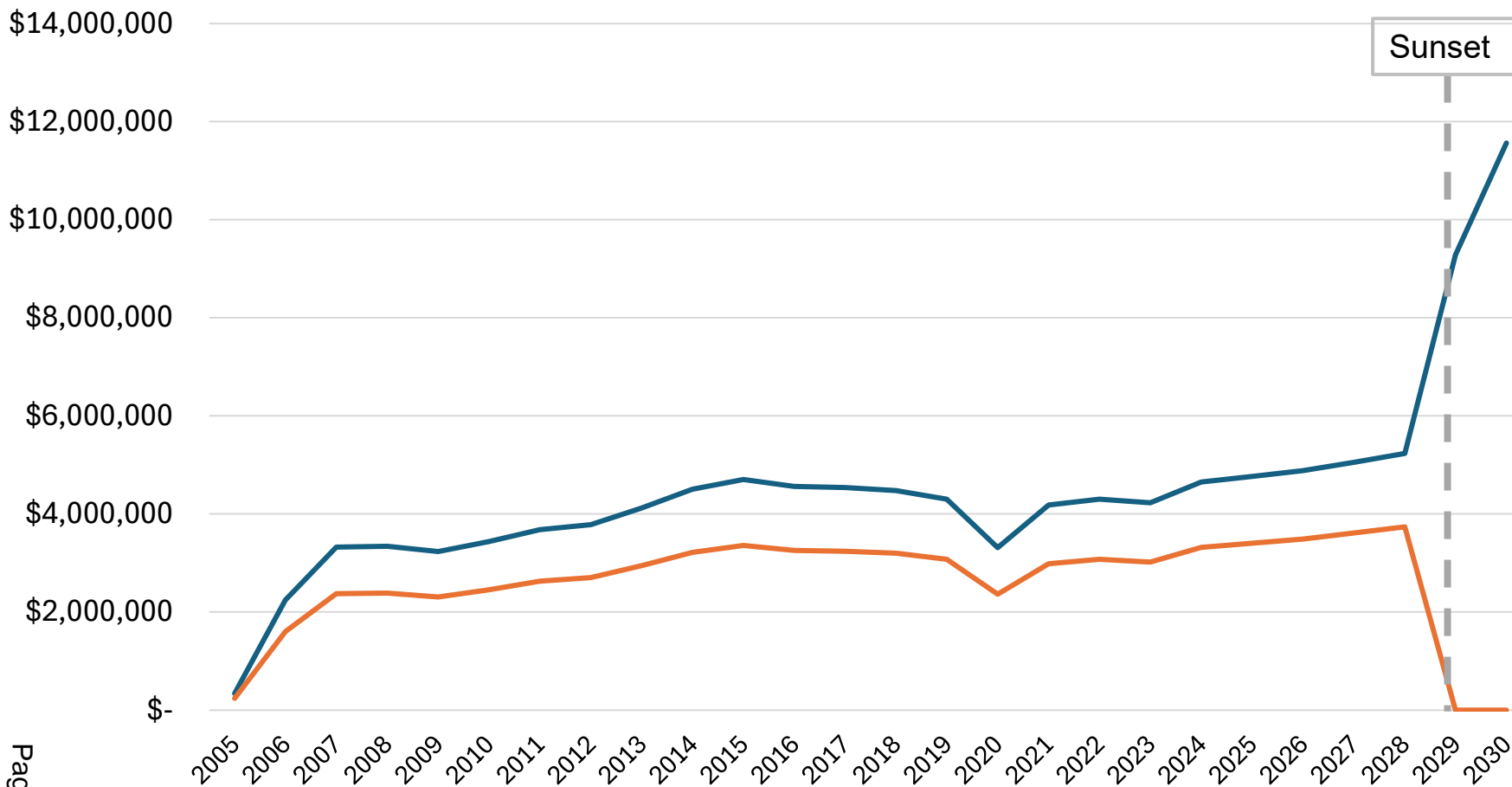


URA Project Revenue

Sales Tax (1.25%)	\$ 53,760,404
Property Tax (TIF)	18,773,138
Total	\$ 72,533,542

Crossroads / Centerra Urban Renewal Area (URA)

Sales Tax Revenue Share Summary 2005 - 2030



Revenue Collected Through 2030

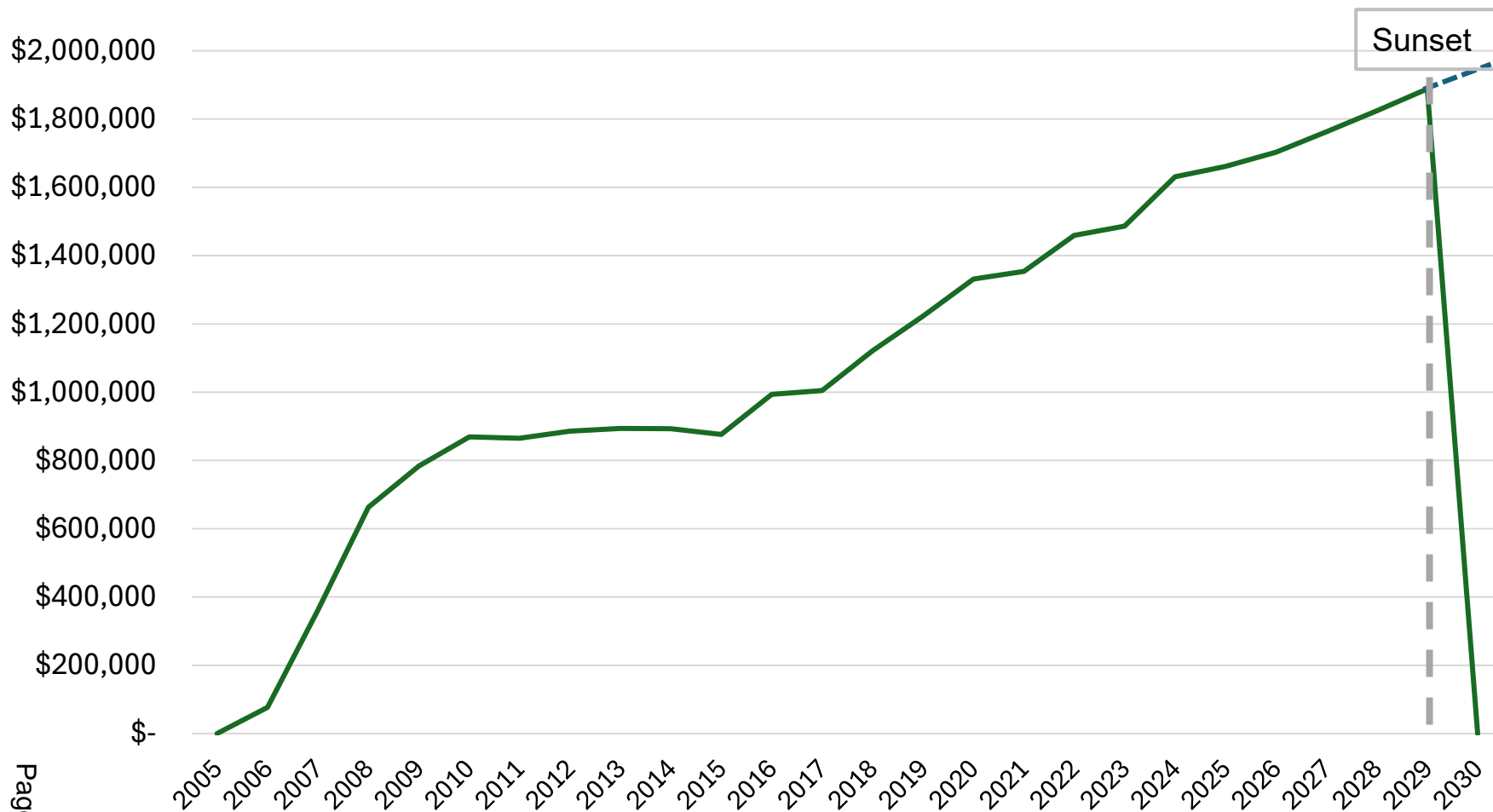
City: 1.75% / 3.00% **\$ 114,097,225**

URA: 1.25% / 3.00% **68,002,538**

Total Revenue **\$ 182,099,764**

Crossroads / Centerra Urban Renewal Area (URA)

Tax Increment Revenue Summary 2005 – 2030



Average/Year
City: 100% After 2029 **\$ 1,104,551**

Total Collected until 2030
URA: 100% Until 2030 **\$ 27,613,784**

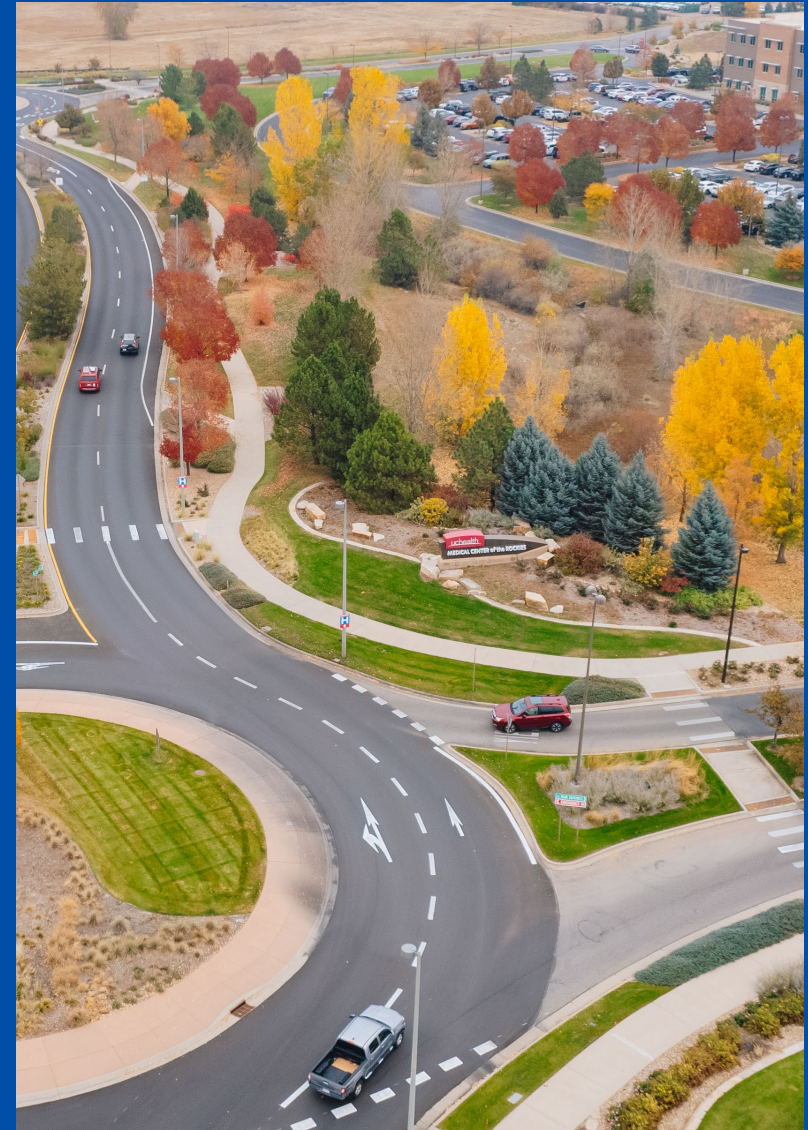
Note:

- Property Tax 9.564 Mill Share Out until 2029
- Data reflects 2.0% Admin fee collected by the County

Community Benefit & Assessed Value

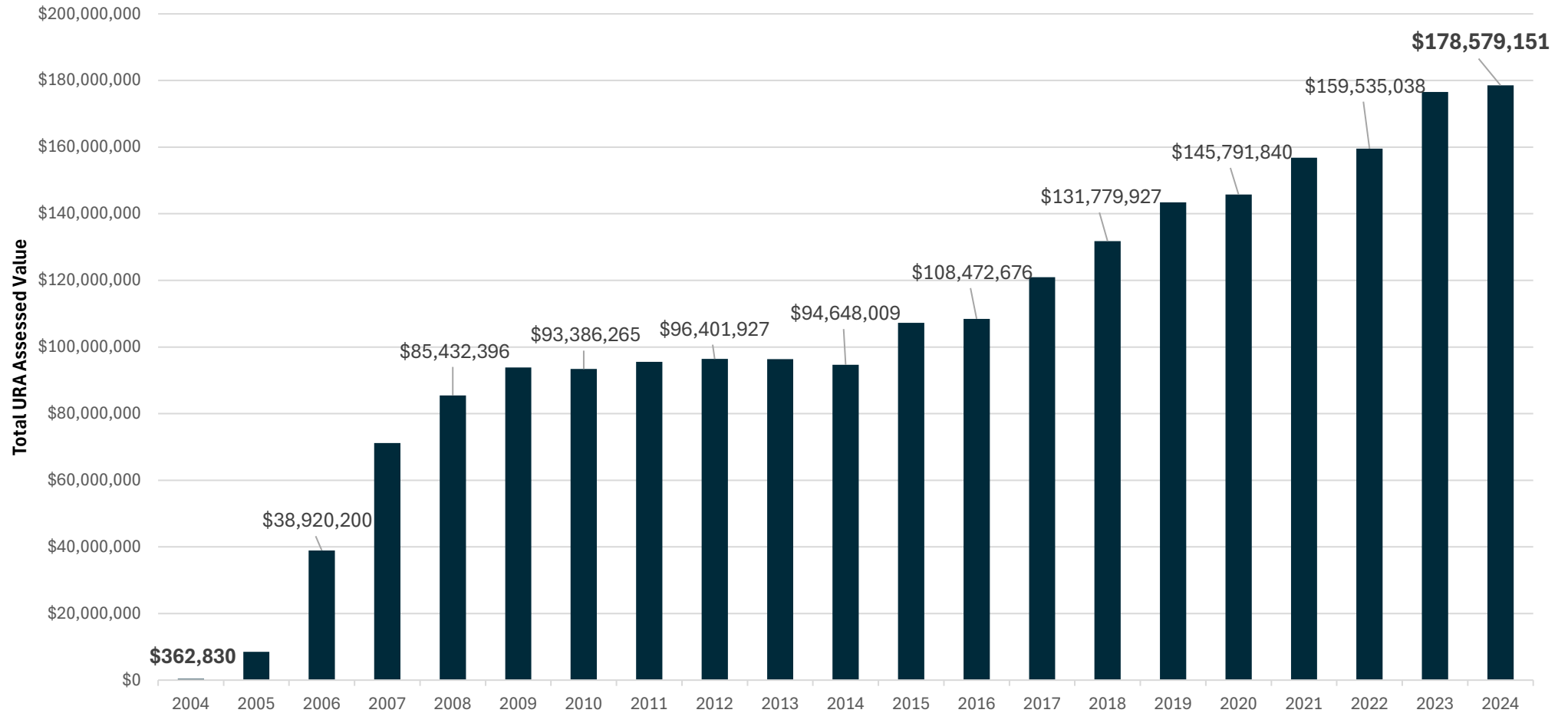
Contributions to Major Roadway Projects

- US 34 and I-25 Interchange improvements
- Crossroads and I-25 Interchange
- US 34 improvements between interchange and Centerra Parkway
- Kendall Parkway / I-25 underpass
- Centerra Parkway Railroad underpass
- Centerra Parkway US34 to 37th Street
- Fall River Drive
- Boyd Lake Avenue (US 34 to Kendall Parkway)



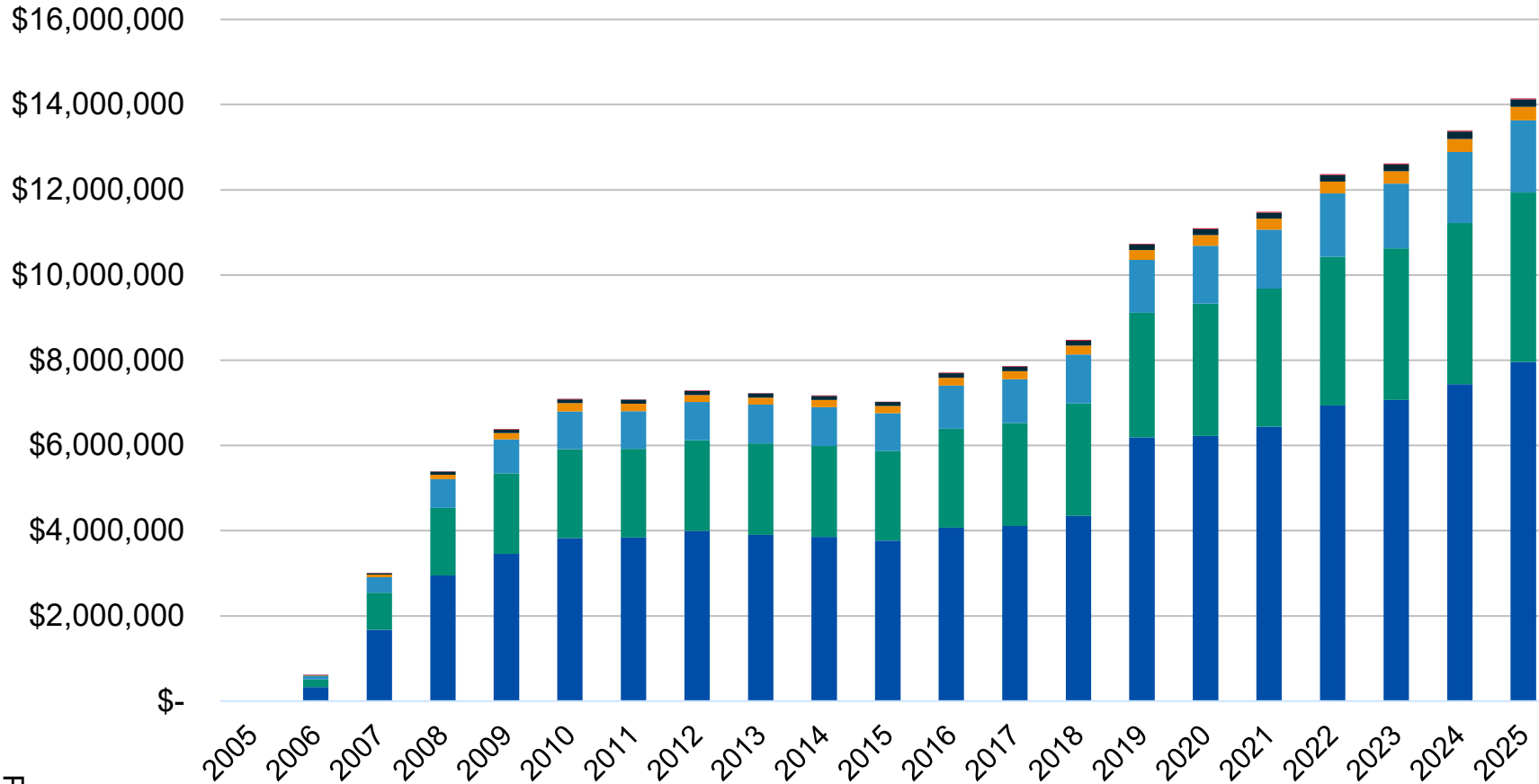
Crossroads / Centerra Urban Renewal Area (URA)

2004 – 2024 Assessed Value



Crossroads / Centerra Urban Renewal Area (URA)

2005 – 2025 Taxing Entity Revenue Summary: Detail in Attachment 3



Revenue Collected Through 2025

Thompson Sch. Dist.	\$	92,384,224
Larimer County	\$	48,656,333
Loveland Project Share Back	\$	20,851,853
Thompson Valley HSD	\$	3,858,847
NoCo Water Con. Dist.	\$	2,180,951
Lar. Co. Pest Control	\$	280,746

4. Executive Summary

It is estimated that the Project as currently existing generates a positive annual recurring net fiscal impact to the City General Fund of \$3,720,029 per Table-3.

Cost of Service

The Development Planning & Financing Group concluded that the “Centerra North Project Plan” contributes an estimated **\$3,720,029** to the City of Loveland General Fund each year.

This report is a conservative estimate, intended to protect the City’s interests when evaluating project viability.

*Source: Centerra North – Cost of Service Impact Report (Attachment 4)

Table-3
Centerra Net Fiscal Impact Analysis Summary

Fiscal Impact Analysis Summary			
			Table Ref
I. Annual Recurring Revenues			
Property Taxes - Residential	\$	663,745	3
Property Taxes - Commercial		588,830	4
State Shared Revenues		1,115,216	5
Sales Taxes - Residential		948,505	6
Sales Taxes Commercial		7,096,524	7
Total Other General Fund		2,273,873	8
Total Annual Recurring Revenues	\$	12,686,693	
II. Annual Recurring Costs			
Legislative	\$	6,799	9
City Manager		187,595	9
City Attorney's Office		84,938	9
Municipal Court		98,154	9
City Clerk		46,989	9
Cultural Services		112,612	9
Development Services		350,802	9
Economic Development		113,370	9
Finance		410,877	9
Human Resources		98,862	9
Information Technology		300,211	9
Library		192,480	9
Parks & Recreation		1,449,382	9
Police		3,116,550	9
Public Works		627,930	9
Contribution to Outside Agencies		1,769,113	9
Total Annual Recurring Costs	\$	8,966,665	
Net Fiscal Surplus/Deficit	\$	3,720,029	

Block 41 Finley's Addition

Funding Mechanisms Utilized

- Sales Tax Increment
- Property Tax – Tax Increment Financing
- Two interfund loans to be fulfilled in 2027

Approved: 2005

Last Modified: 2012



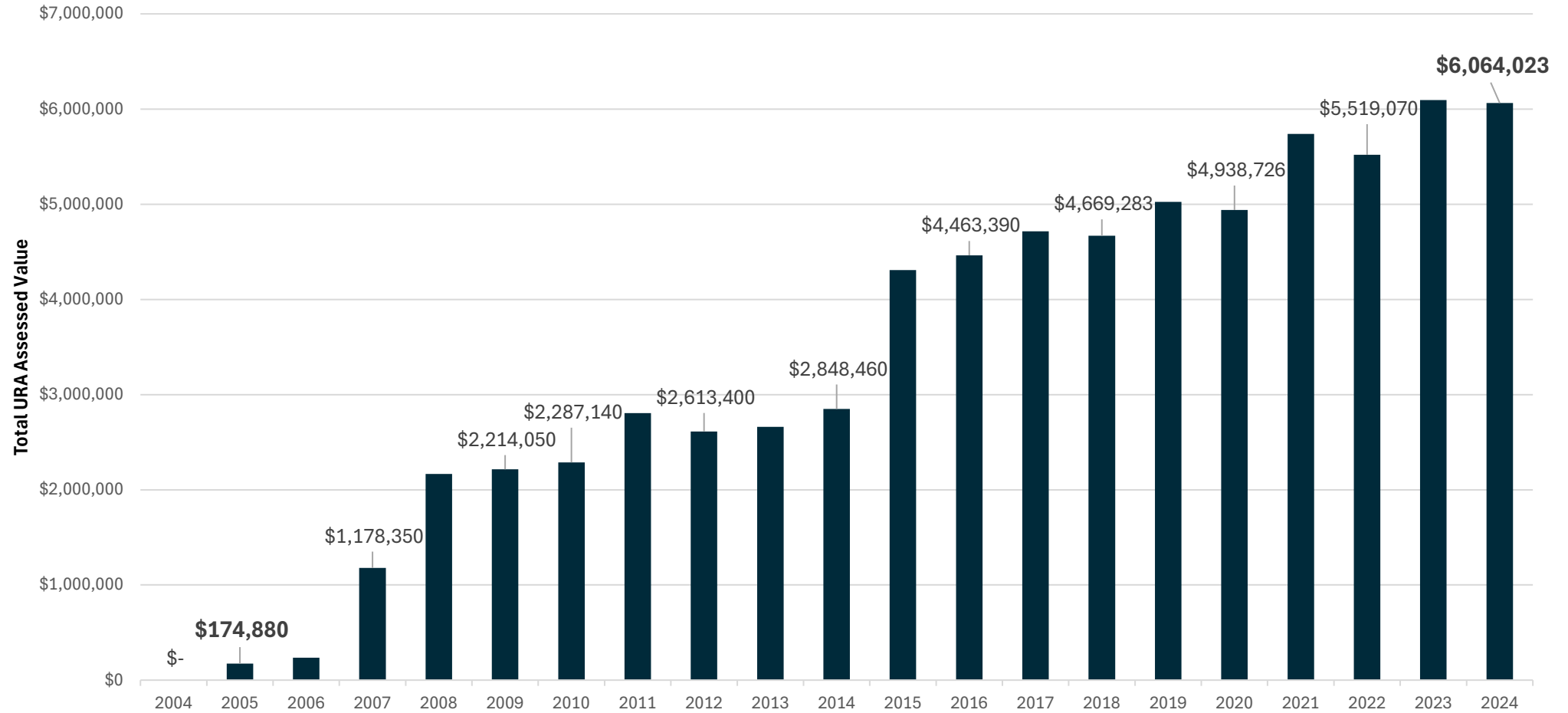
Block 41 – Finley’s Addition

2026 Budget Overview – Detail in Attachment 1

	2024 ACTUAL	2025 ADOPTED	2025 REVISED	2026 PROPOSED	Prior Year Change	Prior Year Change %
REVENUES BY CLASS TOTAL	\$ 435,416	\$ 1,512,000	\$ 2,512,000	\$ 646,600	\$ (865,400)	-57%
EXPENSES BY CLASS TOTAL	\$ 32,133	\$ 347,610	\$ 347,610	\$ 303,155	\$ (44,455)	-13%
EXP. BY OPERATING VS. CAPITAL TOTAL	\$ 32,133	\$ 347,610	\$ 347,610	\$ 303,155	\$ (44,455)	-13%

Block 41 – Finley’s Addition

Urban Renewal Area Assessed Value



Centerra South

Funding Mechanisms Utilized

- Sales Tax Share with the Project for Financing Public Improvements
- Property Tax – Tax Increment Financing
- Other Fees Imposed by the Project

Approved: 2023

Last Modified: 2023



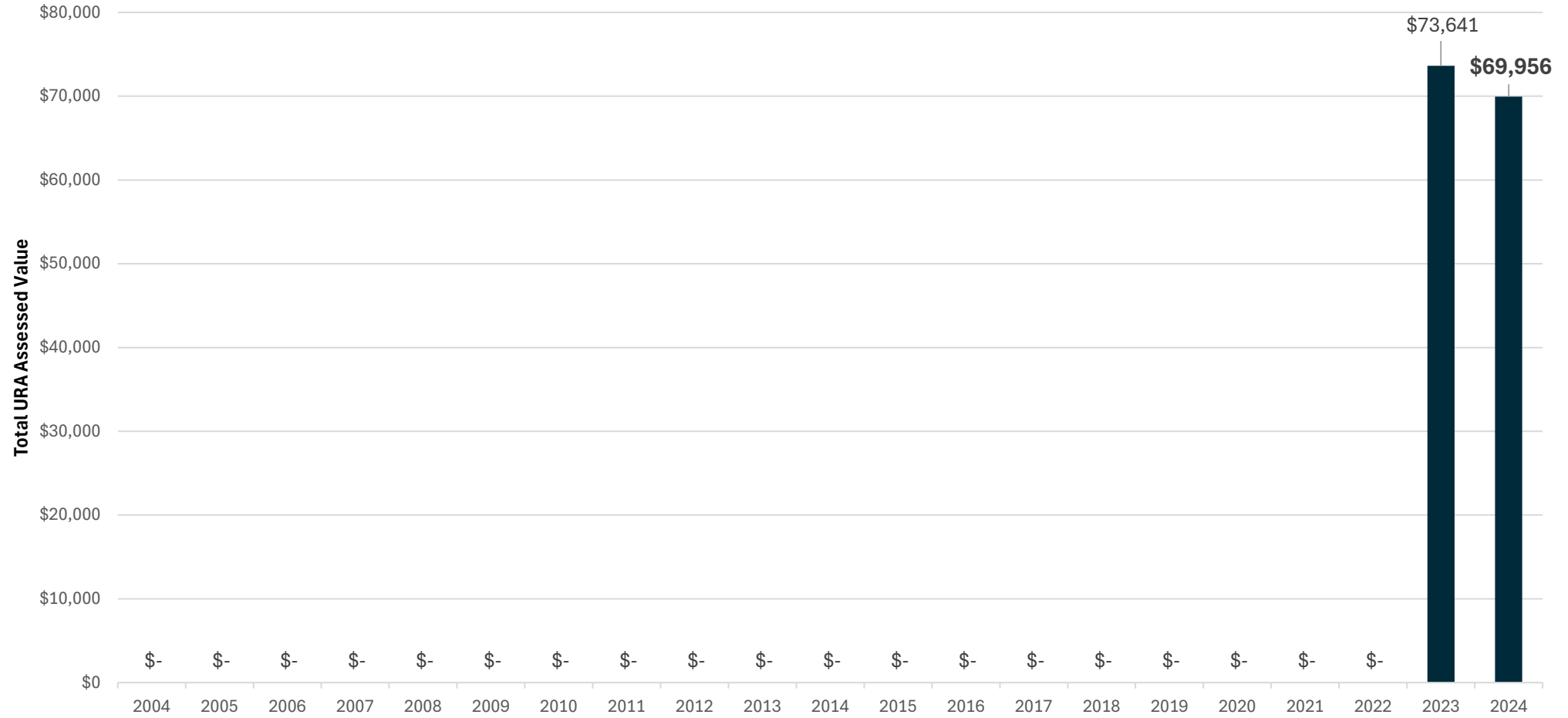
Centerra South

2026 Budget Overview – Detail in Attachment 1

	2024 ACTUAL	2025 ADOPTED	2025 REVISED	2026 PROPOSED	Prior Year Change	Prior Year Change %
REVENUES BY CLASS TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	0%
EXPENSES BY CLASS TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	0%
EXP. BY OPERATING VS. CAPITAL TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	0%

Centerra South URA

Urban Renewal Area Assessed Value





Public Comment & Council Questions



Thank You!

Brian Waldes, Chief Financial Officer

Finance

Brian.Waldes@cityofloveland.org

EY update to the LURA board

October 14, 2025

Current observations and recommendations



The better the question. The better the answer. The better the world works.



Shape the future
with confidence

Background and approach

LURA engaged EY to provide the following services:

- ✓ • Conduct initial discussions to assess document availability and types and submit requests for financial statements and reimbursement documents from relevant entities.
- ✓ • Participate in discussions with the Authority and collect necessary accounting records and financial documentation as outlined in the MFA.
- ✓ • Analyze the MFA and financial information to understand funding sources, financial mechanisms, and fund flow among entities during the scope period.
- ✓ • Identify and report on abnormal transactions or irregular activities, including compliance with MFA terms and conditions, and evaluate related party transactions.
- Provide preliminary recommendations for further forensic examination, including cost estimates and detailed investigation workstreams for suspected violations.

EY planned our assessment procedures into three primary workstreams to evaluate compliance with select requirements in the MFA.

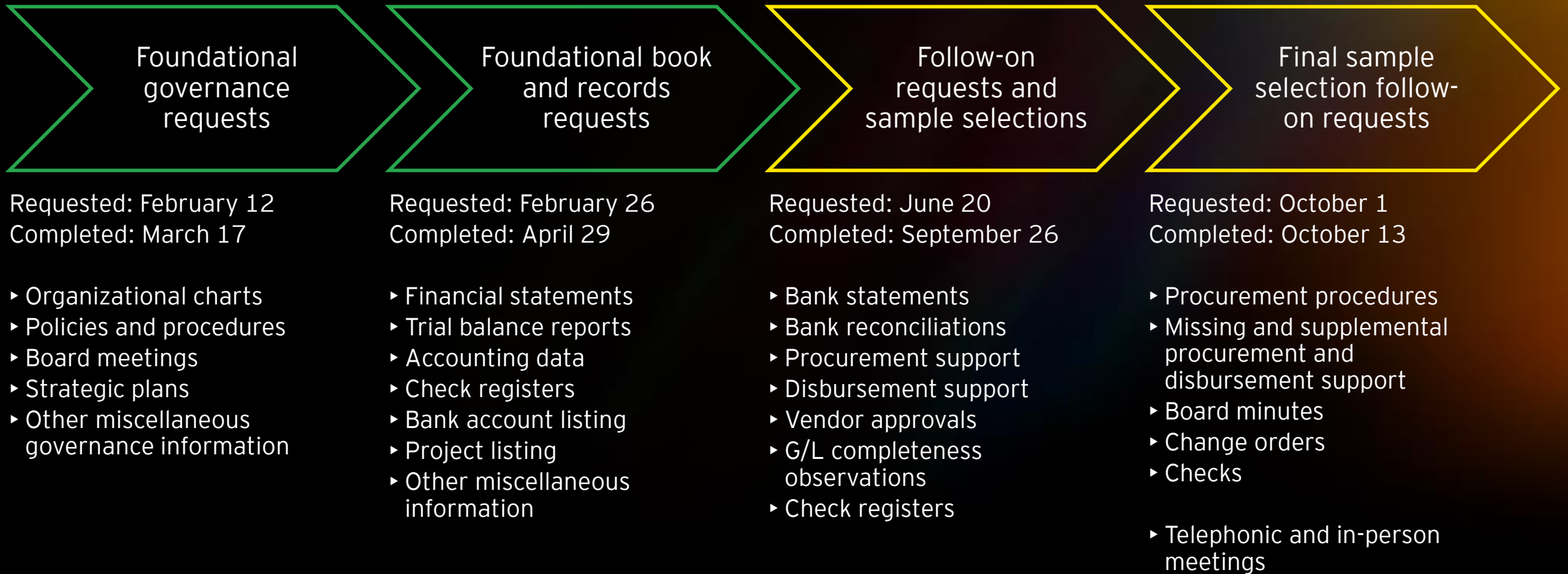
Primary Workstreams

1. Procurement Process
2. Related Party Transactions
3. Disbursement Process

Related MFA sections

- 6.3 Competitive Bidding
- 8.1 Accounting and subsections
- 8.2 Documentation
- 8.3 Book and Records
- Exhibit L – Contract Procurement Process

Timeline of requests



Data received in response to documentation requests

5,857

Files received
(3,354 since August update)

15

Years covered within scope

313

Vendors identified

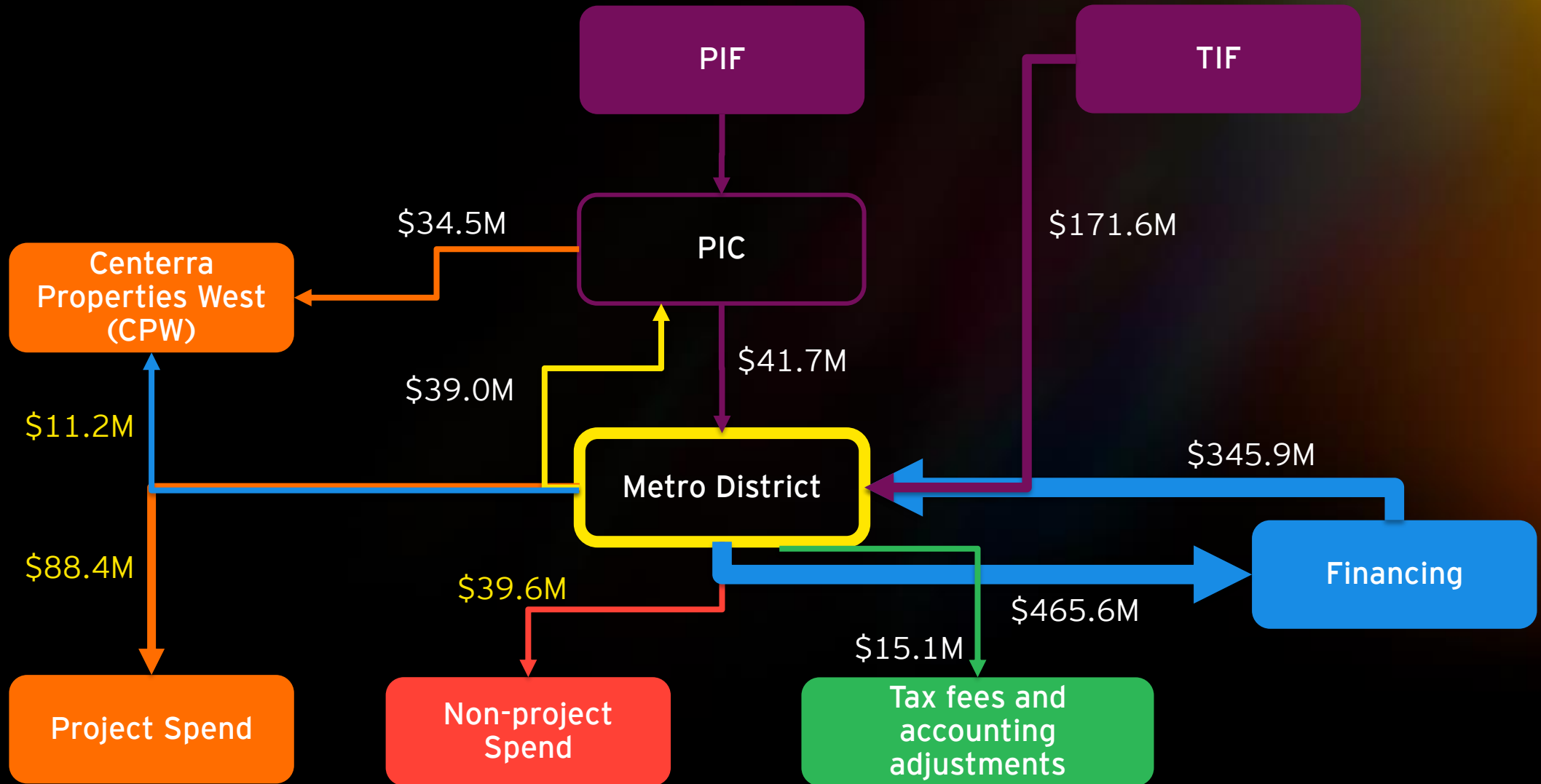
90,440

General Ledger
lines analyzed

\$1.26B

Cash flows analyzed





Illustrative understanding of the flow of funds








Overview of transaction sample selections

- Based on analysis performed, EY selected a sample 73 cash disbursements and 9 public bid awards and requested supporting documentation. EY took a risk-based approach using the following high-level categories:

Observations of potential issues

-  Vendor spending exceeded awarded bid amount
-  Projects with no public bids
-  Spending >\$60k with no public bid
-  Disbursements made outside project timelines

High-risk disbursements

-  Developer reimbursements
-  Related party transactions
-  Round dollar amounts
-  Repeated dollar amounts
-  Vendors with high non-project spend

Observations summary

Procurement observations

1. Metro District did not perform the MFA required procurement process for vendor pre-qualification
2. Metro District did not solicit public bids for all “Construction” work, as that term is defined in the MFA
3. Metro District did not provide evidence that a bid abstract sheet was used or maintained, which was to be used to document the receipt of bid submissions
4. Metro District awarded one contract to a bid which appears not to conform to requirements in the bid solicitation and one contract which contained a change order for additional scope on a project that appears should have been subject to the MFA public bid requirements

Disbursement testing observations

1. Bookkeeping and record keeping observations related to expense classification in the general ledger, missing expense approval documentation, expenses recognized in the incorrect period and the absence of a monthly close process.

Related party observations

1. Metro District does not perform and document formal procedures to evaluate (1) whether transactions with related parties are entered into at arms-length or (2) that such transactions are in the best interest of the Metro District, LURA and the taxpayers.

Procurement Process

Procurement process contained in MFA

- The MFA contains sections specifically relevant to requirements governing the utilization of competitive and public bidding.

6.3.2 Local Improvements. For all work commencing on or after January 20, 2004, Constructors and the Service District shall comply with the contract procurement processes set forth on **Exhibit “L”** for all construction contracts for work or material, or both, involving the Public Improvements.

1.24 “**Construct**”, “**Constructed**” and/or “**Construction**” shall mean, refer to and include the design, construction, installation, maintenance, repair, replacement, reconstruction, improvement, expansion and operation of the described improvements.

1.25 “**Constructor**” shall mean and refer to the PID, the Developer and/or its Affiliates to the extent such Persons Construct Public Improvements.

- Contracting for Local Improvement construction under the MFA follow the procurement process described in MFA Exhibit L.
- MFA Exhibit L is a detailed 11-page document split into two primary sections: 1) the competitive sealed bidding process, and 2) the prequalification process for contractors.

EXHIBIT “L”
to Centerra Master Financing
and Intergovernmental Agreement
Contract Procurement Processes

GENERAL PURPOSE: All construction contracts greater than \$25,000 or such higher amount as may be established in the Special Districts Act, for Local Improvements by the Service District/Constructor, shall be awarded by a Competitive Sealed Bidding Process (outlined in Sections 1.0 and 2.0 below).

Section 1.0 – Construction of Local Improvements - Competitive Sealed Bidding Process

The purpose of this section is to set forth procedures for competitive sealed bidding and award of contracts for Local Improvements.

(1) An invitation for bids shall be issued and shall include a project description and all contractual terms and conditions applicable to the Local Improvements.

(2) Adequate public notice of the invitation for bids shall be given at least fourteen calendar days prior to the date set forth therein for the opening of bids, pursuant to rules. Such notice may include publication by electronic on-line access and in a newspaper of general circulation at least fourteen days prior to bid opening. The public notice of the invitation to bid shall at a minimum be placed in the Loveland Reporter Herald, Fort Collins Coloradoan, Greeley Tribune and the Longmont Daily Times.

(3) Bids shall be opened publicly in the presence of one or more witnesses at the time and place designated in the invitation for bids. The amount of each bid and such other relevant information as may be specified by rules, together with the name of each bidder, shall be entered on a record, and the record shall be open to public inspection. After the time of the award, all bids and bid documents shall be open to public inspection.

(5) Bids, from pre-qualified contractors, shall be unconditionally accepted, except as authorized by subsection (7) of this section. Bids shall be evaluated based on the requirements set forth in the invitation for bids, which may include criteria to determine acceptability, such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Those criteria that will affect the bid price and be considered in the evaluation for award shall be objectively measurable, such as discounts, transportation costs, and total or life-cycle costs.

(6) Withdrawal of inadvertently erroneous bids before the award may be permitted pursuant to rules if the bidder submits proof of evidentiary value which clearly and convincingly demonstrates that an error was made. Except as otherwise provided by rules, all decisions to permit the withdrawal of bids based on such bid mistakes shall be supported by a written determination made by the Service District / Constructor.

(7) The contract shall be awarded with reasonable promptness by written notice to the low responsible bidder whose bid meets the requirements and criteria set forth in the invitation for bids. In the event that all bids for a construction project exceed available funds, the Service District / Constructor is authorized, in situations where time or economic considerations preclude resolicitation of work of a reduced scope, to negotiate an adjustment of the bid price with the low responsible bidder in order to bring the bid within the amount of available funds; except that the functional specifications integral to completion of the project may not be reduced in scope, taking into account the project plan, design, and specifications and quality of materials.

Procurement process testing

- EY performed analysis on the \$88.4 million of project spending to assess compliance with the Competitive Bidding requirement and the Contract Procurement Process (MFA Exhibit L). EY judgmentally selected a sample of 9 of the 46 project awards contained in the project listing provided by Pinnacle. The sample included \$11.9 million of the \$51.1 million awarded through public bid since 2015.

Documents requested:

- | | | |
|---|---|--|
| 1. Bid Invitations, revisions and cancellations | 5. Bid abstract sheet | 10. Contract Award Notice |
| 2. Bid Proposals, revisions, amendments and withdrawals | 6. Documentation of review or scoring of the bids | 11. Cancellation of Award, if applicable |
| 3. Documentation of proposal guarantees | 7. Bid Rejection notices | 12. Execution and approval of contract |
| 4. Prequalification documentation | 8. Performance capability statements | 13. Documentation of surety bonds |
| | 9. Documentation of review of the performance capability statements | |

- EY assessed the documentation provided for alignment with the procurement process set forth in MFA Exhibit L and, separately, the stated procurement practices performed by the Metro District.
- In addition, EY judgmentally selected a sample of 46 transactions totaling \$13.2 million related to project spend to validate the project listing originally provided by Pinnacle and assess to the underlying source documents.
- EY met with the Metro District to better understand the documentation provided, discuss EY's preliminary observations and to clarify our understanding of the Metro District's current procurement practices.

Procurement observation #1 - Exhibit L not utilized

- The Metro District did not perform the MFA required procurement process for vendor pre-qualification, which requires that all bidders be prequalified and that the lowest bid submitted by a prequalified bidder be awarded.

1.9 Criteria for Receiving Bids

Bids will be received only from contractors that are prequalified at the time of bid opening in accordance with the provisions of Section 2.0 below, and not currently debarred or suspended by the Service District / Constructor.

2.03 Prequalification Application

A contractor who wishes to submit a bid for a public project is required to file a prequalification application with the Service District / Constructor or designee. Any new application or renewal application must be submitted not less than ten calendar days prior to the opening of any bid or projects on which the contractor desires to submit a bid.

- In practice, from at least 2015, on awarded contracts totaling \$51 million, the Metro District utilized a separate procurement practice and performed an evaluation of bidders after the bid amounts were revealed. This process resulted in instances where the lowest bidder was not selected.
- Public competitive bidding processes and the related controls are designed to ensure:
 - Fair competition - Equal opportunity for competition among qualified vendors and create an environment for efficiency and best use of taxpayer funds
 - Transparency and accountability - Prevention of perceived or actual favoritism, corruption and misuse of public funds
 - Value for taxpayers - Comparison of multiple offers and selection of best price from a qualified vendor.

Procurement recommendations - observation #1

- Recommendations:
 1. LURA should consider one of the following options:
 - Consider formally assessing the procurement practice currently used by the Metro District and evaluate a possible amendment to the MFA to align to current practice; or
 - Instruct the Metro District to institute written procedures which adhere to the MFA procurement process and cause regular reviews to be performed to ensure the Metro District is following the MFA procurement process.
 2. LURA should consider additional forensic procedures regarding procurements conducted by Centerra Properties West, that was also required to follow the MFA procurement procedures, to determine whether similar issues exist for construction projects funded by the PIC. It appears \$34.5 million was paid to Centerra Properties West between 2009 and 2013 based on the check registers provided.
 3. LURA should consider causing the remaining 37 bid awards to be assessed for potential instances of awards for which the selected contractor was not the lowest bidder to understand why the lowest bidder was not chosen for both Metro District and Centerra Properties West procurements.

Procurement observation #2 - non-solicitation of public bids

- The MFA requires that all construction contracts above a defined threshold must be put to public bid. Construction is defined in the body of the MFA to include:
 - "...design, construction, installation, maintenance, repair, replacement, reconstruction, improvement, expansion, and operation of the described improvement."

EXHIBIT "L"
to Centerra Master Financing
and Intergovernmental Agreement
Contract Procurement Processes

GENERAL PURPOSE: All construction contracts greater than \$25,000 or such higher amount as may be established in the Special Districts Act, for Local Improvements by the Service District/Constructor, shall be awarded by a Competitive Sealed Bidding Process (outlined in Sections 1.0 and 2.0 below).

1.24 "Construct", "Constructed" and/or "Construction" shall mean, refer to and

Include the design, construction, installation, maintenance, repair, replacement, reconstruction, improvement, expansion and operation of the described improvements.

- For the nine sampled projects, the Metro District did not solicit public bids for all the elements included in the definition of Construction; e.g., design activities and ongoing maintenance.
- We identified \$6.2 million of project spend that was not subject to public bid but potentially should have been depending on the interpretation of the definition of "Construction."

Procurement recommendations - observation #2

■ Recommendations:

1. LURA should solicit legal advice from counsel regarding the interpretation of “construction contracts” in Exhibit L to the MFA, and whether all aspects of the defined term “Construction”, fall within the requirements of this exhibit. LURA should consider this advice and whether it aligns with LURA’s expectation for the types of services subject to the public bid process and if any amendments to the MFA should be considered.
2. If the determination is made that all aspects of the defined term “Construction” should have been subject to Exhibit L, then LURA should consider expanded testing on project spend prior to 2015 and non-project spend to date.
3. LURA should consider additional forensic procedures regarding procurements conducted by Centerra Properties West, that was also required to follow the MFA procurement procedures, to determine whether similar issues exist for construction projects funded by the PIC. It appears \$34.5 million was paid to Centerra Properties West between 2009 and 2013 based on the check registers provided.

Procurement observation #3 – recording of bids not followed

- MFA Exhibit L requires that all bids received be recorded on a bid abstract sheet. This bid abstract provides a verifiable audit trail that all bids were received from prequalified contractors prior to the deadline.

1.10 Recording of Bids

When a bid is received by Service District /Constructor, the person receiving the bid shall stamp the date received on the sealed envelope, write the time received, and initial it. That person shall then enter the contractors' names, in the order received, on a bid abstract sheet for the Local Improvements indicated on the envelope. If the bid has been delivered in person and there is no project indicated on the envelope, the persons receiving the bid shall require the person submitting the bid to write the project number on the envelope. If the bid has been received in the mail and there is no project indicated on the envelope, an attempt shall be made to contact the contractor submitting the bid in order to determine what project the bid is for. If the contractor is contacted, the project number shall be written on the envelope. If this cannot be done, an authorized agent of the Service District / Constructor shall open the sealed envelope in the presence of at least one witness, determine the project from the bid in the envelope without looking at the schedule of bid prices, reseal the envelope and write the project number on the envelope.

- The Metro District did not provide documentation to reflect when bids were received from bidders.
- Documentation of when bids were received, specifically indicating receipt prior to the bid deadline is a safeguard to demonstrate accountability and to prevent perceived or actual favoritism, bid rigging, corruption or misuse of public funds.

Procurement recommendations - observation #3

- Recommendation:

1. LURA should instruct the Metro District to implement the requirement of the MFA to maintain a bid abstract sheet, or otherwise memorialize, the date, time, and manner in which bid submissions are received to evidence that all bids are appropriately received prior to the bid period deadline.

Procurement observation #4 - other specific observations

- In our assessment of the procurement documentation related to the nine awards in our sample, we identified documentation that suggests a potential lack of alignment with requirements of the MFA or the Metro District's current procurement practices.

No.	Summary of observation	Sample Exception	Amount
1	Change order adding new project scope, greater than \$60k, without public bid.	1 of 9	\$82,630
2	Contract awarded to potentially non-conforming bid, due to maximum subcontractor involvement exceeding the stated maximum.	1 of 9	\$1,693,745

- Both examples represent potential challenges to fair and transparent competition, the selection of the best price from a qualified vendor and effective use of taxpayer funds.

Procurement recommendations - observation #4

■ Recommendations:

1. LURA should consider causing the remaining 37 contracts to be assessed for potential instances of non-compliance with the MFA and/or other areas of process improvement.
2. LURA should consider expanding the existing sample to include contracts prior to 2015 to determine whether the \$18.4 million spent from 2009 to 2014 includes potential instances of non-compliance and/or other areas of process improvement.
3. LURA should consider requesting the Metro District to formalize processes to evaluate if change orders representing potential scope changes should be subject to the Competitive Bidding requirement, included in Exhibit L of the MFA.
4. LURA should consider requesting the Metro District to formalize processes to contemporaneously document known exceptions to Exhibit L and/or its current procurement practices.

Disbursement Process

Disbursements process testing

- EY performed analysis on all vendor spending across both project and non-project ledger accounts, totaling \$128 million, as well as other cash outflows. EY judgmentally selected a sample of 73 cash disbursement transactions totaling \$29.6 million.

Documents requested:

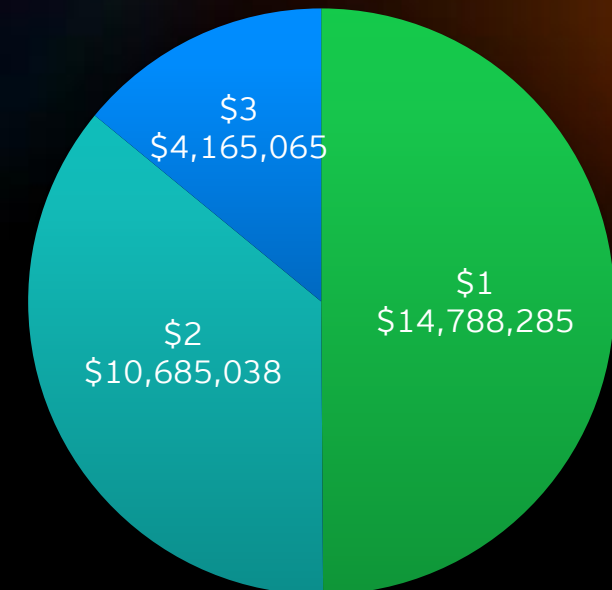
1. Executed contract or purchase order
2. Copies of statements, invoices, or other supporting documentation for the payments
3. Copies of each check or other evidence of payment
4. Approval documentation for the disbursement
5. An itemized statement of costs and expenses for which the Constructor seeks reimbursement, if applicable
6. A certification signed by the Constructor's president or principal, if applicable
7. Written consent and agreement to comply with the terms and provisions of Section 8 of the MFA, if applicable

- EY's disbursements testing incorporated the following:

1. Examining contracts, invoices and payments for consistency and appropriate use of funds.
2. Checking that invoices were signed-off and payments were approved.
3. Matching supporting documents with the information in the general ledger.

- EY met with Pinnacle Consulting and Mr. Pogue to better understand the documentation provided, discuss EY's preliminary observations and to clarify EY's understanding of the Metro District's vendor relationships and disbursement processes.

Selection categories



Disbursement observations – approval and coding

- Control surrounds the completeness, accuracy and timeliness of an organization's books and records contribute informed decision making, operational efficiency, risk management and credibility.
- Transaction recording observations:
 - General Ledger account coding forms the basis of the financial statements and allows actual spending to be tracked against approved budgets.
 - We observed instances where the district manager did not document approval provide general account coding when approving an invoice.
 - We observed instances where the coding specified by the district manager was not adhered to when the disbursement was recorded in the general ledger.
 - We observed instances where disbursements were allocated to incorrect general ledger accounts. This led to inaccuracies in previously documented project overages and resulted in payments to vendors being misassigned to projects, or to general ledger accounts corresponding to different types of services than those provided.
- Transaction date mismatch between the GL and supporting documents
 - The Metro District does not perform a month-end financial close process. As a result, the date of expense recognition in the general ledger may not correspond with the actual date or period of the expense.

Disbursement recommendations

■ Recommendations:

1. LURA should consider causing periodic reviews to be performed on a go forward basis to review for potential errors in the books and records of the Metro District which may result in inaccurate coding, expenses being recognized in the incorrect period, expense approvals not occurring or being properly documented or other exceptions which may be found through these procedures.
2. LURA should consider coordinating with Pinnacle Consulting to determine the root cause of these errors and establish how procedures can be put in place to prevent similar errors going forward, including providing updates on how errors may have impacted prior reporting to LURA.
3. Along with the Metro District board, the LURA board should consider whether a month-end close process would be beneficial.
4. LURA should consider recommending that the Metro District report unaudited financials on a quarterly basis to LURA, if this is not already a requirement.

Related Party Transactions

Related party transactions observations

- Transactions with related parties are at risk of not being entered into on an “arms-length” basis, presenting risk that the terms (price, interest rates, etc.) with the related party may not be fair, transparent, or in the best interest of the Metro District, LURA and the taxpayers.
- The Metro District entered into transactions (contracts for goods/services and financial loans) with related parties; including, McWhinney Real Estate Service, Inc., Centerra Properties West, and Centerra Retail Sales Fee Corporation, among others.
- During our analysis, we observed:
 - Metro District board members submitted conflict of interest disclosures to the Colorado Secretary of State prior to board meetings and disclosed their employment with MRES and financial investments in developments located within the Metro District, and we understand no board member recused themselves from related voting matters since the MFA’s inception.
 - We understand that the Metro District does not prepare and maintain a formal evaluation of the arms-length nature of transactions and contracts with related parties to document that the terms are comparable or better than the terms with an unrelated vendor and are therefore in the best interest of the Metro District, LURA, and the taxpayers.

Related party transactions example #1

- Metro District board members submitted conflict of interest disclosures to the Colorado Secretary of State prior to board meetings.
- As part of the disclosures, board members listed their employment with MRES and financial investments in developments located within the Metro District.
- Board minutes indicate that the presence of specific board members was required to achieve quorum, which may have influenced their continued participation in votes involving disclosed interests.
- Payments to MRES have totaled \$4.9 million since 2009 for services including project management, park management, landscaping, event programming, maintenance, marketing, engineering and surveying

CENTERRA METROPOLITAN DISTRICTS NOS. 1-5

NOTICE AND AGENDA OF COORDINATED REGULAR MEETING

<u>Board of Directors</u>	<u>Office</u>	<u>Term Expiration</u>
Kim Perry	President	May 2018
Tom Hall	Secretary	May 2020
Josh Kane	Treasurer & Assistant Secretary	May 2018
David Crowder	Assistant Secretary & Assistant Treasurer	May 2018
VACANT		May 2020

DATE: January 19, 2017 (Thursday)
TIME: 12:00 P.M.
PLACE: 2725 Rocky Mountain Ave.
Loveland, Colorado 80538

CONFLICT OF INTEREST DISCLOSURE

Alan Pogue, legal counsel, stated that notices of potential conflicts of interest for all Board Members were filed with the Colorado Secretary of State's Office, disclosing potential conflicts as all Board Members are employees of McWhinney Real Estate Services, Inc., which is associated with the primary landowners and developer within the Districts. Mr. Pogue advised the Boards that pursuant to Colorado law, certain disclosures by the Board Members might be required prior to taking official action at a meeting. The Boards reviewed the agenda for the meeting, following which each Board Member present confirmed the contents of the written disclosures previously made stating the fact and summary nature of any matters as required under Colorado law to permit official action to be taken at the meeting. Additionally, the Boards determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the Boards to act.

Related party transactions example #2

- As an example of related party transaction identified during our analysis:
 - The District purchased water rights for irrigation to support landscaping at developments throughout the Metro District.
 - These water rights transferred from various entities related to CPW and MRES.
 - At the time of these purchases, the District did not document an analysis of the prevailing market prices.
 - Per our discussion with Mr. Pogue, we understand the price paid by the Metro District for these water rights was below the then current market value.

EXHIBIT A

**DESCRIPTION OF TAPS TO BE TRANSFERRED
TO THE LAKES AT CENTERRA METROPOLITAN DISTRICT NO. 1**

TAP OWNER	LOCATION OF TAP	LITTLE THOMPSON WATER DISTRICT TAP #	SIZE
McWhinney Holding Company, LLLP	Boyd Lake Ave, former Brent House 1853 Boyd Lake Ave	695	5/8"
Centerra Properties West, LLC	Former Thrifty Apartments 4503 E Eisenhower Blvd	807	5/8"
C R Development, Inc.	Former FranK Shop Building 2706 N Boyd Lake Ave	798	5/8"
Iron Horse, LLC	Bar Lazy S House 1142 N. CR 3	297	5/8"
C R Development, Inc.	4265 Larimer CR 24 Loveland	127	5/8"
McWhinney Holding Company, LLLP	4470 Weld County Road 44 Berthoud	4086	5/8"

This Purchase Order is made and entered into this **26th day of December, 2023**, by and between **CENTERRA METROPOLITAN DISTRICT NO. 1** (the "District"), and **MWATER DEVELOPMENT, LLC** ("Seller"), collectively, the "Parties." Unless otherwise defined herein, all capitalized terms shall have the meaning given to them in the Agreement

1. Purchase. The Water Credits to be purchased from Seller pursuant to the terms of the Agreement and this Purchase Order are as follows:

Related party transactions recommendations

- Recommendations:
 - LURA should consider requesting that the Metro District to formalize processes to evaluate and report to LURA on transactions and contracts with related parties. Such formalized processes may include:
 - An evaluation and determination of the “arms-length” nature of transactions with related parties,
 - Documentation that such transactions are in the best interest of the Metro District, LURA and the taxpayers,
 - That the evaluations be provided to the Metro District board when approving transactions with related parties
 - That such evaluations be documented and maintained by the Metro District and available for LURA’s review upon request, and
 - That the Metro District provide periodic reports to LURA including details of transactions with related parties.

Next steps

- Prepare and provide report
 - Scope and procedures performed
 - Observations and findings from Phase I work
 - Areas for potential further assessment, inclusive of expected time and costs

EY update to the LURA board

August 12, 2025

Interim update



The better the question. The better the answer. The better the world works.



Shape the future
with confidence

Background and approach

LURA engaged EY to provide the following services:

- ✓ • Conduct initial discussions to assess document availability and types and submit requests for financial statements and reimbursement documents from relevant entities.
- ✓ • Participate in discussions with the Authority and collect necessary accounting records and financial documentation as outlined in the MFA.
- ✓ • Analyze the MFA and financial information to understand funding sources, financial mechanisms, and fund flow among entities during the scope period.
 - Identify and report on abnormal transactions or irregular activities, including compliance with MFA terms and conditions, and evaluate related party transactions.
 - Provide preliminary recommendations for further forensic examination, including cost estimates and detailed investigation workstreams for suspected violations.

EY planned our assessment procedures into three primary workstreams to evaluate compliance with select requirements in the MFA and District Polices.

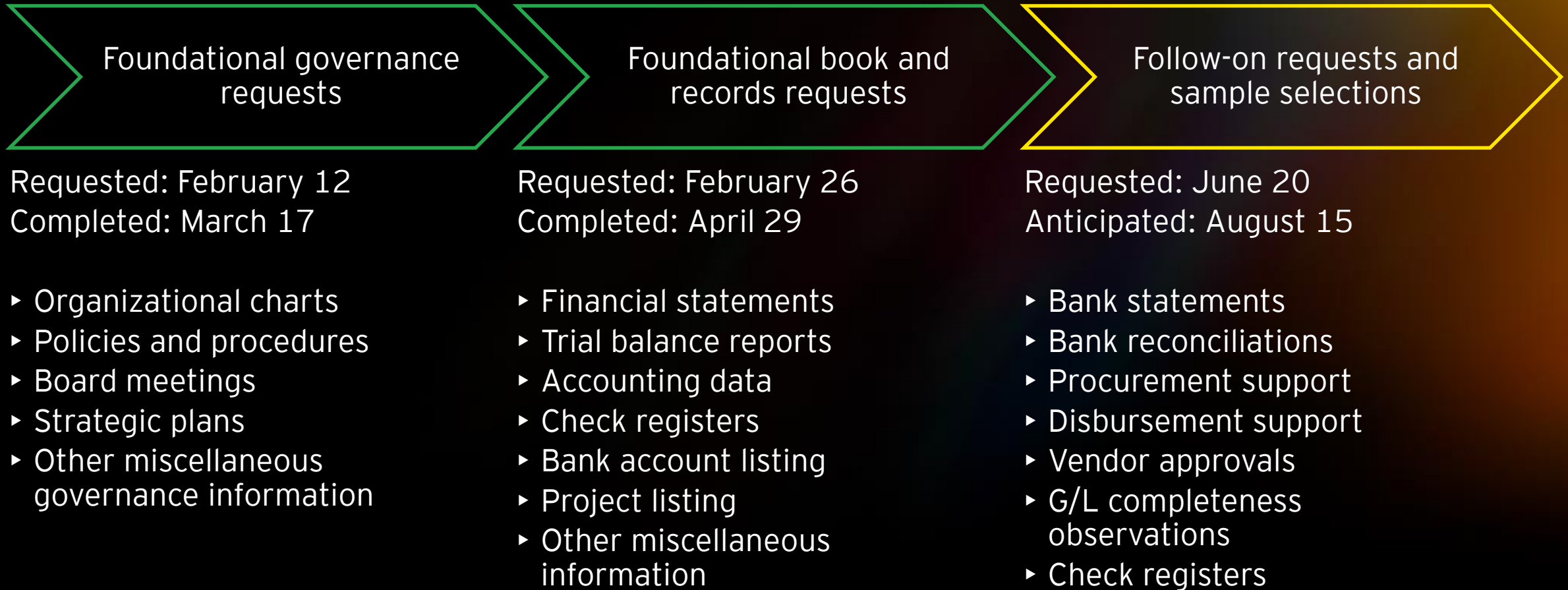
Primary Workstreams

1. Procurement Process
2. Undisclosed Related Party Transactions
3. Disbursement Process

Related MFA sections

- 6.3 Competitive Bidding
- 8.1 Accounting and subsections
- 8.2 Documentation
- 8.3 Book and Records

Timeline of requests



Data received in response to Foundational requests

2,503

Files received

15

Years covered within scope

313

Vendors identified

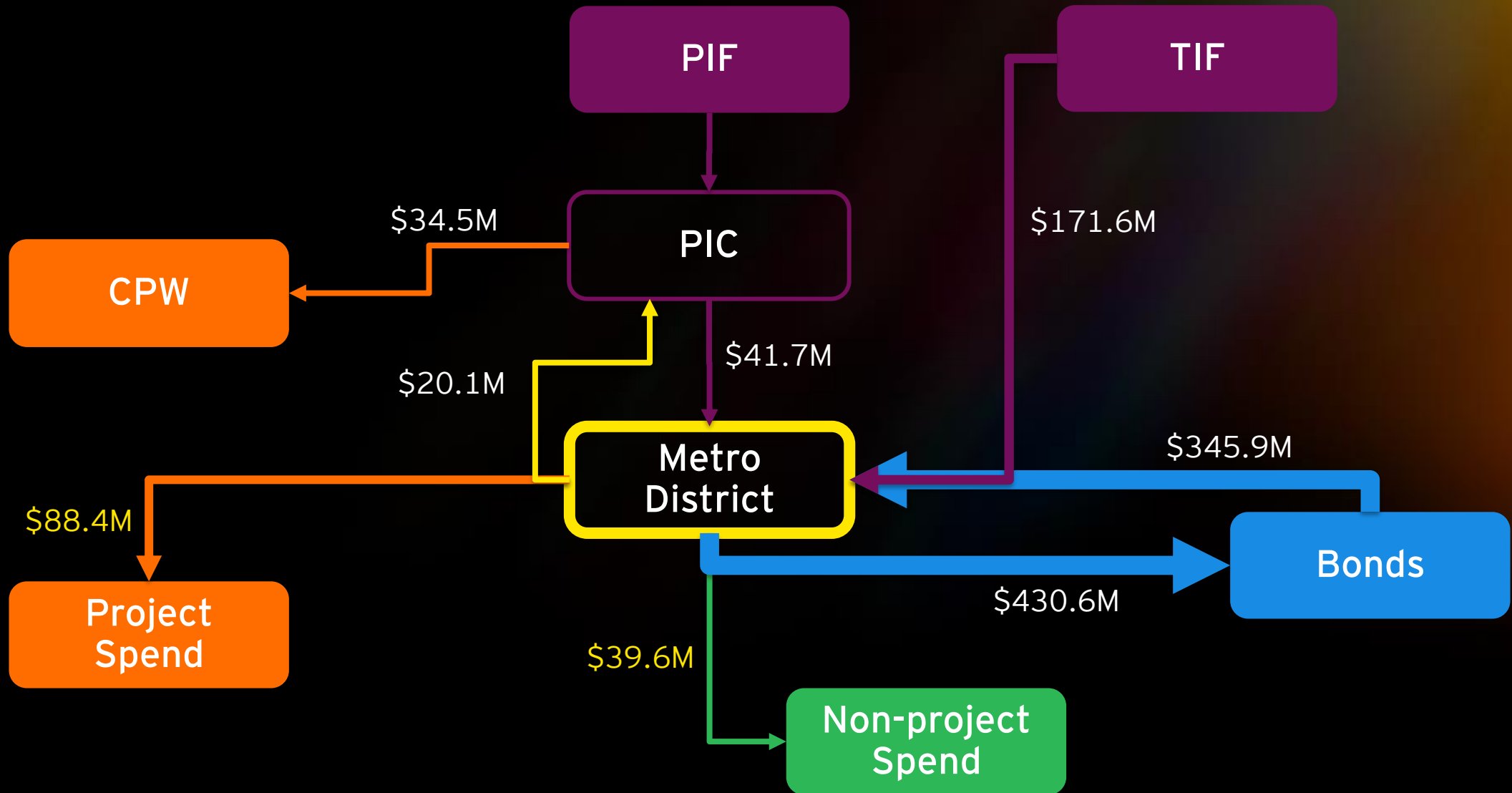
90,440

General Ledger
lines analyzed

\$1.26B

Cash flows analyzed

Understanding of the flow of funds



Note: 1) Figures are derived from the 2009 - 2023 Metro District financial data with the exception of the \$34.5M illustrated from the PIC to CPW. The source of this information is PIC check registers from 2009 - 2013. 2) \$2.6M of the \$39.6M of Non-project Spend appears to have been paid to CPW.

Procurement process analysis

- EY performed analysis on the \$88.4M project spending to assess compliance with the Competitive Bidding requirement and the Contract Procurement Process (MFA Exhibit L).
- EY compared transactional information in the Metro District's G/L to a listing of project dates, bid timing and awarded bidders provided by the Metro District's accountants. We observed:

Analysis category	Number	Dollar value	Percent of total project spend
Payment to vendor exceeding award amount	26	\$5,880,816	6.6%
Projects with no indication of public bids	11	\$16,527,950	18.7%
Vendor spend >\$60k with no bid awarded	30	\$6,221,959	7.0%
Spending outside project timelines	38	\$12,101,502	13.6%

- EY judgmentally selected a sample of 46 transactions totaling \$13.2 million from these projects and vendors to validate the project listing and assess the underlying source documents.

Note: Bid and timeline information was received for 2015-2023. Amounts exclude projects and spending prior to 2015.

Undisclosed related party transaction

- EY identified the vendors with the highest overall spend in key categories, with a focus on project-related spending.
- In addition, EY performed public records research to identify ownership information for each company and looked for any relationship to individuals involved in governance roles under the MFA.

Total Disbursements	Observation
\$4,859,946	McWhinney Real Estate Services, Inc. received payments for a range of services including project and park management, landscaping, event programming, maintenance, marketing, as well as engineering and surveying.
\$2,701,960	Centerra Properties West is a party to the MFA and receives fundings from Metro District related to developer repayments, engineering and surveying, permits and fees, hardscape maintenance, park management, legal services, and storage.
\$1,420,275	Centerra Retail Sales Fee Corporation is a private nonprofit corporation established to collect a 1% fee within specific Centerra retail zones. In 2011, the Metro District repaid a capital advance to RSF for \$1.2M plus interest.

- EY judgmentally selected a sample of 16 transactions totaling \$4.1 million from vendors to assess if a related party relationship existed, if any required disclosure occurred and the required documentation.

Disbursements analysis

- EY analyzed disbursements to vendors across all years and flagged transactions that met various criteria, including:
 - Round dollar amounts
 - Repeated dollar amounts
 - Vendors with high non-project spend
 - Spending trendline outliers
 - Developer advances and repayments
 - Public improvement not tagged to a project
- EY judgmentally selected a sample of 14 transactions based on the above criteria. EY also utilized the above criteria to inform disbursement selections from the project and related party disclosure workstreams.
- In total, EY selected 73 sample disbursements and requested supporting documentation to assess compliance with procurement requirements, related party disclosure requirements and documentation requirements, as applicable.

Next steps

- Receipt of remaining requested documentation from Pinnacle (expected this week)
- Review and test documentation provided by Pinnacle for the 73 sample selections
- Expected follow up discussions / on-site visit with Icenogle Seaver Pogue and Pinnacle to:
 - Address questions and observations from our analysis of the 73 sample selections
 - Discuss the reason for any remaining outstanding requests (if any)
- Potentially select additional samples in responses to follow-up discussions
- Prepare and provide Phase I report
 - Scope and procedures performed
 - Observations and findings from Phase I work
 - Areas for potential further assessment, inclusive of expected time and costs

From: [Austin Pierce Flanagan](#)
To: [LURA Commission](#)
Cc: [Vince Junglas](#); [Rod Wensing](#); [Jim Thompson](#)
Subject: Ernest and Young Audit Update

Below you will find a summary of our team's activities in April and May, the current status of our review of the information provided by Pinnacle and Alan Pogue, as well as our anticipated timeline for initiating substantive procedures, contingent upon the receipt of the outstanding requests from Pinnacle.

- *At the end of April, EY received documentation requested from Pinnacle including a partial project listing, bank account log, and PIC audit support. This information was critical to assist our planning of upcoming activities and procedures. Upon receipt, EY began work to review and analyze the data provided by Pinnacle.*
- *We have compiled a list of follow-up items, sample selections, and supporting documentation. We intend to submit the request to Pinnacle next week.*
- *We plan to review and test the sample selections upon receipt from Pinnacle.*

Activity Update

- *On April 29th, Pinnacle responded to our initial data request which included a partial project listing subject to bidding requirements from the inception of the MFA to the present along with a comprehensive list of financial institutions utilized by the Metro District including account types, periods of use, and descriptions. Pinnacle indicated that the project listing currently includes only those projects for which electronic files are available. A list of projects where electronic files were not available will be provided at a later date. Upon receipt of this information, we began initial procedures to review the provided documentation and compiling follow up questions along with additional documentation requests related to our sample selections.*
- *We conducted procedures to test the completeness of the information provided by reconciling it against the annual financial statements. Additionally, we have compiled a list of follow-up items to gain a comprehensive understanding of the variances between the general ledger*

and trial balance, as well as between the trial balance and financial statements.

- *We conducted public records research on select third parties engaged by the Metro Districts. Additionally, we have compiled a list of follow-up items to enhance our understanding of the vendor approval process and related party disclosures.*
- *We conducted an initial analysis of the general ledger expense data and reviewed the project listing in conjunction with our examination of the governance documentation (see update below) to compile a list of sample selections.*

Icenogle Seaver Pogue, P.C. Requests

- *We completed an initial review of the documentation provided by Alan Pogue of Icenogle Seaver Pogue, P.C. which included:*
 - *Audited financial statements for the Metro Districts (2005 – 2023)*
 - *Centerra annual reports (2004 – 2024)*
 - *LURA annual reports (2005 – 2023)*
 - *Board meeting documentation for the Metro Districts, PIC, and PID*
 - *Board governance, policy and procedures, and organizational charts for the Metro District, PIC, and PID*
 - *IGA, private agreements, and bond documentation*
 - *Mill Levy budget amendments, budget resolutions, and certifications*
- *Our review provided an opportunity to gain insights into the historical financial landscape, procurement process, and disbursement approval process. Furthermore, we have compiled a list of follow-up items to enhance our understanding of both the procurement and disbursement approval processes.*

Anticipated Timeline and Activities

- *We plan to issue our follow up documentation requests for testing next week. The information provided by Pinnacle has guided our selections in a targeted manner, ensuring alignment with our planned assessment areas.*
- *We plan to conduct the documentation testing upon receipt from Pinnacle. Scheduling will be coordinated once we've submitted our request and received feedback from Pinnacle regarding the estimated time required to compile the requested materials.*
- *We will provide an update during the meeting scheduled for August 12th.*

Hoffmann, Parker, Wilson & Carberry, P.C.

511 16th Street, Suite 610

Denver, CO 80202

apflanagan@hpwclaw.com

(720) 376-6502

From: [Austin Pierce Flanagan](#)
To: [LURA Commission](#)
Cc: [Vince Junglas](#); [Rod Wensing](#); [Brian Waldes](#)
Subject: EY July Update Re: Centerra Audit

Activity Update

- We completed our initial review and analysis of the documents and data we've received.
- We compiled a comprehensive request list of follow-up items, selected samples, and supporting documentation, and submitted the request to Pinnacle on June 20th.

Anticipated Timeline and Activities

- Pinnacle informed us on Monday (7/7) that they expect to have all responses to our requests provided by to us by August 1. We requested that documents be provided on a rolling basis, if possible.
- We plan to review and test the selected samples as they are provided by Pinnacle.
- We will prepare an update to LURA on August 12 based on current status and observations to date.
- We are planning an on-site visit to address any remaining questions from our review and to discuss outstanding requests. We have not set a date, but based on Pinnacle's availability, we expect this to occur in mid- to late-August.

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